



Gladstone Ports Corporation Limited

Board Charter

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1. Introduction

Gladstone Ports Corporation Ltd (GPC) is a Company Government Owned Corporation within the meaning of the *Government Owned Corporations Act 1993* (Government Owned Corporations Act). Gladstone Marine Pilot Services Pty Ltd (GMPS) and Gladstone WICET Operations Pty Ltd (GWO) are companies incorporated under the Corporations Act 2001 and are also subject to the GOC Act as wholly owned subsidiaries of a GOC.

GPC's vision is to ensure the Ports of Gladstone, Rockhampton and Bundaberg are operated effectively, efficiently and on a commercial basis for the continuing benefit of the Central Queensland community, port users and the State of Queensland.

To achieve this vision, GPC's focus is on managing, operating and developing effective and efficient port facilities and services within Central Queensland.

The Board of Directors of GPC is accountable to its shareholding Ministers for maintaining sound oversight over the Ports Corporation, guiding and monitoring its business and affairs.

The shareholding Ministers for GPC are the Treasurer, Minister for Employment and Industrial Relations, Minister for Aboriginal and Torres Strait Islander Partnerships and the relevant portfolio Minister (presently the Minister for Main Roads, Safety and Ports, Minister for Energy and Water Supply).

2. Role and Responsibilities

The primary role of the Board is to provide effective governance over GPC's affairs to ensure the interests of shareholders are protected whilst having regard for the interests of all stakeholders including customers, employees, suppliers and the local community.

In performing its role, the Board's responsibilities include, but are not limited to the matters listed below. The Board may refer some or all of these matters to one or more Board Committees. In such cases, the Board will oversee the work of the Board Committees and attend to matters referred to it by those Committees.

The Board is responsible for:

2.1 Strategy

- Providing strategic direction to GPC by approving the strategy and associated performance objectives.
- Approving the Corporate Plan and Statement of Corporate Intent.
- Decision making in relation to matters of a sensitive, extraordinary or strategic nature including:

- Significant acquisitions and disposals and significant internal restructures.
- Approving business cases for investment or expenditure initiatives above the CEO's delegated authorities.

2.2 Governance and Oversight

- Overseeing the conduct and performance of GPC including monitoring performance against the Corporate Plan, Statement of Corporate Intent and the annual budget.
- Monitoring the progress of strategic initiatives, major capital expenditure programs and projects.
- Overseeing communications with and reporting to shareholding Ministers
- Approving the Board's delegations of authority to the CEO.
- Consideration of Board succession planning, based on appointments made by, and input from, the shareholding Ministers.
- Overseeing GPC's culture, reputation and ethical standards.
- Overseeing the review and update of corporate governance practices and procedures as necessary.

2.3 Financial

- Overseeing GPC's financial position and monitoring against budget and financial performance objectives.
- Approving GPC's financial management policies.
- Approving the financial statements and the accounting policies upon which the statements are based.
- Declaring dividends, consistent with the dividend policy set by the shareholding Ministers.
- Based upon input from the Audit and Compliance Committee, overseeing GPC's financial reporting obligations.

2.4 Risk Oversight and Management, Internal Control and Compliance

- Providing an oversight of management's implementation, mitigation and monitoring of a risk management and internal control system to address GPC's material business risks.
- Establish policies to govern risk management, internal control and compliance.
- Monitor the effectiveness of risk management, internal control and compliance systems.
- Ensuring appropriate compliance frameworks and controls are in place and are operating effectively for compliance with the *Government Owned Corporations Act*, the *Financial Accountability Act 2009*, and other relevant laws and regulations.
- Oversee the review and update of GPC's strategic risk profile, to be undertaken at least annually.

- Encouraging the reporting of unlawful and unethical behaviour and ensuring that, where violations are reported in good faith, the protections set out in the relevant policies are provided.

2.5 Senior Executive Appointments, Performance and Remuneration

- Approval of the performance evaluation and remuneration structures for GPC executive management.
- Assessing the performance of the CEO at least on an annual basis.
- Appoint the CEO, with the prior written approval of shareholding Ministers. The Board has autonomy to make a short term (less than six months) temporary CEO appointment without consulting shareholding Ministers.
- Appoint Senior Executives and notify and submit executed contracts to shareholding Ministers within one month of execution.
- Recommending to shareholding Ministers remuneration for the CEO and executive management.

2.6 Relationship with shareholding Ministers

- Approval of a communication strategy to promote effective communication with shareholding Ministers.
- Ensuring that effective communication and active consultation occurs with shareholding Ministers.
- Ensuring that balanced and understandable information about GPC and corporate proposals is provided to shareholding Ministers.
- Complying with any direction given by the shareholding Ministers pursuant to the *Government Owned Corporations Act*.
- Accounting to shareholding Ministers for GPC's performance as required by the *Government Owned Corporations Act* and other laws applying to GPC.

3. Relationship between the Board and Management

The Board reserves the following matters for its decision:

- Approval of strategy and annual budgets
- Determinations and approvals other than those formally delegated to management.

The Board delegates responsibility for day-to-day management of GPC to the CEO subject to any limits of such delegated authority as determined by the Board from time to time. The CEO must, however, consult the Board on matters that are sensitive, extraordinary or of a strategic nature.

Management are accountable to the Board and are to fulfill this responsibility through the provision of reports, briefings and presentations on a regular basis throughout the year.

The Board adopts appropriate structures and procedures to ensure it retains its independence and functions independently of management.

Further detail on the role of the board and management is provided in Schedule 1 – Position Descriptions.

4. Membership

Directors are appointed by the Governor in Council, pursuant to the *Government Owned Corporations Act 1993*, on the recommendation of the shareholding Ministers; presently the Treasurer, Minister for Employment and Industrial Relations, Minister for Aboriginal and Torres Strait Islander Partnerships and the relevant portfolio Minister (presently the Minister for Main Roads, Safety and Ports, Minister for Energy and Water Supply).

The tenure of the Directors is determined by the above process.

All members of the Board are non-executive Directors.

A majority of the Board will be comprised of independent Directors. Independence in this context is defined below.

5. Independence

Independence is assessed against the ability, integrity and willingness of each Director to act in the best interests of GPC.

The Board will at least annually, assess the independence of each Director and include this information in the annual report.

In assessing the independence of Directors, the following criteria shall be considered:

1. within the last three years has not been a principal of a material professional adviser or a material consultant to GPC or an employee materially associated with the service provided.
2. is not a material supplier or customer of GPC or an officer of or otherwise associated directly or indirectly with a material supplier or customer.
3. has no material contractual relationship with GPC other than as a Director of GPC.
4. 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 GPC.

5. 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 GPC.
6. within the last three years has not been employed in an executive capacity by GPC, or been a Director after ceasing to hold any such employment.

In assessing the independence of each Director, the Board considers the effect of a Director's business and other relationships and interests from the perspective of both GPC and the Director.

The following materiality thresholds apply to the above definition of independence. The Board may from time to time change these materiality thresholds:

- a material professional adviser or consultant is one whose fees to GPC in a financial year exceed \$100,000
- a material supplier is one the value of whose sales to GPC in a financial year exceeds 2% of the value of GPC's total purchases including capital expenditure
- a material customer is one the value of whose purchases from GPC in a financial year exceeds 2% of GPC gross revenue
- a material contractual relationship, other than any of those described above, is one in respect of which the consideration payable under the contract exceeds \$100,000

Materiality is assessed on a case-by-case basis from the perspective of both GPC and the relevant Director having regard to the Director's individual circumstances.

The Board may determine that the Director is independent notwithstanding the existence of a relationship of the kind referred to above. However, the Board will state the reasons for making its determination in such a case.

The Directors may from time to time change such materiality thresholds.

6. Conflicts of Interest

Directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Ports Corporation. If any matter is to be discussed at a meeting of the Board which would involve one or more Directors having a material conflict of interest, then it is the responsibility of the Director/s to immediately disclose in writing to the Board the existence of any actual or potential conflict of interest.

The Board in managing conflicts of interest will observe the requirements of Corporation, including but not limited to the Constitution, the Code of Conduct, the Conflicts of Interest Policy and general best practice requirements in accordance with the the *Government Owned Corporations Act*.

7. Confidentiality

All proceedings of the Board, including papers submitted and presentations made to the Board, shall be kept confidential and will not be disclosed or released to any person other than Board members, except as required by law or as agreed by the Board.

8. Meetings

The Board shall meet as often as deemed necessary by the Directors in order to fulfill their duties and responsibilities as Directors and as dictated by the needs of the business. It is expected that under normal circumstances the Board will meet at least eight times per year.

A meeting of the Board can be convened by the Chair.

Pursuant to GPC's constitution, a quorum shall consist of half the number of Directors of which the Board consists of, or if that number is not a whole number, the next higher whole number.

The agenda for each meeting is determined by the Chair and CEO to meet the needs of GPC at any point in time and to address the matters set out in the annual operating cycle for attention at a particular meeting.

Any Director may approach the Chair and request that a particular item be added to the agenda for a meeting.

The CEO, Commercial General Manager and the Company Secretary, attend meetings by standing invitation but may be asked to leave at any time.

The Board may invite such other persons to its meetings or part thereof as it deems necessary or appropriate. However, if a person has a material personal interest in a matter that is being considered at a meeting, he/she must not be present for consideration of that matter.

Decisions of the Board may be made:

- At a duly called and constituted meeting;
- By a resolution in writing to all Directors and signed by at least a majority of Directors.

All Directors are required to keep all information presented to, or discussed at Board meetings, confidential.

9. Board Committees

The Board will establish Committees to assist the Board in exercising its duties.

Each committee operates in accordance with a written charter.

The two standing committees are the Audit and Compliance Committee and the Human Resources Committee. The Board may establish further committees to assist it in exercising its authority over a particular area. To establish paid Committees, approval is required from shareholding Ministers. The Board will oversee the work of the Board Committees and attend to matters referred to it by those Committees.

10. Continuing Education

Directors are encouraged to participate in professional development and keep up to date on relevant topical issues. Directors may, at GPC's expense, undertake professional development courses that relate to the Director's function as a Director and committee member.

11. Independent Advice

Directors are free to take independent professional advice on matters pertaining to their roles and responsibilities as Directors of GPC. GPC will pay the reasonable legal costs incurred by a Director in doing so, provided that before the advice is obtained the Director discusses the requirement for the advice with the Chair.

12. Induction

An induction program will be provided for new Directors to assist them in fulfilling their duties and responsibilities.

The induction will cover an overview of GPC, industry issues as well as the Director's responsibilities as a member of the Board and any relevant committees of which they are a member.

13. Access

The Board shall have full and free access to executives and other employees of GPC.

14. Code of Conduct

Each member of the Board shall abide by the terms of the GPC Code of Conduct in all dealings with and on behalf of GPC.

15. Board Performance

Board and individual Director performance will be assessed on a regular basis, not exceeding two years.

The performance assessments will be carried out under the responsibility of the Chair and will focus on whether the objectives of the Board are being met in an effective manner.

A report will be provided to shareholding Ministers on the results of the evaluation.

16. Revision of Charter

The Board should review the adequacy of this Charter at least every two years. The Board may determine and approve changes to this Charter.

SCHEDULE 1 POSITION DESCRIPTIONS

Role of the Chair

The Chair's responsibilities will include:

- Ensuring the Board provides leadership and vision to the entity
- Leadership of the Board, ensuring its effectiveness on all aspects of its role and setting its agenda
- Ensuring effective communication with shareholding Ministers
- Presiding over Board meetings, facilitating the flow of information and discussion and directing Board discussions to effectively use the time available to address the critical issues facing GPC
- Ensuring Board minutes properly reflect Board decisions
- Making certain that all members of the Board are provided, on a timely basis, with the information necessary to undertake effective decision making and actions
- Developing an ongoing relationship with the CEO. As the major point of contact between the CEO and the Board, the Chair should be kept fully informed of the day-to-day matters of interest to Directors
- Acting as a mentor for the CEO
- Arranging the regular evaluation process of the Board, individual Directors and Board committees
- Guiding the ongoing effectiveness and development of the Board and individual Directors including induction of new Directors.

Role of Individual Directors

In accordance with statutory requirements and in keeping with developments at common law, Directors should:

- Discharge their duties in good faith and honestly in the best interests of the entity with the level of skill and care expected.
- Use the powers of office for proper purpose, in the best interests of the entity as a whole.
- Avoid conflicts of interest.
- Not allow personal interests, or the interest of any associated person, to conflict with the interests of the entity.
- Maintain confidentiality of information acquired because of the position held as Director.
- Disclose any direct or indirect interest in a matter being considered, or about to be considered by the Board.
- Act with required care and diligence, demonstrating commercial reasonableness in their decisions.
- Not make improper use of information gained through their position of Director.
- Make reasonable inquiries to ensure that the entity is operating efficiently, effectively and legally towards achieving its goals.
- Undertake diligent analysis of all proposals placed before the Board, giving due consideration to risk appetite and compliance obligations.

Role of the CEO

The CEO is the primary link between the Board and the organisation; communicating Board policies and priorities to staff and presenting organisational reports, submissions and budgets to the Board. The CEO should work closely with the Chair.

The CEO manages GPC in accordance with the strategy, business plans and policies approved by the Board to achieve the goals and objectives included therein.

The CEO, together with the senior management team, is responsible to the Board for the development and implementation of strategy and overall management and performance of GPC.

The CEO is accountable to the Board for the authority that is delegated to the CEO.

The responsibilities of the CEO include:

- The observance of enabling legislation and compliance with all applicable laws.
- Maintaining sound systems of risk management, internal control and compliance.
- Ensuring that decisions or actions are taken with due consideration to the associated risks including assessing any financial, health, safety, security, reputation and environmental consequences and the impact on the achievement of corporate objectives.
- Ensuring that a strong culture is maintained throughout the Ports Corporation which promotes honest and ethical behaviour.
- Ensuring that the allocation of the Ports Corporation's resources, including capital and operating expenditure, is made with due consideration to the Ports Corporation's financial condition and the impact on the achievement of corporate objectives.
- Employment and management of staff (subject to appropriate consultation and where relevant, approval of the Board, shareholding Ministers and Governor in Council).
- Ensuring that appropriate systems and processes are in place for the training and development of staff and appropriate succession planning occurs for key staff.
- Ensuring that a system is maintained for monitoring and evaluating stakeholder satisfaction with the Ports Corporation.
- Managing the budget approved by the Board.
- Implementing Board decisions.
- Preparation of the annual Statement of Corporate Intent including organizational performance targets for approval of the Board.
- Operational, administrative and marketing functions.
- Communications to and from GPC.

The CEO's performance is assessed in light of the achievement of those goals and objectives.

Role of the Commercial General Manager

The Commercial General Manager is accountable and responsible for:

- This position encompasses the role of CFO.
- Recommending appropriate commercial targets for the Corporation for both short and medium terms and advises the Chief Executive Officer and the Board on appropriate strategies to achieve these targets.

- Providing commercial focus and advice to the Chief Executive Officer and Board on likely financial outcomes from alternate strategic choices.
- Develop and recommends pricing strategies for the Port Services and activities.
- Negotiates Services agreements in various forms with Port customers.

Role of the Company Secretary

The Company Secretary is generally responsible for carrying out the administrative requirements of the Board, to act on the Board's instructions in this regard and to report to the Board as required.

In particular:

- Ensuring that the Board agenda is developed in a timely and effective manner for review and approval by the Chair.
- Ensuring, in conjunction with the CEO, that Board papers are developed in a timely and effective manner.
- Coordinating, organising and attending meetings of the Board and ensuring that correct procedures are followed.
- Drafting and maintaining minutes of Board meetings.
- In conjunction with the CEO and other senior management, carrying out the instructions of the Board and giving practical effect to the Board's decisions.