



AusNet Services Board Charter



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AusNet Services Board Charter

1. INTRODUCTION

This Board Charter describes the responsibilities reserved to the Board of Directors (**Board**) of AusNet Services Limited (**AusNet Services**) and the functions delegated to management. This Charter also sets out the role, composition and other key processes of the Board.

2. ROLE OF THE BOARD

The role of the Board is to represent and serve the long term interests of shareholders by approving and monitoring the strategic direction of AusNet Services and guiding management to implement its strategic plans, approving and monitoring the risk and safety management framework and overseeing good governance practice.

3. RESPONSIBILITIES OF THE BOARD

Key Responsibilities

3.1 The key responsibilities of the Board include:

- (a) approval of AusNet Services' business, strategic and financial plan (including operating budgets) and risk management framework (for both financial and non-financial risks) and setting the risk appetite within which the Board expects management to operate;
- (b) assessing and monitoring performance and implementation of the business, strategic and financial plan (including operating budgets) and risk management framework by the Managing Director (**MD**), Chief Financial Officer and (**CFO**) those other senior executives of AusNet Services who form part of the Executive Leadership Team (**ELT**);
- (c) approving the appointment and removal of the MD (or equivalent), CFO and Company Secretary and evaluating the performance of and approving the remuneration package of the MD (or equivalent), CFO and Company Secretary;
- (d) endorsing the appointment, removal, evaluating the performance and approving the remuneration package of members of the ELT other than the MD (or equivalent), CFO and Company Secretary;
- (e) approving and monitoring major investments, acquisitions and divestments and capital expenditure, commencement or cessation of any significant business activity;
- (f) approval of the annual report, corporate governance statement, financial statements (including the Directors' and Remuneration reports) and any other reporting required in accordance with AusNet Services' *Constitution*, the Corporations Act, the Australian Securities Exchange (**ASX**), Australian Securities and Investment Commission (**ASIC**), by law and any other applicable regulations;

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- (g) overseeing AusNet Services' financial position and capital management including approval of the quantum, terms and conditions of debt, bond and other financial instruments entered into;
- (h) approval and oversight of the implementation of any capital decisions including but not limited to capital restructures, return of capital, share buy backs, dividend and dividend reinvestment plans;
- (i) establishing Board committees, their membership and delegated authorities;
- (j) reviewing and approving corporate governance principles and policies (including the AusNet Services *Code of Conduct* and *Values*) and satisfying itself that an appropriate framework exists for relevant information to be reported by management to the Board;
- (k) calling of meetings of shareholders;
- (l) approval and oversight of material litigation initiated by AusNet Services or proceedings issued against AusNet Services and approval of any proposed settlement of material litigation;
- (m) monitoring economic, occupational health and safety, compliance with laws, and any environmental and social sustainability risks relevant to AusNet Services' activities;
- (n) monitoring and guiding the culture, reputation and standards of conduct including the maintenance of high ethical standards;
- (o) oversight and approval of the development and implementation of a stakeholder program to facilitate effective communication between AusNet Services and its shareholders and stakeholders;
- (p) oversight of development and implementation of policies and procedures regarding timely and balanced disclosure, communications with the market and with the ASX, ASIC and other applicable regulators; and
- (q) performing such other functions as are prescribed by law or are assigned by the Board.

Remuneration and Performance

3.2 Unless otherwise delegated to the Nomination Committee or Remuneration Committee, the Board is responsible for:

- (a) approving the overall remuneration framework of AusNet Services, and monitoring its effectiveness and alignment with AusNet Services' *Values*, strategic objectives and risk appetite.
- (b) oversight of the administration of short and long term incentive plans (including any equity plans) and, if required, the engagement of external remuneration consultants;

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- (c) evaluating and approving the remuneration arrangements for non-executive Directors;
- (d) monitoring compliance with the approved non-executive Director remuneration pool and recommending any changes to that remuneration pool;
- (e) reviewing and implementing succession planning for Directors, the Board and Board Committees, the MD and the ELT;
- (f) monitoring the skill set, experience, expertise and diversity of the Board, and, when necessary, appointing new Directors, for approval by shareholders; and
- (g) approving AusNet Services' diversity targets and monitoring progress of the achievement of those targets.

Financial, Treasury and Risk Management

- 3.3 Unless otherwise delegated to the Audit and Risk Management Committee, the Board is responsible for:
- (a) overseeing the establishment, implementation and effectiveness of the policies, procedures and systems which form the AusNet Services risk management framework;
 - (b) overseeing the preparation and presentation of AusNet Services' financial statements and reports;
 - (c) review and approval of, and consideration of market disclosure, including in relation to any related party transactions;
 - (d) review of the implementation and adoption of AusNet Services' financial controls and systems; and
 - (e) management of auditor independence and audit arrangements.
- 3.4 In carrying out its responsibilities and functions, the Board may delegate any of its powers to a Board committee, a Director, employee or other person, subject to ultimate responsibility of the Directors under the Corporations Act.

4. BOARD COMMITTEES

- 4.1 The Board may, create standing and, on an 'as needs' basis, ad hoc, committees to perform specific functions or provide oversight of particular matters.
- 4.2 Current standing committees of the Board include:
- (a) the Audit and Risk Management Committee;
 - (b) the Nomination Committee; and
 - (c) the Remuneration Committee.

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- 4.3 When appointing members of each committee, the Board will take into account the:
- (a) skills and experience appropriate for that committee; and
 - (b) statutory and regulatory requirements relevant to the work to be carried out by that committee.
- 4.4 Non-Executive Directors who are not members of the above Committees may attend meetings of the Committee provided there is no conflict of interest. Each Committee also has the discretion to invite any Director or officer, member of management, or the internal and external auditors (with or without management present) to attend its meetings. A person may not be present during, or participate in, deliberations of the Committee, where the matter does or could relate to their position, performance or remuneration.
- 4.5 Each standing committee will have a written charter, approved by the Board, which sets out the role, responsibilities and authority of that committee. Board Committee charters will be reviewed periodically and, if required, updated.

5. STRUCTURE OF THE BOARD

Overview

- 5.1 Subject to the terms of the AusNet Services *Constitution*, the Board will determine its size and composition having regard to the collective skills and expertise relevant to the activities and the needs of the Company, and its ownership structure from time to time.
- 5.2 The Board will be comprised of Directors with a broad range of skills, expertise and experience from a diverse range of backgrounds. The Board has set measurable objectives for achieving gender diversity for the Board in accordance with the AusNet Services' Diversity Policy. The Board reviews and assesses annually the objectives for achieving diversity and the progress in achieving them.

Board Performance Evaluation Process

- 5.3 The Board will review its performance and the performance of its Committees regularly against an agreed set of criteria and will determine the manner of such review.
- 5.4 The Chairman of the Board (**Chairman**) will facilitate a discussion of the feedback from any review and the Board will consider whether any steps should be taken to improve the performance of the Board or any Board Committee.

Role of Chairman

- 5.5 The Chairman will be elected by the Board having regard to the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (**ASX Principles**). The Chairman must not hold, and must not have held within the previous three years, the office of Chief Executive Officer (or equivalent position) of AusNet Services.
- 5.6 The Chairman's responsibilities include:
- (a) efficient and effective leadership and performance of the Board;

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- (b) overseeing that the Board is provided with accurate, timely and clear information including approving agenda items and allowing adequate time for their discussion;
- (c) chairing Board meetings and shareholder meetings and representing the Board to shareholders;
- (d) reviewing the membership of the Board so that it is sufficiently skilled and appropriate for AusNet Services' needs;
- (e) promoting constructive relationships between Board members and between the Board and management;
- (f) between Board meetings acting as counsel to the Managing Director and acting as a conduit between the Board and management and the Board and individual Board members;
- (g) representing the Board to external stakeholders, including shareholders and communicating the Board's position; and
- (h) reviewing corporate governance matters with the Company Secretary, and reporting on those matters to the Board.

Role of Directors

5.7 It is the primary duty of Directors to act in the best interests of AusNet Services at all times.

5.8 Directors:

- (a) are required to declare any conflict or potential conflict of interest in respect of any matter;
- (b) must not participate in discussions or vote on any matter in which they have a material personal interest or potential conflict of interest unless the Board resolves otherwise;
- (c) are required to advise the Company Secretary of all directorships or executive positions held in other companies; and
- (d) are bound by and must adhere to the Company's Code of Business Conduct, Guidelines for Dealing in Securities and Conflicts of Interest Guidelines.

Appointment and Re-election of Directors

5.9 The Board will identify candidates with the appropriate skills, experience, expertise and diversity to satisfy itself that the Board is comprised of Directors who represent an appropriate balance of expertise, while recognising that certain Directors are nominated by substantial shareholders rather than the Board as a whole.

5.10 When considering the re-election of a Director at an Annual General Meeting, the Board will consider:

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- (a) the requirements of AusNet Services' *Constitution*, including the requirement that no Director, other than the MD, may hold office without re-election beyond the third Annual General meeting following the meeting at which the Director was last elected or re-elected; and
- (b) the principles outlined in this Charter.

Independence

5.11 The Board regularly reviews the independence of each Non-executive Director considering information relevant to this assessment and having regard to the ASX Principles, and any other applicable regulatory and statutory requirements. The conclusions resulting from this review are set out in AusNet Services' Annual Report and Corporate Governance Statement.

6. ROLE OF COMPANY SECRETARY

6.1 The Board is responsible for the appointment of the Company Secretary.

6.2 The Company Secretary is responsible for the day to day company secretarial operations including:

- (a) advising the Board and the Board Committees on governance matters;
- (b) the administration of the Board and Board Committee meetings including development of agendas, distribution of papers, minute taking and organisation of Board, Board Committee and Shareholder meetings;
- (c) overseeing AusNet Services' relationship with its share registrar in all jurisdictions the company is listed in; and
- (d) lodgement of all documents, reports and release of all disclosures to ASIC, the ASX and any other statutory body in accordance with all applicable legislation and AusNet Services policies and procedures.

6.3 The Company Secretary is accountable to the Board, through the Chairman, for all matters related to the proper functioning of the Board and the Board Committees.

7. DIRECTOR INDUCTION AND TRAINING

7.1 All new Directors appointed to the Board will undertake a formal and tailored induction program to provide the new Director/s with information to assist that Director/s to gain an understanding of how AusNet Services operates and the factors that may have an impact upon the business.

7.2 The Board notes the importance of continuous learning for each Director (including in relation to emerging business and governance risks). In addition to the professional development each Director undertakes, Director education will be conducted and included in the annual Board meeting cycle.

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8. THE MD AND RELATIONSHIP WITH MANAGEMENT

- 8.1 The responsibility for day-to-day management and operation of AusNet Services has been delegated from the Board to the MD, within the parameters contained in the Board approved Delegation of Authority Manual.
- 8.2 The MD must consult the Board on all matters that:
- (a) fall outside the parameters of the MD's delegation of authority; or
 - (b) are sensitive, unexpected or of a strategic nature; or
 - (c) have or may have a material impact on the value of AusNet Services' shares.
- 8.3 The MD's responsibilities include:
- (a) day to day management of AusNet Services' operations;
 - (b) effective leadership of the ELT; and
 - (c) oversight of the development and implementation of Board approved strategic objectives for the business.
- 8.4 The MD may delegate aspects of their authority and power but remains accountable to the Board for AusNet Services' performance.
- 8.5 Management must supply the Board with information in a form, timeframe and quality that will enable the Board to discharge its duties effectively, including financial performance, compliance with material legal and regulatory requirements and any conduct that is materially inconsistent with AusNet Services' *Values* and *Code of Conduct*. Directors are entitled to question management and request additional information at any time where they consider it appropriate.
- 8.6 The Board:
- (a) sets and approves corporate objectives for the MD to meet; and
 - (b) jointly with the MD, develops the duties and responsibilities of the MD, with limits to management's authorities; and
 - (c) reviews and approves the role and responsibilities and key performance objectives of the ELT.
- 8.7 The Board retains ultimate responsibility for strategy, management and control of AusNet Services.

9. INDEPENDENT ADVICE

- 9.1 The Board may, at AusNet Services' cost, obtain independent professional advice to assist it in the discharge of its duties and responsibilities.
- 9.2 Each Director may seek separate independent professional advice and AusNet Services will bear the cost of such advice, if the Director obtains prior approval from the Chairman.

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The Chairman must obtain prior approval from the Chairman of the Audit and Risk Management Committee.

10. CONFIDENTIALITY

All proceedings of the Board and Board Committees, including but not limited to Board and Board Committee papers, presentations and other information provided to the Board or Board Committees, must be kept confidential except as required by law or as otherwise agreed by the Board.

11. REVIEW OF CHARTER

The Board will regularly review and, as appropriate, amend this Charter.

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12. SCHEDULE OF REVISIONS

Revision	Date	Details of Change
1	12/12/2005	Charter approved by Board.
2	22/11/2006	Amendments approved by Board.
3	29/01/2008	Amendments approved by Board.
4	11/11/2009	Amendments approved by Board.
5	09/11/2010	Amendments approved by Board.
6	08/11/2011	Amendments approved by Board.
7	08/11/2012	Amendments approved by Board.
8	28/01/2015	Amendments approved by Board.
9	24/03/2017	Amendments approved by Board.
10	25/03/2020	Amendments approved by Board.