

# Board Charter

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CS Energy Limited (**CS Energy**) is a Government Owned Corporation (**GOC**) established in July 1997, pursuant to the provisions of the *Queensland Government Owned Corporations Act 1993* (Qld) (**GOC Act**). CS Energy (the Company) is incorporated as a public company registered under and subject to the *Corporations Act 2001* (Cth). The Company has two shareholders who are Ministers of the Queensland Government and who hold shares on behalf of the State of Queensland.

The Board is responsible to the shareholding Ministers for the governance of CS Energy. The Board is responsible for the governance of CS Energy and this Charter outlines key principles.

## Role, responsibilities and authority of the Board

The Board's role is to:

- Act in the best interests of the Company as a whole;
- Set, review and monitor the Company's values, culture and strategy;
- Govern, direct and monitor the organisational business and includes the overall organisational performance, compliance and conformance.

Section 88 of the GOC Act prescribes the role of a GOC Board to include the following matters:

- Responsibility for the GOC's commercial policy and management;
- Ensuring that, as far as possible, the GOC achieves, and acts in accordance with its Statement of Corporate Intent and carries out the objectives outlined in its Statement of Corporate Intent;
- Accounting to the GOC's shareholders for its performance as required by this Act and other laws applying to the GOC; and
- Ensuring that the GOC otherwise performs its functions in a proper, effective and efficient way.

In performing their role, Directors are also subject to a range of duties and obligations under the *Corporations Act 2001* (Cth) (the Act), in particular sections 181-184 of the Act.

The key duties of Directors are to:

- Act in good faith in the best interests of the Company and for a proper purpose;
- Not improperly use their position to gain advantage for themselves or someone else or cause detriment to the Company;
- Act with reasonable care and diligence;
- Avoid conflicts of interest; and
- Not improperly use Company information or their position to gain advantage for themselves or someone else or cause detriment to the Company.

The Board has delegated its power and authority to manage and supervise the management of the day-to-day operation of CS Energy and its wholly owned subsidiaries to the Chief Executive Officer (CEO).

To accomplish this, the Board is responsible for:

- Determining the strategic objectives of the Company and for monitoring progress in accordance with those objectives. The Board will prioritise innovative opportunities that complement the current Company strategy;
- Monitoring the progress of CS Energy's commitment to a safe, constructive and high-performance culture;
- Decision making in relation to significant matters of a sensitive, extraordinary or strategic nature including;
- Overseeing control and accountability processes and systems by monitoring performance against approved Statement of Corporate Intent (SCI), Corporate Plan and budgets, including analysis of operating results to evaluate progress against the SCI and Corporate Plan;

- Shareholder reporting and regulatory compliance to ensure ethical behaviour and compliance with laws and regulations, accounting and auditing standards, and CS Energy's governing documents;
- Selecting, monitoring, evaluating and compensating the CEO. The Board is also responsible for managing CEO succession; approving the annual performance targets and incentive payments of the Senior Executives and annual corporate performance targets and incentive payments to employees who are rewarded for these targets;
- Setting the Risk Appetite of CS Energy and ensure appropriate oversight of risk, primarily by setting risk policies and through the activity of the Board and Board's Committees;
- Setting appropriate standards of behaviour for Directors, employees, consultants, contractors and visitors of CS Energy as expressed in the [Code of Conduct](#);
- Promoting processes for the development and maintenance of strong relationships with shareholding Ministers and their representatives, key stakeholders and opinion leaders.

## Responsibilities of Management

Management is responsible for:

- Managing business activities to achieve the strategic objectives set by the Board;
- Managing business activities to build such desired culture;
- Managing the business activities within the approved budget;
- Managing the business activities within the approved risk appetite;
- Providing the Board with timely, accurate and clear information to enable the Board to perform its responsibilities.

## Responsibilities of the Chair

The Chair of the Board is appointed by the Governor in Council. In addition to the responsibilities of a Director, the Chair:

- Ensures that meetings of the Board are conducted in accordance with this Charter and in an efficient and effective manner;
- Coaches and supports the other Directors, CEO and the Company Secretary in the performance of their roles;
- Ensures all Directors are briefed on material matters arising at or between Board meetings;
- Is the primary, formal channel of communication between:
  - the shareholding Ministers and the Board;
  - the Board and the CEO; and
- Acts as a spokesperson for CS Energy, if required.

## Responsibilities of the Company Secretary

The Company Secretary is jointly responsible with the CEO for settling the agenda which will be agreed with the Chair prior to a meeting. The Company Secretary is responsible for keeping the minutes of the Board and Committee meetings which will be prepared and circulated to the Board and Committee after each meeting prior to the next subsequent meeting.

The role of the Company Secretary should include:

- advising the Board and its Committees on governance matters;
- monitoring that Board and Committee policy and procedures are followed;
- coordinating the timely completion and despatch of Board and Committee papers;
- ensuring that the business at Board and Committee meetings is accurately captured in the minutes; and
- helping to organise and facilitate the induction and professional development of Directors.

Each Director should be able to communicate directly with the Company Secretary and vice versa. The decision to appoint or remove the Company Secretary should be made or approved by the Board.

## Authority and Delegation

The Board retains all rights and powers conferred upon it by the Constitution and by law which cannot be delegated.

The Board may delegate their powers as they consider appropriate. However, ultimate responsibility for strategy and controls rests with the Board.

The operation of authorities and delegations is an integral element of CS Energy's corporate governance and internal control processes.

The overarching delegation of authority framework is approved by the CS Energy Board. The Board specifically approves the authorities which will be delegated to the CEO. The CEO can sub-delegate certain authorities to lower levels within the organisation, in accordance with the Authorities and Delegations Policy approved by the Board. Authorities and Delegations are based on position and responsibilities and are not personal to the incumbent.

The detail and specific financial delegations are set out in the [CS Energy Authorities and Delegations Policy](#) and are submitted to the Board at least every two years for review and approval.

If Management seeks to act outside these delegations, the matter must be referred to the Board for approval prior to the authority being exercised. There is a structured breach reporting process in place for key risk areas such as Energy Markets.

No individual Director exercises Authority or Delegation on behalf of CS Energy unless this is specifically granted in an instrument approved by the Board.

## Committees

As of the date of this Charter, the Board Committees are as follows to assist in the performance of its responsibilities:

- Safety and Environment Committee
- People, Culture and Remuneration Committee
- Performance and Investment Committee
- Finance, Risk and Assurance Committee

The Board may delegate any of its responsibilities other than those which by law must be dealt with by the Board to a Committee. Each Committee will adopt a charter setting out the responsibilities, authority, membership and operation of the Committee.

## Composition

The CS Energy Board consists of non-executive Directors appointed by the Governor in Council of the State of Queensland, for such term as determined by the Governor in Council.

The quorum for all meetings is half the number of Directors appointed to the Board and if that number is not a whole number, the next highest whole number. A quorum must be present for the whole meeting.

A Director is treated as present at a meeting held by audio or audio-visual communication if the Director is able to hear and be heard by all others attending. If a meeting is held in another way permitted by section 248D of the *Corporations Act*, the Board must resolve the basis on which the Directors are treated as present.<sup>1</sup>

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<sup>1</sup> Clause 10.6 CS Energy Ltd Constitution.

## Procedures

The Board conducts a minimum of eight meetings per year, and additional meetings as required to deal with specific issues. It is involved in additional planning sessions to consider and address strategic Company issues and includes, at a minimum, an annual business planning and strategic business directions meeting.

Directors have the opportunity to visit operating sites on a rotational basis in addition to formal Board meetings and use technology such as video conference where necessary. Board meetings are usually held at CS Energy's corporate office.

Directors receive a complete set of Board papers via electronic means, one week prior to the monthly Board meeting. All papers are subject to management review and CEO approval prior to dissemination.

An individual Director has the right to seek information from CS Energy employees, subject to approval from the Chair. Approval will not be required where the Director seeks information from the Company Secretary or Senior Executive.

An individual Director has the right to seek independent professional advice on particular matters before the Board, subject to approval from the Chair, at CS Energy's expense.

## Board Reporting and Self Evaluation

Internal Board processes are periodically reviewed against measurable and qualitative indicators. The Chair determines the process for formal evaluation and improvement of Board process. In this regard, the Board is dedicated to the ongoing improvement of the Company's corporate governance processes and will conduct periodic formal Board evaluation reviews.

The Board reports formally to shareholding Ministers via its Annual and Quarterly Reports. The Board also advises shareholding Ministers of any material matters as required.

The Chair will meet periodically with shareholding Ministers to obtain feedback on perception of Board performance.

## Review of Board Charter

The Board will review its Charter at least annually and is available at [www.csenergy.com.au](http://www.csenergy.com.au)

## Conflicts and Conduct

Directors will comply with the Board and CS Energy's policies and standards in relation to management of conflicts of interest.

Directors are expected to abide by the CS Energy [Code of Conduct](#).

The Board of CS Energy has also elected to adopt its own [Director Code of Conduct](#).