



Sugar Terminals Limited

Board Charter

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1. Introduction

This Board Charter sets out the functions and responsibilities of the Board of Directors (the Board) and the management of Sugar Terminals Limited (STL).

STL is a public Company limited by shares listed on the National Stock Exchange of Australia (NSX). It is governed in accordance with the *Corporations Act 2011* (Cth), the Company's Constitution and the NSX Listing Rules. If there is any conflict between this Charter and the Constitution, the Constitution prevails.

The Company owns and operates six bulk sugar terminals located in the ports of Cairns, Mourilyan, Lucinda, Townsville, Mackay and Bundaberg.

STL has two classes of shareholders: cane growers who hold G Class shares and millers who hold M Class shares. STL's G Class shares are listed on the NSX.

2. Role of the Board

2.1 The role of the Board

The Board has the final responsibility for the successful operations of STL. The Board's authority to govern the Company comes via the Constitution, Article 19.1. Under the Constitution, the Directors may delegate any of their powers to one or more Committees of one or more Directors.

The Board is responsible for, and has the authority to determine, all matters relating to the policies, practices, management and operations of the Company. It is required to everything necessary to carry out the objectives of the Company. In its governance role, the main task of the Board is to set the strategic direction of the Company and drive the performance of the Chief Executive Officer (CEO) and senior management. The Board must also ensure that the Company complies with all of its contractual, statutory and any other legal obligations, including the requirements of regulatory bodies such as the NSX.

2.2 The Board and management

The Board's role is to govern STL rather than to manage it. In governing the Company, the Directors act in the best interests of STL as a whole. It is the role of senior management to manage the Company in accordance with the direction and delegations of the Board and it is the responsibility of the Board to oversee the activities of management in carrying out these delegated duties.

The principal functions and responsibilities of the Board include:

- **Providing leadership to the Company by:**
 - Guiding the development of an appropriate culture and values for the Company through the establishment and review of the code of conduct, policies, rules and procedures to enforce ethical behaviour and provide guidance on appropriate work methods;
 - Always acting in a manner consistent with the Company's culture and code of conduct;
- **Overseeing the development and implementation of an appropriate strategy by:**
 - Annually approving the overall process of strategic planning;
 - Approving the structure of plans used by the organisation;
 - Working with senior management to ensure that an appropriate strategic direction and goals are in place;
 - Regularly reviewing and updating the Company's strategic direction and goals;
 - Ensuring that an appropriate set of strategic internal controls are implemented and reviewed regularly;
 - Overseeing planning activities including the development and approval of strategic plans, annual plans, annual corporate budgets and long-term budgets including operating budgets, capital expenditure budgets and cash flow budgets;
 - Reviewing the progress and performance of the Company in meeting these plans and corporate objectives, including reporting the outcome of such reviews on at least an annual basis;
- **Ensuring corporate accountability to shareholders** primarily through adopting an effective stakeholder communications policy, encouraging effective participation at general meetings and, through the Chairman, being the key interface between the Company and its shareholders;
- **Overseeing control and accountability systems** that ensure the Company is progressing towards the goals set by the Board and in line with the Company's purpose, the agreed corporate strategy, legislative requirements and community expectations;
- **Ensuring robust and effective risk management**, compliance and control systems (including legal compliance) are in place and operating effectively;

- **Being responsible for the Company's senior management and personnel** including:
 - Directly managing the CEO including:
 - appointing the CEO;
 - annually determining the remuneration of the CEO;
 - providing advice and counsel to the CEO including formal reviews and feedback on the CEO's performance;
 - overseeing the development of the CEO;
 - removing the CEO, where necessary;
 - Ratifying the appointment, the terms and conditions of the appointment and, where appropriate, the removal of the Company Secretary and other senior managers, as determined by the Board;
 - Overseeing annual performance reviews for senior management;
 - Ensuring that an appropriate succession plan for the CEO, Company Secretary and other senior managers, as determined by the Board, is in place;
 - Ensuring appropriate human resource systems (including Workplace Health and Safety systems) are in place to ensure the well-being and effective contribution of all employees;
 - Promoting diversity within all levels of the Company including:
 - Approving the Company's policies in relation to diversity at all levels of the Company including the Board;
 - Establishing measurable objectives for achieving diversity at all levels of the Company including the Board;
 - Annually assessing the measurable objectives set by the Board in relation to diversity at all levels of the Company including the Board and the progress in achieving them, including a review of the relative proportion of women and men in the workforce at all levels of the Company;
- **Delegating appropriate powers to the CEO, management and Committees** to ensure the effective day-to-day management of the business and monitoring the exercise of these powers.

2.3 Board Committees

The detail of some Board functions is handled through Board Committees. However, the Board as a whole is responsible for determining the scope and power of each Committee and is ultimately responsible for accepting, modifying, or rejecting Committee recommendations.

The Board has created two Committees:

- the Finance & Audit Committee; and
- the Safety, Health, Environment & Risk Committee.

Both Committees have a Charter, approved by the Board, defining its duties, reporting requirements and authority.

The Board will consider the need to create additional Committees should the need arise.

2.4 Delegations of authority

The Board has reserved all powers for itself. Delegated authorities to management are set out in an instrument of delegation. Where a delegation is not specified in the instrument of delegations, the Board retains the authority and approval to act must be sought from the Board.

A complete list of delegations and authorities is held in the Company's safe custody at STL's head office.

3. Board structure

3.1 Number of Directors

The Board:

- must consist of not less than five nor more than ten Directors;
- must have an equal number of grower and miller Directors; and
- may include one or more independent Directors provided the total number of industry Directors exceeds the number of independent Directors by at least one.

The Board currently consists of two grower Directors, two miller Directors and three independent Directors, one of whom is the Chairman.

3.2 Board skills and diversity

Directors should bring specific skills, knowledge and experience that add value to the Company.

A diverse set of skills and experience should be represented on the Board.

3.3 Terms and conditions of appointment

The terms and conditions of the appointment of new, non-executive Directors are contained in a letter of appointment which sets out, among other things:

- Term of appointment;
- Remuneration;
- Expectations in connection with meetings and Committees;
- Classification as an independent Director (if applicable) and expectations in this regard;
- Compliance with corporate governance policies including the code of conduct and conflict of interest policy;
- Outside Directorships; and
- Indemnification and insurance.

All Directors have access to Company information, management and the Company Secretary to enable them to carry out their responsibilities.

Directors may also call on independent, professional advice at the expense of STL in carrying out their duties. It is expected that prior consultation with the Chairman will take place before consultation with external advisers.

4. The role of individual Directors

4.1 Directors' general roles

Under s.181 *Corporations Act 2001* (Cth), STL Directors must act in the best interests of the Company.

STL Directors have ultimate responsibility for the overall successful operations of the Company. Their duties relate to:

- the strategic direction of the Company;
- financial operations and solvency;
- all matters as prescribed by law including, but not limited to, health, safety and the environment; and
- all major policy issues including, but not limited to, industrial relations and quality assurance.

4.2 Directors' code of conduct

In accordance with legal requirements and agreed ethical standards, STL Directors:

- owe a fiduciary duty to the Company as a whole;
- use the powers of the office for a proper purpose;
- discharge their duties honestly and in good faith;
- act with the level of skill, care and diligence expected of a Director of a Company;
- demonstrate commercial reasonableness in their decisions;
- act for the benefit of the Company;
- do not make improper use of information gained through their position as a Director;
- do not take improper advantage of the position of Director;
- do not allow personal interests, or the interest of any associated person, to conflict with the interests of the Company;
- make reasonable enquiries to ensure that the Company is operating efficiently, effectively and legally towards achieving its goals;
- undertake diligent analysis of all proposals placed before the Board;
- do not engage in conduct likely to bring discredit upon the Company;
- give of their specific expertise generously to the Company; and
- comply with the spirit, as well as the letter, of the law and with the principles of this Charter.

5. The role of the Chairman

The Chairman's role is a key one within STL. The Chairman is considered the 'lead' Director and utilises his or her experience, skills and leadership abilities to facilitate the governance processes.

5.1 Appointment of Chairman

In accordance with the Constitution, the Board appoints one Director to be the Chairman of the Board. A Director may also be appointed as deputy Chairman.

The Board will determine the period for which the Chairman will hold office.

The Chairman will normally be an independent, non-executive Director who is selected on the basis of the person's achievements and his or her record as a leader.

6. The role of the Company Secretary

The Company Secretary is accountable to the Board.

The Company Secretary facilitates the Company's corporate governance processes and is

responsible for the coordination of Board meetings, including agendas, Board papers and minutes, for communication with regulatory bodies, and for all statutory and other filings.

7. The role of the CEO

The CEO is appointed by the Board and holds office until removal, resignation or retirement.

The CEO is responsible for the attainment of the Company's goals and vision for the future, in accordance with the strategies, policies, programs and performance requirements approved by the Board. The CEO reports directly to the Board.

The CEO's performance is assessed annually in light of the achievement of goals, targets and other key performance indicators as determined by the Board.

Subject to ratification by the Board, the CEO is responsible for appointing and dismissing his or her direct reports, as well as overseeing changes to remuneration arrangements, performance targets, and performance assessments of those direct reports..

8. Compliance, risk management and internal controls

8.1 Compliance

The Board is charged with overseeing, reviewing and ensuring the reliability and effectiveness of STL's compliance systems. As such, compliance is a quality control system that is part of a proactive risk management strategy.

The compliance management system at STL is based the Australian Standard, AS/NZS ISO 19600 Compliance Management Systems - Guidelines.

To carry out its compliance function, the Board commits to the following:

- The Safety, Health, Environment & Risk Committee is responsible for overseeing STL's compliance systems and reporting to the Board on those systems.
- A Code of Conduct for the Company ensures the highest of ethical standards and business behaviours are maintained.
- The Board complies with its reporting and disclosure requirements under the NSX Listing rules.

The Board views compliance as an integral function and recognises that for the compliance system to succeed, it must be championed by the Board along with management.

8.2 Risk management

Risk management is a critical component of STL governance.

The risk management system at STL is based the Australian Standard, AS/NZS ISO 31000 Risk Management – Principles and Guidelines. The primary objectives of the system are to ensure:

- All major sources of harm to STL (both existing and potential) are identified, analysed and treated appropriately.
- Business decisions throughout STL appropriately balance the risk and reward trade-off.
- Regulatory compliance and accuracy in reporting are achieved.
- The Board and management determine and monitor the risk profile of STL.

The Company undertakes an annual review of strategy and operations to update its risk profile in line with the risk appetite set by the Board in conjunction with management.

The Board has established the Safety, Health, Environment & Risk Committee to oversee and guide risk management within STL. The CEO is charged with implementing appropriate risk management systems. Aspects of this process may be delegated.

8.3 Internal controls

The Board has a process for review and authorisation to ensure the truthful and factual representation of the Company's financial position and adherence to policies and procedures. This process includes:

- External audit; and
- Review of the Company's annual financial statements by the Finance & Audit Committee.

The Board is responsible for recommending the appointment of a qualified external auditor, with appropriate skills, knowledge and experience. This is subject to members' approval at the Company's annual general meeting.

The CEO and Chief Financial Officer (CFO) each provide a statement to the Board with the half yearly and annual financial report to the effect that the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

9. Board meetings

The Board will normally meet six to eight times per year (as a minimum) and on other occasions as considered necessary.

The Chairman may convene other meetings of the Board if, in the Chairman's opinion, these meetings are necessary for the efficient performance of the organisation.

The Board will either meet at the Company's headquarters in Brisbane or at one of its bulk sugar terminal locations. It may also choose to hold Board meetings in other locations from time to time throughout the year. The Board occasionally meets by telephone if there are only one or two agenda items to be dealt with.

The meeting agenda and Board papers are provided to Directors no less than five working days prior to a scheduled meeting.

Meetings are conducted to allow a full and frank exchange of views by the Directors while at the same time ensuring that a positive Board culture is maintained.

The Company Secretary keeps a full set of minutes.

In order to provide an even distribution of work over each financial year, the Board has adopted a twelve month Board calendar, which includes all scheduled Board and Committee meetings as well as major corporate and Board activities.

9.1 Disclosure of interest

As required by the constitution of STL, all Directors have a legal obligation to disclose to the Board, any material interest which relates to the business of the Company. When an issue arises at a Board meeting, relating to such an interest, the Director will not attend the meeting while that matter is discussed and may not vote on such an issue, unless the non-conflicted Directors pass a resolution that the Director may either remain for the discussion but not vote or remain for the discussion and vote. The non-conflicted Directors will only pass such a resolution when they are strongly of the view that the nature of the conflict does not inhibit the conflicted Director from making a decision in the best interest of the Company.

Directors have an obligation to disclose to the Board any other interest which the Director believes is appropriate to disclose in order to ensure there is no actual or perceived conflict of interest. The Company maintains a Register of Conflicts of Interest.

10. Board and CEO evaluation

10.1 Board evaluation

The Board recognises its responsibility to conduct regular evaluations of the performance of the Board and individual Directors. Each year, the Board's performance is evaluated against the requirements of this Charter and leading practice principles of good governance.

At least once in every three years, the Board engages an independent advisory firm with

expertise in Board assessment to facilitate the process. The external review includes a review of the performance of the Chairman, individual Directors and Board Committees.

The processes are regularly reviewed to ensure they meet contemporary good practice guidelines for Board and Director assessment.

10.2 CEO evaluation

CEO evaluation is undertaken by the full Board.

11. Remuneration

The constitution provides that non-executive Directors will be paid no more in aggregate than a limit approved by an ordinary resolution of the shareholders.

Directors may take advice from a qualified remuneration consultant to advise the shareholders of an appropriate level of remuneration for Directors having regard to the nature of STL's business, its performance and the skills, expertise and performance of the Directors.

Directors are entitled to be paid travel, accommodation and other expenses incurred in connection with the Board member's attendance at Board, Committee or general meetings or otherwise in connection with the performance of a Board member's duties.

12. Director induction and development

New Directors undergo a full induction into their role on the Board. The Board allocates an annual budget to encourage Directors to participate in training and professional development programs.

13. Review

The Board reviews its Charter annually to ensure it complies with relevant legislation and good governance practices.

14. Publication of Charter

The latest version of the Board Charter is made available on the Company's website.