

# ORBITAL BOARD CHARTER

## 1. Purpose of the Charter

The Board Charter sets out the functions and responsibilities of the Board of Orbital Corporation Limited (Orbital) and its subsidiaries (Orbital Group).

## 2. Role of the Board

Overall control of the business of the Orbital Group is vested in the Board. The Board's primary function is to protect and enhance long-term shareholder value by providing strategic guidance to the company and effective oversight of management. The Board has delegated responsibility for the management of the Orbital Group through the Chief Executive Officer (CEO) to executive management. The CEO is a member of the Board but does not hold the position of Chairman.

## 3. Powers of the Board

### 3.1. Powers reserved to the Board

The following powers are reserved to the Board:

- To appoint, and to remove, the CEO and the Company Secretary and to determine their remuneration and conditions of service, including any financial incentives;
- To approve decisions concerning the Company's capital, including the issue of any shares, options, equity instruments or other securities, capital restructures and the Company's dividend policy;
- To authorise expenditure in excess of discretionary limits delegated at any time to the CEO;
- To establish, monitor and modify the strategic direction of the Orbital Group;
- To approve management development of corporate strategies and performance objectives;
- To oversee the company, including control and accountability systems;
- To ensure best practice corporate governance;
- To review senior management's performance and succession planning;
- To ensure appropriate and effective remuneration policies are implemented;
- To ensure that appropriate risk management systems, internal controls, reporting systems and compliance frameworks are in place and operating effectively;
- Approve and review the Company's diversity policy and any measurable diversity objectives set within the policy;

*These functions may be conducted through committees (see clause 5 below)*

### 3.2. Powers delegated to the CEO

The Board delegates responsibility for day-to-day management of Orbital to the CEO, including:

- The implementation of corporate strategies and performance objectives as established by the Board;

- Operating the company's business within Board delegated authority and referring matters exceeding authority to the Board for consideration and approval;
- Providing the Board with accurate, timely and sufficient information to enable the Board to fulfill corporate governance responsibilities;
- Implementing all policies, processes and codes of conduct approved by the Board;
- Development of strategy, business plans and budgets for Board consideration;
- Approval of capital expenditure within authority limits as determined by the Board from time to time;
- Appointment of senior management and employees other than those appointments specifically reserved to the Board;
- Developing systems of risk management and internal compliance controls; and
- Managing the company's financial and other reporting mechanisms to ensure material information is captured accurately and on a timely basis.

## 4. Board Process

### 4.1. Collective role of Non-Executive Directors

Non-Executive Directors collectively should:

- Challenge and contribute to the development of strategy;
- Scrutinise the performance of management against agreed objectives, and monitor the reporting of performance;
- Review and where appropriate, challenge proposals presented by management;
- Request additional information where they consider that information necessary to support informed decision-making has not been provided; and
- Take reasonable and proper steps to satisfy themselves that there are adequate and proper financial controls and systems of risk management and internal compliance and that the controls are maintained and the systems robust.

### 4.2. Individual role of Non-Executive Directors

Non-Executive Directors individually should:

- Inform themselves diligently about the subject matter of all decisions they are called upon to make as Directors of the Company; and
- Keep their own performance under review, taking into account their other commitments, state of health and personal situation, to determine whether they have an ongoing capacity to meet their obligations as a Director of the Company.

### 4.3. Disclosure of appointments and activities

Before appointment, Non-Executive Directors must disclose to the Chairman the nature and extent of their other appointments and activities and, when advising their willingness to accept appointment, demonstrate that they understand what is expected of them and confirm that they are willing to make the necessary commitments, and will have available the time required, to discharge their responsibilities.

#### 4.4. Chairman's consent to external appointments

Prior to the acceptance of any relevant external appointments, Non-Executive Directors should obtain the Chairman's consent. Relevant appointments include any appointment with potential to:

- Cause a conflict of interest for the Director;
- Affect the Director's independence;
- Have reputational consequences for the Company; or
- Place demands on the Director's time that could hinder their ability to attend Board meetings and discharge their responsibilities to the Company.

#### 4.5. Briefing new Directors

On appointment, Non-Executive Directors should be informed in writing what is expected of them with regard to committing time to the Company's activities, being a member of Committees and participating in activities, and should be given a briefing pack of materials setting out the Company's business activities, financial position and forward plans. New Directors should also be offered management briefings on strategic, financial and other matters.

#### 4.6. Continuing professional education

Non-Executive Directors are expected to maintain the skills required to discharge their obligations to the Company. For this purpose they should undertake continuing professional education to the extent necessary. Request for approval of professional education courses may be made to the Company Secretary and where a request is approved, the cost of the course will be met by the Company.

#### 4.7. Conflicts

A Director must inform the Board or the Chairman, as soon as the Director is aware of any conflict or potential conflict of interest which that Director may have in relation to any particular item of business. Unless decided otherwise by the other members of the Board, the Director should be absent from discussion and decision on that matter. Directors must comply strictly with Corporations Act requirements and Board policy for the avoidance of conflicts.

#### 4.8. Board records

A record of Board submissions and papers, and of material presented to the Board, is maintained and held by the Company Secretary together with minutes of meetings, and is accessible to Directors.

#### 4.9. Operational site visits

Operational site visits, by all Directors, to aid their understanding of the business of the Company, should be scheduled and coordinated by management. Directors are expected to give priority to attendance at these visits.



#### 4.10. Access to company information

Directors have direct access to members of Company management and to Company information in the possession of management. Members of management contacted by a Director may, but are not required to, notify the CEO of the contact. All Directors have direct access to the Company Secretary.

#### 4.11. Access to independent advisers

The Board may have access to independent advisers where it sees need.

#### 4.12. Insurance and indemnity

Deeds should be entered into between Directors severally and the Company, recording arrangements on indemnification, insurance and access to Company documents and independent legal advice at the Company's expense.

### 5. Committees

#### 5.1. Board may establish committees

The Board may from time to time establish standing and *ad hoc* Committees to assist it in carrying out its responsibilities. For each Committee the Board should adopt a charter setting out its role, composition, powers, responsibilities, structure, resourcing and administration, and any other relevant matters. The appointment of a chairman and of the members of any Board committee will be made by the Board.

### 6. Board Performance

#### 6.1. Annual performance evaluation

The Board will undertake an annual performance evaluation that:

- Reviews the performance of the Board against the requirements of this Charter;
- Reviews the performance of the Board Committees against the requirements of their respective Charters; and
- Reviews the individual performances of the Chairman, the CEO and the Directors.

#### 6.2. Scope of performance evaluation

The Board will determine the scope of the performance evaluation and how it is carried out, in order to achieve the objectives in Section 3.1.

### 7. Membership and Term

- 7.1. The Board consists of a minimum of three Directors and a maximum of nine. A majority of Directors should be independent.

An independent Director is a Non-Executive Director and:

- Is not a substantial shareholder of the company or an officer of, or otherwise associated directly with, a substantial shareholder of the company
- Within the last three years has not been employed in an executive capacity by the company or another group member, or been a Director after ceasing to hold any such employment
- Within the last three years has not been a principal of a material professional adviser or a material consultant to the company or another group member, or an employee materially associated with the service provided
- Is not a material supplier or customer of the company or other group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer
- Has no material contractual relationship with the company or another group member other than as a Director of the company
- Has not served on the board for a period which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the company
- Is free from any interest and any business or other 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.

7.2. The term of appointment as a Director is for a period determined in accordance with the Company's constitution. No Director, other than a Managing Director, shall hold office for more than 3 years without standing for re-election.

## 8. Chairman

- 8.1. The Chairman of the Board should be an independent Director and shall be elected by the Directors.
- 8.2. Should the Chairman be absent from a meeting and no Vice-Chairman has been appointed, the Directors present at the meeting have authority to choose one of their number to be Chairman for that particular meeting.

## 9. Meetings

### 9.1. Board agendas

Board agendas should be settled by the Chairman in conjunction with the CEO and Company Secretary and should allow for a discussion period by Non-Executive Directors in the absence of management.

### 9.2. Papers to be provided in advance

Board and Committee papers should be provided to Directors sufficiently far in advance of scheduled meetings to permit adequate preparation.



### 9.3. Meetings other than in person

The Board may conduct meetings without all Directors being involved in the meeting in the physical presence of one another provided that all Directors involved in the meeting are able to participate in discussion.

### 9.4. Frequency of meetings

As a minimum, the Board meets six times per annum.

In addition, any Director may at any time convene a meeting of the Board.

## 10. Attendance at Meetings and Quorum

10.1. The Directors may invite such Orbital executives and/or parties external to Orbital to attend any meeting of the Board.

10.2. The quorum for a meeting is two members.

## 11. Secretary

The Orbital Company Secretary acts as secretary of the Board

## 12. Reporting

Proceedings of all meetings are minuted and signed by the Chairman

## 13. Fees

Directors are entitled to receive remuneration as determined from time to time by the Board in accordance with shareholder approval.

## 14. Review of Charter

The Board Charter is reviewed at least every three years to ensure it remains consistent with the Board's authority, objectives and responsibilities.