

# **SENEX ENERGY LIMITED**

**ABN 50 008 942 827**

## **BOARD CHARTER**

**18 February 2019**

## 1. Purpose of this charter

The Constitution of Senex Energy Limited (the **company**) provides that:

*... the business of the company is to be managed by or under the direction of the directors who may exercise all powers of the company that the Constitution, Corporations Act or ASX Listing Rules do not require to be exercised by the company in general meeting.*

This board charter sets out the areas in which the board delegates authority and responsibility to the chief executive or to a committee of the board, and the areas in which the board reserves authority and responsibility. The purpose of this board charter is to make board and management accountabilities clear and transparent.

It is the role of the board to set the 'risk appetite' for the company, to oversee the risk management framework and to satisfy itself that the risk management framework is sound.

It is the role of management to design and implement the risk management framework and to ensure that the company operates within the 'risk appetite' set by the board.

This board charter also sets out operating mechanisms of the board and its committees in dealing with its authority and responsibility.

## 2. Delegation of authority

The board delegates to the chief executive:

- (a) authority and responsibility for day to day management of the company
- (b) authority and responsibility for expenditure within the board approved annual budget, and
- (c) authority and responsibility for all other matters not by this charter reserved to the board.

The board may revoke or vary a delegation of authority to the chief executive.

## 3. Matters reserved to the board

The following matters are reserved to the board:

### Key responsibilities

- 1) set the objectives and overall direction of the company including the 'risk appetite' of the company;
- 2) review and approve the strategic plan, annual business plan and budget;
- 3) establish and review performance measures, objectives and benchmarks;
- 4) monitor performance of the company against its financial and other objectives and benchmarks;
- 5) satisfy itself that the risks facing the company have been identified and assessed and that material risks are being managed appropriately;
- 6) satisfy itself that the company's risk management framework and compliance systems are effective and monitored appropriately and that adequate internal controls are in place;

### Appointments

- 7) appointment and removal of a director as chair of the board;
- 8) appointment of a director to fill a vacancy or as an additional director;
- 9) establishment, membership and terms of reference of board committees;
- 10) appointment and removal of the chief executive;

- 11) appointment and removal of the company secretary;
- 12) review of appointment of senior management;

#### **Board and management**

- 13) assessment of board performance;
- 14) assessment of matters concerning the governance of the organisation including review of corporate governance principles;
- 15) assessment of any conflict of interest for a director, the chief executive or senior management;
- 16) monitoring performance of the chief executive and senior management;
- 17) remuneration, development and succession planning for the chief executive and any executive director;
- 18) oversight of remuneration, development and succession planning for senior management;
- 19) review and ratification of delegation of authority from the chief executive to senior management;

#### **Relations with shareholders and stakeholders**

- 20) approving dividends and dividend policy;
- 21) issuing equity or equity-like instruments;
- 22) calling meetings of shareholders;
- 23) consultation on any decision or matter that may have a significant impact on the company's reputation;

#### **Approval of the following charters, delegations, codes and policies**

- 24) board charter;
- 25) board committee charters;
- 26) delegation of authority to the chief executive;
- 27) corporate governance principles and policies, such as code of conduct, conflicts of interest policy and securities trading policy;
- 28) accounting and treasury policy;
- 29) risk management policy;
- 30) remuneration policy;
- 31) market disclosure and shareholder communication policy;
- 32) employee incentive or bonus remuneration policy;

#### **Financial matters**

- 33) approval of statutory financial statements and directors' reports;
- 34) approval of any internal audit plan;
- 35) giving security over assets;

#### **Business operations and expenditure**

- 36) approval of expenditure in excess of the board approved annual budget; and
- 37) expanding the company's activities into new geographic areas involving substantial sovereign risk;
- 38) commencing major new business substantively different from existing business;

- 39) approval of major divestments;
- 40) monitoring annual staff remuneration movements.

The board may, from time to time, reserve other matters to the board.

### **Board committees**

The Constitution provides that:

*“The Directors may delegate any of their powers, other than those which by law must be dealt with by the Directors as a board, to a committee or committees.*

*“The Directors may at any time revoke any delegation of power.*

*“At least one member of each committee of Directors must be a Director.*

*“A committee may be authorised by the Directors to sub delegate all or any of the powers for the time being vested in it.*

*“Meetings of any committee of Directors will be governed by the provisions of this Constitution which deal with Directors' meetings so far as they are applicable and are not inconsistent with any directions of the Directors. The provisions apply as if each member was a Director.”*

### **Standing committees**

The current standing board committees are the Audit and Risk Committee, the People and Remuneration Committee and the Nomination Committee.

For each committee of the board:

- (a) the committee should have its own written charter setting out its role and responsibilities, composition, structure, membership requirements and the manner in which the committee is to operate;
- (b) the committee charter should be reviewed regularly and should be available on the company's website;
- (c) the directors may at any time revoke any delegation of power to a committee;
- (d) at least one member of each committee must be a director of the company;
- (e) a committee may be authorised by the directors to sub-delegate all or any of the powers for the time being vested in it;
- (f) meetings of any committee will be governed by the provisions of the Constitution which deal with directors' meetings so far as they are applicable.

The Audit and Risk Committee will comprise a majority of independent, non-executive directors. The People and Remuneration Committee and the Nomination Committee will comprise only non-executive directors and a majority of independent directors. The Chair of the board cannot be the Chair of the Audit and Risk Committee.

### **Ad-hoc committees**

The board may also delegate specific functions to ad-hoc committees on an 'as needs' basis.

## **4. Board Structure**

The Constitution provides that:

*“Subject to the Corporations Act, the Company may by resolution passed at a general meeting increase the minimum number of Directors or increase or reduce the maximum number of Directors.*

*“Until the Company resolves otherwise there will be:*

- (a) *a minimum of three Directors; and*
- (b) *a maximum of seven Directors.*

*“Subject to any resolution of the Members determining the maximum and minimum numbers of Directors, the Directors may from time to time determine the respective numbers of Executive and Non-Executive Directors.”*

### **Board composition, appointment and election of directors**

- (a) The board, advised by the Nomination Committee, determines the size and composition of the board and each board committee, subject to the terms of the Constitution.
- (b) The board, advised by the Nomination Committee, will ensure appropriate checks (including, but not limited to, criminal record checks and bankruptcy checks) are undertaken before:
  - a. appointing a person as a director; and
  - b. putting forward to shareholders a candidate for election as a director.
- (c) A director should have qualifications and experience relevant to the business, needs and strategy of the company.
- (d) The board, advised by the Nomination Committee, will provide to shareholders all material information in the company’s possession relevant to a decision on whether or not to re-elect a director.
- (e) The board should, where practical, comprise a majority of independent non-executive directors.
- (f) The board should provide to the company, through the diversity of its directors, a broad and balanced range of skills, learning, expertise and experience.
- (g) The chair of the board should be an independent non-executive director and should not be a former chief executive of the company.
- (h) The appointment, election and re-election of directors is governed by the Constitution and ASX Listing Rules.
- (i) The company must enter into a written agreement with each director that sets out the key terms and conditions of their appointment and inviting them to participate in induction programs and any professional development arranged for them.
- (j) The company must offer a director induction program and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.

### **Independence of directors**

- (k) The board will regularly review the independence of each non-executive director and each director will provide to the board all information in their possession that is relevant to this assessment.
- (l) A director is considered to be independent for the purposes of service on the board and board committees if the director satisfies the standards adopted by the board from time to time to assist it in its regular ‘independence’ determinations.

### **Role of chair of the board**

- (m) The responsibilities of the chair include:
  - (i) promoting the efficient organisation and conduct of the board’s functions;
  - (ii) monitoring the performance of the board;
  - (iii) guiding the effectiveness and development of the board and individual directors; and

- (iv) chairing general meetings.

#### **Role of secretary**

- (n) The company secretary is accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.

#### **Meetings**

- (o) The board and each board committee should meet regularly in a pre-arranged cycle and follow agreed meeting guidelines to ensure all directors are made aware of all agenda items and are provided with all necessary information to enable them to participate in informed discussion.
- (p) Non-executive directors should periodically meet without the presence of the executive directors or senior management to address such matters as succession planning, key strategic issues, and to assess the operation and effectiveness of the board.

#### **Access to information and advice**

- (q) Every director will have access to company employees, advisers and records in carrying out their duties and responsibilities.
- (r) Every director will have access to advice and counsel from the chair and the company secretary in carrying out their duties and responsibilities. Where appropriate, and after consultation with the chair, every director will be able to seek independent professional advice at the company's expense.

#### **Performance evaluation and review**

- (s) The board, through the Nomination Committee, will review the performance of each director who is retiring by rotation under the Constitution and seeking re-election. The results of this review will form the basis of the board's recommendation to shareholders on the proposal for re-election of the director.
- (t) Periodically, the directors will conduct a performance evaluation of the board as a whole and each board committee, and the governance processes that support the board.

#### **5. Authority**

This charter was approved and adopted by the directors on 11 June 2014 and amended most recently by the directors on 18 February 2019.



David Pegg  
Company Secretary  
**Senex Energy Limited**

## DOCUMENT HISTORY

This charter is a Board approved document.

<b>Revision date</b>	<b>Comments</b>
20 February 2013	General update (approved)
11 June 2014	3 <sup>rd</sup> edition ASX Corporate Governance Principles and Recommendations (approved)
17 July 2017	Update to reflect changes to committees (approved)
18 February 2019	Update to reflect review period (approved)

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