



positive energy

ENERGEN LIMITED BOARD CHARTER

Version 1 – 27 April 2009

**ENERGEN Limited
ABN 40 078 849 055
150 Charlotte Street
BRISBANE QLD 4000**

ENERGEX LIMITED BOARD CHARTER

1 ROLE OF THE BOARD

The primary role of the Board is to provide effective governance, oversight and strategic direction over ENERGEX's affairs to ensure the interests of the shareholding Ministers are protected whilst having regard for the interests of all stakeholders including customers, employees, suppliers and the community.

The ENERGEX Limited Board sets the framework for the group's long term success, providing oversight and strategic direction to management. The Board carries out its duties in accordance with:

- (a) the ENERGEX Limited Constitution;
- (b) the ENERGEX Code of Conduct and Values;
- (c) the highest standards of ethics and corporate governance; and
- (d) the interests of employees, shareholding Ministers and other relevant parties who have a stake in the operation of ENERGEX.

In addition to this Charter, systems of governance and control are established to support the functions of the Board, including governance policies and a Corporate Governance Manual.

2 RESPONSIBILITIES OF THE BOARD

The Board is responsible to its shareholders for ENERGEX's strategic direction, governance and performance of ENERGEX. The responsibilities of the Board are to be undertaken in accordance with the *Corporations Act 2001(Cth)*, the *Government Owned Corporations Act 1993 (Qld)* (GOC Act), other legal requirements and the applicable Government Policies. The Board is also responsible to direct ENERGEX Limited in delivery of its obligations under, amongst other things, the National Electricity Rules and Queensland Electricity Industry Code.

The responsibilities include the following:

2.1 Responsibilities under the Government Owned Corporations Act 1993

- Responsibility for the commercial policy and management of ENERGEX Limited.
- Ensure that, as far as possible, ENERGEX Limited achieves, and acts in accordance with, its Statement of Corporate Intent and carries out the objectives outlined in its Statement of Corporate Intent.
- Account to the shareholders of ENERGEX Limited for its performance as required by the GOC Act and other laws applying to ENERGEX Limited as a Government Owned Corporation (GOC).
- Ensure that ENERGEX Limited otherwise performs its functions in a proper, effective and efficient way.

The Board must also act in accordance with the law and relevant guidelines for Government Owned Corporations.

2.2 Strategic direction

- Provide the overall strategic direction of the corporation.
- Formulate strategy at a high level in consultation with the Chief Executive Officer and Senior Executives.
- Recommend the appointment of the Chief Executive Officer to the Governor in Council and approve the appointment of Senior Executives.
- Review and approve ENERGEX's annual operating budget and annual capital investment program, as presented annually through the Network Management Plan, Statement of Corporate Intent and Statutory Corporate Plan.

2.3 Reporting and monitoring

- Monitor financial results on an ongoing basis.
- Consider quarterly reports to shareholding Ministers in terms of the GOC Act.
- Consider an Annual Report in terms of the GOC Act and the Corporations Act.
- Monitor safety performance on a continuing basis.
- Monitor environmental performance on a continuing basis.
- Monitor electricity network and operational performance.

2.4 Governance policy

- Approve key ENERGEX governance policies.
- Ensure procedures are in place to achieve best practice standards in corporate governance.
- Delegate the Board's powers to the Chief Executive Officer, management and employees, within an appropriate control framework.
- Establish and determine the power and functions of the Committees of the Board.

2.5 Continuous disclosure to shareholding Ministers

- Keep the shareholding Ministers informed of the operations, financial performance and financial position of the corporation and its subsidiaries in terms of the GOC Act.

2.6 Other

The Board may examine any matter in relation to its role, within the overall corporate governance framework of ENERGEX Limited, and consider any other matter or carry out tasks as directed by the shareholding Ministers.

3 BOARD CODE OF CONDUCT

The ENERGEX Code of Conduct applies to the directors of ENERGEX Limited.

Every Director of ENERGEX Limited is expected to comply with the ENERGEX Code of Conduct and the following standards of conduct for directors:

- (a) Directors must act honestly, in good faith and in the best interests of the company as a whole.

- (b) Directors have a duty to use care and diligence in fulfilling the functions of office and exercising the powers attached to that office.
- (c) Directors must use their position and make decisions for a proper purpose, in the best interests of the company as a whole.
- (d) Directors must recognise that the primary responsibility is to the company as a whole but may, where appropriate to the current and future interests of the company, have regard for the interest of all parties having a relationship with the company.
- (e) Directors must not make improper use of information acquired in their position.
- (f) Directors must not take improper advantage of the position of Director.
- (g) Directors must properly manage, in accordance with legal obligations, the ENERGEX Limited Constitution and policies, any conflict of interest with the company that arises due to their position.
- (h) Directors have an obligation to be independent in judgement and actions and to take all reasonable steps to be satisfied as to the soundness of all decisions taken by the Board of Directors.
- (i) Directors must not improperly use, disclose, or allow to be disclosed, confidential information received in the course of the exercise of Directorial duties. This information remains the property of the company from which it was obtained, unless that disclosure has been authorised by that company, or the person from whom the information is provided, or as required by law.
- (j) Directors must not engage in conduct likely to bring discredit upon the company.
- (k) Directors have an obligation, at all times, to comply with the spirit, as well as the letter, of the law and with the principles of the Code of Conduct.

4 AUTHORITY OF THE BOARD

4.1 Matters reserved for the Board

The Board retains control over its statutory obligations, key strategic decisions, and monitoring of issues that significantly impact the Company. These specific matters, as well as those issues which fall outside the scope of the Chief Executive Officer's delegated authority, are reserved to the Board for decision making purposes. The matters reserved for the Board are set out in Appendix A of the Delegation of Authority Policy (BMS 02966).

4.2 Delegation of Authority framework

The Board of ENERGEX Limited has delegated certain defined authorities to the Chief Executive Officer, certain managers and employees of the Company in order to efficiently operate the business within an appropriate control framework.

Those delegations are principally set out in the Delegation of Authority Policy (02966), incorporating the Financial Delegation Schedule. Specific delegations are also set out in a number of governance and operating policies, including the following:

- Travel Policy 0932
- Functions and Entertainment Policy 0934
- Treasury Risk Policy Manual 02060
- Human resources policies
- Purchasing Card Cardholder Manual 02997

4.3 Specific Delegations to Management Under the Delegation of Authority Policy

The Board delegates specific powers to the CEO, management and employees up to the delegation limits as set out in Appendix B of the Delegation of Authority Policy.

4.4 General Delegation to CEO

Except for the matters always reserved for the Board as listed in Appendix A of the Delegation of Authority Policy and any matter listed in Appendix B above the limits specified for management's authority, the Board delegates all of its powers to the CEO to manage and operate the Company on a day to day basis.

5 COMMITTEES OF THE BOARD

The Board may establish Committees of the Board to consider particular matters in detail. The Board may delegate authority to Committees. Formal Committees of the Board (for which fees are to be paid) will have an established charter and are to be approved by the shareholding Ministers.

The ENERGEX Limited Board has established the following formal Committees:

- Audit and Compliance Committee
- Network and Technical Committee
- Remuneration Committee
- Corporate Development Committee

Each of the above Committees has a charter established by the Board, which sets out the Committee's role and responsibilities and how the Committee shall operate. These Committees are to provide oversight and advice to the Board, and as such have not been delegated approval authority in their own right. Membership of the Committees consists of a number of Directors approved by the Board and should include Directors who are able to provide the range of skills appropriate to the role of the Committee.

6 BOARD MEETINGS

The Board shall meet as often as deemed necessary to fulfil its role. Each year the Board shall determine an annual schedule of regular meetings to address the business of the company.

7 INFORMATION ACCESS AND PROFESSIONAL ADVICE

The Board may conduct or direct any investigation considered necessary to fulfil its role, and in doing so may seek independent professional advice at the company's expense.

Each Director retains their legal right to access the information of the company, and at the company's expense and with the prior approval of the Chairman, may seek access to independent professional advice required to fulfil their role.

8 APPOINTMENT OF DIRECTORS

Directors are appointed to the Board by the Governor-in-Council in accordance with the GOC Act.

9 DIRECTORS FEES

Directors are paid in accordance with a schedule of annual fees approved by the shareholding Ministers.

10 BOARD PERFORMANCE

The performance of the Board and the Board Committees shall be reviewed at least every two years.

11 REVISION OF CHARTER

The Board should review the adequacy of this Charter at least on an annual basis. The Board may determine and approve changes to this Charter.

12 VERSION CONTROL

This Charter was adopted by the Board on 27 April 2009.