



Procedure 1.01 - Governance

1. Application

This procedure applies to all NQBP Personnel.

2. Procedure

Background

NQBP has in place Policy 1 - Governance (the **Policy**). It is NQBP's objective to fully comply with the eight principles of Corporate Governance listed in the Corporate Governance Guidelines for Government Owned Corporations (the **GOC Guidelines**) issued by the Queensland Government in February 2009. The Policy sets out (at a high level) how NQBP addresses these eight principles.

This Governance Procedure provides more detail in relation to these matters.

Principle 1 – Foundations of Management and Oversight

- **Board and Committee Charters**

A Board Charter is in place that clearly defines the roles and responsibilities of the Board and individual Directors, as well as the matters which are delegated to management.

The following Committees have been established by the Board:

- Audit and Financial Risk Management Committee (**AFRMC**);
- Corporate Governance and Planning Committee (**CGAPC**);
- People and Culture Committee (**PACC**).

Committees have individual Charters which define their specific roles and responsibilities.

The Board and Committee Charters will be reviewed annually, to ensure that the objectives and responsibilities of the Board and each Committee are clear and appropriate, given the nature of the business of NQBP and the current business environment. This review would be undertaken mid-year to align with the annual reporting process.

The Board Secretary maintains a register of the Committees, which includes membership and their functions.

- **Induction**

The induction process for new Board members includes an overview of the key areas of the business as well as the strategies for the business moving forward. Key challenges for the business are also highlighted as well as issues relating to the culture and values of the business. The induction process includes an overview of the governance arrangements in place, including Committee structure, board processes and key governance policies.

The induction process that is in place for all new employees and Contractors of NQBP also includes overview of the governance arrangements in place for NQBP, including Committee structure, Board processes, Instrument of Delegation, key governance policies as well as

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other key NQBP policies. Corporate training on NQBP policies is provided to all staff on an annual basis.

- **Delegations to Management**

An Instrument of Delegation is in place which is designed to contribute to the achievement of an efficient organisation, with clear accountability and responsibility for the proper carrying out of duties. Delegations are given to specific positions or individuals, so that the Board (wherever possible) does not have to deal with day-to-day information.

The Instrument of Delegation will similarly be reviewed annually, to ensure that the lines of accountability set out in the Instrument are working effectively. This review would also be undertaken mid-year.

Delegations also define positions with “authorised officer” powers under the Transport Infrastructure Act 1994.

Officers and employees may not use powers that have not been formally delegated to them or their positions. Only officers and employees (or officers and employees in positions with delegated powers) are authorised to exercise those specific powers. Officers and employees acting in other positions may be delegated some or all of the powers attached to that position.

When exercising any power or authority under the Instrument of Delegation, officers and employees must comply with the requirements in relation to delegations as set out in the Governance Policy and this Procedure, as well as the terms and conditions of the Instrument of Delegation.

In addition, from time to time, directors and senior managers of NQBP may take up positions on the boards or governing bodies of other organisations. Such appointments can have a number of benefits for NQBP in achieving its business objectives. To ensure that there is a clear definition of roles and responsibilities in relation to such appointments as well as compliance with relevant laws, specific governance arrangements will apply to all such appointments, as set out in this Procedure.

As a general rule, Contractors are not to be conferred with any delegated power or authority under the Instrument of Delegation or otherwise. Only in very exceptional circumstances are Contractors to be given any delegated power or authority, and this requires the approval of the CEO, as well as a specific approval of the Board.

This Instrument will be available to all staff on NQBP’s Intranet. Appropriate training about this Instrument is to be provided to new staff, as well as ongoing annual training to all staff. In addition, senior managers are to ensure that their teams are aware of the Instrument of Delegation and its limits.

Changes to the Instrument of Delegation require the approval of the Board. If changes to the Instrument of Delegation are approved by the Board, the Company Secretary or CFO will notify all staff that this has occurred.

- **NQBP Directors and Management as NQBP Representatives on Boards of other Organisations**

From time to time, directors and senior managers of NQBP may take up positions on the boards or governing bodies of other organisations. Such organisations include industry related organisations (for example, Ports Australia), community related organisations (for example, Regional Indigenous Employment Programme Inc.), as well as organisations with a port related operational focus (for example, Integrated Logistics Company Pty Ltd which relates to DBCT coal supply chain planning at the Port of Hay Point).

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Such appointments can have a number of benefits for NQBP in achieving its business objectives. These include improved operational efficiencies in NQBP's ports, enhanced stakeholder management (including customers and local communities) and providing valuable networking opportunities.

Such appointments carry with them a number of significant statutory duties under relevant legislation, including the Corporations Act and the Associations Incorporations Act. As these other organisations are separate legal entities, NQBP directors and senior managers holding board positions with these organisations have the following key duties and liabilities in relation to those organisations:

- A duty to act in good faith in the best interests of that organisation;
- A duty to exercise the appropriate level of care and diligence in relation to that organisation;
- A duty to ensure that there is no misuse of their position as a director of that organisation and that there is no improper use of the confidential information of that organisation;
- A duty to avoid and manage conflicts of interest in accordance with the Corporations Act requirements; and
- A duty to avoid insolvent trading.

To ensure that there is a clear definition of roles and responsibilities in relation to such appointments as well as compliance with relevant laws, the following governance arrangements apply to all such appointments:

- Any such appointments to the boards or governing bodies of other organisations need to be endorsed by the NQBP Board, before those appointments take effect;
- Appropriate directors & officers insurance needs to be in place to cover NQBP directors and senior managers taking up these positions, either through the insurance of the other organisation (preferred) and/or through NQBP's insurance program. A separate indemnity from that organisation in favour of the NQBP director or senior manager may also need to be in place, having regard to the nature of the organisation and level of risk;
- Each NQBP director or senior manager is to ensure that they have an appropriate level of knowledge about their duties, roles and obligations as directors of these other organisations. The NQBP General Counsel will assist directors and managers to identify suitable seminars and information in relation to this. In addition, training will be provided to such persons on NQBP's policies relating to conflicts of interest and share trading;
- NQBP directors and senior managers who hold board positions on other organisations will keep the Board (in the case of NQBP directors) and the CEO and/or COO (in the case of NQBP senior managers) informed on a regular basis regarding key issues that arise in relation to these organisations that may impact upon NQBP's business. In addition, NQBP directors and senior managers will ensure that Board endorsement (in the case of NQBP directors) and that CEO and/or COO endorsement (in the case of NQBP senior managers) is obtained in relation to how NQBP is being represented (in relation to particular issues pertaining to NQBP) on the boards of these organisations. These two matters are however subject to compliance by these NQBP directors and senior managers with their duties and liabilities to these organisations as separate legal entities, including those as outlined above.

- **Performance Evaluation of Chief Executive Office and Senior Management**

The Board will carry out a performance evaluation of Chief Executive Office and Senior Management in accordance with NQBP's policies and procedures and any applicable

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Government policy. As required by the GOC Guidelines, appropriate disclosure of the evaluation process is made in the NQBP Annual Report.

Principle 2 – Structure the board to add value

- **Independence of Directors**

Appointments of Directors are made by Governor in Council on the recommendation of shareholding Ministers.

Directors and senior management are required to complete a Disclosure of Interests Form on commencement with NQBP and to thereafter advise the Company Secretary of any updates to this Form on a timely basis.

Directors must disclose any relevant interests that could result in a real or perceived conflict of interest, so that the Board is in a position to assess the independence of any Director based on this information.

On a quarterly basis, the papers for the relevant Board meeting include a Summary of the Disclosure of Interests for all Directors and senior managers of NQBP. This is reviewed at that Board meeting. There is a standing agenda item at each Board meeting relating to disclosure of interests, and key Board papers include a separate section requiring any material conflicts of interest to be noted.

Materiality in relation to independence of Directors is assessed on a case by case basis, taking into account the particular circumstances. This approach is a flexible way to comprehensively assess the independence of Directors (rather than having fixed or defined materiality thresholds).

To assist in assessing the ongoing independence of Directors, the following assessment criteria provide some useful guidance as part of this process:

Assessment Criterion 1 - Has the Director, within the past three (3) years, been employed in an executive capacity by NQBP?

Assessment Criterion 2 - Has the Director, within the past three (3) years, been a principal or employee of a professional advisor or a consultant whose annual billings to NQBP represent greater than 1% of NQBP's annual (before tax) profit or greater than 5% of the professional advisor's or consultant's total annual billings?

Assessment Criterion 3 - Is the Director a supplier or customer whose annual revenues from NQBP represent greater than 1% of NQBP's annual (before tax) profit or greater than 5% of the supplier's or customer's total annual revenue?

Assessment Criterion 4 - Does the Director have any material contractual relationship with NQBP, other than as a Director of NQBP?

Assessment Criterion 5 - Does the Director have any other interest or relationship that could interfere with the Director's ability to act in the best interests of NQBP and independently of management?

Actual, potential and perceived conflicts of interest will be considered at each Board and Committee meeting.

- **Board Diversity**

The Board recognises that diversity in an organisation can assist in achieving success for the business. Given this, the Board promotes diversity both at Board level and in the workforce. For example, when vacancies arise at Board level, the Chair may hold discussions with shareholding Minister departments at a senior level, to assist in identifying what the appropriate mix of skills and diversity should be for the Board, having regard to the existing membership of the Board as well as to NQBP's business and strategic objectives.

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In relation to diversity in the workplace, this will be recognised and implemented via a number of means, including HR policy and appropriate HR procedures, systems and processes as well as diversity targets, staff development programs and succession planning.

- **Access of Directors to Independent Professional Advice**

To ensure that Directors and members of Committees are able to competently discharge their duties as Directors, Directors are entitled to obtain independent professional advice in respect of matters associated with NQBP.

If a Director considers it necessary or appropriate to seek independent professional advice in respect of any matter, the following process should be followed:

- the Director should approach the Chair of the Board, seeking approval to obtain such advice and indicating to the Chair, the general nature of advice to be sought and from whom it is proposed to seek the advice;
- the Chair of the Board shall ensure that the entity or firm from whom the advice is to be sought has no conflict of interest issues in relation to NQBP and that the basis of the charge is reasonable; and
- the Chair of the Board is to approve payment of all invoices in relation to the advice.

- **Board, Committee and Individual Director Performance Evaluation**

Under the GOC Guidelines, the Board is required to review its performance as well as Director competencies, on an annual basis. The Corporate Governance and Planning Committee assist the Board in this matter.

An external evaluation of Board performance will be undertaken every 2 years around mid-year to align with the annual reporting process unless the Board resolves otherwise. The Board will select an appropriate external independent governance expert to undertake this review, who will provide a report to the Board for its consideration and further action. The governance expert will consider a range of issues, including role, strategy, monitoring performance, succession planning, risk and compliance oversight, stakeholder communication and board structure and processes including information needs.

In addition, as required by the GOC Guidelines, an internal review of Board performance will be undertaken around mid-year whenever external evaluation of Board performance has not been carried out. The Company Secretary, in conjunction with the Chair, will prepare a list of questions for Board members and senior management to answer. To enable some benchmarking to be done, these questions will be “short form” questions that will be consistent with the more detailed questions asked by the external governance expert in the previous year as part of the external review process. The outcome of this process will be collated into a report which will be provided to the Board for its consideration and further action.

As required by the Charter of each Committee, on an annual basis around mid-year, each Committee will review their performance. A standard checklist is provided to each Committee to assist in this process. This includes assessing the information needs of each Committee. The Board review process also considers issues in relation to Committee role, structure and effectiveness.

Shareholding Ministers are advised when a Board evaluation process has been undertaken.

In relation to individual Director competencies, there is a Directors’ Training Plan in place for NQBP which sets out a process for identifying and assessing individual Director competencies, as well as ensuring that Directors receive appropriate training on an ongoing basis.

Training is to be provided to all Directors every two years in relation to trade practices, conflicts of interest, workplace health and safety laws and environmental laws.

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- **Board and Committee Meetings**

The CEO, CFO and the Company Secretary attend Board meetings, with other senior management attending as required by the Board.

The Company Secretary is responsible for the orderly preparation of Board papers, minutes and meeting arrangements.

Board papers are prepared and distributed to the Board Members at least two clear business days prior to the meetings.

Each Committee will determine the frequency, location and conduct of its meetings, but generally, each Committee will meet on a quarterly basis. Committee papers are prepared and distributed to the Committee members at least two clear business days prior to the meetings.

Templates for agendas, minutes, business arising and forward planning agenda lists have been developed by the Company Secretary, for use in relation to Board and Committee meetings.

Minutes of Board and Committee meetings are produced within 3 business days of the meeting, for consideration by the Chair of the Board (for Board meetings) and the Chair of the Committee (for Committee meetings), prior to distribution to Directors and Committee members (as applicable). If part of the minutes contain confidential or privileged information, these sections will be included in a separate confidential annexure to the minutes. Minutes are confirmed and signed off by the relevant Chair at the next scheduled meeting.

- **Board Papers**

The Board will periodically review the agenda and information presented by management in Board Papers.

A paper for Board approval would not normally be prepared if the approval is within the delegated authority of officers of NQBP.

The Company Secretary prepares the draft agenda for the Board meeting in conjunction with the Chairman and the CEO.

Proposed Board papers are to be provided to the Company Secretary in sufficient time (as designated by the CEO) for review and comment by CEO.

Board submissions that contain confidential or privileged information will be reviewed by the Company Secretary and distributed under separate confidential cover, as appropriate. In addition, where a Director has a material personal interest in a matter which is the subject of a Board submission, then this Board submission will not be distributed to that Director where this would breach Corporations Act requirements.

A complete set of Board Papers and minutes for a financial year is made available to Directors on CD by 31 August each year.

- **Out of Session Resolutions**

Out of Session Resolutions may be required for urgent business in between regular Board meetings. These resolutions must comply with the requirements of the constitutions of NQBP. Procedures have been developed by the Company Secretary, for use in relation to such resolutions.

Generally, such matters will be dealt with by way of a written resolution. This requires that all Directors located in Australia sign the proposed written resolution for that resolution to be validly passed.

All Out of Session documentation will be included in the following month's Board meeting papers, for noting and minuting.

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- **Retention of Board Papers and Minutes**

The Company Secretary shall:

- ensure that all original Board minutes signed by the Chair are securely stored on-site in a fireproof or fire-resistant safe;
- ensure that all original Board papers for the current and previous financial year are securely stored on-site in a fireproof or fire-resistant safe;
- ensure that a copy of Board papers and minutes are available in TRIM or in some other electronic format, for use by staff of NQBP. This practice will restrict the need to access original Board papers and minutes, and hence improve their security;
- ensure that original Board papers prior to the previous financial year are securely stored off-site, with a CD/DVD backup of Board minutes and papers also being kept.

Principle 3 – Promote ethical and responsible decision- making

As required by the GOC Guidelines, NQBP has in place a Code of Conduct Standard and a Compliance Policy that specifically applies to Directors, as well as to employees and Contractors of NQBP.

In addition, there is also a Procedure in place for trading in securities by Directors, employees and Contractors of NQBP, being Trading (Securities). This covers the insider trading prohibition in the Corporations Act 2001.

Corporate training on NQBP policies is provided to all staff on an annual basis, including these policies.

Principle 4 – Safeguard integrity in financial reporting

NQBP has established an Audit and Financial Risk Management Committee, which has oversight of matters relating to financial reporting.

The CEO and CFO will provide, on an annual basis, a management representation letter to the Board and the auditors, certifying that the financial reports present a true and fair view and are in accordance with accounting standards.

This process also involves each of the senior managers providing confirmation to the CEO and CFO, to the effect that all material matters within their area of responsibility, have been reflected in the financial statements.

Internal audits will review key exposure areas of the business. The Audit and Financial Risk Management Committee settle an annual programme of works and review outcomes of the internal audit review process, and make recommendations to the Board on these matters.

Principle 5 – Make timely and balanced disclosures

Under the Government Corporations Act 1993, NQBP is required to inform shareholding Ministers about its operations and financial matters, as well as material risk factors relating to NQBP. The risk management system within NQBP provides the necessary information in relation to NQBP's risk profile.

Regular communications will be initiated with key stakeholders, including shareholding Ministers and Government representatives. The Chair and the CEO will endeavour to meet with shareholding Ministers and/or their representatives on a regular basis. NQBP management also meets with representatives of the Office of Government Owned Corporations and Queensland Transport each month after the Board meeting to update them on relevant issues. Informational needs of these stakeholders are also discussed at these meetings.

As required by the Government Corporations Act 1993, quarterly reports are provided to shareholding Ministers and their representatives, as well as individual Ministerial briefings on specific issues. These reports include information regarding financial performance, updates on major infrastructure projects, port security issues, planning and environment issues, sponsorship and community programs, corporate hospitality, risk management as well as information required to be given in the reports by NQBP's Statement of Corporate Intent.

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Disclosure of relevant matters as required by the GOC Guidelines will be made by NQBP at the appropriate times.

Principle 6 – Respect the rights of shareholders

NQBP’s policies do not prescribe the type and level of disclosure to shareholding Ministers. The Board and management exercise their judgement on a case by case basis as to what matters should be disclosed, in order to comply with the GOC Act disclosure requirements. The procedures set out in relation to Principle 5 above also apply in relation to this Principle.

Principle 7 – Recognise and manage risk

NQBP has a number of policies and procedures in place in relation to the management of risk including procedures on risk management, compliance and fraud control. NQBP also has an internal audit function in place as well.

At a high level, the Board has oversight of risk management and monitors this on a monthly basis at each Board meeting. There are monthly and (more detailed) quarterly risk reporting to the Board.

The Corporate Governance and Planning Committee has a specific brief to monitor the risk management process generally and to advise the Board on recommended changes to the system.

All identified risks have been allocated to a Board Committee that is most appropriate to monitor. Regular risk reports are provided to the relevant Committee of their assigned risks for oversight.

As required by the GOC Guidelines, the CEO and CFO will confirm to the Board on an annual basis, that a sound system of risk management and internal compliance and control is in place which implements Board policies and that the risk management and control system is operating efficiently and effectively in all material respects.

Part of risk management involves sound strategic planning processes. A Strategic Planning Chart has been developed, which documents the timing for the preparation of the various key corporation documents, including the Strategic Plan, Budget, Quarterly Reports, Corporate Plan, Statement of Corporate Intent and the Employment and Industrial Relations Plan.

Generally, strategic planning will be workshops conducted over 1 to 2 days at least annually, and attended by Directors and senior management. These workshops will allow for key strategic and risk issues to be more fully considered, as well as a review of the key strategic planning documents for NQBP.

Principle 8 – Remunerate fairly and responsibly

NQBP has a number of policies and procedures in place in relation to the remuneration, which link remuneration with corporate performance.

The People and Culture Committee acts as a remuneration committee for NQBP.

The CEO participates in a performance pay scheme with agreed targets of profit, operational, environmental and other criteria as set by the Board.

NQBP also operates a performance pay scheme for executives.

3. Governance Policy, Procedure and Legislative Framework

NQBP is a Government Owned Corporation and a port authority and is required to comply with its own policies, prescribed applicable legislation and State Government policies and procedures. This procedure should be read in conjunction with:

- a. Policy 1 - Governance
- b. Corporate Governance Guidelines for Government Owned Corporations February 2009.
- c. *Government Owned Corporations Act 1993 (Qld) and Regulations;*
- d. *Transport Infrastructure Act 1994 (Qld) and Regulations;*
- e. *Financial Accountability Act 2009 (Qld) and Regulations;* and

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f. *Corporations Act 2001 (Cth)*.

4. Procedure Review Date

This procedure should be reviewed by 31 October 2019.

5. Definitions

NQBP: means North Queensland Bulk Ports Corporation Limited ACN 136 880 128.

Contractors: means contractors or consultants engaged by NQBP under a personal services consultancy agreement or other similar arrangements.

NQBP Employee: means employees and Contractors of NQBP but does not include NQBP directors.

NQBP Personnel: means NQBP officers (for example NQBP directors) and NQBP Employees.

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