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## MACMAHON BOARD CHARTER

### INTRODUCTION

The Board of Macmahon Holdings Limited (“Macmahon” or the “Company”) recognises its ultimate responsibility to its shareholders for the strategy and performance of Macmahon in general. The Board of Macmahon (“Board”) is dedicated to fulfilling these duties in a lawful and professional manner and actively pursues good practice in its governance processes.

This Board Charter outlines the role and responsibilities of the Board and remains a living document which will be regularly reviewed and updated to reflect changes in the commercial and legal environment, together with any amendments and developments in Board policies and procedures.

The Company Secretary will ensure that the Board Charter is kept current in accordance with the Board’s decisions.

### THE ROLE OF THE BOARD

The Board has the responsibility to plan and govern the business and affairs of Macmahon for the benefit of its shareholders and to act in the best interests of Macmahon as a whole.

One of the main tasks of the Board is to drive the performance of Macmahon and ensure compliance with all of its contractual, statutory and any other legal obligations, including the requirements of any regulatory body.

The Board is responsible for:

- Providing leadership by guiding the development of an appropriate culture and values, and the establishment of a Code of Conduct;
- Establishing a corporate governance framework, reviewing and reporting on the Company’s Corporate Governance compliance with the best practice recommendations of the ASX Corporate Governance Council, and compliance obligations under ASX Listing Rule 4.10.3;
- Overseeing the development and implementation of an appropriate strategic direction and ensuring that goals are in place;
- Reviewing and approving corporate strategies, budgets, annual financial business plans and certain Group policies regularly;
- Approving the annual and half year financial reports, the financial content of reports and any other information for disclosure to the market that contains financial projections or statements as to future financial performance;
- Authorising acquisition, establishment, disposal or cessation of any significant business of Macmahon;
- Approving borrowings, other than in the ordinary course of business, and the granting of security over, or interests in, the undertaking of Macmahon or any of its assets;

- Authorising expenditure, and, in particular, expenditure in excess of the discretionary limits, delegated at any time to the Chief Executive Officer;
- Overseeing the development and implementation of an appropriate set of internal controls;
- Ensuring robust and effective risk management, compliance and control systems (including legal compliance) are in place and operating effectively;
- Ensuring appropriate human resource systems (including Occupational Health & Safety systems) are in place to ensure the safety, well-being and effective contribution of all employees;
- Reviewing the progress and performance of Macmahon in meeting the Board's corporate objectives;
- Appointing additional Directors who would come before shareholders for election at the next Annual General Meeting;
- Establishing, appointing, the membership of and determining the powers of each Board sub-Committee and to accept, modify or reject any Committee's recommendations;
- Undertaking a review of the Chief Executive Officer's performance, at least annually, including setting with the Chief Executive Officer goals for the coming year and reviewing progress in achieving those goals;
- Approving the level of remuneration and conditions of service including any financial incentives of executives reporting directly to the Chief Executive Officer;
- Appointing and removing, the Chief Executive Officer and Company Secretary and to determine their remuneration and conditions of service, including any financial incentives;
- Overseeing the performance of senior management, ensuring there is executive succession planning and approving significant changes to organisational structure;
- Delegating appropriate powers to the Chief Executive Officer, management and committees (as contained in item 9 below) to ensure the effective day-to-day management of the business, monitoring the exercise of these powers and making all decisions outside the scope of these delegated powers and any changes to the discretions from time to time;
- Ensuring corporate accountability to the shareholders through a high level of transparency in reporting and encouraging effective shareholder participation at general meetings through the Chairman;
- Reviewing the independent audit process;
- Recommending to shareholders the appointment/removal of external auditors;
- Approving a dividend policy and declaring dividends;
- Authorising the issue of any shares, options, equity instruments or other securities;
- Establishing the Board Conflict of Interest Policy;
- Establishing the Company's Diversity Policy and setting measurable objectives; and
- Approving any subsidiary Board charters.

## **BOARD STRUCTURE**

The Board will determine the number of Directors required from time to time. Where possible independent Non-executive Directors will comprise the majority of Directors, and the Chair of the Board shall be an independent Non-executive Director.

All directors should bring skills and experience that add value to Macmahon. The Remuneration & Nomination Committee, and ultimately the Board, will regularly review the balance of skills and experience of the Board.

## **INDEPENDENCE**

The Board has adopted the definition of independence set out in the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations* (3<sup>rd</sup> edition).

## **ADMINISTRATIVE MATTERS**

The Board normally has nine scheduled full meetings each year. Other meetings are held on short notice when particular issues arise which require discussions and decisions by the Board. The quorum for Board meetings is at least two members and all Board members are given the same reasonable notice to attend all meetings (subject to conflict of interest issues).

## **NOMINATION MATTERS**

The Board is ultimately responsible for all nomination related matters including the following:

- Developing and regularly reviewing a policy on Board structure;
- Developing criteria for Board membership;
- Identifying and screening specific candidates for nomination;
- Ensuring there is an appropriate induction and orientation program in place; and
- Ensuring there is an appropriate Board succession plan in place.

The Board is assisted in these responsibilities by its Remuneration and Nomination Committee.

## **ROLE OF SENIOR MANAGEMENT**

The role of senior management is to be responsible for Company performance in accordance with the approved strategic direction. In particular, the Chief Executive Officer is responsible for the day-to-day activities of the Company in advancing the strategic direction.

## **RESPONSIBILITIES OF SENIOR MANAGEMENT**

The Chief Executive Officer manages a team of executives responsible for all functions contributing to the success of the Company.

The Chief Executive Officer's specific responsibilities include:

- Developing, in conjunction with the Board, the Company's vision, values and goals;
- Responsibility for the achievement of corporate goals and objectives, including safety and environmental targets;

- Developing the short, medium and long term corporate strategies and planning to achieve the Company's vision and overall business objectives;
- Preparing business plans and reports with the senior management; developing with the Board the definition of ongoing corporate strategy; implementing and monitoring strategy and reporting/presenting to the Board on current and future initiatives;
- Advising the Board regarding the most effective organisational structure and overseeing its implementation;
- Assessing business opportunities of potential benefit to the Company;
- Responsibility for proposals for major capital expenditure to ensure their alignment with corporate strategy and justification on economic grounds;
- Sustaining competitive advantage through maximising available resources, encouraging staff commitment and strategically aligning the corporate culture with the organisation's goals and objectives;
- Establishing and maintaining effective and positive relationships with Board members, shareholders, customers, suppliers and other government and business liaisons;
- Undertaking the role of key company spokesperson;
- Recommending policies to the Board in relation to a range of organisational issues including delegations of authority and performance incentives;
- Ensuring statutory, legal and regulatory compliance and compliance with corporate policies and standards;
- Responsibility for the Company's performance;
- Providing leadership;
- Ensuring succession planning; and
- Ensuring that appropriate procedures are in place to identify and manage conflict of interests of senior management.

Senior management is responsible for supporting and assisting the Chief Executive Officer to run the general operations and finances of the Company, in accordance with the delegated authority of the Board.

Senior management is responsible for reporting all matters which fall outside the scope of delegated powers at first instance to the Chief Executive Officer or, if the matter concerns the Chief Executive Officer, then directly to the Chairman.

## **DIRECTORS' AUTHORITIES AND DELEGATIONS**

The Board is responsible for any delegations of its responsibilities with regard to corporate operations. As such, it decides what Company matters are delegated to either specific Directors or management. In addition, it outlines what controls are in place to oversee the operation of these delegated powers.

As a consequence, individual Non-executive Directors have no individual authority to participate in the day-to-day management of Macmahon including making any representations or agreements with member companies, suppliers, customers, employees or other parties or organisations.

The exception to this principle occurs where the Board, through resolution, explicitly delegates an authority to the Director individually. Additionally, it is recognised that all Executive Directors will carry significant delegated authority by virtue of their management position as outlined in a relevant Board resolution.

Similarly, Board sub-Committees and their members require specific delegations from the Board as a whole and these will be contained in each Committee's respective Charters.

### Authority Matrix and Matters Reserved for the Board

Approved delegations and authorities are formalised in the Company's Authority Matrix which applies to the Board, management and staff, and covers all mining and corporate aspects of the Company's operations. To ensure clarity for Board members matters reserved for the Board are consolidated into a separately available document and is based directly on content derived from the abovementioned Authority Matrix.

## **GENERAL DELEGATIONS**

A summary list of delegations and authorities is provided to all operating units and company locations via Macmahon's business system.

In general, the Board delegates those powers and authorities required to effectively and efficiently carry out Macmahon's business.