

PUBLIC

Board Charter

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REV	DATE	GENERAL DESCRIPTION	PREPARED	REVIEWED	APPROVED
5	02/12/2014	Reviewed and updated	S Harfield	R Ratneser	BOARD
4	16/03/2014	Reviewed and updated	S Harfield	R Ratneser	BOARD
3	29/05/2013	Review of all Charters by the Board of Clough Limited	S Harfield	M Murray	BOARD
2	10/08/2012	Updated format and included revision history	B Nairn	C Puca	J Whitehand

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Functional Manager: Company Secretary

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This Charter was approved by the Board of Directors of Clough Limited (**Company**) on 2 December 2014 and is subject to the provisions of the Corporations Act 2001, the Company's constitution and any other applicable law or regulatory provision.

1 Objectives

The Board's role is to govern rather than manage the Company and it does this by approving strategic direction, providing leadership and supervising the Company's senior management.

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

The Board also monitors how successfully the Company is attaining and preserving its core values. These include:

- Working sustainably and safely with the goal of Zero Harm to our people, the environment and the communities in which Clough operates;
- Being accountable for performance, stretching ourselves to achieve our potential and collaborating effectively to achieve business success;
- Understanding our clients' needs, building strong client relationships and adding value to our to our clients' operations;
- Striving for superior productivity through excellence in project execution, cost efficiency, planning and discipline
- Attracting and retaining people who, as leaders in their field, choose to work with the Company;
- Maintaining engineering skill and creativity and encouraging innovation;
- Ensuring organisational learning and development; and
- Maintaining integrity in all our dealings.

2 Composition

The Board is responsible for determining an appropriate mix of skills, knowledge, experience and diversity is represented on the Board. A diverse mix of skills, knowledge and experience is necessary to review and approve strategic direction and to guide and monitor management.

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

- three directors nominated by the Company's shareholder, Murray & Roberts Pty Ltd (M&R); and
- three executive directors, including the Chief Executive Officer (**CEO**) and Chief Financial Officer (**CFO**).

The Chair of the Board will be a non-executive director.

The Board may appoint a person to be a director at any time except during a general meeting. Any director so appointed must retire at the next annual general meeting and is eligible for election by that general meeting.

A former executive director is not eligible for appointment as a non-executive director until a reasonable time, as determined by the Board, has passed after ceasing to be an executive director.

3 Term

All directors (except for the CEO) are required to offer themselves for re-election at least every three years. Directors will serve a maximum of three terms, unless their tenure is extended by the Board.

Any executive director, including the CEO, who ceases to hold their executive position, shall immediately resign as a director of the Company.

4 Quorum

Unless the Board decides otherwise, the quorum for a Board meeting is three directors (including at least one M&R director) and a quorum must be present for the whole meeting.

5 Voting

Subject always to the provisions of the Company's constitution, the Board will use its best endeavours to reach a unanimous decision on all matters it considers. If a unanimous decision is not achieved, the matter will be decided by a majority of the votes of the members present.

6 Responsibility

6.1 Chair of the Board

The Chair of the Board's key responsibilities include:

- Leadership of the Board;
- Ensuring the efficient and ethical conduct of the Board;
- In conjunction with the CEO and Company Secretary, setting of agendas for Board meetings;
- Ensuring the effective contribution of all directors;
- Stakeholder communication;
- Arranging Board and (where appropriate) Executive Management Team evaluation (**Executive Management Team** means Excom members);
- Promoting constructive and respectful communications between the Board and senior management;
- Chairing general meetings of the Company;
- Providing counsel to the CEO; and
- Ensuring that all new directors receive a thorough induction and that all directors have access to ongoing professional development.

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.

6.2 Board

The Board's key responsibilities include:

Annual General meeting

Convening the Annual General Meeting (**AGM**) and approving the notice of meeting.

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Bids and Tenders

Approving major bids, tenders, proposals and contracts as and when required.

Capital Expenditure

Approving major capital expenditure, capital management, acquisitions, disposals and investments as and when required.

Delegation of Authority

Approving changes to the authority delegated to the CEO and Executive Management Team by the Board.

Diversity

Reviewing objectives for achieving diversity and to assess annually the progress in achieving them.

Dividends

Approving the dividend policy and authorising payment of dividends.

Ethics

Encouraging a culture that promotes ethical and responsible decision making, compliance with legal responsibilities and transparency through effective and timely reporting.

Executive Appointments

- Ratifying the appointment of and, where appropriate, removing members of the Executive Management Team, including the CFO and the Company Secretary.

External Audit

- Appointing the external auditor, based on recommendations from the Audit Committee (subject to shareholder ratification at the next AGM of the Company) and the appointment of a new external auditor when any vacancy arises;
- Engaging with the Company's external auditors and Audit Committee.

Financial Performance and Reporting

- Monitoring the Company's financial performance;
- Ensuring the integrity of the Company's financial and other reporting through approval and monitoring.

Although authority is delegated to the Audit Committee to assist and guide the Board in relation to financial reporting, financial controls and audit functions, the Board will receive a financial report from the CFO at every meeting.

Funding

Approving and monitoring the progress of all debt and equity raisings.

Governance

Providing overall corporate governance within the Company, including conducting regular reviews of the balance of risks and responsibilities based on recommendations from the Risk Committee to ensure division of functions remain appropriate to the needs of the Company.

Health Safety and Environment

Reviewing policy, standards and processes in relation to health, safety and the environment and assessing their adequacy.

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The Board recognises its obligations under the Workplace Health and Safety (**WHS**) legislation to workers, including contractors and non-employees, to take all reasonable practical steps to minimise the risk of injury or other harm to the people who work for them.

Legal Compliance

Overseeing and 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.

Non-Executive Directors Fees

The approval of non-executive directors' fees.

Performance Monitoring

Monitoring, reviewing and challenging CEO and Executive Management Team performance and implementation of strategy.

Policies

Approving all significant policies.

Resources

Ensuring appropriate resources are available to the CEO to support the execution of the Company's strategy.

Remuneration

Approving the overall remuneration policy including non-executive director remuneration, executive director (not including the CEO) and remuneration for the Executive Management Team and below.

Implementation of the CEO's remuneration following endorsement and approval by the Murray & Roberts Holdings Remuneration Committee and Board.

The Board will ensure directors are compensated fairly for their obligations of office.

Directors retiring from the Board will not be entitled to receive windfall financial compensation other than that which is owed to them for their preceding period in office.

Risk Management

- Reviewing the Company's key strategic and operational risks based on recommendations from the Risk Committee;
- Approving the Company's Risk Management Policy, Code of Conduct and procedures for legal compliance;
- Satisfying itself that the CEO and Executive Management Team have developed and implemented a sound system of risk management and internal control in relation to financial reporting risks and reviewing the effectiveness of the operation of that system; and
- Assessing the effectiveness of the CEO's and Executive Management Team's implementation of systems for managing material business risk.

Strategy and Budgets

- Defining the Company's core objectives and purpose;
- Approving corporate strategy and performance objectives; and
- Approving the annual budget.

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Succession Planning

Reviewing and approving succession plans for the Executive Management Team.

Matters relating to the CEO, such as performance review, remuneration setting and succession planning shall be dealt with by the Murray & Roberts Holdings Limited Board.

6.3 Chief Executive Officer

The CEO's key responsibilities include:

- Running the affairs of the Company under delegated authority from the Board in accordance with the Delegation of Authority;
- 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 of the matters being reported;
- Appointing and, where appropriate, removing members of the Executive Management Team, including the CFO and the Company Secretary, with the approval of the Board; and
- Developing and maintaining risk management systems.

The authority delegated by the Board to the CEO and others within the Company is set out in the Delegation of Authority. This document is regularly reviewed by the Board and changes made as appropriate.

6.4 Board Committees

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

- Audit Committee;
- Risk Committee;
- Remuneration & Human Resources Committee; and
- Health Safety Environment & Sustainability 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.

6.5 Company Secretary

The Company Secretary is responsible for ensuring that Board procedures are complied with and that governance matters are addressed. Particular responsibilities include:

- Ensuring Board agendas are developed in a timely manner for review by the CEO and Chair;

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- In conjunction with the CEO, ensuring timely preparation and distribution of Board papers;
- Coordinating, organising and attending meetings of the Board (and shareholder meetings as required);
- Drafting and maintaining minutes of the Board and committee meetings (and shareholder meetings as required);
- In conjunction with the CEO, carrying out the instructions of the Board;
- Meeting statutory reporting and record-keeping requirements; and
- Working with the Chair and the CEO to establish and maintain best practice corporate governance.

6.6 Executive Management Team

The role of the Executive Management Team is to progress the strategic direction provided by the Board. In particular, the CEO is responsible for the day-to-day activities of the Company in advancing its strategic direction. The Executive Management Team oversees operational management in accordance with the directions of the Board.

The Executive Management Team is responsible for supporting the CEO and for assisting the CEO to implement the running of the general operations and financial business of the Company in accordance with the Company's Delegation of Authority.

6.7 Directors and Officers

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 and 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.

7 Conflicts of Interest

Each director has a fiduciary and statutory duty not to place themselves in a position which gives rise to a real or substantial possibility of conflict, whether it be a conflict of interest or conflict of duties. Each director is required:

- to ensure the Board is notified of any interest which may give rise to a real or substantial possibility of conflict, including any material personal interests; and
- if any matter is (or is likely to be) brought before the Board which could give rise, or be perceived to give rise, to a real or substantial possibility of conflict, then the director:
 - shall disclose this to the Board;
 - shall continue to receive Board papers or other information which relates to the matter which is subject to the conflict of interest, unless the director requests, or the Chair determines, that he or she not receive any or all of those documents; and
 - shall withdraw from any part of a Board or Committee meeting for the duration of any discussion and not vote on the matter, unless a majority of directors who

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do not have an interest in the matter resolve that the disclosed interest should not disqualify the director.

8 Procedures

8.1 Meetings

The Board will meet at least four times per annum, but also as often as is required to discharge its responsibilities.

8.2 Agendas

Board agendas should be settled by the Chair in conjunction with the CEO and the Company Secretary and should allow for a discussion period by the Directors without management being present.

8.3 Papers

Board papers will be prepared and distributed to members seven days in advance of each meeting.

8.4 Minutes

The Company Secretary will attend all meetings and keep minutes. Minutes are to be approved by the Chair within one month of the date of the meeting and signed at the next scheduled meeting of the Board.

8.5 Calendar

The Company Secretary will, in conjunction with the CEO and Chair, develop an annual calendar of Board meetings and an annual work plan for the Board.

8.6 Meetings by Audio and Video Conference

Board meetings can be conducted via audio or video conference provided all directors attending are able to hear each other and be heard.

9 Annual Requirements

9.1 Board Evaluation

The Chair and the CEO will assess the performance of the Board and its committees on an annual basis.

9.2 Review of Board and Committee Charters

The Board will review its charter and committee charters at least annually and update these documents as required.

9.3 Code of Conduct

Clough has adopted a Code of Conduct (**Code**), which is fully endorsed by the Board and 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 the Company. All employees and directors of the Board must complete the Code on an annual basis and in doing so, each individual must adhere to the Clough values.

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