

Far North Queensland Ports Corporation

Board of Directors Charter

31 July 2020

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1. Introduction

Far North Queensland Ports Corporation (trading as Ports North) is a Government Owned Corporation (GOC) constituted under the *Government Owned Corporations Act 1993 (GOC Act)* and *Corporations Act 2001*. The Board of Directors is appointed by the Governor in Council and is accountable to the GOC Minister and the portfolio Minister of the GOC as defined under the *GOC Act* (shareholding Ministers) for the performance of Ports North. Under the *GOC Act*, the role of the Board specifically includes:

- Responsibility for Ports North's commercial policy and management;
- Ensuring that, as far as possible, Ports North 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 shareholders for its performance as required by the *GOC Act* and other laws applying to Ports North; and
- Ensuring that Ports North otherwise performs its functions in a proper, effective and efficient way.

2. Shareholders

All shares in Ports North are held by the shareholding Ministers (SHM) in equal amounts. Communication with SHM is important to enable them to meet their obligations and also for Ports North to meet its corporate objectives. The Board ensures SHM are informed of Ports North's performance against approved plans as well as material developments likely to impact on the achievement of financial and non-financial targets. Disclosure to Shareholders Policy has been developed to guide communication with SHM.

3. Objective and Role of the Board

The Board of Ports North has primary responsibility to SHM to establish strategic direction, goals and corporate objectives and monitor business performance. The Board recognises the importance of applying best practice corporate governance principles in fulfilling this responsibility and has committed to the highest level of integrity in the conduct of its operations. To satisfy this commitment, the Board has adopted a Corporate Governance Framework and Directors and Senior Executives Code of Conduct. The Board's responsibilities include:

- Determining strategic direction, vision and corporate objectives
- Approving policies, frameworks, financial statements and business plans
- Submitting, signing and agreeing with SHM a Statement of Corporate Intent and Corporate Plan in accordance with the *GOC Act*
- Monitoring Ports North's performance in achieving its strategies, vision and objectives
- Overseeing Ports North's financial position, monitoring performance against budget and other financial performance objectives
- Evaluating and approving major capital expenditure and business transactions and approving delegations to management
- Ensuring adequate systems exist to monitor:
 - corporate compliance with legislation and government guidelines and directives
 - corporate performance against plans and forecasts
 - long term planning and risk management to ensure sustainable ongoing operations

- Provide an oversight of management’s implementation, mitigation and monitoring of risk management and internal control systems, to address Ports North’s material business risks
- Ensuring that SHMs are informed of Ports North’s performance against the approved plans as well as material developments likely to impact on the achievement of financial and non-financial targets
- Appointing the CEO with the prior written approval of shareholding Ministers, clearly defining the roles and responsibilities of that position and assessing performance annually
- Approving remuneration structures for management
- Approving the appointment of other senior executives and managing their succession
- Modelling and driving an ethical organisational culture

4. Board Composition

The membership of the Board consists of those directors appointed by the Governor in Council in accordance with the *GOC Act* and the constitution of Ports North. As part of this process the Chair provides advice in relation to appropriate mix of skills, experience and diversity requirements for consideration.

At all times Ports North must have no less than three (3) Directors on the Board.

Skills Required on the Board

Collectively, the membership of the Board should possess:

- A thorough understanding of the core activities of Ports North and the environment in which it operates;
- A commitment to the continual improvement of the outputs that Ports North delivers and that contribute to the achievement of Ports North’s mission and the commitments in its Statement of Corporate Intent and Corporate Plan;
- Strong business acumen and management skills;
- A high level of understanding of best practice employee relations, industrial relations and remuneration and motivation concepts;
- A high level of competency in financial and operational reporting; and
- An inquiring attitude, objectivity and independence; and a strong, demonstrated sense of probity and ethical conduct.

Directors Induction and Ongoing Training

Members of the Board are required to familiarise themselves with the Company and to take reasonable steps to ensure that they are informed about the business to make informed decisions. An induction program will be provided for new Directors to assist them in fulfilling their duties and responsibilities by the Chairperson and CEO.

The induction will address the following:

- Role of Directors and Board processes;
- Directors’ core competencies, for example, relevant legislation and Government guidelines and directives;
- Policies, systems and procedures;

- Business Plan, Corporate Plan and Statement of Corporate Intent; and
- Historic and projected performance using financial and non-financial performance indicators.

A structured Education and Development Program is in place to ensure key areas of Directors requirements are met and this is reviewed annually by the Human Resources Committee. In addition to specific areas which are required for the Board as a whole, the program also provides for Directors to develop individual specialist skills.

Term of Office

The Directors hold their office on the terms of appointment determined by the Governor in Council, including the period of appointment and remuneration.

Vacation of Office

A Director may resign from office by signed notice given to shareholding Ministers. Shareholding Ministers may at any time terminate the appointment of all or any Directors of the Board for any reason or none.

4. Role of Individual Directors

Individual Board members are responsible collectively for Board decisions and Board members should (to the fullest extent required by law) support and adhere to all Board decisions. Members can exercise a dissenting view on particular decisions, which should be appropriately minuted. In fulfilling their role, Directors must conduct themselves consistent with the Directors and Senior Executives Code of Conduct.

Conflicts of Interests and Independence

The Board will regularly assess the independence of each Director in light of interests disclosed by them, to ensure they continue to exercise unfettered and independent judgement. Formal assessment of Director Independence is performed annually to coincide with the preparation of the Annual Report where the independence status of Directors is disclosed.

If a Director has a direct or indirect interest in a matter being considered or about to be considered by the Board, the Director must disclose the nature of the interests to the Board as soon as practicable after the relevant facts come to the Director's knowledge.

5. Role of the Chair

The Governor in Council (on the recommendation of the Shareholding Ministers) may appoint a Director to be the Board's Chairperson. The Chairperson is responsible for –

- Leadership of the Board;
- Overseeing the Board in the effective discharge of its role;
- The efficient organisation and conduct of the Board's function and meetings; and
- Facilitating the effective contribution of all Directors.

6. Role of the Company Secretary

The company secretary is accountable to the Board through the Chair on all governance matters. Company Secretaries fall under the definition of 'officer' of a corporation, so they have many of the same duties and obligations as Directors.

7. Role of the Chief Executive Officer

The Chief Executive Officer's (CEO) duty is to manage the day to day operations of Ports North in accordance with the strategy, business plans and policies approved by the Board. The CEO is the primary link between the Board and the executive management.

8. Board Meetings

Meetings

Board meetings are attended by Directors, the CEO and Company Secretary. Other people attend meetings at the invitation of the Board. The quorum of Directors for meetings is half of the appointed Directors. The Board holds a minimum of nine (9) meetings per annum.

Any Director may request the Chairman to call a Special Board meeting and, in the event the Chairman fails to call the meeting, the Director may then take steps to call the meeting.

On occasions it is necessary for the Board to consider matters and pass resolutions at times between scheduled Board meetings. In such cases, reports and recommendations can be circulated by the CEO to Directors. A Circular Resolution will be passed when a simple majority of Directors sign a document confirming the Directors' support for the resolution. Circular Resolutions adopted by the Board will be included in the papers for the next scheduled Board meeting.

Board Agenda, Activity Plan & Calendar

Annually, the Board adopts an activity plan for the coming financial year which ensures that all necessary matters are addressed by the Board at regular meetings using an approved structured meeting agenda. The Board also adopts a Board Calendar annually, which sets the dates for all Board and Committee meetings for the following year.

Directors receive a monthly performance report and a monthly financial performance report and regular briefings and presentations on Ports North's operations. Site visits of operations are conducted as required.

Board Minutes and Records Maintenance

The Company Secretary takes minutes at Board meetings. Draft minutes are provided to the CEO and the Chairman within five days following the meeting. Minutes are included in the next Board meeting Board papers for adoption by the Board. In cases where the next Board meeting is due to be held more than thirty (30) days after the meeting to which the Minutes relate, the Minutes will be adopted by way of a Circular Resolution to be passed no more than 30 days following the meeting.

The Company Secretary ensures that a hard copy of all Board papers, Board minutes and documents tabled and presentations made at Board meetings are kept in a secure (fire protected) location accessible on request by Directors.

Directors must ensure that any copies of Board papers which they retain are kept either in a secure location, shredded or returned to the Company Secretary for disposal.

9. Board Committees

To support Board effectiveness and efficiency, the Board may establish committees to assist in the execution of its duties and to allow for detailed consideration of complex areas or issues of special interest. Current Committees of the Board include:

- . Audit and Risk Committee
- . Human Resources Committee

Each of these committees shall have its own Board approved charter setting out its roles and responsibilities, composition, structure and the manner in which the committee is to operate. Committee minutes are included in the papers for the next Board meeting and the Director chairing the Committee, reports to the Board on matters addressed by the respective Committee.

10. Performance Evaluation

Board Performance

The Board will conduct an annual performance review to ensure improvement opportunities are identified in a timely manner. The Performance review and evaluation should take into consideration the Board's processes and the efficiency and effectiveness with which it carries them out. The Board may seek an independent review as required.

Individual Board Meeting evaluations

Directors are to conduct an individual assessment of their own and the Board's collective performance on a rotational basis. This includes an assessment of both qualitative and quantitative aspects of the adequacy of information provided to the Board and level of satisfaction with agendas, reports, meeting processes. The review is conducted by a survey sent to the nominated Director at the end of each Board meeting, with the outcome of the survey forming part of the agenda for the following meeting.

Committee Performance and Effectiveness

Committee Performance Evaluations surveys are undertaken on an annual basis by completion of a survey by the relevant Directors. Each Committee will provide a summary of the results of its performance for consideration by the Board on an annual basis.

Additionally, at the end of each financial year the Chairs of the relevant Committees, together with the CEO, submit a report to the Board which provides an overview of the operations of the Committee having regard to the Charter of the Committee. These reports are used by the Board as the basis for its annual assessment of the effectiveness of each Committee.

11. Director Protections

Information Seeking Protocols

Unless there are particular circumstances where it is not appropriate, Directors will direct their inquiries or need for additional information to the CEO who is responsible for meeting Directors' information needs. Should a Director not be satisfied with the response of the CEO they should raise the matter immediately with the Chairperson.

Access to Professional Advice

The Board and its Committees may seek independent professional advice whenever it is considered appropriate. Individual Directors, with the prior approval of the Chairperson, can procure professional advice, at Ports North's expense, on matters related to their responsibilities as a Director.

Access to Company Material

Directors may at all reasonable times seek access to financial records of Ports North for any purpose, and to other Ports North records for the purposes of a legal proceeding or investigation, by giving written request to the Company Secretary.

12. Review of the Charter

This Charter is approved and issued by the Board of Directors. The Board shall review the adequacy of this Charter at least every three (3) years, or earlier as required by the Company Secretary.

13. Related Documents

- Corporate Governance Framework
- Directors and Senior Executives Code of Conduct
- Audit and Risk Committee Charter
- Human Resources Committee Charter
- Directors Handbook
- Disclosure to Shareholders Policy

References

1. Queensland Corporate Governance Guidelines for Government Owned Corporations,
2. ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (2nd Edition).

APPROVED BY:	Board of Directors	DATE:	31 July 2020
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