



Aurizon Network Pty Ltd Board Charter

Adopted by the Board: 6 October 2010
Last reviewed by the Board: 22 June 2022

Aurizon Network Pty Ltd (the Company)

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Aurizon Network Pty Ltd

Board Charter

1. Introduction

- 1.1 This charter (**Charter**) sets out the functions and responsibilities of the Board of Directors (**Board**), and of management of, the Company.
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2. Composition of the Board

- 2.1 The Board is to comprise those Directors nominated by Aurizon Holdings Limited (the **Holding Company**) from time to time and duly appointed in accordance with the Company's constitution (**Constitution**).
- 2.2 The Board should comprise a majority of non-executive Directors who are assessed by the Board to be independent using the guidelines set out in section 3 below.
- 2.3 The Board must ensure that the requirements of the TIA, as applicable, in relation to the structure and composition of the Board, are complied with.
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3. Board Independence

- 3.1 The majority of Directors are to be independent. A Director who is an executive of the Company or an executive of the Holding Company will not be considered to be independent.

The independence of a Director will be determined by the Board and a Director will be determined as being independent having regard to the following guidelines:

- the Director is not a substantial shareholder of the Company or the Holding Company or is not an officer of a substantial shareholder of the Company or the Holding Company;
- the Director has not within the last three years been employed by the Company or the Holding Company in an executive capacity or in the last three years been a principal or employee of a material professional adviser or consultant of the Company;
- the Director has not within the last three years been a material supplier or customer of the Company or otherwise been associated directly or indirectly with a material supplier or customer of the Company; and
- the Director is free from any interest or relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company.

If a Director does not meet these guidelines, it is not conclusive that the Director is not independent. The decision as to whether a Director is independent is a decision made by the Board. Irrespective of whether a Director is determined to be independent or not, all Directors are expected to exercise independent judgement in the Board's decision making process.

4. Responsibilities of the Board

- 4.1 The Board has the ultimate responsibility for the review and oversight of the administration, management, strategic direction and governance of the Company.
- 4.2 The Board and each individual Director will at all times act in accordance with the Constitution, all relevant Company policies and all applicable legislation.
- 4.3 The Board does not manage the day to day operations of the Company and reserves certain functions (listed below) to itself and delegates other functions to management through the Group Executive Network (**Group Executive Network**).

The Board's key responsibilities are:

- a) overseeing and monitoring management of the affairs of the Company;
- b) evaluating, approving and monitoring strategic and major business developments;
- c) ensuring that the Company prepares general purpose financial statements for the Company in accordance with relevant legislation and applicable Australian Accounting Standards - which financial statements include a supplementary set of financial statements separately identifying the Company's business in respect of the Rail Infrastructure regulated by the Access Undertaking from any other business conducted by the Company;
- d) approving access agreements in accordance with the requirements of:
 - i. the TIA; and
 - ii. the Access Undertaking;
- e) ensuring that all transactions between the Company and any related parties in relation to access to the Company's Rail Infrastructure are conducted on an arms-length basis;
- f) monitoring the Company's operations in relation to, and compliance with, relevant regulatory requirements, including compliance with the QCA Act, the TIA and the Access Undertaking;
- g) supporting a safety culture based on a philosophy of "zero harm" to employees, contractors, customers and members of the public; and
- h) ensuring that an appropriate safety, health and environment policy framework is in place to support safe workplace practices and minimise the impact of operational activities on the built and natural environment.

5. Meetings

- 5.1 The Board will meet in accordance with its Constitution and Directors will use all reasonable endeavours to attend Board meetings.
- 5.2 The Directors may invite observers to attend Board meetings but observers do not participate in the decisions of the Board and otherwise must comply with the policies of the Company and any directions given by the Board.

6. Conduct of Directors

- 6.1 In accordance with statutory requirements and the common law, Directors shall at all times act honestly, fairly and ethically and discharge their duties in good faith and in the best interests of the Company as a whole.
- 6.2 Directors must observe high standards of good governance and comply and act in a manner consistent with all codes of conduct and policies adopted from time to time by the Board and the Board of the Holding Company.

7. Subsidiary Relationship with Holding Company

- 7.1 The Company's holding Company is Aurizon Holdings Limited.
- 7.2 The Board must, to the greatest extent reasonably practicable, ensure that the Company and its officers and employees comply with, and give effect to, all guidelines, rules, policies and codes of conduct adopted from time to time by the Board of the Holding Company, except to the extent that giving effect to such guidelines, rules, policies and codes of conduct would be inconsistent with this Charter, the Company's obligations under the TIA, the QCA Act, or the Access Undertaking.

8. Reporting

- 8.1 The Board, subject to the Company's ringfencing obligations under its Access Undertaking, must ensure that the Company provides sufficient information to the executive management team of the

Holding Company from time to time to allow the Holding Company to comply with its financial reporting and other reporting and disclosure obligations (including continuous disclosure obligations).

9. Chairman and Group Executive Network

9.1 Role of the Company Chairman

In accordance with the Constitution of the Company, the Board may appoint a Chairman and determine his or her period of office. The Chairman will be an independent Director.

The primary responsibilities of the Chairman are to:

- (a) chair Board meetings;
- (b) oversee the preparation of the agenda for Board meetings, in consultation with the Group Executive Network and Company Secretary of the Company; and
- (c) exercise such powers as are expressly delegated to the Chairman by the Board from time to time.

9.2 Appointment of Group Executive Network and Senior Executives

The Managing Director & CEO of the Holding Company will appoint the Group Executive Network and other senior executives of the Company and from time to time determine the terms and conditions of employment of such persons and such appointments will be ratified by the Board of the Company.

9.3 Role and responsibilities of the Group Executive Network

The primary responsibilities of the Group Executive Network are to:

- (a) manage and administer the operations of the Company;
 - (b) report to the Board from time to time as required by the Board; and
 - (c) report to members of the executive leadership team of the Holding Company from time to time in accordance with guidelines established by the Managing Director & CEO of the Holding Company. The reporting guidelines established by the Managing Director & CEO of the Holding Company must not be inconsistent with the Charter, the Company's obligations under the TIA, the QCA Act or the Access Undertaking.
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10. Ringfencing obligations

- 10.1 The Company is subject to ringfencing obligations under the Access Undertaking. The ringfencing obligations are procedures and measures for the purpose of separating the Company's regulated below-rail business from other businesses of the Aurizon Holdings Limited Group.
 - 10.2 The Board is responsible for monitoring the Company's compliance with its ringfencing obligations.
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11. Independent Advice

- 11.1 Each Director may seek external, independent professional advice at the Company's expense provided prior approval from the Chairman is obtained (such approval not to be unreasonably withheld) and the advice sought is to facilitate independent judgement in decision making relevant to the interests of the Company.
- 11.2 It is the Board's policy that, unless the Chairman reasonably determines otherwise, any external advice obtained is made available to all Directors.

12. Review of Board Charter

- 12.1 The Board will review annually this Charter and make any amendments it determines are necessary or desirable.
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13. Definitions

In this Charter:

Access Undertaking means the access undertaking submitted by the Company to the QCA and approved by the QCA under the QCA Act from time to time.

QCA means the Queensland Competition Authority.

QCA Act means the *Queensland Competition Authority Act 1997 (Qld)*.

Rail Infrastructure means rail transport infrastructure (as defined under the TIA for which the Company is the owner or lessee, the use of which is taken to be a service declared for the purposes of Part 5 of the QCA Act pursuant to section 250(1)(a) of the QCA Act).

TIA means the *Transport Infrastructure Act 1994 (Qld)*.