



QIC Limited Board Charter

1. Role of the Board

The objective of QIC is to:

“conduct a successful commercial enterprise through the efficient provision of professional investment and fund management services and other financial services to the State, statutory bodies and any other persons whatever so as to generate a satisfactory commercial return on the State’s investment in the Company” (s2.1(a) Constitution).

QIC does this by delivering investment outcomes for its clients.

In addition, section 17 of the *Government Owned Corporations Act 1993* (“GOC Act”) provides that QIC’s key objectives are to be commercially successful in the conduct of its activities and efficient in the delivery of its community service obligations as measured against financial and non-financial performance targets.

The Board has primary responsibility to the shareholding Ministers, who hold shares in QIC on behalf of the State (s80 GOC Act), for guiding and monitoring the business and affairs of QIC to achieve QIC’s stated objectives.

The Board is required to use its best endeavours to ensure QIC meets its performance targets (s16(b) GOC Act). The Board is accountable to the shareholding Ministers for QIC’s performance and QIC’s Statement of Corporate Intent will form the basis for accountability (s16(c) GOC Act).

The role of QIC’s Board is prescribed by section 88 of the GOC Act. This section provides that the role of the Board includes:

- responsibility for QIC’s commercial policy and management
- ensuring that, as far as possible, QIC achieves, and acts in accordance with, its Statement of Corporate Intent and carries out its objectives outlined in its Statement of Corporate Intent
- accounting to QIC’s shareholding Ministers for its performance as required by the GOC Act and other laws applying to QIC
- ensuring that QIC otherwise performs its functions in a proper, effective and efficient way.

To fulfil this role, the Board refers to a number of industry best practice guidelines including the *Corporate Governance Guidelines for Government Owned Corporations* (“CGGGOC”).

2. Responsibilities of the Board

In meeting its duties, the Board is responsible for

- 2.1 In conjunction with CEO, setting performance targets and using its best endeavours to ensure QIC meets the targets (s16(b) GOC Act).
- 2.2 Appointing a Chief Executive with the prior written approval of the shareholding Ministers (s92 GOC Act).

- 2.3 Overseeing the processes for appointment of the Chief Executive and Senior Executives having regard to the *Policy for Government Owned Corporation Chief and Senior Executive Employment Arrangements* including:
- monitoring the performance of the Chief Executive
 - recruitment and promotion of Senior Executives (s146 GOC Act)
 - the basis on which performance agreements will be established, including eligibility
 - establishing a remuneration policy that links remuneration of the Chief Executive and Senior Executives to corporate performance (Principle 8 CGGGOC)
 - establishing and monitoring the implementation of remuneration and incentive Policies that apply to QIC and its subsidiaries, reviewing and approving the performance criteria and evaluation of the Chief Executive and Senior Executives (Principle 1 CGGGOC).
- 2.4 Considering significant issues which impact corporate and investment performance.
- 2.5 Ensuring a sound system of risk oversight and management and internal control (Principle 7 CGGGOC) is established through, among other steps, regular reports to the Board through each Board Committee. This includes accountability for Workplace Health & Safety.
- 2.6 Reviewing and monitoring policy development including policies that promote ethical and responsible decision making and conduct associated with the corporate governance framework (Principle 3 CGGGOC) and compliance with disclosure requirements (Principle 5 CGGGOC).
- 2.7 Actively participating in the strategic planning process including on an annual basis approving and submitting to the shareholding Ministers for their approval a:
- Corporate Plan¹ (s97 GOC Act)
 - Statement of Corporate Intent² (s107 GOC Act) (this document includes a Board-approved annual budget)
 - Employment and Industrial Relations Plan for inclusion in QIC's Statement of Corporate Intent (s149 GOC Act).
- 2.8 Effectively communicating with shareholding Ministers (Principle 6 CGGGOC) via the Chairperson and Chief Executive by:
- keeping the shareholding Ministers reasonably informed of the operations, financial performance and financial position of QIC and its subsidiaries, including the assets and liabilities, profits and losses and prospects of QIC and its subsidiaries (s122(1)(a) GOC Act)
 - providing the shareholding Ministers with reports³ and information that they require to enable them to make informed assessments of the operations, financial performance and financial position of QIC and its subsidiaries, including the assets and liabilities, profits and losses and prospects of QIC and its subsidiaries (s122(1)(b) GOC Act)

¹ Draft Corporate Plan to be submitted to shareholding Ministers not later than two months prior to the commencement of the financial year to which it relates.

² Draft Statement of Corporate Intent to be submitted to shareholding Ministers not later than two months prior to the commencement of the financial year to which it relates.

³ Reports to include:

a. Quarterly Reports – to be submitted within one month after the end of the quarter

b. Annual Report – no later than 4 months following financial year end. (Schedule 3, s46J *Government Owned Corporations Act 1993*.)

- immediately informing the shareholding Ministers of any matters which arise and in the opinion of the Board may prevent, or significantly affect, achievement of QIC's objectives outlined in its Statement of Corporate Intent or targets under its Corporate Plan (s122(1)(c) GOC Act)
- immediately informing the shareholding Ministers and the Auditor-General in writing of suspected or potential insolvency of QIC and/or any of its subsidiaries (s125 GOC Act).
- Recommending to shareholding Ministers the payment or non-payment of a dividend for the financial year ⁴ (s131 GOC Act).
- Providing written directions to subsidiaries about the payment of amounts to allow QIC to make dividend payments under s131 of the GOC Act.
- At least every two years, review the performance and effectiveness of the Board, the Board's permanent committees and individual directors (Principle 2 CGGGOC).
- Safeguard integrity in financial reporting through establishment of an independent committee comprising at least three financially literate members (Principle 4 CGGGOC) and obtaining appropriate representations from management on the integrity of corporate reporting

2.9 In relation to financial and internal control matters, the Board is responsible for approval of:

- Annual Accounts and Director's reports
- Accounting policies
- Internal audit plan
- Appointment of internal auditor, and where relevant, the external auditor
- Matters outside of Board Approved Delegations of Authority, Risk Appetite Statement and Risk Rating Standards
- Annual internal controls report ('GS007 Report')
- Annual specialist insurance program placement
- Capital management

3. Delegations of Responsibilities to Management

Pursuant to s5.1 of the Constitution and s198D of the Corporations Act 2001 ("Corporations Act"), QIC's Board may delegate its powers to a committee, a director or an employee. Such delegations are to be documented in formal policies or via a resolution of the Board.

Specific delegations are provided within the Corporate Delegations Policy, Investment Delegations Policies, Power of Attorney and Board Committee Charters.

In addition, management is responsible for preparing for the Board's approval various regular reports and information required by shareholding Ministers under section 122 of the GOC Act, including but not limited to:

- QIC's Statement of Corporate Intent (s107 GOC Act)

⁴ On or after 1 May, but before 16 May each financial year.

- QIC's Corporate Plan (s107 GOC Act)
- QIC's quarterly and annual reports (s119 and s120 GOC Act)
- Financial statements for QIC and its subsidiaries in accordance with s16.1 of the Constitution
- QIC's Forecast and Interim Reports in accordance with relevant Government guidelines.

The above draft reports (with the exception of the quarterly reports and Forecast and Interim Reports⁵) are to be submitted to the Board for its consideration, input and approval.

4. Structure of the Board

The Board is to consist of the number of directors that are appointed by the Governor in Council (s3.1 Constitution).

In appointing a person as a director, the Governor in Council has regard to the person's ability to make a contribution to QIC's commercial performance and implementation of QIC's Statement of Corporate Intent (s89(2) GOC Act). Appropriate background checks are also undertaken.

The terms of appointment of a director are set by Governor in Council.

No director is subject to retirement by rotation (s3.4 Constitution).

4.1 Role of Chairperson

The Governor in Council may nominate a director to chair meetings of the Board and decide the period for which that director holds that office.

If there is no Chairperson of directors or the chairperson is not present within 15 minutes after the time for which a Board meeting is called or is unwilling to act, the directors present must elect a director present to chair the meeting (s10.4 Constitution).

4.2 Role of Company Secretary

The Company Secretary is appointed by the Board and is accountable to the Board, via the Chair, on all matters to do with the proper functioning of the Board.

4.3 Induction and Continuing Education

The Company Secretary, working with the Board, will co-ordinate an orientation program for new directors in order to assist them in fulfilling their duties and responsibilities (Principle 1 CGGGOC).

Consistent with Principle 2 of the CGGGOC, management will conduct additional presentations for directors from time to time regarding the activities of the organisation. Directors are also encouraged to keep up-to-date on relevant topical issues.

The Board Performance Evaluation process will be utilised to identify any knowledge and/or skills gaps. Such gaps will be addressed in a manner considered appropriate by the Chairperson.

4.4 Independence of Directors

The Board strives to ensure its members act independently and bring an independent judgement to bear on matters coming before the Board (Principle 2 CGGGOC). An independent director is a non-executive director who is not a member of management, and who is free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of their judgement.

⁵ The Board delegated authority to approve Forecast and Interim Reports to the Chief Executive at its meeting on 3 March 2014.

In determining a test for assessing the independence of its directors, regard may be had to the following factors:

1. Is employed, or has previously been employed in an executive capacity by the company or another group member; and there has not been a period of at least three years between ceasing such employment and serving on the board.
2. Has within the last three years been a principal of a material professional adviser or a material consultant to the company or another group member, or an employee materially associated with the service provided.
3. Is a material supplier or customer of the company or other group member; or an officer of or otherwise associated directly or indirectly with a material supplier or customer.
4. Has a material contractual relationship with the company or other group member other than as a director.

Family ties and cross-directorships may be relevant in considering interests and relationships which may compromise independence, and should be disclosed by directors to the Board.

The independence of a director is reviewed on each occasion a new disclosure of interest is given. Independence is also formally considered as part of the Board's Performance Evaluation process.

4.5 Materiality Thresholds

The Board determines materiality thresholds relevant for the purposes of assessing independence on a case-by-case basis to determine whether the above factors would materially affect the director's ability to exercise independent judgement in the interest of QIC's stakeholders.

In supporting this view, but not in isolation, the Board refers to generally accepted accounting principles for materiality. In this assessment, a relationship may generally be considered material when over a 12-month period, it represents >10% of fee revenue or >10% of costs (excluding salary expense) of either QIC or the entity/person being considered. When applying this test, less than 5% is presumed not to be material unless there is evidence or convincing argument to the contrary. When the quantum represents between 5% and 10%, the Board will judge materiality based on the facts and circumstances associated with the relationship.

Directors are expected to volunteer information with regards to the above threshold, as and when changes occur.

5. Professional Conduct

5.1 Conflicts of interest

Each director of QIC is required to comply with s191 and s192 of the Corporations Act in relation to disclosure of interests and voting by interested directors.

The Constitution provides further guidance whereby:

1. A director must not be present, and is not entitled to vote, at a Board meeting that considers a matter in which that director has a material personal interest (whether that interest is a direct interest or an indirect interest).
2. If the interest has been disclosed by the director, the company may proceed with any transaction that relates to the director's interest.
3. A director may retain benefits under the transaction even though the director has the interest. If the interest is required to be disclosed under section 191, this rule (3) applies only if the interest has been disclosed before the transaction is entered into.

4. The company cannot avoid the transaction merely because of the existence of the interest.

5.1.1 Board meetings and notifications

At each Board meeting there will be a standing agenda item to consider all current and new notifications, and the Company Secretary will maintain a register of such notifications.

These notifications should include any matters that directors consider could create any potential, perceived or actual conflict of interest with respect to the affairs of QIC (for example, other directorships, financial or other interests held by a director, and any directorships, roles or interests held by family relations⁶). A director may, instead of giving notice orally or in writing at a Board meeting, give notice to all other directors individually at any time. If written notice is given to directors individually, such notice must be tabled at the next Board meeting after it is given.

In relation to numbered paragraph number 1 above, s195 of the Corporations Act has the effect that a director may be present while the matter is being considered and vote on the matter, if the directors who do not have a material personal interest in the matter have resolved to that effect.

5.1.2 Personal trading by directors

QIC maintains a 'restricted entity list', which notes securities that are subject to trading restrictions due to actual or potential QIC investment activity.

A copy of the restricted entity list will be made continuously available to directors. Should the list be updated, directors will be promptly notified by SMS message, by email (with both an updated list and a summary of the changes made) and a copy of the updated list will be uploaded to Diligent.

Directors should ensure that any personal trading in securities is only conducted once they have satisfied themselves that the list does not refer to the relevant security.

For the purposes of this section 5.1.2:

1. **'trading'** includes buying or selling specific securities, or arranging to do either of those things. It does not include trading by 3rd parties on a director's behalf under a discretionary mandate (for example, trading in securities by a public superannuation scheme); and
2. **'securities'** includes stock, shares, equities, debentures, trust units, discretionary trust interests, futures, warrants, options, derivatives and any other legal or equitable interest in an entity, regardless of where the entity is established or the securities are transacted.

Should directors have any questions about the list or the status of a particular security, they should contact either the Company Secretary or a member of QIC's Operational and Enterprise Risk team.

5.2 Ethical Standards / Code of Conduct

Each director of QIC is required to comply with QIC's Code of Conduct and Ethics, which outlines practices necessary to maintain confidence in QIC's integrity and guide compliance with legal and other obligations (Principle 3 CGGGOC).

5.3 Confidential Information

Information about the operations and dealings of QIC must be treated in the strictest confidence. When directors are serving on the boards of other companies and undertaking private transactions, they are to have regard to their confidentiality obligations at all times.

⁶ 'Family relations' means any of the following who share the same house as you: spouses, partners, children, brothers or sisters, other lineal ancestors (e.g. grandchildren), step-children, parents, step-parents or in-laws.

6. Board

6.1 Convening and holding meetings

Meetings of the Board should be held at the times and places that the Board determines. So far as is practicable, the dates of Board meetings should be agreed prior to the commencement of a calendar year and the Company Secretary should circulate the agreed dates to all directors.

A director may at any time convene a meeting (s10.1 Constitution).

6.2 Quorum and voting

Unless the Board decides otherwise, the quorum for a Board meeting is half the number of directors appointed to the Board and if that number is not a whole number, the next highest whole number. A quorum must be present for the whole meeting. A director is treated as present at a meeting held by audio or audio-visual communication if the director is able to hear and be heard by all others attending. If a meeting is held in another way permitted by section 248D of the Corporations Act, the Board must resolve the basis on which directors are treated as present.

A resolution of the Board must be passed by a majority of the votes cast by directors entitled to vote on the resolution. The Chairperson of a Board meeting does not have a casting vote. If an equal number of votes is cast for and against a resolution, the matter is decided in the negative.

In general, the practice of the Board should be to reach unanimous decisions, however, this is not a formal policy and directors are required and encouraged to exercise independent and critical judgment on all matters.

6.3 Participation in meetings

A Board meeting may be held using any means of audio or audio-visual communication by which each director participating can hear and be heard by each other director participating or in any other way permitted by section 248D of the Corporations Act. All Board members are expected to attend each meeting, in person or via teleconference or video conference. A Board meeting held solely or partly by technology is treated as held at the place at which the greatest number of the directors present at the meeting is located or, if an equal number of directors is located in each of two or more places, at the place where the Chairperson of the meeting is located.

The Chief Executive, Company Secretary and members of the Senior Executive are invited to attend all Board meetings. However, at any time the Chairperson on his or her own initiative, or at the request of a director, can request that any or all of these persons vacate the meeting to enable the Board to discuss any matter in private.

6.4 Board papers

Directors should ordinarily receive board papers and related material not later than five (5) days prior to the relevant meeting. Where a reported conflict of interest exists, the Company Secretary may withhold certain papers or sections of papers from a director. At the commencement of their appointment, all Directors are to acknowledge that they have read, understood and intend to comply with QIC's guidelines relating to electronic board paper usage, and must comply at all times with QIC's IT security and IT use policies and provisions contained within the director's Deed of Indemnity.

The Chief Executive, Company Secretary and members of the Senior Executive should be provided with a copy of Board papers subject to any direction by the Chairperson or Chief Executive that a particular paper should be withheld from any or all of these persons.

6.5 Agenda

The agenda for Board meetings will be determined by the Chairperson in consultation with the Chief Executive.

Individual directors are afforded the opportunity to have issues of significance included in the agenda. Where a director wishes a particular matter to be discussed, the Chief Executive is to be advised in sufficient time for a background briefing paper to be prepared and included in Board papers.

Each meeting should also allow for informal discussions between Board members.

At the commencement of each Board meeting, and at any time during the Board meeting the Chairperson considers appropriate, a private session consisting only of directors should be conducted.

At least once a year the Board should meet informally with senior management, desirably as part of the strategic planning process, to discuss issues related to QIC's business, focusing primarily on the future.

At least once a year, QIC's external and internal auditors should be invited to attend a Board meeting.

6.6 Minutes

The Company Secretary is to prepare the minutes for each Board meeting within 7 days of the conclusion of each meeting and the Chief Executive and Chairperson are to review the minutes. Draft minutes are to be circulated to all directors and if any director has any comments or suggested amendments, these should be notified to the Company Secretary and Chairperson within seven (7) days of circulation. Thereafter, the draft minutes shall be tabled at the next Board meeting for final review and approval. If the next meeting is not within one month of the board meeting, the minutes as approved by the Chairperson are entered in the minute book. However, it should be noted that this process is not intended to restrict the ability of directors to suggest improvements or amendments to the draft minutes during the course of the next Board meeting.

Board minutes should contain no unnecessary detail and are to record decisions made and papers noted, and a very brief overview of any relevant discussion.

6.7 Interim Submissions & Decisions (Written or Circular Resolutions)

Urgent matters that require resolution between scheduled Board meetings may be dealt with by interim submission.

The interim submission must be approved by the Chief Executive and Chairperson before being circulated. The text of the interim submission should refer to the fact that the Chairperson supports its recommendation. If practical, a meeting can be called to discuss the interim submission.

In the main, interim submissions require the unanimous approval of all directors. Approval must be communicated by each director signing and returning the Written Resolution. If a director is unable to be contacted in respect of an Interim Submission, the Chairperson will decide on final approval after receiving a full report on comments made by those directors who were contactable. If unanimous approval of those directors that are contactable is not obtained, the item is deferred to the next Board meeting.

7. Board Committees

The Board may, by resolution, delegate its powers to a committee of the Board pursuant to its Constitution.

The Board has established the following standing committees which service QIC and its subsidiaries:

- Audit Committee (Principles 4 and 7 CGGGOC)
- Risk Committee (Principle 7 CGGGOC)
- HR & Remuneration Committee (Principle 8 CGGGOC).

These committees are designed to enable the workload of the Board to be shared and effectively carried out. The committees do not diminish the responsibilities of the Board as a whole.

Special purpose committees are established as required.

Each committee should have a charter which has been approved by the Board (Principle 1 CGGGOC). The charter should set out:

- the roles and responsibilities of the committee
- the composition of the committee and its membership requirements
- how the committee is to report to the Board.

Minutes should be prepared for each committee meeting and be included within the Board papers for the next Board meeting following the committee meeting.

Each committee should consider specific matters included within their terms of reference and make recommendations to the Board. The Board will consider the recommendations presented to them and bring their own mind to bear on the issue in order to make an independent assessment of the recommendations. Only in exceptional circumstances will the Board delegate to a committee the power to make a decision on the Board's behalf and where practical, any such delegation must be recorded in the minutes of the Board meeting prior to the committee meeting at which the decision is to be made.

8. Subsidiaries

In order to conduct its investment activities, QIC utilises a number of wholly owned subsidiary companies. The conduct of subsidiaries is subject to the following conditions (in addition to those required by the GOC Act):

- The composition of the Board of a subsidiary must be ratified by the QIC Board or delegate.
- Unless otherwise agreed to by the Board, subsidiaries must adopt and comply with QIC's risk management framework and corporate policies.
- The subsidiary Board must provide sufficient information to the QIC Board on its operation to enable QIC to fulfil its oversight function.

9. Communications

9.1 Access to Senior Executives and Employees

The Chief Executive should ensure the availability and, if necessary, the attendance at the relevant Board meeting, of any member of the Executive Committee responsible for a matter included as an agenda item at the relevant meeting.

Any director may communicate directly with any member of the Executive Committee or any employee of the corporation, but such communications are to be made having regard to the efficient operation of QIC and the need to preserve and maintain an effective chain of command and the confidentiality of Board deliberations. Appropriate advice on any matter of significance should be provided to the Chief

Executive (and, as necessary, the Chairperson) which arises in respect of, or is related to, any communication between directors and staff.

9.2 Contact with Media

In dealing with the media, the Chairperson is the Board's authorised spokesperson. Each director must comply with QIC's *Dealing with Media and Regulators* standard.

10. Access to Independent Advice

A director is entitled to seek independent professional advice (including but not limited to legal, accounting and financial advice) at QIC's expense on any matter connected with the discharge of his or her responsibilities subject to the provisions contained in the director's Deed of Indemnity. Generally, a copy of any advice received by a director is made available to all other directors (Principle 2 CGGGOC).

11. Performance Assessment

S105 of the GOC Act provides that QIC's performance will be monitored by the Government against performance targets specified in the Statement of Corporate Intent.

At least every two years, there must be a performance evaluation of:

- the Board, having regard to the requirements of this charter and current best practice principles of good corporate governance
- the individual directors' contribution to the Board
- the operation and appropriateness of the Board's committees (including information needs).

The Board will determine the manner and form of the performance evaluation; however, it will usually be undertaken every two years via a confidential questionnaire. Responses will be collated by the Company Secretary into an aggregated report which will be distributed to the Board. The Chairperson will lead discussion on the issues raised and findings. The survey will include questions to elicit an evaluation of individual director performance and functionality of Committees. Where a director sits on one or more subsidiary boards, a separate questionnaire will be completed if deemed appropriate by that director or at the request of the Chairperson of the subsidiary board.

The results of the performance evaluation will be internal to the Board and a report (in a form deemed appropriate by the Chairperson and including detail as to how QIC rates its compliance with the broader GOC policy framework) will be provided to shareholding Ministers on the outcome of such review. Results of the evaluation will not be made publicly available; however, the fact that the evaluation has been undertaken will be reported in QIC's annual report.

12. Access to Board Charter

This charter will be circulated to all directors and will be made available to all staff within QIC. Other interested parties will be provided with a copy of the charter on request.

A summary of the charter will be disclosed in QIC's annual report and on its website.

13. Review of Board Charter

The Board is committed to achieving and demonstrating a high standard of corporate governance, and this charter has been drafted having regard to what is currently considered best practice in corporate

governance. This charter is a 'living' document and as the circumstances of QIC and the board evolve, so too should this charter. The Board will, at least once in each financial year, review this charter and make any amendments it determines are necessary or desirable.