

# Board Charter

## 1. Purpose

- 1.1 The Board is responsible for ensuring the overall performance and good governance of Queensland Rail Limited (the **Company**), considering and approving strategic direction, key objectives and performance measures and monitoring the performance of the Company. These issues receive the major focus of directors at Board meetings.
- 1.2 The Board has adopted this Charter to outline the manner in which its powers and responsibilities – including those under the *Corporations Act 2001 (Cth)* (the **Corporations Act**) and the *Government Owned Corporations Act 1993 (Qld)* (the **GOC Act**) – will be exercised and discharged.
- 1.3 The Board is committed to, and expects the highest standards of, corporate governance and strict compliance with the law from all directors, senior management and employees of the Company. A number of relevant policies and compliance programs, including those described elsewhere in this Charter, have been put in place to underpin this commitment.

## 2. Key Responsibilities

- 2.1 The Board is responsible to the shareholding Ministers for the Company's strategic direction, governance and performance.
- 2.2 In exercising its functions and powers as set out in this Charter, the Board will at all times recognise its overriding responsibility to:
  - a. maintain and encourage good corporate governance standards;
  - b. act honestly, fairly and diligently;
  - c. act in accordance with laws and regulations;
  - d. avoid or manage conflicts of interest;
  - e. promote the Company as a good corporate citizen; and
  - f. achieve and maintain community respect.

## 3. Membership

- 3.1 The Board is comprised of non-executive directors appointed by the Governor in Council. The shareholding Ministers put forward candidates for all Government Owned Corporation Boards. The Governor in Council appoints Directors on a formal basis for a specified period of time. Such appointments may end after this period of time, be extended, or may be terminated by shareholding Ministers at any time.
- 3.2 While recognising that it does not have any direct control over its composition:
  - a. The Company is committed to ensuring that its Directors have the skills, experience, and expertise to deal with the current and emerging issues of the business, and that they are in a position to effectively review and challenge the performance of management and exercise independent judgement; and
  - b. It is the Board's intention that it be comprised of a majority of independent directors. The independence of non-executive directors is assessed regularly by the Board in accordance with the Board's guidelines for assessing the independence of directors, set out in Annexure 1.
- 3.3 The Chairman is the official spokesperson for the Board, unless the Board determines otherwise.

## 4. Functions of the Board

- 4.1 The Board's specific functions and responsibilities include:
- a. Business strategy and expenditure
    - i. deciding on the Company's strategy, as developed in conjunction with the CEO and senior management, and overseeing its implementation;
    - ii. reviewing and approving the Company's annual operating budget and annual capital investment program, and determination of capital and non-capital items in accordance with the Delegations Framework and outside of approved budgets;
    - iii. overseeing development and maintenance of an effective organisational structure, which supports individual and team accountability;
    - iv. overseeing implementation of financial planning, budgeting and reporting processes to ensure that the performance of the Company can be monitored and reviewed;
    - v. considering management proposals, including material capital expenditure, divestments and significant mergers and acquisitions and providing advice and approvals where appropriate; and
    - vi. approving the Company's capital allocation, capital structure and dividend policy.
  - b. Delegation to senior management
    - i. delegating responsibility for the day-to-day operation and management of the Company to the CEO;
    - ii. ensuring that there is an effective framework to balance the role of management in operating the business and the role of the Board in monitoring, guiding and providing oversight;
    - iii. monitoring corporate performance and capabilities and overseeing the management of risk and legal compliance; and
    - iv. working to establish a culture where transparent and timely information is shared between management and the Board and where there is opportunity to challenge views, assumptions and beliefs in an environment of trust, respect and openness.
  - c. Senior management appointments
    - i. approving the appointment and termination of the CEO and senior management team, and undertaking and overseeing annual performance reviews, respectively;
    - ii. approving the standard form contract of senior management and executive contracts and approving performance payments paid to the CEO and senior management; and
    - iii. ensuring succession plans are in place for the CEO and the CEO's direct subordinates.
  - d. Relations with shareholding Ministers
    - i. monitoring and overseeing communications to the shareholding Ministers; and
    - ii. overseeing appropriate disclosure as required by law.
  - e. Financial matters and risk management
    - i. reviewing and approving quarterly reports and annual financial statements;
    - ii. approving accounting policies and monitoring and reviewing processes in place aimed at ensuring the integrity of financial and other reporting, specifically in relation to management of the Company's material business risks;
    - iii. ensuring that there is an effective compliance program in place to ensure that the Company complies with laws, regulations, codes and internal policies; and
    - iv. reviewing at least annually the effectiveness of the Company's risk management system.

- f. Ethics, governance and policy
  - i. approving the Company policies and directives under the Company's governance framework, and approving and adopting documents (including the publication of reports and statements to shareholding Ministers) that are required by the Company's constitutional documents, by statute or by other external regulation;
  - ii. maintaining corporate and Board values to ensure the Company acts with the highest ethical standards and integrity in accordance with all legal and regulatory requirements and best practice;
  - iii. ensuring that the Company's material governance policies (including the Code of Conduct) are understood and establishing a framework to ensure they are applied;
  - iv. approving policies, including in relation to accounting and finance, risk management, occupational health and safety and governance;
  - v. ensuring that the Company has effective processes and systems in place to enable the Board to monitor internal culture and customer satisfaction;
  - vi. fostering a high integrity achievement culture; and
  - vii. performing such other functions as are prescribed by law or are assigned to the Board.

4.2 In carrying out the above functions and responsibilities, the Board may delegate any of its powers to a Board committee, a director, an employee or other person subject to ultimate responsibility of the directors under the Corporations Act and the GOC Act.

## 5. Relationship with Management

- 5.1 As described in paragraph 4.1(b), the Company's CEO and senior management have responsibility for the day-to-day management of the Company, however ultimate responsibility for strategy and oversight rests with the directors.
- 5.2 The CEO is accountable to the Board for the exercise of authority delegated to management under paragraph 5.1. The CEO and senior management will report to the Board on the exercise of these powers on an ongoing basis.
- 5.3 Management must supply sufficient and timely information to the Board to allow it to discharge its duties effectively. The Board must independently assess the information provided by management and the review key elements of the operations of the Company.
- 5.4 A key function of the Board is to monitor the performance of management according to the strategies and objectives decided by the Board. Directors have access to senior management through the Chairman, CEO or Company Secretary at any time. In addition to regular attendance by senior management at Board meetings, Directors may seek briefings from senior management on specific matters in accordance with the annual Board agenda, and as otherwise required.
- 5.5 The Board retains the ultimate legal responsibility for the exercise of powers delegated to senior management. In particular, the Board is responsible for ensuring that powers and functions are in each case delegated in a responsible and appropriate manner, and that the exercise of these powers, as well as any reports and information provided by management, are independently assessed by the Board.

## 6. Relationship with Shareholding Ministers

- 6.1 As part of the Company's relationship with the State of Queensland, the Board is responsible for:
  - a. overseeing compliance by the Company with any formal directions issued by the shareholding Ministers under the GOC Act or policies issued by the shareholding Ministers, which the Company is required, or has undertaken, to comply with;

- b. approving quarterly reports to shareholding Ministers as required under the GOC Act;
- c. approving the Corporate Plan and Statement of Corporate Intent submitted to the shareholding Ministers pursuant to the GOC Act;
- d. approving the Annual Report; and
- e. keeping the shareholding Ministers informed about the Company's operations, financial performance and financial position as required under the GOC Act.

## 7. Committees

- 7.1 The Board may from time to time establish committees to assist it in discharging its responsibilities. For each standing committee, the Company adopts a formal charter setting out the matters relevant to composition, responsibilities and administration of such committees.
- 7.2 The Board may also delegate specific functions to ad hoc committees from time to time. The powers delegated to these committees are set out in board resolutions.
- 7.3 Except as stated in the relevant Committee Charters, or as otherwise stated by the Board, Board Committees have very limited delegated authority from Board and exist predominantly to provide recommendations to the Board on issues within the purview of the respective Committee.
- 7.4 All Directors are entitled to attend committee meetings as non-members and are entitled to receive committee papers.
- 7.5 A review of each Committee's membership and an evaluation of Committee performance is undertaken by the Board on an annual basis.

## 8. Responsibility of Individual Directors

- 8.1 Each director is appointed pursuant to the terms of a letter of appointment.
- 8.2 In conjunction with the relevant provisions of the Company's constitution, the GOC Act, the Corporations Act and other regulations which together prescribe the duties and responsibilities of directors, individual letters of appointment specify the time commitment envisaged, expectations in relation to committee work, remuneration arrangements, induction processes and securities trading policies.

## 9. Role of Chairman

- 9.1 The Chairman is the official representative and spokesperson for the Board.
- 9.2 The Chairman's responsibilities include:
  - a. providing leadership to the Board;
  - b. ensuring the efficient organisation and conduct of the Board;
  - c. chairing Board meetings;
  - d. promoting an environment of trust, respect and openness to ensure consultative and constructive relationships between Board and management; and
  - e. ensuring that any matter appropriate to be referred to shareholding Ministers is so referred and any decisions of shareholding Ministers are conveyed as appropriate to the Board and Management.

## 10. Role of Chief Executive Officer

- 10.1 The Chief Executive Officer (**CEO**) is responsible to the Board for the management and performance of the Company and for the development and implementation of strategy. The CEO manages the Company in accordance with the Corporate Plan and Statement of Corporate Intent.

- 10.2 The CEO has primary responsibility to bring to the attention of the Board and each Committee, issues which fall within the Board's accountabilities or within the Committee's accountabilities and delegated authority and any other issue which the CEO considers requires the attention of the Board and Committees.

## 11. Role of Company Secretary

- 11.1 The Board is supported by the Company Secretary who is accountable for facilitating the Company's corporate governance processes and providing general advice to the Board. The Company Secretary is responsible to the Board for ensuring that Board procedures are complied with.
- 11.2 The appointment and removal of the Company Secretary is a matter for the Board. Other persons may be appointed Acting Company Secretary or as an additional Company Secretary.

## 12. Conflicts of Interest

- 12.1 Directors must:
- disclose to the Board any actual or potential conflict of interest which may exist as soon as they become aware of the issue;
  - take any necessary and reasonable measures to try and resolve the conflict;
  - comply with the Corporations Act and GOC Act requirements in relation to the disclosure of interests and restrictions on voting.
- 12.2 Unless the Directors decide otherwise, if a conflict or potential conflict situation exists, the conflicted Director will be excluded from all considerations of the matter by the Board including any segment of the Board papers or other documents containing any reference to the matter.
- 12.3 Directors are expected to advise the Chairman of any proposed Board or executive appointments to other organisations as soon as practicable.

## 13. Access to Information and Independent Advice

- 13.1 Directors may access information and seek independent advice as considered necessary to fulfill their relevant Board duties and responsibilities.
- 13.2 Directors will be entitled to:
- full and free access to senior executives via the Chairman at any time to discuss Board matters or request relevant additional information;
  - independent professional advice at the Company's expense with the prior approval of the Chairman.
- 13.3 Directors may share relevant information and advice received with the other Directors where appropriate.

## 14. Meetings

- 14.1 The Board determines a schedule of meetings at the beginning of each year. It is the Company's practice that one or more of those meetings coincide with site visits.
- 14.2 The Company Secretary attends meetings of the Board as minute secretary. In general, certain members of management attend Board meetings by standing invitation unless otherwise requested by the Board. Other senior management may be invited to attend meetings if the Board considers their involvement to be useful in relation to the items of business on the agenda.
- 14.3 External parties, such as Ministers or the Auditor-General, may also attend Board meetings at the invitation of the Board.

- 14.4 Minutes and Actions are prepared within three business days of each Board meeting. Following review by the Chairman the Minutes are circulated to Directors for approval and inclusion in the Minute book within one month of the Board meeting and the Actions are issued to Management for follow up.

## 15. Review of Board and Executive Performance

- 15.1 The Board of the Company regularly reviews the skills currently available to the Board, and identifies skills that may be required in the future. Whilst the Board itself does not have direct input into the selection of suitable Directors, it is acknowledged that the shareholding Ministers take skill requirements into account when appointing Directors.
- 15.2 The Board of the Company undertakes an annual board evaluation to assess the Board as a group, and each individual director.
- 15.3 From time to time, an external consultant may be engaged by the Chairman to assist with the evaluation and review of Board performance.
- 15.4 In conjunction with this review process, the performance of the CEO, as well as the CEO's reports, is also assessed by the Board on an annual basis.

## 16. Review of Charter

- 16.1 The Board will review this Charter at least annually to ensure it remains consistent with the Board's objectives and responsibilities.

## 17. Publication of Charter

- 17.1 A copy of the Board Charter is available at [www.queenslandrail.com.au](http://www.queenslandrail.com.au)

Adopted by the Board on 29 August 2011.

## Annexure 1

Queensland Rail defines an independent Director as a non-executive Director who:

- has not been employed in an executive capacity by Queensland Rail or a wholly owned subsidiary in the last three years;
- has not been a principal of a material professional adviser or a material consultant to Queensland Rail or wholly owned subsidiary, or an employee associated with the service provided in the last three years;
- is not a material supplier or customer of Queensland Rail or subsidiary, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- has no material contractual relationship with Queensland Rail or subsidiary other than as a Director of Queensland Rail;
- has not served on the Board for a period that could, or could reasonably be seen to, materially interfere with the Director's ability to act in the best interests of Queensland Rail; and
- is free from any interest and any business or other relationship that could, or could reasonably be seen to, materially interfere with the Director's ability to act in the best interests of Queensland Rail.