

BOARD CHARTER

1. The Role of the Board

The Board is responsible to the Company's shareholders for the overall strategy, performance, and governance of the Company and its related bodies corporate (**Group**).

The role of the Board is to provide strategic guidance to the Group, to guide and monitor the management, business and affairs of the Company and to promote a culture which supports its core Principles. In addition to fulfilling its obligations to generate value for the Company's shareholders, the Board recognises that it has responsibilities to the Group's customers, employees and suppliers and to the welfare of the communities in which the Group operates.

The Board's key responsibilities are further detailed in section 3.

The Board meets regularly to review the Group's performance and progress against the strategy.

The Board does not manage the day-to-day operations of the Group. This is delegated to management through the Managing Director.

The Board's conduct is also governed by the Company's Constitution.

2. The Role of Board Committees

The Board may delegate responsibilities to committees of the Board (**Committees**) from time to time. The Board has established two Committees to assist in discharging its responsibilities:

- Audit and Risk Committee; and
- People and Remuneration Committee.

Any decision-making powers delegated to a Committee must be specified by the Board.

The role and responsibilities of each Committee and details of their membership are set out in a Charter for each Committee, which is approved by the Board.

The Chairman of each Committee provides regular updates to the Board on material matters arising at meetings of the committee.

3. Key Responsibilities of the Board

The key responsibilities of the Board include:

Strategy and Leadership

- Defining the Group's purpose, principles and setting its strategic direction.
- Approving, and overseeing management's implementation of, the strategic plan, its annual operating plan and other significant initiatives.
- Where required, challenging management and holding it to account.

Culture and Corporate Governance

- Approving the Company's governance framework and key policies, including approving the entity's principles and its Code of Conduct which promote an ethical and transparent corporate culture.
- Monitoring the effectiveness of the Company's governance framework;
- Monitoring and influencing the reputation and culture of Perenti and its commitment to honesty, compliance and ethical conduct, including considering reports on material breaches of the Group's Code of Conduct and Anti-bribery and Anti-corruption Policy and significant matters raised under its Whistleblower Policy.
- Approving and monitoring delegations of authority to the Managing Director and management.

Material Transactions

- Approving any re-branding or significant restructuring of the Group's operations.
- Approving mergers, acquisitions, and divestitures in accordance with the Delegation of Authority.
- Approving any offer of and the issue of new securities in the Company.

People and Remuneration

- Selecting, appointing and removing the Managing Director.

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- Approving the appointment and removal of senior executives reporting directly to the Managing Director (**Group Executives**) including the Chief Financial Officer (**CFO**) and the Company Secretary and Group General Counsel.
- Overseeing annual performance reviews and succession plans for the Board, individual Directors, and the Managing Director.
- Approving remuneration changes for the Managing Director and Group Executives.
- Approving the Group's remuneration framework and policy.
- Approving short-term and long-term incentive plans for the Managing Director and Group Executives, including approving performance measures for, size of pools and securities offered, and the vesting of securities under those plans.
- Reviewing and approving Non-executive Directors' Board and Committee fees, subject to the fee pool approved by shareholders.
- Approving diversity targets and monitoring progress against them.

Shareholders and Market Disclosures

- Reporting to and communicating with shareholders.
- Overseeing arrangements for the annual general meeting and other members' meetings.
- Overseeing the Company's process for complying with its continuous disclosure obligations.

Financial Results and Performance

- Approving annual budgets and monitoring financial performance against forecasts and prior periods.
- Overseeing the integrity of the Group accounting and corporate reporting systems, including external audit.
- Approving the annual and interim financial statements, Directors' report, Director's declaration and disclosures accompanying the financial statements.

- Approving material accounting policies and any changes thereto and considering the appropriateness of material accounting judgements exercised by management in preparing the financial statements.
- Maintaining an ongoing dialogue with the external auditor and approving the appointment and removal of the external auditor including associated recommendations to shareholders to approve.
- Determining dividend policy and the amount and timing of dividends to be paid.

Borrowings and Credit Facilities

- Approving the entry into agreements for borrowings, and leasing, bonding, and credit facilities, and the giving of security over assets.

Risk Management and Assurance

- Setting the risk appetite for the Group, which the Board expects management to operate within.
- Reviewing and monitoring systems of risk management.
- Overseeing material and emerging risks and monitoring the effectiveness of the risk management framework and internal controls in place to manage those risks.
- Monitoring the risk culture within the Group and the extent to which it supports the ability of the Group to operate within the risk appetite statement, and overseeing steps taken to address any desirable changes to risk culture.
- Approving the internal audit function, appointment of internal auditor, and approving the internal audit plan.

4. Responsibilities of the Chairman

The Chairman's responsibilities include:

- Providing leadership to the Board and Perenti.
- Seeking to ensure the efficient organisation and conduct of the Board's functions.
- Facilitating Board discussions to seek to ensure that key issues facing Perenti are being addressed.

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- Facilitating the effective contribution and ongoing development of all Directors.
- Monitoring the performance of the Board, Board Committees and individual Directors.
- Maintaining a regular dialogue and mentoring relationship with the Managing Director and other Group Executives.
- Maintaining regular contact with the Company Secretary on Board and governance matters affecting the Board.
- Promoting constructive and respectful relations among directors and between the Board and Group Executives.
- Chairing Board and shareholder general meetings.

The Board may also appoint a Deputy Chairman who would be responsible to stand in for the Chairman, as required.

5. Responsibilities of the Managing Director

The Board has delegated to the Managing Director, pursuant to a formal delegation of authority framework, all powers to manage the day-to-day business of the Perenti Group, subject to the responsibilities and reserve powers of the Board specified in section 3 above.

The Managing Director's duties are to:

- Devote the whole of his or her time, attention and skill during normal business hours, and at other times as reasonably necessary, to the duties of the position.
- Be accountable for planning, co-ordinating and directing the operations of the Company to achieve strategic, financial and operating objectives as agreed with the Board.
- Formulate and recommend business and financial strategies and plans to develop the Company's business and to implement these plans and implement risk management processes to achieve agreed performance targets.
- Demonstrate and promote an ethical and transparent corporate culture.
- Faithfully and diligently perform the duties and exercise the powers assigned by the Board

consistent with the position of a Managing Director of the Company.

In fulfilling these duties, the Managing Director:

- reports directly to the Board;
- provides prompt and full information to the Board regarding the conduct of the business of the Company; and
- complies with reasonable directions given by the Board.

6. Board Structure

6.1. Composition and size

The Board is appointed by the Company's shareholders.

The Directors determine the size of the Board, having regard to the needs of the Board, its Committees and the Company and subject to the Constitution and regulatory requirements.

Board renewal is important and is promoted to enhance the overall performance of the Board.

The Chairman together with the Chair of the People and Remuneration Committee oversees the review of Board's succession plans and makes recommendations to the Board for all nominations.

The Non-executive Directors will, from time to time, meet without the Managing Director being present.

6.2. Director Independence

The Board will be comprised of a majority of independent Non-executive Directors.

The Chairman of the Board must be an independent Non-executive Director.

The Board recognises that various principles and factors are relevant in determining independence, but considers that true independence is a matter of judgement in the particular circumstances and will be determined by the Board with due recognition of the guidelines set out in **Annexure A**.

6.3. Term of Office

Directors are initially appointed by the full Board subject to election by shareholders at the next Annual General Meeting. One third of the members of the Board, excluding the Managing Director, retire by rotation at every Annual General Meeting of the Company and may offer themselves for re-election.

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6.4. Director Retirement and Re-election

Reappointment is not automatic. When determining whether or not to recommend a Director for re-election, the Board will seek to ensure that it maintains an appropriate balance of skills, knowledge, experience, independence and diversity.

6.5. New Director Appointments and Nominations

The Board sets and reviews the criteria for appointment of new Directors having regard to the existing composition of the Board.

External consultants may from time to time be used to access a wide base of potential directors. Those considered are assessed against a range of criteria including background, experience, professional skills and personal qualities. The Board considers whether a candidate's skills and experience will complement the existing Board and whether the candidate has sufficient time available to commit themselves to their responsibilities as a director.

The Board also undertakes appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a Director.

In accordance with the Company's constitution, any new Director appointed during the year must stand for election by shareholders at the next Annual General Meeting. Shareholders are provided with relevant background information on the candidates for election.

6.6. Appointment, Induction and Training

The appointment process for new Directors also includes the following:

- Each Director is provided with a letter on their appointment to the Board which sets out the terms and other administrative matters relevant to their appointment.
- All Directors on appointment are offered an induction program to help familiarise them with matters relating to the Group's business, strategy and any current issues before the Board. The induction program includes meetings with the Chairman, the Managing Director, each Chairman of the respective Board Committees, and the Group Executives.

- Following appointment and induction, the Board encourages Directors to continue their education by participating in Company workshops and management conference which are held throughout the year and by attending relevant site visits. Directors are also encouraged to undertake relevant external education where they wish to do so.

7. Performance Reviews

7.1. Board Performance Reviews

The Board conducts a formal review of the performance of the Board, its Committees and individual Directors each year. The review includes:

- an examination of the effectiveness and composition of the Board and its Committees, including the required mix of skills, knowledge experience, independence and diversity which Directors should bring to the Board and its Committees so that they function competently and efficiently; and
- a review of the demonstrated leadership of the Board towards development of the Company's culture.

As part of this process, the Chairman:

- meets at least annually with the Managing Director and other Group Executives to discuss with them their views of the Board's performance and level of involvement;
- meets at least annually with the other Non-executive Directors to discuss their performance; and
- provides feedback to each individual Director in relation to his or her contributions and performance, as appropriate.

7.2. Managing Director's Performance Review

The Board is responsible for establishing performance criteria applicable to the Managing Director.

The Board formally conducts a performance review of the Managing Director at least annually.

8. Continuing Professional Education

Non-executive Directors are expected to maintain the skills required to discharge their obligations to the Company. For this purpose they are encouraged

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to undertake continuing professional education to the extent necessary. Request for approval of professional education courses may be made to Company Secretary and where a request is approved, the cost of the course will be met by the Company.

9. Meetings and Papers

The Board shall meet at regular intervals as deemed necessary to appropriately discharge its duties and fulfil its responsibilities.

In addition to receiving copies of agendas, papers and minutes of Board meetings, to ensure they remain equally informed regardless of whether they are appointed to particular committees, all Directors receive copies of Committee minutes, have access to all Committee papers, and, provided there is no conflict, are invited to attend all Committee meetings regardless of whether they currently serve on that Committee.

The Managing Director does not participate in deliberations of the Board or a Board Committee when matters could affect his or her position.

10. Access to Independent Professional Advice

Directors and Board Committees have the right, in connection with their duties and responsibilities, to seek independent professional advice at the Company's expense. Prior approval of the Chairman is required, which will not be unreasonably withheld.

11. Access to information and Management

Directors have access to meet with any member of management and to request information needed to discharge their responsibilities effectively.

Group Executives must supply Directors with information in a form and timeframe, and of a quality, that enables the Directors to discharge their duties effectively.

Directors are entitled to request additional information where they consider such information necessary to make informed decisions.

12. Access to the Company Secretary

The Company Secretary is accountable to the Board, through the Chairman, on all matters to do with the proper functioning of the Board.

The role of the Company Secretary includes:

- advising the Board and its Committees on governance matters;
- monitoring that Board and Committee Charters 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;
- helping to organise and facilitate the induction and professional development of Directors; and
- such other matters prescribed in the Company's governance policies or otherwise delegated by the Board.

Each Director has direct access to the advice, support and services of the Company Secretary.

13. External Communications

Any external communications (including with the media and the investment community) on Perenti related issues are approved by the Managing Director.

The Chairman is the spokesperson for the Board on Board-related matters.

14. Other Appointments

Non-executive Directors are required to discuss with the Chairman any proposed external board, commercial, governmental or not-for-profit board, committee, executive appointment they are considering undertaking.

Where the Chairman wishes to accept such an appointment, directorship or other position, he or she must inform the Deputy Chairman (if any) or the Chair of the People and Remuneration Committee.

Directors must advise the Company Secretary in writing of any external appointment as soon as possible after the appointment is confirmed.

15. Conflicts of Interest

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

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discussion and decision on that matter. Directors must comply strictly with *Corporations Act 2001* (Cth) (**Corporations Act** or **Act**) requirements and the Board's Conflicts of Interest Protocol (as set out in **Annexure B**).

16. Security Interests acquired in Perenti

In accordance with the Listing Rules, each Director is required to enter into an agreement with the Company to provide details of his or her "relevant interest" in the Company's securities on appointment, within 5 business days (or such lesser period as set out in the relevant agreement) of a change in the "relevant interest", and following retirement. Any change in a director's interest must be notified to the Australian Securities Exchange within 5 business days by lodgement of Appendix 3Y.

17. Confidentiality

Each director has a duty to maintain the confidentiality of information he or she learns by virtue of his or her position as director in accordance with the terms of the deed of confidentiality signed by the Director on appointment.

18. Code of Conduct for Directors

This Board has adopted the code of conduct for Directors to promote responsible decision making and ethical behaviour (**Code**), as set out below. The Code considers the values of honesty, integrity, accountability, independence and equality. The Code supplements the duties and responsibilities of Directors imposed by the law.

A Director:

- must act honestly, in good faith and in the best interests of the Company as a whole;
- has a duty to use care and diligence in fulfilling the functions of office and exercising the powers attached to the office;
- must use the powers of office for a proper purpose, in the best interests of the Company as a whole;
- must recognise that the primary responsibility is to the Company as a whole but may, where appropriate, have regard to the interests of all stakeholders of the Company;
- must not make improper use of information acquired as a Director;

- must not take improper advantage of the position of Director;
- must properly manage any conflict with the interests of the Company;
- has an obligation to be independent in judgement and actions and to take all reasonable steps to be satisfied as to the soundness of all decisions taken by the Board;
- acknowledges that confidential information received in the course of the exercise of directorial duties remains the property of the Company (or the person who disclosed it) and it is improper to disclose it, or allow it to be disclosed, unless that disclosure has been authorised by the Company (or the person who disclosed it) or is required by law;
- must not engage in conduct likely to bring discredit upon the Company; and
- must, at all times, comply with the spirit, as well as the letter, of the law and the ASX Listing Rules and with the principles of this Code.

In addition to the above Code, the Company has adopted a Code of Conduct Policy, which applies to Directors, executives and employees of the Group (**Code of Conduct Policy**). The Board must take steps to ensure that this Code of Conduct Policy is integrated into management processes and that standards consistent with the code are implemented and enforced appropriately by management.



Ian Cochrane

Chairman

Approved by the Board on 28 August 2019

ANNEXURE A

BOARD GUIDELINE TO RELATIONSHIPS AFFECTING INDEPENDENT STATUS

Guidelines

The Board has determined that a majority of its Directors must be independent, and in determining this, the Board should consider whether the Director is free of any interest, position, affiliation or relationship that might materially influence or could reasonably be perceived to materially influence the independent exercise of the Director's judgement and their capacity to act in the best interests of the Company as a whole, rather than in the interests of an individual security holder or other party.

Examples of interests, positions, affiliations or other relationships that may raise issues about the independence of a director include if the Director:

1. is, or has been, employed in an executive capacity by the Company or any of its related entities and there has not been a period of at least three years between ceasing such employment and serving on the Board;
2. receives performance based remuneration (including options or performance rights) or participates in an employee incentive scheme;
3. is, or has been within the last three years, in a material business relationship (e.g. as a supplier, professional adviser, consultant or customer) to the Company or any of its related entities or is an officer of, or otherwise associated with, someone with such a relationship;
4. is, represents, or is otherwise affiliated with a substantial shareholder of the Company;
5. has close personal ties with any person who falls within any of the categories described above; or
6. has been a Director of the entity for such a period that their independence from management and substantial holders may have been compromised.

Materiality Threshold

The Board employs a materiality threshold in judging whether customer, supplier, consultant or professional adviser relationships affect the independence of a Director.

In the absence of evidence or convincing argument to the contrary, a relationship is presumed immaterial when it generates less than 5% of Group revenue during a 12-month period, and presumed material when it generates more than 10% of Group revenue during a 12-month period. In considering such evidence or argument, the Board takes into account the strategic value and other material but non-quantitative aspects of the relationship in question.

The threshold for the purpose of assessing the materiality of relationships between a Non-executive Director and the Company is set according to the significance of that relationship to the Director in the context of their activities as a whole.

Tenure

The Board has not adopted a tenure policy.

The mere fact that a Director has served on the Board for a substantial period of time does not mean that he or she has become too close to management to be considered independent. However, as part of its assessment of independence, the Board will regularly assess the independence of a Director to determine whether they have been a Director for such a period that his or her independence has been lost. This assessment will involve, each year:

- a periodic review of the Director's performance and interests; and
- a Board discussion about the Director's independence without the relevant Director present.

ANNEXURE B

CONFLICTS OF INTEREST PROTOCOL

Each Director has a duty to avoid conflicts of interest, and, as noted above, must immediately notify the Company Secretary or the Chairman of any actual or potential conflicts he or she may have, including any which may arise as a result of his or her duty to another company or third party.

The Corporations Act imposes obligations on directors in relation to disclosure of interests. Specifically, the Act provides that:

1. a Director who has a material personal interest in any matter that relates to the affairs of the Company is required to give the other Directors notice of the interest, except in certain circumstances specified in the Act. These include where the Director is a member of the Company and the interest is an interest in common with other members of the Company;
2. Directors may choose to give standing notice about an interest to each of the other Directors; and
3. a Director who has a material personal interest in a matter that is being considered at a Directors' meeting must not, except with approval of the Board:
 - a. be present while the matter is being considered at the meeting; or
 - b. vote on the matter.

Interests which may give rise to a conflict include (but are not limited to):

- other directorships;
- potentially conflicting duties owed to other companies or third parties (and where a Director has been nominated to the Board by a shareholder, any duties owed to that shareholder);
- outside investments or financial or other interests of the Directors and their related parties (including any shareholders who have nominated a Director to the Board); and
- outside employment or engagements.

As a matter of practice, the Board has developed the following protocol:

If a Director suspects any perceived, potential or actual conflict of interest:

1. the Director must immediately disclose to the Chairman or the Company Secretary any actual or potential conflict of interest which may exist, or might be thought to exist, as soon as it arises, and ensure any change in circumstances is immediately advised to the Chairman or the Company Secretary;
2. the other members of the Board will consider whether a conflict exists by reference to the relevant provisions of the Corporations Act;
3. if the Board (excluding the relevant Director) determines that the Director's interest in a matter is sufficiently material, or would result in a conflict of interest arising, the relevant Director:
 - a. will not receive Board papers on the subject of interest, but will be advised that certain Board papers have been excluded;
 - b. cannot be present at the meeting when the matter is considered (unless otherwise resolved by the other Directors);
 - c. cannot vote on the matter unless the other directors resolve that the director in question can vote;
 - d. cannot have access to sections of minutes of the Board or any Board Committees relating to the subject of interest; and
 - e. may be required by the Board to take such other steps as are necessary and reasonable to resolve any conflict of interest within an appropriate period;
4. Directors must obtain the Company's consent before disclosing company information to another company or third party; and
5. Directors must regularly review their interests and where appropriate, update his or her standing notice as soon as possible.

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