

# IPS Logistics Group Pty Ltd

## Board Charter

### **Background**

The Board of IPS Logistics Group Pty Ltd (IPS) has adopted this Charter to outline the manner in which its constitutional powers and responsibilities will be exercised and discharged, adopting principles of good corporate governance that accord with best practice and applicable laws including the requirements of the Corporations Act.

The central role of the Board is to set the strategic direction for the Company, to select and appoint the Managing Director and Chief Executive Officer (CEO), and to oversee the Company's management and its business activities.

The Board is mindful:

- that whilst the primary objective of the Company is to create, and to continue to build, sustainable value for shareholders, so far as is consistent with that objective, the legitimate interests of other parties who may have an interest in or be affected by the activities of the Company, should be taken into account; and
- that shareholders and other parties who may have an interest in or be affected by the activities of the Company expect that the Directors will undertake their responsibilities with honesty, integrity, care and diligence, in accordance with the law and in a manner which reflects the highest standards of governance.

This charter delegates authority and recognises that, once delegated, management needs to be free to manage. The Board will not be compliantly or blindly accepting of management's views and will test and question management's assertions, monitor progress, evaluate management's performance and, where warranted, take corrective action.

### **Board of Directors**

The Board of Directors (Board) has been elected by the shareholders and has been authorised by them to oversee the management of the business of IPS and to exercise the powers conferred under the Constitution and the law.

The Board will ensure that management has in place appropriate processes for risk assessment, management, internal control, and monitoring performance against agreed benchmarks. The Board will work with senior executives to advance the interests of IPS.

The Board of IPS is ultimately responsible for the oversight and review of the management, administration and overall governance of IPS, including:

- the protection of shareholders' interests;
- authorising policies and overseeing the strategic direction of IPS;
- establishing goals for management and monitoring the achievement of these goals; and
- engaging, reviewing and replacing the CEO.

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### Board responsibilities

In carrying out its responsibilities and powers as set out in this Charter, the Board will at all times recognise its overriding responsibility to:

- maintain good corporate governance standards;
- act honestly, fairly and diligently;
- act in accordance with laws and regulations;
- avoid or manage conflicts of interest;
- promote IPS as a good corporate citizen; and
- achieve and maintain community respect.

### Board powers

Specific powers reserved for the Board include:

- setting IPS's corporate strategy, approve the annual strategic plan and monitoring management's implementation of that strategy;
- appointing, determining remuneration of, evaluating performance of, planning for the succession of (and, where necessary, terminating) the CEO;
- in consultation with, and on the recommendation of the CEO, ratifying the appointment and removal of senior executives, determining their remuneration, evaluating their performance and conditions of employment including financial incentives;
- monitoring and assessing management's performance in carrying out strategies, achieving objectives and observing budgets, approved by the Board, and to ensure that appropriate resources are available to management for those purposes;
- approving all senior management succession plans and significant changes to organisational structure;
- approving the Company's annual financial plans and budgets, and monitoring financial performance. The objectives of the company are to be clearly documented in a long term corporate strategy (2 year minimum, updated annually) and an annual business plan together with achievable and measurable targets and milestones;
- establishing key performance indicators which might include: return to shareholders, gross profit and overhead percentages, cash flows, liquidity, profits, customer satisfaction and employee attitudes;
- approving, and monitoring the progress of, major capital expenditure, capital management, acquisitions, disposal or cessation of any significant business of IPS;
- satisfying itself, on a reasonable basis, that the financial statements and other financial disclosures of the company are both fair and accurate;
- ensuring that risks facing the company have been identified, assessed and that the risks are being properly managed;
- ratifying systems of risk management and internal compliance and control, codes of conduct, legal compliance and corporate governance;
- ensuring that policies on key issues are in place, are appropriate and that compliance with policies are reviewed;

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### Board powers - continued

- approving borrowings and the granting of security over the undertakings and assets of IPS;
- appointing additional directors who would come before shareholders for election at the next annual general meeting;
- encouraging a culture that promotes ethical and responsible decision making throughout the Company;
- reviewing the outcomes of the Company's decisions and strategies and ensuring that valuable lessons are identified and absorbed into the framework for making future decisions;
- assessing and approving the Company's response to proposed transactions which would affect shareholders' positions and rights as shareholders, and where relevant to make recommendations thereon to shareholders;
- approving the issue of any securities in the Company;
- approving any public statements which reflect issues of the Company policy or strategy;
- approving any changes to discretions delegated from the Board; and
- taking into account the interests of all shareholders.

### Key Board responsibilities

The Board has ultimate responsibility to set policy regarding the business and affairs of IPS for the benefit of the shareholders and other stakeholders of IPS and is accountable to shareholders for the performance of IPS.

Each Director, when representing IPS, must act in the best interests of IPS's shareholders and in the best interests of the Company as a whole.

In particular, the following are regarded as the key responsibilities and functions of the Board:

#### (a) Senior appointments

- the appointment, delegation of authority to, and review of performance of, the CEO;
- the appointment and review of performance of other executive directors;
- ratification of the organisation chart for senior management.

#### (b) Board and executive management

- approval of the terms of appointment of senior management – i.e. the CEO, executive management team and Company Secretary;
- to evaluate and reward executive management (including determining their remuneration and incentive policies);
- managing succession planning for senior executive positions. It is envisaged that this would involve working with the CEO to identify the requirements for critical positions and individuals who can fill those positions on both an emergency basis and over the longer term;
- ensuring executive management and Board succession planning;

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### **Board and senior management - continued**

- assessment of the organisation's and of the CEO's performance;
- ensuring that there is continuing education and information provided to directors regarding:
  - the Company's businesses; and
  - the role of the Board and its functions and obligations;
- other corporate governance issues.

### **(c) Business Strategy**

- approval of budgets and the strategic plan;
- evaluating the performance of IPS against strategies and business plans in order to:
  - monitor the performance of functions delegated to management; and
  - assess the suitability of IPS's overall strategies, business plans and resource allocation;
- approval of the capital and operating expenditure budget and any alterations to it;
- approval of significant mergers, acquisitions and divestitures of businesses of the Group;
- approval of significant leases or purchase of assets; and
- approval of capital expenditure, operating expenditure and major transactions not included in the budget or outside the ordinary course of business.

### **(d) Relations with shareholders**

- to oversee relations with shareholders by monitoring communications to shareholders including monitoring:
  - arrangements for the annual general meeting and other members' meetings;
  - matters relating to reports as required by law.
- the business of the company shall be managed by the directors. The annual general meeting cannot interfere with a decision of the directors and cannot give directions on how IPS's affairs are to be managed unless the directors are acting contrary to the Constitution or law.
- the directors are to act for the benefit of all shareholders and are accountable to shareholders for the performance of IPS.

### **(e) Financial matters**

- approval of annual accounts and directors' reports;
- approval of accounting policies;
- approval of the internal and external audit plan;
- approval of any question of borrowing or giving security over assets; and
- acceptance of audit reports including management letters.

### **(f) Miscellaneous**

- approval of use of Company seal or where deemed appropriate, execution without seal;
- approval of donations and sponsorships above approved limits; and
- ensuring compliance with applicable laws.

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### **Separation of functions and responsibilities between the Chairman and Managing Director**

The roles and responsibilities of the Chairman and Managing Director (CEO) are strictly separated.

### **Chairman's responsibilities**

The Chairman's roles and responsibilities include:

- leadership and vision to IPS;
- leadership and effective performance of the Board;
- setting the agenda for Board meetings, in conjunction with the CEO and Company Secretary;
- presiding over board meetings and directing board discussions to effectively use the time available to address the critical issues facing the entity;
- overseeing the provision by management to Directors of accurate, timely and clear information to enable the board to undertake effective decision making and actions;
- ensuring that Directors have adequate opportunity to contribute, and seeking to have relations between them and management, particularly the CEO, that are open, cordial and conducive to productive cooperation;
- establishing a protocol to take effect on occasions when the Chairman is absent from meetings of the Board;
- ensuring board minutes properly reflect board decisions;
- developing an ongoing relationship with the CEO. As the major point of contact between the CEO and the board, the Chairman should be kept fully informed of all matters of interest to directors.
- acting as a mentor for the CEO; and
- guiding the ongoing effectiveness and development of the board and individual directors.

### **CEO's responsibilities**

The CEO's role and responsibilities include:

- taking and approving all and any actions and initiatives required to deliver the company's strategic and operational plans as approved by the board;
- ensuring transactions outside the managing director's delegation levels are referred to the board for approval;
- ensuring that all actions comply with the company's policies in force from time to time; and
- other responsibilities as delegated by the board to the CEO.

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### **Non-executive director's responsibilities**

Non-executive directors collectively should:

- challenge and contribute to the development of strategy;
- scrutinise the performance of management against agreed objectives, and monitor the reporting of performance;
- review and where appropriate, challenge proposals presented by management;
- request additional information where they consider that information necessary to support informed decision-making; and
- take reasonable and proper steps to satisfy themselves that financial information released to shareholders is accurate, and that there are adequate and proper financial controls and systems of risk management and that the controls are maintained and the systems robust.

Non-Executive Directors have no individual authority to participate in the day-to-day management of the company and, as such, shall not make any representations or agreements with member companies, suppliers, customers, employees or other parties or entities unless such an authority is explicitly delegated by the Board, through a resolution to the Director.

Non-executive Directors individually should:

- inform themselves to a reasonable extent about the subject matter of all decisions they are called upon to make as Directors of the Company;
- keep their own performance under review, taking into account their other commitments, state of health and personal situation, to determine whether they have an ongoing capacity to meet their obligations as a Director of the Company;
- maintain the skills required to discharge their obligations to the Company. For this purpose they should undertake continuing professional education to the extent necessary. Request for approval of professional education courses may be made to the Company Secretary and where a request is approved, the cost of the course will be met by the Company.

### **Board skills**

- the board shall ensure that, collectively, it has the appropriate level of skills and experience required to properly fulfill its responsibilities;
- where the size of the company precludes this outcome, the board shall make arrangements for ready access to such skills where they are not available; and
- Directors should also have the appropriate personal qualities such as loyalty, honesty and the courage to ask tough questions.

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### Conflicts

- in addition to any legal obligations, a Director is required to disclose to the Board details of any contract or other interest involving the company in which they have a personal interest;
- a Director must inform the Board or the Chairman, as soon as the Director is aware of any conflict or potential conflict of interest which that Director may have in relation to any particular item of business;
- the Board will require that Director to fully and frankly inform the Board about the circumstances giving rise to the conflict;
- unless decided otherwise by the other members of the Board, the Director should be absent from discussion and decision on that matter; and
- Directors must comply strictly with Corporations Act requirements for the avoidance of conflicts.

### Authority Delegated to Senior Management

The Board has delegated to the CEO and the executive management group authority over the day-to-day management of IPS and its operations. This delegation of authority includes responsibility for:

- developing business plans, budgets and strategies for the Company for consideration by the Board and, to the extent approved by the Board, implementing these plans, budgets and strategies;
- operating the Company's businesses within the parameters set by the Board from time to time, and keeping the Board informed of material developments in IPS's businesses;
- where proposed transactions, commitments or arrangements exceed the parameters set by the Board, referring the matter to the Board for its consideration and approval;
- identifying and managing operational and other risks and, where those risks could have a material impact on the Company's businesses, formulating strategies for managing these risks for consideration by the Board;
- managing the Company's current financial and other reporting mechanisms and control and monitoring systems to ensure that these mechanisms and systems capture all relevant material information on a timely basis and are functioning effectively;
- ensuring that the Board is provided with sufficient information on a timely basis in regard to IPS's businesses, and in particular with respect to IPS's performance, financial condition, operating results and prospects, to enable the Board to fulfil its governance responsibilities;
- implementing the policies, processes and codes of conduct approved by the Board; and
- implementing policies, processes and procedures for the management and development of the Company's employees.

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### **Company Secretary's responsibilities**

The Company Secretary is responsible for ensuring that Board procedures are complied with and that governance matters are addressed. Particular responsibilities include:

- ensuring that the Board agenda is developed in a timely and effective manner for review and approval by the Chairman;
- ensuring, in conjunction with the CEO, that Board papers are developed and distributed in a timely and effective manner to permit adequate preparation;
- coordinating, organising and attending meetings of the Board and shareholders, and ensuring that correct procedures are followed;
- drafting and maintaining minutes of Board and shareholder 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;
- meeting statutory reporting requirements in accordance with relevant legislation;
- administering the Company's performance of its obligations under the deeds between the Company and Directors; and
- working with the Chairman and the CEO to establish and deliver best practice corporate governance.

### **Assessing executive management**

As indicated above, the Board has retained ultimate responsibility for the strategic direction and control of the Group.

The Board delegates management of IPS' resources to the executive team under the leadership of the CEO, to deliver the strategic direction and goals determined by the Board. A key function of the Board is to monitor the performance of executive management in this function.

The CEO conducts a formal review each year assessing the performance of executive management and reports back to the Board.

### **Delegation to committees**

The Board may from time to time delegate specific functions to ad hoc committees on an 'as needs' basis. The powers delegated to these committees are set out in Board resolutions.

### **Administrative matters**

The Board determines a schedule of meetings at the beginning of each year including site visits.

Additional meetings are held as required to address specific issues.

The Company Secretary attends meetings of the Board as minute secretary. Executives will be invited to attend meetings (or parts of meetings) from time to time where the Board considers their involvement of assistance to the consideration of items of business before the Board.

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### **Administrative matters - continued**

All minutes of the Committee are signed by the Chairman as a true and correct record and are then to be entered into the minute book and will be open for inspection by any director.

All directors and other attendees at Board meetings are, as officers and/or fiduciaries, required to keep all information presented to (whether written or oral) or discussed at Board meetings confidential.

Board agendas should allow for a discussion period by non-executive Directors in the absence of management.

### **Policies and standards**

The Board will, from time to time, oversee the establishment of policies and standards including:

- Risk Management;
- Communication

### **Risk management**

- monitoring IPS's performance in relation to principles of best-practice corporate governance (as identified and resolved by the Board);
- approving and monitoring IPS's risk-management framework;
- monitoring IPS's operations in relation to, and compliance with, relevant regulatory requirements.

### **Guidelines for risk management and strategic planning**

- The Board will be actively and regularly involved in risk management and strategic planning. Strategic planning will be based on the identification of opportunities and the full range of business risks that will determine which of those opportunities are most worth pursuing. The Board recognises that strategic planning is an ongoing process that must be responsive to changes in the external environment and internal developments;
- The Board's involvement in strategic planning and the monitoring of risks does not mean the Board intends to manage the business, but it recognises the Board is responsible for overseeing management and holding it to account;
- The Board will oversee the process that management has in place to identify business opportunities and risks;
- The Board will consider the extent and types of risk that it is acceptable for the Company to bear;
- The Board will monitor managements systems and processes for managing a broad range of business risks; and
- The Board will, on an ongoing basis, review with management how the strategic environment is changing, what key business risks and opportunities are appearing, how they are being managed and what, if any, modifications in strategic direction should be adopted.

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### IPS Business Code of Conduct

#### **Our customers are our partners**

When representing IPS our standards as a minimum require that:

- we deal with others fairly and honestly;
- we act with integrity in our business dealings and avoid improper practices;
- we are not influenced by considerations which are irrelevant or inappropriate to IPS's business;
- we act in a manner that ensures IPS has a reputation for proper conduct and being true to its word; and
- we don't accept gifts or other benefits that could influence the way we do business.

#### **Our People Are Our Strength**

For IPS employees, our standards as a minimum require that:

- we maintain a safe work environment;
- each employee acts in a way that supports other employees; we treat all employees and candidates for employment fairly and equally, regardless of their personal attributes or beliefs;
- each employee is encouraged to develop and achieve their potential; and
- we take responsibility for the matters which we control.

#### **Our Shareholders Are Our Foundations**

In managing IPS shareholders' funds, our standards as a minimum require that:

- we communicate to shareholders in a full and frank manner;
- we are accountable for our actions to IPS shareholders;
- we manage IPS's funds and resources appropriately and that funds and resources are not used to provide unreasonable benefits for ourselves or others;
- we only use IPS's property for the purpose of the business; and
- we do not seek to obtain an advantage for ourselves or others from information not generally available.

#### **Review of Charter**

The Board will review this charter annually to ensure it remains consistent with the Board's objectives and responsibilities.