



Board Charter

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Projecting the Future



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1 The Role of the Board

The Board's role is to govern rather than manage the organisation and it does this by providing leadership for and supervision of the Company's senior management.

The Board approves the strategic direction of the Company and regularly measures the progression by senior management of that strategic direction.

The Board also monitors how successfully the Company is attaining and preserving its Core Values. This include:

- Care for Clough people and the communities and environment in which Clough operates.
- Maximising shareholder return.
- Ensuring value is delivered to our clients.
- Attracting and retaining people who, as leaders in their field, choose to work with Clough.
- Maintaining engineering skill and creativity.
- Ensuring organisational learning and development.
- Maintaining integrity in all our dealings.

2 Responsibilities of the Board

The Board's key responsibilities include:

- Defining the company's core objectives and purpose
- Providing overall corporate governance of the Company, including conducting regular reviews of the balance of responsibilities within the Company to ensure division of functions remain appropriate to the needs of the Company
- Appointing the Chief Executive Officer, for a period and on terms as the directors see fit and, where appropriate, removing the Chief Executive Officer
- Ratifying the appointment and, where appropriate, the removal of senior executives, including the Chief Financial Officer and the Company Secretary
- Reviewing and evaluating the performance of the Chief Executive Officer
- Ensuring the Company's Policy for *Selection and Appointment of Directors* is reviewed in accordance with the Company's *Governance & Nomination Committee Charter*
- Approving corporate strategy and performance objectives
- Monitoring, reviewing and challenging senior management's performance and implementation of strategy
- Ensuring appropriate resources are available to the Chief Executive Officer
- Approving major capital expenditure, capital management, acquisitions, disposals and investments
- Approving major bids, tenders, proposals and contracts
- Approving all significant policies and procedures
- Approving the annual budget
- Monitoring the company's financial performance
- Ensuring the integrity of the Company's financial (with the assistance of the Audit & Risk Committee) and other reporting through approval and monitoring
- Appointing the external auditor, based on recommendations of the Audit & Risk Committee (subject to shareholder ratification at the next annual general meeting of the Company) and the appointment of a new external auditor when any vacancy arises and liaising with the external auditor and Audit & Risk Committee
- Engaging with the Company's external auditors and Audit & Risk Committee
- Reviewing the Company's key strategic and operational risks
- Approving the Company's Risk & Internal Control Policy, Code of Conduct and legal compliance

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- Satisfying itself that senior management has developed and implemented a sound system of risk management and internal control in relation to financial reporting risks and reviewed the effectiveness of the operation of that system
- Assessing the effectiveness of senior management's implementation of systems for managing material business risk including the making of additional enquiries and to request assurances regarding the management of material business risk, as appropriate
- Monitoring the Company's reporting and continuous disclosure requirements
- Overseeing regulatory compliance monitoring compliance with all of the Company's legal obligations, such as those obligations relating to the environment, native title, cultural heritage and occupational health and safety
- Make regular assessment of whether each non-executive director is independent in accordance with the Company's *Policy for Assessing the Independence of Directors*.

3 Board Structure and Independence

The Board shall comprise a maximum of nine directors, including:

- Three independent directors. The independent status of these directors shall be regularly reviewed in accordance with ASX recommendations
- Three directors nominated by the company's major shareholder, Murray & Roberts
- Up to three executive directors including the Chief Executive Officer and Chief Financial Officer

The Chair of the Board will be a non-executive director. Any executive director, including the Managing Director, who ceases to hold their executive position, will also resign as a director of the Company.

Clough has a majority shareholder, Murray & Roberts that requires representation on the Clough Board. Murray & Roberts' nominated directors include senior executives from Murray & Roberts who bring significant contracting expertise and experience to the Board. Clough acknowledges that as a result of this representation, the Board does not comprise a majority of independent directors.

The directors may seek external professional advice at the expense of the Company on matters in relation to their roles as directors of the Company. However they must first obtain approval from the Chair of the Board, which must not be unreasonably withheld. If permission is withheld the matter may be referred to the whole Board.

The Board shall meet at least six times per annum.

4 Statement of Position or Authority

The division of responsibilities between the Chair, directors, Board Committees, the Chief Executive Officer and Senior Management is set out below and as detailed in the Delegation of Authority Manual.

4.1 Chair of the Board

The Chair of the Board's key responsibilities include:

- Leadership of the Board
- Ensuring efficient organisation and conduct of the Board
- Ensuring effective contribution of all directors
- Briefing of all directors in relation to issues arising at Board meetings
- Shareholder communication
- Arranging Board and where appropriate senior executive performance evaluation
- Promote constructive and respectful relations between directors and between board and senior management

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Any other position which the Chair may hold either inside or outside the Company should not hinder the effective performance of the Chair in carrying out their role as Chair of the Company.

4.2 Chief Executive Officer

The Chief Executive Officer's key responsibilities include:

- Running the affairs of the company under delegated authority from the Board in accordance with the Clough Limited Delegation of Authority Manual
- Implementing policies set by the Board
- Developing strategy and vision for approval by the Board
- Recommending to the Board the annual business plan and budget that support the company's long-term strategy
- Ensuring that the company has an effective management team
- Acting as chief spokesperson for the company
- Maintaining a positive and ethical culture
- Reporting to the Board in a timely manner and ensuring all reports present a true and fair view
- Appointing and, where appropriate, removing senior executives, including the Chief Financial Officer and the Company Secretary, with the approval of the Board

The authority delegated by the Board to the Chief Executive Officer and others within the Company is set out in the Delegation of Authority Manual. This manual is regularly reviewed by the Board and changes made as appropriate.

4.3 Non-Executive and/or Independent Directors

The Board determines whether each of the non-executive directors of the Company is independent on a regular basis in accordance with its *Policy for Assessing the Independence of Directors*. The Board recognises the importance of the appropriate balance between independent and non-independent representation on the Board. In making this determination, the Board takes into account the skills and experience required, in the context of the Company's operations and activities.

The independent directors may meet without other directors present, if appropriate.

The non-executive directors may meet without senior management present at times scheduled from time to time. Such meetings may be facilitated by the Chair or the lead independent director, as appropriate.

4.4 Board Committees

The Board has established the following committees to assist it in discharging its responsibilities.

- Audit & Risk Committee
- Remuneration & Human Resources Committee
- Governance & Nomination Committee

Each committee reports to the Clough Board on its mandated terms of reference. Each committee has a charter which details, among other things, its roles and responsibilities.

4.5 Directors and Officers Generally

Individual directors should devote the necessary time to the tasks entrusted to them. All directors should consider the number and nature of their directorships and calls on their time from other commitments.

Directors and officers of the Company should be aware of their legal obligations.

4.6 Senior Management

The role of senior management is to progress the strategic direction provided by the Board. In particular, the Chief Executive Officer is responsible for the day-to-day activities of the Company in advancing the strategic direction. Senior executives oversee operational management in accordance with the directions of the Board.

Senior management is responsible for supporting the Chief Executive Officer and for assisting the Chief Executive Officer implement the running of the general operations and financial business of the Company in accordance with the Clough Limited Delegated Authority Manual.

5 Term of Office for Directors

All directors (excepting the Managing Director) are required to submit themselves for re-election at regular intervals and at least every three years. Directors will serve a maximum of three terms, unless their tenure is extended by the Board. The Governance & Nomination Committee reviews Board composition and tenure limits and assists with the introduction of new Board members to ensure there are fresh ideas and viewpoints available to the Board.

6 Review of Board Performance

Each year the Board conducts a formal review of its performance, policies and practices. This review is overseen by the Chair of the Board. The *Standard for Evaluating Board Performance* is included on the Company's website.

7 Directors Code of Behaviour

Clough has adopted a *Code of Conduct*, which promotes ethical and responsible decision making by directors, executives and employees. The code requires high standards of honesty, integrity, fairness and equity in all aspects of employment with Clough. The code also sets tasks for management of delivering shareholder value, with the oversight of the Board, through sustainable and efficient operation of the Company.

8 Directors and Executive Management's Shareholdings and Remuneration.

Directors' remuneration is clearly outlined in the Annual Report. The Remuneration & Human Resources Committee reviews directors' remuneration to ensure the Company's directors are compensated fairly for their obligations of office.

Directors are to receive no windfall financial compensation upon retiring from the Board other than that which is owed to them for their preceding period in office.

Directors must comply with the Company's *Share Trading Policy*.

9 Review

The Board will review this Charter periodically and update as required.