



Board of Directors Charter

The business of Hyro is managed under the direction of the Board of Directors. The Board is accountable to shareholders for the performance of the company. In carrying out its responsibilities, the Board undertakes to serve the interests of shareholders as well as its employees, suppliers and customers and the broader community – honestly, fairly, diligently and in accordance with all applicable laws

Version 2.0

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1.0 Introduction

This Charter has been adopted by the Company's Board of Directors to assist the Board and its committees in the exercise of their responsibilities. The principles and policies set out in this Charter are in addition to and are not intended to change or interpret any laws or the application of the Company's Constitution. The Board of Directors will review this Charter at least annually and, if appropriate, revise this Charter from time to time.

The Charter delineates the functions and responsibilities of the Board and management. The Board gives direction and exercises judgment in setting the Company's objectives and overseeing their implementation. The Chief Executive Officer is responsible to the Board for the day to day management of the Company.

The Board is accountable to shareholders for the performance of the Company. In carrying out its responsibilities, the Board undertakes to serve the interests of shareholders as well as its employees, suppliers and customers and the broader community honestly, fairly, diligently and in accordance with all applicable laws.

2.0 Role of the Board

Guiding Principles: The Board's role is to provide strategic guidance to the Company within a framework of prudent and effective controls which enables risk to be assessed and managed. The Board should set the Company's strategic aims, ensure that the necessary financial and human resources are in place for the Company to meet its objectives and review management performance. The Board should set the Company's values and standards and ensure that its obligations to its shareholders and others are understood and met.

The basic responsibility of the Directors is to exercise their business judgment to act in what they reasonably believe to be in the best interests of the Company and its shareholders. In discharging that obligation, directors should be entitled to rely on the honesty and integrity of the Company's senior executives and its outside advisors and auditors.

The Board's responsibilities encompass the following:

1. Set the Company's strategic direction and monitor management's implementation of that strategy;
2. Monitor financial outcomes and the integrity of internal and external reporting; in particular approve annual budgets and longer-term strategic and business plans;
3. Effective and timely reporting to shareholders including annual and half yearly reports, the financial content of quarterly reports and any other information for disclosure to the market that contains financial projections or statements as to future financial performance;
4. Approve and monitor the progress of major capital expenditure projects, capital management and acquisitions and divestments;
5. Approve borrowings other than in the ordinary course of business and the granting of security over or interests in the undertaking or assets of the Company;
6. Ensure that effective audit, risk management and compliance systems are in place to protect the Company's assets and to minimise the possibility of the Company operating beyond legal requirements or beyond acceptable risk parameters;
7. Set specific limits of authority for management to commit to new expenditure, enter contracts or acquire businesses without prior Board approval;
8. Approve policies of a Company-wide or general nature;
9. Monitor compliance with regulatory requirements (including continuous disclosure) and ethical standards;

10. Appoint and where appropriate remove the Chief Executive Officer, Company Secretary and, in agreement with the Chief Executive Officer, those senior executives who report to the Chief Executive Officer;
11. Approve conditions of service and performance monitoring procedures to apply to the Chief Executive Officer and senior management; and
12. Review, on a regular basis, senior management succession planning and development.

The Board delegates to the Chief Executive Officer responsibility for implementing the strategic direction and for managing the day-to-day operations of the Company. The Chief Executive Officer consults with the Chairperson and any executive Directors, in the first place, on matters which are sensitive, extraordinary or of a strategic nature.

In performing the responsibilities set out above the Board acts at all times:

1. In a manner designed to create and build sustainable value for shareholders; and
2. In accordance with the duties and obligations imposed upon them by the Company's Constitution and by law.

3.0 Board Size & Composition

Guiding Principle: The Board should include a balance of executive and non-executive directors (and in particular independent non-executive directors) such that the balance of skills and experience is appropriate for the requirements of the Company.

The full Board determines the Board's size and composition, subject to limits imposed by the Company's Constitution. The Constitution provides for a minimum of three directors and a maximum of twelve directors.

Succession planning for the Board is reviewed regularly. In considering potential new directors to commend to shareholders, the Board seeks to identify candidates with appropriate skills and experience to contribute to effective direction of the Company, who can exercise an independent and informed judgment on matters which come before the Board, and who are free of any business or other relationship which may interfere materially with the exercise of that independent judgment.

The Chairperson is selected by the full Board.

The Chief Executive Officer is an executive director and is chief executive of the Company.

The Board composition should be reviewed annually by the Board to ensure that the non-executive directors between them bring the range of skills, knowledge and experience necessary to direct the Company going forward.

The Board does not believe it should establish term limits. Term limits hold the disadvantage of losing the contribution of directors who have been able to develop, over a period of time, increasing insight into the Company and its operations and, therefore, provide an increasing contribution to the Board as a whole.

4.0 Role of Chairperson

Guiding Principle: The Chairperson is responsible for leadership of the Board, ensuring its effectiveness on all aspects of its role and setting its agenda.

The directors elect one of their members to the office of Chairperson and may determine the period for which that director is to be Chairperson.

The Chairperson presides over the Board and general meetings of the Company. He or she has the task of making sure the Board is well informed and effective; that the members, individually and

as a group have the opportunity to air differences, explore ideas and generate the collective views and wisdom necessary for the proper operation of the Board and the Company.

The Chairperson is responsible for ensuring that the meetings of the Board are conducted competently and is expected to provide effective leadership in formulating the strategic directions for the Company.

The Chairperson must ensure that general meetings of the Company are also conducted efficiently and that shareholders have adequate opportunity to air their views and obtain answers to their queries.

The Chairperson's other responsibilities include:

1. Ensuring that Board members are well briefed and have access to information on all aspects of the Company's operations;
2. Being the Board's representative in dealings with management ensuring that Board's views are communicated clearly and accurately;
3. Acting as the primary counsellor to the Chief Executive Officer;
4. Representing the views of the Board to the public, governments etc. on appropriate occasions; and
5. Setting the agenda for Board meetings, in consultation with the Chief Executive Officer and Company Secretary; and
6. Establishing a protocol to take effect when the Chairperson is absent.

5.0 Board Meetings

Guiding Principle: Directors should spend the time necessary and meet as frequently as necessary to properly discharge their responsibilities.

The Board normally holds 11 regular meetings per year. Additional meetings may be scheduled as required.

An agenda for each Board meeting and briefing materials will, to the extent practicable in light of the timing of matters that require Board attention, be distributed to each director approximately five days prior to each meeting.

The Chairperson will normally set the agenda for Board meetings although any director may request the inclusion of specific items.

It is expected that each director will make every effort to attend each Board meeting and each meeting of any committee on which he/she sits. Attendance in person is preferred but attendance by teleconference is permitted if necessary.

Each director should be familiar with the agenda for each meeting, have carefully reviewed all materials distributed in advance of the meeting, and be prepared to participate meaningfully in the meeting and to discuss all scheduled items of business.

Each director is free to raise at any Board meeting, subjects that are not on the agenda for that meeting.

The proceedings and deliberations of the Board and its committees are confidential. Each director will maintain the confidentiality of information received in connection with his/her service as a director.

Draft minutes of the proceedings and deliberations of the Board and its committees will be delivered to each director within five business days following each meeting for approval by attendees.

Senior members of management may be invited to attend Board meetings to present reports on, or seek approvals within, their areas of responsibility. The external auditor will meet with the Audit Committee as part of the half year and full year financial accounts preparation.

The Company Secretary supports the effectiveness of the Board by monitoring that Board policy and procedures are followed and co-ordinating the completion and despatch of Board agendas, briefing papers and minutes of proceedings. The Company Secretary is responsible to the Board, through the Chairperson, on all governance matters and for meeting statutory reporting requirements in accordance with relevant legislation.

6.0 Board Committees

Guiding Principle: The Board shall 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 and any other relevant matters. The Board will appoint a Chairperson and other members of any Board committee.

The Board will establish and maintain as standing committees:

1. An Audit Committee; and
2. A Remuneration and Nomination Committee.

7.0 Chief Executive Officer

Guiding Principle: The basic responsibility of a Chief Executive Officer is to undertake the day to day management of the Company.

The Chief Executive Officer's duties include:

1. Being accountable for planning, co-ordinating and directing the operations of the Company to achieve strategic, financial and operating objectives as agreed with the Board;
2. Formulating and recommending business and financial strategies and plans to develop the Company's business and to implement these plans to achieve agreed performance targets;
3. Promoting the interests of the Company; and
4. Faithfully and diligently performing the duties and exercising the powers consistent with a Chief Executive Officer and as assigned by the Board.

The Chief Executive Officer reports directly to the Board; provides prompt and full information to the Board regarding the conduct of the business of the Company and must comply with all reasonable directions given by the Board.

8.0 Publication

A copy of the Nomination & Remuneration Committee's Charter is available on Hyro's website. This charter is available to Hyro shareholders on request.