
Austin Engineering Limited

Effective 21 November 2018



Board Charter

What is the purpose of this Charter?

This Charter describes the roles and responsibilities of the Board and Management.

The Board will, at least every two years, review this Charter, and the charter of each of its Committees, and make any amendments it thinks are necessary or desirable.

What is the Board's role?

The Board is responsible for the overall corporate governance of Austin, including:

- monitoring its operational and financial position, performance and business strategy;
- maximising performance, generating appropriate levels of shareholder value and financial return and sustaining the growth and success of the Business;
- ensuring it is properly managed to protect and grow shareholder interests.

What is the Board responsible for?**Overall management**

Appointing the Chair.

Setting and monitoring strategic objectives.

Approving and monitoring strategic and financial plans.

Approving and monitoring annual budgets and business plans.

Approving and monitoring major capital expenditure, capital management and all major corporate transactions, including the issue of securities.

Approving financial reports and material external communications and reports in accordance with the Company's continuous disclosure policy.

Overseeing the integrity of accounting and corporate reporting systems, including the external audit and the Company's corporate governance and control systems.

Appointing, re-appointing and removing external auditors and approving the auditor's remuneration, upon recommendation from the Audit and Risk Committee.

Determining dividend policy.

Developing remuneration policies and ensuring that remuneration levels and structure comply with those policies and are reported to stakeholders as required by law and best practice.

Overall management (continued)

Keeping themselves informed of the general duties of Directors as prescribed by law and this may include, but is not

limited to, periodically reviewing whether there is a need for Directors to undertake professional development to develop and maintain the skills and knowledge needed to perform their role as directors effectively.

In an effort to ensure the Board comprises members with a broad range of experience, expertise and skills relevant to the Company, the Board maintains a skills matrix which identifies the current skills, knowledge, experience, expertise and diversity of the Board and those the Company seeks to achieve across the composition of the Board.

Senior Management

Overseeing Management's implementation of strategic objectives.

Formulating, approving, overseeing and disclosing a process of Management performance evaluation against appropriate measures.

Appointing the CEO, CFO and Company Secretary.

Monitoring, managing the performance of and where appropriate, managing succession planning for senior Management (including the CEO, CFO and Company Secretary).

Ratifying the terms of appointment of Management, including the terms of any equity remuneration.

Overseeing interaction and communication between Management and shareholders and the broader community.

Risk management

Monitoring performance in relation to the ASX Recommendations and compliance with relevant regulatory requirements.

Approving and monitoring a risk management framework and compliance with all charters, policies and codes of conduct.

Reporting

Ensuring the preparation of accurate financial reports and statements, including receiving a statement from the CEO and CFO assuring the Board that the financial statements comply with accounting standards and provide a true and fair view of the Company's financial position and performance in accordance with legislative requirements and the ASX Recommendations.

Supervising corporate governance disclosure, including explaining any departures from the ASX Recommendations.

Reviewing the effectiveness of communication with Austin's shareholders.

Commitment to shareholders

Reporting *(continued)*

The Board's commitment to shareholders to deliver shareholder value shall be achieved by establishing and maintaining an environment within the Company that effectively:

- demonstrates best practice corporate governance;
- promotes integrity in financial and risk management;
- encourages compliance;
- discloses timely, relevant and understandable shareholder information;
- communicates a supportive culture;
- manages risk proactively;
- seeks out profitable opportunities;
- delivers a competitive advantage; and
- develops innovative strategies, processes and products.

Commitment to clients

The Board and Management's commitment to our clients, both present and future, is to provide engineered solutions for the design and manufacture of customised dump truck products, buckets, water tanks, tyre handlers and other ancillary products. The Board and Management are committed to developing innovative products and processes utilising emerging technologies and systems that deliver customised products meeting and exceeding client expectations.

Commitment to our employees

The Board and Management's commitment to our employees, as our business partners, is to provide a culture that:

- clearly enunciates the corporate strategy;
- recognises individual initiative whilst developing and encouraging team building and team achievements;
- provides fair and just rewards based on achievements and results;
- establishes a safe workplace where the individual is treated with dignity;
- actively discourages discrimination and harassment in any form;
- encourages relevant training, personal development and advancement opportunities;
- promotes integrity in dealings with all stakeholders; and
- actively promotes a wider understanding and enforcement of the Code of Conduct.

Commitment to the Community

The Board is committed to guiding the behaviour of the Company such that it is a good corporate citizen and honours its responsibility to the community.

Our commitment to the community will be discharged by seeking ways to contribute to the value of the community by:

- continuously improving our manufacturing processes to reduce impacts to the community and environment;
- increasing recycling efforts in our operations; and
- improving productivity in design and manufacturing processes across the Company.

The Board and Management will provide leadership to the community by championing community issues and seeking reasonable opportunities of community and sponsorship involvement and encouraging employees in these areas.

What are the rights of Directors?

Right of Enquiry

Enquiring into and receiving, individually and collectively, Company documents concerning any matter with respect of the operations of the Company. Directors will provide Management with reasonable notice for any such enquiry or documents having regard to the smooth and efficient management of the Company's operations. The Directors shall be entitled to question any employee of the Company concerning the Company's operations **provided that** the Managing Director must have notice of such request and a member of Management is entitled to be present during any such questioning.

All enquiries, requests for documents and questioning must be directed to the Company Secretary who will progress each matter in a timely matter. The Company Secretary will maintain a register of Directors' enquiries and requests.

Right to Board Papers

Receiving Board papers for each Board meeting during their term as Directors. Directors must return Board papers once the minutes for each Board meeting are settled, with a single master copy of the Board papers to be retained by the Company Secretary.

The Directors shall have a right to access Board papers thereafter at any time, for a period of seven years after they cease to be Directors. Notwithstanding the Directors' right to access Board papers, the Board papers remain at all times the property of the Company.

Directors shall **not** deal with the Board papers so as to:

- disclose information that is confidential to the Company, or if such disclosure would be in breach of an obligation of confidentiality owed by the Company, to another person or party. For the purpose of this matter, all information contained in the Company's Board papers shall be deemed to be confidential;

Right to Board Papers *(Continued)*

- breach legal professional privilege attaching to the documents for the benefit of the Company.

Should a Director be required by the operation of any law or order of any court of competent jurisdiction to disclose any matter contained in the Board papers in their possession, the Director shall immediately notify the Company Secretary.

What is the structure of the Board?

A minimum of three Directors.

A majority of independent, non-executive directors.

An independent Chair.

A size and competence necessary to properly understand and deal with the current and emerging issues of the Business.

The role of Chair and CEO will not be exercised by the same person.

The Company shall have a written agreement with each Director and senior executive personally which sets out the terms of their appointment.

What are the duties of the Chair?

Lead the Board in reviewing and discussing Board matters.

Chair board meetings.

Establish the agenda for Board meetings, in consultation with the CEO and Company Secretary.

Chair meetings of members, including the annual general meeting.

Manage the appointment of the Company Secretary and CFO.

With the CEO, approve and/or delegate authority for the approval of all material ASX, and other investor and shareholder releases.

Provide guidance and mentoring to the CEO.

Oversee the implementation of policies and systems for Board performance review and renewal.

What are the duties of the CEO?

Oversee general management of operations.

Develop with the Board, implement and monitor strategic and financial plans.

Develop, implement and monitor annual budgets and business plans.

Plan, implement and monitor all major capital expenditure, capital management and all major corporate transactions, including the issue of any securities.

Develop all financial reports, and all other material external communications and reports, including material announcements and disclosures, in accordance with the Company's continuous disclosure policy.

Manage the appointment of Management (other than the Company Secretary and CFO).

Develop, implement and monitor a risk management framework.

Assist the Chair and the Company Secretary in establishing the agenda for Board meetings.

Act as the primary channel of communication and point of contact between the executive staff and the Board.

Keep the Chair fully informed of all material matters which may be relevant to the Board.

With the Chair and other appropriate members of Management, review all matters material to the interests of Austin.

Ensure a safe workplace for all personnel.

What are the duties of Management?

The Board has established a Delegation of Authority statement that is the definitive statement of valid Board delegations to Management, as reviewed annually and amended from time to time.

What are the duties of the Company Secretary?

Advise the Board and its Committees on governance matters.

Coordinate all Board business including to:

- prepare agendas;
 - coordinate the timely completion and despatch of Board and Committee papers;
 - ensure the business at Board and Committee meetings is accurately captured in the minutes;
 - lodge communications and filings with ASX and ASIC;
 - monitor compliance with Board and Committee policy and procedures; and
 - help to organise and facilitate the induction and professional development of Directors.
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How is the independence of Directors assessed?

Independence standard

At the time of a Director's appointment the Board will consider independence and resolve whether to consider the Director independent, taking into account whether the Director:

- is, or has been, employed in an executive capacity by Austin and there has not been a period of at least three years between the end of employment and serving on the Board;
- is, or has within the last three years been, a partner, director or senior employee of a provider of material professional services to Austin;
- is, or has been within the last three years, in a material business relationship (eg as a supplier or client) with Austin, or an officer of, or otherwise associated with, someone with such a relationship;
- is a substantial shareholder in Austin or an officer of, or otherwise associated with, a substantial shareholder of Austin;
- has a material contractual relationship with Austin other than as a Director;
- has close personal ties with any person who falls within any of the categories described above; or
- has been a Director for such a period that his or her independence may have been compromised.

Materiality

The Board will from time to time determine relevant materiality thresholds for the purposes of assessing the independence of Directors.

Disclosure of independence

Each independent Director must regularly provide the Board with all information regarding his or her interests that is relevant to his or her independence. Where the independent status of a Director is lost, this must be immediately disclosed to the market.

The names of Directors who are considered by the Board to be independent and the Board's reasons for considering a Director to be independent will be disclosed in accordance with the ASX Recommendations.

What if a Director has conflicting interests?

If a Director believes that he or she may have a conflict of interest or duty in relation to a particular matter, the Director should immediately consult with the Chair.

If the Board determines that a Director might be in a position where there is a reasonable possibility of conflict between his or her personal or business interests, the interests of any associated person, or his or her duties to any

other company, on the one hand, and the interests of Austin or his or her duties to Austin, on the other hand, the Board will require that the Director:

- fully and frankly informs the Board about the circumstances giving rise to the conflict; and
- abstains from voting on any motion relating to the matter;
- unless the Board agrees for that Director to remain in the meeting, absenting himself or herself from all board deliberations relating to the matter;
- not to receive Board papers or minutes bearing on the matter.

The Company Secretary will maintain a register of all possible conflict of interest situations.

When does the Board meet?

The Board will meet at least 10 times per year, and otherwise as often as the Directors think necessary to enable the Board to fulfil its duties and responsibilities.

An agenda, Board and Committee papers and related material will be prepared and circulated to Directors in advance of each Board and Committee meeting to permit adequate preparation.

Minutes for each meeting should be recorded promptly after the close of the meeting.

Who else assists the Board?

The Board may establish various Committees to assist the Board.

The Board has established the following Committees:

- an Audit and Risk Committee;
- a Safety Committee and
- a Nomination and Remuneration Committee.

The Board will consider and approve the charters of its Committees.

Can Directors seek their own advice?

A Director is entitled to seek independent professional advice (including but not limited to legal, accounting and financial advice) at the Company's expense on any matter connected with the discharge of his or her responsibilities.

Directors who wish to seek advice must obtain the prior consent of the Chair (acting reasonably) and will be entitled to reimbursement of reasonable costs of obtaining costs of such advice. In the case of the Chair, no consent is required.

All documentation containing or seeking independent professional advice must clearly state that the advice is sought both in relation to Austin and to the Director in his or her personal capacity.

The Chair may determine that any advice received by an individual Director will be circulated to the remainder of the Board.

What information will the Board provide shareholders?

The Board will report to its members in the Company's annual report:

- the skills, experience and expertise relevant to the position of director held by each Director in office at the date of the annual report;
- the names of the Directors considered by the Board to constitute independent Directors and the Company's materiality thresholds.

The Board will provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a Director.

How is performance assessed?

At least once in each financial year, there must be a performance evaluation:

- of the Board assessing its performance with regard to the requirements of this Charter and the ASX Recommendations;
- of individual Directors' contribution to the Board;
- of the Committees; and
- establishing the goals and objectives of the Board for the upcoming year.

The Board will determine the manner and form of the performance evaluation.

Definitions	ASIC	Australian Securities and Investments Commission.
	ASX	ASX Limited ACN 008 624 691 or the stock market operated by it, as the context requires.
	ASX Recommendations	The ASX Corporate Governance Council's Corporate Governance Principles and Recommendations.
	Austin or the Company	Austin Engineering Ltd ACN 078 480 136.
	Board	The board of directors of Austin.
	Business	The business of Austin.
	CEO	The chief executive officer of Austin.
	CFO	The chief financial officer of Austin.
	Chair	The chair of the Board.
	Charter	This document as amended from time to time.
	Committee	A committee of the Board.
	Company Secretary	The company secretary of Austin.
	Director	A director of Austin.
	Management	Executive management of the Company headed by the Managing Director and shall include executive Directors.
	Managing Director	The managing Director of Austin.