

# Board Charter

Last approved by the Board of Directors: 17 July 2018

## 1 Introduction

The Board of Directors of Australian Pipeline Limited (**APL**) is accountable to shareholders of Australian Pipeline Limited and the securityholders of Australian Pipeline Trust and APT Investment Trust (together **APA Group**) for the performance of the APA Group companies.

## 2 Role of the Board

The Board's responsibilities include:

- Setting the strategic direction of APA Group and monitoring management's implementation of that strategy;
- Selecting and appointing (and, if appropriate, removing from office) the Managing Director, determining his/her conditions of service and monitoring his/her performance against established objectives;
- Ratifying the appointment (and, if appropriate, the removal from office) of the Chief Financial Officer and Company Secretary;
- Assessing the skills required by the Board and the extent to which those skills are represented on the Board;
- Assessing the performance of the Board, its Committees and individual non-executive directors;
- Assessing suitable candidates for the Board and the nomination and appointment of Directors;
- Reviewing, on a regular basis, Board and senior management succession planning and development;
- Approving conditions of service and performance monitoring procedures to apply to senior management;
- Determining distribution policy and the amount, nature and timing of distributions;
- Approving annual budgets and longer-term strategic and business plans;
- Monitoring financial performance and the integrity of financial reporting, and approving the half-year and annual financial statements and reports;

- Setting specific limits of authority for management to commit APA Group to including new expenditure, enter contracts or acquire businesses without prior Board approval;
- Ensuring that effective audit, risk management, compliance and control systems are in place to protect the business assets and to minimise the possibility of the business operating beyond legal requirements or beyond acceptable risk parameters;
- Ensuring that effective compliance and control systems and procedures are in place to protect the health and safety of APA Group employees and others to whom APA Group owes a duty of care on such matters;
- Monitoring compliance with regulatory requirements (including continuous disclosure);
- Reviewing and approving non-executive directors' board and committee fees;
- Approving APA Group remuneration strategy and policy, and determining the size of the bonus pool available for incentives based on consideration of predetermined business performance indicators;
- Reviewing and approving corporate governance principles and procedures; and
- Ensuring effective and timely reporting to securityholders.

The Board delegates to the Managing Director responsibility for implementing the strategic direction and for managing the day-to-day operations of APA Group. The Managing Director consults with the Chairman, in the first instance, on matters which are sensitive, extraordinary or of a strategic nature.

### **3 Board Size and Composition**

The Board determines the Board size and composition, subject to limits imposed by the Constitution of APL.

The Constitution of APL provides for a minimum of three directors and a maximum of twelve directors, unless the company determines otherwise.

A majority of the Board will be comprised of independent directors. Independence is determined according to the Independence of Directors Policy.

The Chairman will be selected by the Board and will be an independent director. Should the Chairman be absent from any meeting, the members of the Board present will appoint one of those to be Chair of that meeting.

The Managing Director, where one is appointed, will be the Chief Executive Officer.

A person cannot hold the positions of both Chairman and Chief Executive Officer.

Succession planning for the Board is reviewed regularly with a view to maintaining an appropriate mix of skills, experience, expertise and diversity on the Board. In considering potential new directors to appoint to the Board and to commend to securityholders in APA Group, the Board seeks to identify candidates with appropriate skills, experience and diversity, who can exercise an independent and informed judgement on matters which come to the Board.

## **4 Role of Chairman**

The Chairman presides over the Board and general meetings of the company, Australian Pipeline Trust and APT Investment Trust. The Chairman has the task of making sure the Board is well informed and effective and that the Board members, individually and as a group, have the opportunity to air differences, explore ideas and generate the collective views and wisdom necessary for the proper operation of the Board and APA Group.

The Chairman is responsible for ensuring that the meetings are conducted competently and ethically and is expected to provide effective leadership in formulating the strategic direction for APA Group.

The Chairman must ensure that general meetings, too, are conducted efficiently and that securityholders have adequate opportunity to express their opinions on, and to ask questions about, the performance of APA Group.

The Chairman's responsibilities also include:

- Ensuring that new Board members are well briefed and have access to information on all aspects of the operations of APA Group;
- Being the Board's representative in dealings with management ensuring that its views are communicated clearly and accurately;
- Acting as the primary counsellor to the Managing Director; and
- Representing the views of the Board to the public, government bodies and other like organisations on appropriate occasions.

## **5 Board Meetings**

The Board meets formally at least eleven times per annum and whenever necessary to deal with urgent matters which might arise between scheduled meetings.

Senior members of management normally attend Board meetings to present reports requested by the Board or to seek approvals, where required. However, the Board also meets in private session (with only the Board

members present) to discuss management issues or matters of a particularly sensitive nature.

## **6 Board Committees**

To assist it in carrying out its responsibilities, the Board has established the following standing committees:

- Audit and Risk Management Committee;
- People and Remuneration Committee;
- Health Safety and Environment Committee; and
- Nomination Committee.

Each Committee has its own charter approved by the Board.

## **7 Review**

The Board reviews this charter and the performance of the Board annually.