QUBE HOLDINGS LIMITED
ABN 14 149 723 053

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17 October 2018

ASX Announcement

Appendix 4G and Corporate Governance Statement

Attached below are Qube's FY 2018:

- Appendix 4G; and
- Corporate Governance Statement

Adam Jacobs
Company Secretary

Rules 4.7.3 and 4.10.3[1]

Appendix 4G

Key to Disclosures
Corporate Governance Council Principles and Recommendations

Name of entity:

Qube Holdings Limited

ABN / ARBN:

14 149 723 053

Financial year ended:

30 June 2018

Our corporate governance statement[2] for the above period above can be found at:[3]

☐ These pages of our annual report:

× This URL on our website: www.qube.com.au/about/corporate-governance

The Corporate Governance Statement is accurate and up to date as at 30 June 2018 and has been approved by the board.

The annexure includes a key to where our corporate governance disclosures can be located.

Date:	17 October 2018
Name of Director or Secretary authorising lodgement:	Adam Jacobs Company Secretary

[1] Under Listing Rule 4.7.3, an entity must lodge with ASX a completed Appendix 4G at the same time as it lodges its annual report with ASX.

Listing Rule 4.10.3 requires an entity that is included in the official list as an ASX Listing to include in its annual report either a corporate governance statement that meets the requirements of that rule or the URL of the page on its website where such a statement is located. The corporate governance statement must disclose the extent to which the entity has followed the recommendations set by the ASX Corporate Governance Council during the reporting period. If the entity has not followed a recommendation for any part of the reporting period, its corporate governance statement must separately identify that recommendation and the period during which it was not followed and state its reasons for not following the recommendation and what (if any) alternative governance practices it adopted in lieu of the recommendation during that period.

Under Listing Rule 4.7.4, if an entity chooses to include its corporate governance statement on its website rather than in its annual report, it must lodge a copy of the corporate governance statement with ASX at the same time as it lodges its annual report with ASX. The corporate governance statement must be current as at the effective date specified in that statement for the purposes of rule 4.10.3.

[2] "Corporate governance statement" is defined in Listing Rule 19.12 to mean the statement referred to in Listing Rule 4.10.3 which discloses the extent to which an entity has followed the recommendations set by the ASX Corporate Governance Council during a particular reporting period.

[3] Mark whichever option is correct and then complete the page number(s) of the annual report, or the URL of the web page, where the entity's corporate governance statement can be found. You can, if you wish, delete the option which is not applicable.

Throughout this form, where you are given two or more options to select, you can, if you wish, delete any option which is not applicable and just retain the option that is applicable. If you select an option that includes "OR" at the end of the selection and you delete the other options, you can also, if you wish, delete the "OR" at the end of the selection.

ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed …	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed …[4]
PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT			
1.1	A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	… the fact that we follow this recommendation: × in our Corporate Governance Statement.	☐ an explanation why that is so in our Corporate Governance Statement **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable
1.2	A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	… the fact that we follow this recommendation: × in our Corporate Governance Statement, in the 'Directors Report' section of the Qube 2017 Annual Report and in the Explanatory Memorandum to the 2018 Notice of Annual General Meeting.	☐ an explanation why that is so in our Corporate Governance Statement **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	… the fact that we follow this recommendation: × in our Corporate Governance Statement.	☐ an explanation why that is so in our Corporate Governance Statement **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	… the fact that we follow this recommendation: × in our Corporate Governance Statement.	☐ an explanation why that is so in our Corporate Governance Statement **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable

[4] If you have followed all of the Council's recommendations in full for the whole of the period above, you can, if you wish, delete this column from the form and re-format it.

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed …	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed …[4]
1.5	A listed entity should: (a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them; (b) disclose that policy or a summary of it; and (c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either: (1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or (2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.	… the fact that we have a diversity policy that complies with paragraph (a): ☒ in our Corporate Governance Statement. … and the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with our diversity policy and our progress towards achieving them: ☒ in our Corporate Governance Statement. … and the information referred to in paragraphs (c)(1) or (2): ☒ in Qube's: ▪ Diversity Policy at www.qube.com.au/about/corporate-governance; and ▪ Workplace Gender Equality Act Report 2018 available at http://qube.com.au/investor/media/.	☐ an explanation why that is so in our Corporate Governance Statement **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable
1.6	A listed entity should: (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	… the evaluation process referred to in paragraph (a): ☒ in our Corporate Governance Statement … and the information referred to in paragraph (b): ☒ in our Corporate Governance Statement.	☐ an explanation why that is so in our Corporate Governance Statement **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable
1.7	A listed entity should: (a) have and disclose a process for periodically evaluating the performance of its senior executives; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	… the evaluation process referred to in paragraph (a): ☒ in our Corporate Governance Statement … and the information referred to in paragraph (b): ☒ in our Corporate Governance Statement.	☐ an explanation why that is so in our Corporate Governance Statement **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed …	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed …[4]
PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE			
2.1	The board of a listed entity should: (a) have a nomination committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.	The entity complies with paragraph (a): … the fact that we have a nomination committee that complies with paragraphs (1) and (2): ☒ in our Corporate Governance Statement … and a copy of the charter of the committee: ☒ at www.qube.com.au/about/corporate-governance … and the information referred to in paragraphs (4) and (5): ☒ at 2.1(a)(4): in our Corporate Governance Statement. 2.1(a)(5): 'Directors Report' section of the Qube 2018 Annual Report.	☐ an explanation why that is so in our Corporate Governance Statement **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable
2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	… our board skills matrix: ☒ in our Corporate Governance Statement.	☐ an explanation why that is so in our Corporate Governance Statement **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable
2.3	A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director.	… the names of the directors considered by the board to be independent directors: ☒ in our Corporate Governance Statement. … and, where applicable, the information referred to in paragraph (b): ☒ in our Corporate Governance Statement … and the length of service of each director: ☒ at the 'Information on Directors' section of the Qube 2018 Annual Report.	☐ an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed …	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed …[4]
2.4	A majority of the board of a listed entity should be independent directors.	… the fact that we follow this recommendation: ☒ in our Corporate Governance Statement.	☐ an explanation why that is so in our Corporate Governance Statement
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	… the fact that we follow this recommendation: ☒ in our Corporate Governance Statement.	☐ an explanation why that is so in our Corporate Governance Statement **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	… the fact that we follow this recommendation: ☒ in our Corporate Governance Statement.	☐ an explanation why that is so in our Corporate Governance Statement **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable
PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY			
3.1	A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.	… our Code of conduct and Ethics available at: ☒ at www.qube.com.au/about/corporate-governance	☐ an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed …	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed …[4]
PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING			
4.1	The board of a listed entity should: (a) have an audit committee which: (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (2) is chaired by an independent director, who is not the chair of the board, and disclose: (3) the charter of the committee; (4) the relevant qualifications and experience of the members of the committee; and (5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.	The entity complies with paragraph (a): … the fact that we have an audit committee that complies with paragraphs (1) and (2): ☒ in our Corporate Governance Statement. … and a copy of the charter of the committee: ☒ at www.qube.com.au/about/corporate-governance … and the information referred to in paragraphs (4) and (5): ☒ at 4.1(a)(4) 'Information on Directors' section of the Qube 2018 Annual Report. 4.1(a)(5) 'Directors Report' section of the Qube 2018 Annual Report.	☐ an explanation why that is so in our Corporate Governance Statement
4.2	The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	… the fact that we follow this recommendation: ☒ in our Corporate Governance Statement.	☐ an explanation why that is so in our Corporate Governance Statement
4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	… the fact that we follow this recommendation: ☒ in our Corporate Governance Statement.	☐ an explanation why that is so in our Corporate Governance Statement **OR** ☐ we are an externally managed entity that does not hold an annual general meeting and this recommendation is therefore not applicable

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed …	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed …[4]
PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE			
5.1	A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	… our continuous disclosure compliance policy or a summary of it: ☒ at www.qube.com.au/about/corporate-governance	☐ an explanation why that is so in our Corporate Governance Statement
PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS			
6.1	A listed entity should provide information about itself and its governance to investors via its website.	… information about us and our governance on our website: ☒ at www.qube.com.au/about/corporate-governance	☐ an explanation why that is so in our Corporate Governance Statement
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	… the fact that we follow this recommendation: ☒ at www.qube.com.au/about/corporate-governance	☐ an explanation why that is so in our Corporate Governance Statement
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	… our policies and processes for facilitating and encouraging participation at meetings of security holders: ☒ in our Corporate Governance Statement.	☐ an explanation why that is so in our Corporate Governance Statement **OR** ☐ we are an externally managed entity that does not hold periodic meetings of security holders and this recommendation is therefore not applicable
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	… the fact that we follow this recommendation: ☒ at www.qube.com.au/about/corporate-governance in our Investor Relations Program.	☐ an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed …	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed …[4]
PRINCIPLE 7 – RECOGNISE AND MANAGE RISK			
7.1	The board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.	The entity complies with paragraph (a): … the fact that we have a committee or committees to oversee risk that comply with paragraphs (1) and (2): ☒ in our Corporate Governance Statement. … and a copy of the charter of the committee: ☒ at www.qube.com.au/about/corporate-governance … and the information referred to in paragraphs (4) and (5): ☒ at 7.1(a)(4): Corporate Governance Statement. 7.1(a)(5): 'Directors Report' section of the Qube 2018 Annual Report.	☐ an explanation why that is so in our Corporate Governance Statement
7.2	The board or a committee of the board should: (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and (b) disclose, in relation to each reporting period, whether such a review has taken place.	… the fact that board or a committee of the board reviews the entity's risk management framework at least annually to satisfy itself that it continues to be sound: ☒ in our Corporate Governance Statement. … and that such a review has taken place in the reporting period covered by this Appendix 4G: ☒ in our Corporate Governance Statement.	☐ an explanation why that is so in our Corporate Governance Statement
7.3	A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	The entity complies with paragraph (a) and has an internal audit function that presents reports on the findings of its internal audit reviews to the Audit and Risk Management Committee on a regular basis:: ☒ as outlined in in our: ▪ Risk Management Policy (www.qube.com.au/about/corporate-governance); and ▪ Corporate Governance Statement.at www.qube.com.au/about/corporate-governance.	☐ an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed …	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed …[4]
7.4	A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	… whether we have any material exposure to economic, environmental and social sustainability risks and, if we do, how we manage or intend to manage those risks: ☒ in our Risk Management at www.qube.com.au/about/corporate-governance Policy.	☐ an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed …	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed …[4]
PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY			
8.1	The board of a listed entity should: (a) have a remuneration committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.	The entity complies with paragraph (a): … the fact that we have a remuneration committee that complies with paragraphs (1) and (2): ☒ in our Corporate Governance Statement. … and a copy of the charter of the committee: ☒ at www.qube.com.au/about/corporate-governance … and the information referred to in paragraphs (4) and (5): ☒ at 8.1(a)(4): Corporate Governance Statement. 8..1(a)(5): 'Directors Report' section of the Qube 2018 Annual Report.	☐ an explanation why that is so in our Corporate Governance Statement **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	… separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives: ☒ at the 'Remuneration Report' section of the Qube 2018 Annual Report.	☐ an explanation why that is so in our Corporate Governance Statement **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable
8.3	A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.	… our policy on this issue or a summary of it: ☒ at www.qube.com.au/about/corporate-governance in our Securities Trading Policy.	☐ an explanation why that is so in our Corporate Governance Statement **OR** ☐ we do not have an equity-based remuneration scheme and this recommendation is therefore not applicable **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable

Corporate Governance Statement

Qube Holdings Limited

ACN 149 723 053

For the year ended: **30 June 2018**

Corporate Governance Statement

This Corporate Governance statement outlines the key aspects of Qube's corporate governance framework. The Qube Board of directors is committed to the highest standards in corporate governance and believes that good governance plays a major role in Qube's success. For the 12-month reporting period to 30 June 2018 (**Reporting Period**), Qube's governance practices comply with the Corporate Governance Principles and Recommendations of the ASX Corporate Governance Council (**Principles** or **Recommendations** as the context requires) except as noted below.

Also listed below are matters required to be disclosed by the Recommendations.

This Corporate Governance Statement reflects the position in relation to corporate governance matters during and as at the end of the Reporting Period and has been approved by the Qube Board. Information about the governance framework, the policies and charters referred to in this statement can be found on Qube's website at www.qube.com.au/about/corporate-governance.

1. Principle 1 – Lay solid foundations for management and oversight

1.1. The Board is responsible to shareholders for the long-term performance of Qube and for overseeing the implementation of the highest standards of corporate governance with respect to Qube's affairs.

1.2. To assist the Board in discharging its responsibilities, Qube has adopted a governance framework which provides for the delegation of functions to Board Committees and senior management under the leadership of the Managing Director. Whilst ultimate accountability rests with the Board, the framework ensures that functions are carried out by the most appropriate person or group and that a tiered system of responsibility and accountability exists throughout Qube.

1.3. The Board operates under a formal Charter which sets out its role and responsibilities and which is available on Qube's website.

1.4. In summary, the Board is responsible for:

a. *Strategy* – approving, directing, monitoring and assessing Qube's performance against strategic and business plans as well as approving and monitoring capital management including major capital expenditure, acquisitions and divestments.

b. *Risk Management* – ensuring processes are in place to identify the principal risks of Qube's business and assessing the integrity of Qube's systems of risk management.

c. *Reporting and Disclosure* – approving and monitoring financial and other reporting requirements, including reporting to shareholders and other stakeholders and establishing procedures to ensure compliance with Qube's continuous disclosure obligations.

d. *Management and Performance* – evaluating the performance of the Managing Director, approving criteria for assessing, monitoring and evaluating the performance of senior executives, as well as undertaking an annual performance review of the effectiveness of the Board and its Committees.

e. *Corporate Governance* – establishing and monitoring Qube's compliance with corporate governance standards and encouraging ethical behaviour.

1.5. Non-executive directors are advised of the Board's Charter (see clause 2.10 on director induction) and the terms and conditions of their appointment in formal letters of appointment.

Performance reviews

1.6. The Board has adopted a policy setting out a performance evaluation process for the Board. This policy provides that the performance of the Board, each of its Committees and each director will be reviewed annually. The policy also sets out matters that will be considered relevant in assessing their performance.

1.7. Additionally, as part of this review, the Chairman may decide to meet with the Board as a whole and with each director individually to discuss the effectiveness of the Board and each of the Committees.

1.8. Such reviews may also be conducted by an external consultant. Whether or not an independent external consultant has been engaged to assist with the review, the Board will consider the results of the review and, where desirable, take steps to implement any recommendations for improving Board performance.

1.9. Comprehensive internal performance evaluations of the Board and each of its Committees in respect of the Reporting Period were undertaken during the Reporting Period. Management also contributed its feedback on the functioning of the Board and Committees. The Chairman has shared evaluation feedback with the directors.

1.10. The Board maintains a focus on succession planning. In early FY18, the Board undertook a review of its membership requirements in the context of Qube's long-term strategic plans. Based on this review, Qube undertook a thorough recruitment process which culminated in the appointment of Ms Susan Palmer to the Board on 1 September 2017.

Chairman

1.11. The Chairman is elected from the independent non-executive directors. The responsibilities of the Chairman are set out in the Board Charter.

1.12. Mr Allan Davies has been Chairman since his election and appointment on 23 June 2017. Further information on Mr Davies is set out in the Directors' Report contained within the Annual Report.

Company Secretary

1.13. Two company secretaries assist the Board with corporate governance matters and the meeting by Qube of its regulatory compliance obligations. The two company secretaries report directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board. All directors have access to the company secretaries, who advise the Board and its Committees on governance matters, monitor adherence to Board policies and procedures, and retain professional advisers at the Board's request. Further information on the role of the company secretaries is contained in the Board Charter.

Management delegation, review and assessment

1.14. The Board has delegated the day-to-day management of Qube's business to the Managing Director and management. The Managing Director and management regularly report to the Board to enable the directors to discharge their duties. The performance of management and key staff is regularly reviewed.

1.15. Since 1 July 2016, Qube has had in place a Chief Operating Officer (**COO**) whose role is to drive synergies and consistent business practices, as well as to act as a conduit between Qube's commercial managers and the Managing Director and senior management. One of the COO's key tasks has been supervision of the continued integration of Qube's two operating divisions (Logistics and Ports & Bulk) to achieve cost savings and operational benefits. As a result of this process, for the following Reporting Period, Qube will be reporting these divisions as a single segment called the Operating Division to reflect how the business is being managed and reported internally.

1.16. In December 2017, Qube created a new Infrastructure and Property division to house the Company's established investments, namely the Moorebank Intermodal Project, its Minto property and Australian Amalgamated Terminals. Infrastructure and Property is headed by its own divisional-level director who is a member of Qube's Key Management Personnel (**KMP**) and reports directly to the Managing Director. Qube's early stage projects such as the TQ Holdings and Quattro joint ventures are contained within Strategic Assets which has become a sub-division of Infrastructure and Property.

1.17. To ensure appropriate oversight of the senior executive team, Qube has adopted a range of mechanisms which reinforces the accountability of the senior executive team for functions delegated to them and ensures their performance is assessed accordingly. The Board is responsible for setting the major goals, objectives and personal development programs for the Managing Director for the year ahead, and then assessing and measuring performance against such goals, objectives and programs. The Chairman of the Board conducts the Managing Director's performance review and shares the outcome with the Board.

1.18. A comprehensive process for the evaluation of the performance of senior executives is also conducted on an annual basis. Previously, the Managing Director had reviewed annually the performance, including incentive-based awards, of all senior executives who report to him. However, due to the growth in the size of Qube's executive, the Nomination and Remuneration Committee Charter was amended during the Reporting Period to allocate the review of executives' performance, particularly in respect of Qube's Short Term Incentive (**STI**) Plan, between the Managing Director, the Committee, its Chair and the Chairman of the Board. From the Reporting Period onwards:

a. the Committee will set performance-based measures under the STI Plan for all senior executives and, with input from the Managing Director, will review the performance under the plan for Qube's KMP. The Committee Chair, with input from the Managing Director, will review the performance of senior executives other than the KMP. The Board Chairman will review the performance of the Managing Director; and

b. the Managing Director will continue to undertake review of the performance of direct reports to the KMP and divisional business heads.

1.19. As part of the review process, the Managing Director considers and disseminates internal feedback, the individual's performance against requisite standards and actively monitors their contribution to all aspects of Qube's performance and culture. The results of these reviews are used by the Committee in determining future remuneration.

1.20. Performance evaluations for all senior executives were undertaken for the Reporting Period in accordance with the above process.

2. Principle 2 – Structure the Board to add value

Board composition

2.1. On 1 September 2017, Ms Susan Palmer was appointed as a director of Qube. Consequently, the Board had, as at 30 June 2018, seven members of which six were non-executive directors comprising Mr Allan Davies as Chairman, Mr Sam Kaplan as Deputy Chairman, Messrs Ross Burney, Peter Dexter and Alan Miles and Ms Palmer. The Board has also accepted the appointment of Mr Åge Holm as alternate non-executive director to Mr Dexter. The remaining director is Mr Maurice James who is the Managing Director of Qube.

2.2. The Board is balanced in its composition with each director bringing a range of complementary skills and experience to Qube. Further details regarding the relevant skills, experience, tenure and expertise of each director are set out in the Directors' Report contained in Qube's 2018 Annual Report. During the Reporting Period, the Board's Nomination and Remuneration Committee completed its review of the skills and experience of the Board against the competencies required for the Company and its activities. Based on the Board Skills Matrix, which was developed during the Reporting Period (a copy of which is **attached**), the Committee

determined that director competencies and skills meet the competencies and skills required for Qube's businesses.

2.3. The directors believe that during the Reporting Period the Board was appropriately structured, independent and comprised of directors with extensive knowledge of Qube and its business divisions and able to deploy their substantial experience and expert recognition in the logistics industry and other industries relevant to Qube's operations.

Independence

2.4. The Board will continually assess the independence of the directors appointed to the Board, the interests they have disclosed and such other factors as the Board determines are appropriate to take into account. In making this determination, the Board is seeking to assess whether directors are:

c. independent of management;

d. free of any business or other relationship that could materially interfere, or be perceived to materially interfere, with their unfettered and independent judgement; and

e. capable of making decisions without bias and which are in the best interests of all members.

2.5. The criteria utilised by the Board in its assessment of independence and the criteria against which it determines materiality are based on consideration of the Principles, in particular the factors relevant to assessing independence as set out in Recommendation 2.3, materiality guidelines applied in accordance with Australian Accounting Standards and independent professional advice as may be sought by the Board.

2.6. Important but non-determinative factors to be considered when determining whether a non-executive director is to be regarded as an independent director include whether that director:

a. is a substantial shareholder of Qube or an officer of, or otherwise associated directly with, a substantial shareholder of Qube;

b. within the last three years has been employed in an executive capacity by any member of the Qube Group;

c. within the last three years has been a partner or a senior management executive with audit responsibilities of a firm which has acted in the capacity of statutory auditor of any member of Qube;

d. within the last three years has been a principal of a material professional adviser or a material professional consultant to any member of the Qube Group, or an employee materially associated with the service provided – for this purpose a material professional adviser/consultant is an adviser whose billings to Qube exceed 5% of the total revenues of the adviser/consultant;

e. is a material supplier to, or material customer of, any member of the Qube Group, or an officer of or otherwise associated directly or indirectly with a material supplier or customer – for this purpose a material supplier to Qube means a supplier whose revenues from Qube exceed 5% of the supplier's total revenues and a material customer is a customer whose payments to Qube exceed 5% of the customer's operating costs;

f. has a material contractual relationship with any member of Qube other than as a director; or

g. has any interest or business or other relationship which could materially interfere with the director's ability to act in the best interests of Qube and independently of management.

2.7. Based on the Board's assessment (including consideration of the factors listed above), the Board has made determinations that:

a. Mr Allan Davies is an independent director;

b. Mr Sam Kaplan is an independent director;

c. Mr Ross Burney is an independent director;

d. Mr Peter Dexter is an independent director;

e. Mr Alan Miles is an independent director; and

f. Ms Susan Palmer is an independent director.

2.8. During the Reporting Period all of the directors other than the Managing Director were deemed to be independent. Accordingly, Qube has also complied with the Recommendation 2.4 of the Principles that the majority of the Board be independent. Qube also complies with Recommendation 2.1 that the Chair should be an independent director and, in particular, should not be the same person as the Managing Director.

Independent advice

2.9. In order to assist directors in fulfilling their responsibilities, each director has the right (with prior approval from the Chairman) to seek independent professional advice regarding those responsibilities at the expense of Qube.

2.10. When a new director is appointed, he or she must undertake an induction program which includes information about Qube's strategies, objectives and values as well as Qube's governance framework, including its policies, codes, guidelines and Charters of the Board and its Committees. The program also covers Qube's business operations as well as meetings with key senior management personnel.

2.11. In addition, all directors have on-going access to information with respect to Qube's business operations and to members of senior management through Board presentations, strategic discussions and site visits.

Board Committees

2.12. The Board has established three standing Committees to assist with the effective discharge of its duties, as follows:

a. Audit and Risk Management Committee.

b. Nomination and Remuneration Committee.

c. Safety, Health and Environment Committee.

2.13. All three Committees have at least three members. Non-Committee members, including the Managing Director, may attend Committee meetings by invitation and generally do attend where appropriate.

2.14. Each Committee operates under a specific Charter approved by the Board and the Charters are available on Qube's website.

2.15. The Board regularly reviews the appropriateness of the existing committee structure, as well as the membership and Charter of each Committee. As part of this process, the Nomination and Remuneration Committee Charter was, as noted above, revised during the Reporting Period in relation to the review of executives' performance, particularly in respect of Qube's STI Plan. Consequential amendments were also made to the Board Charter.

2.16. Qube's current Board and Committee Charters are available on Qube's website at: http://www.qube.com.au/about/corporate-governance. Further details regarding the standing Committees are set out in the table below.

Committee	Members and Composition	Role
Audit and Risk Management Committee	The members of the Committee are: ▪ Sam Kaplan (Chair) ▪ Alan Miles ▪ Sue Palmer (replaced Ross Burney as a Committee member on 23 November 2017). The Chair and all of the members of the Committee are non-executive independent directors.	The primary responsibility of the Committee is to review the integrity of Qube's financial reporting process and to report the results of its activities to the Board. Other responsibilities of the Committee include: ▪ assessing internal controls; ▪ reviewing compliance with legal and regulatory obligations; ▪ assessing the integrity of the financial reporting process; ▪ overseeing the relationship with, and the independence of, the external auditor; ▪ advising on the provision of non-audit services by the external auditor; ▪ overseeing the relationship with, and provision of internal audit services by, the internal auditor; ▪ reviewing Qube's enterprise-wide risk management framework and reporting; ▪ overseeing operation of Qube's compliance systems and Qube's corporate governance processes. The Committee meets with Qube's external and internal auditors on a regular basis.
Nomination and Remuneration Committee	The members of the Committee are: ▪ Peter Dexter – Chair (appointed Chair on 23 November 2017) ▪ Allan Davies (resigned as Chair on 23 November 2017) ▪ Ross Burney The Committee is chaired by an independent director and consists of independent directors.	The responsibilities of the Committee include: ▪ overseeing the remuneration of non-executive directors; ▪ reviewing and making recommendations to the Board on Qube's remuneration policies, framework and practices, including senior executive remuneration and long-term incentive (LTI) and short term incentive (STI) Plans, to ensure they are aligned with the strategic objectives of the Board; ▪ making recommendations to the Board in relation to the implementation, setting of awards under, and operation of equity-based incentive plans and other employee benefit programs; ▪ setting performance-based measures for senior executives other than the Managing Director,

		determining performance outcomes and approving awards under the STI Plan for the KMP. ▪ reviewing Qube's recruitment, retention and termination policies and fringe benefits; ▪ reviewing the size, composition and necessary competencies of the Board and making recommendations to the Board on the appointment and removal of directors; ▪ overseeing, and considering diversity in the context of, director and senior executive succession planning; ▪ establishing guidelines for the selection and appointment of new directors, including strategies to address diversity in the Board's composition; and ▪ reviewing succession plans and overseeing the performance evaluation of senior executives including the Managing Director.
Safety, Health and Environment Committee	The members of the Committee are: ▪ Allan Davies (Chair) ▪ Peter Dexter ▪ Alan Miles ▪ Maurice James The Committee consists of a majority of independent directors and is chaired by an independent director.	The responsibilities of the Committee include assisting the Board in fulfilling its strategy, policy, monitoring and corporate governance responsibilities in regard to: ▪ safety, health, environment (SHE); ▪ Sustainability (Environmental, social and governance or ESG matters); and ▪ operational matters as they relate to SHE and Sustainability. These matters include: ▪ reviewing the strategies, systems, policies and processes established by Qube management to: o manage the environmental performance of Qube and its subsidiaries; o monitor the adequacy of safety, health and environment systems for the reporting of actual or potential incidences and breaches; o monitor subsequent investigations and remedial actions; and o protect Qube's reputation; ▪ reviewing sustainable and ethical business practices and transparent sustainability reporting; and ▪ ensuring compliance with legal and regulatory obligations; and ▪ reviewing Qube's enterprise-wide risk management framework and reporting, as related to SHE matters.

2.17. Senior members of management attend Board and Committee meetings. On a standing basis these are:

a. *Board* – General Counsel & Company Secretary, Chief Financial Officer, Chief Operating Officer, Director Infrastructure & Property, Director – Corporate Affairs.

b. *Safety, Health & Environment Committee* - General Manager - Health, Safety & Environment, General Counsel & Company Secretary, Chief Operating Officer, Director Infrastructure & Property.

c. *Audit & Risk Management Committee* – Managing Director, Chief Financial Officer, General Counsel & Company Secretary, Chief Operating Officer, Chief Information Officer, General Manager – Finance & Treasury.

d. *Nomination & Remuneration Committee* – Managing Director, Chief Financial Officer, General Counsel & Company Secretary.

2.18. Other senior management personnel attend meetings as required to report on matters relevant to their areas of their responsibility.

Appointment of directors

2.19. When appointing new directors, the Board and the Nomination and Remuneration Committee ensure that an appropriate balance of skills, experience, expertise and diversity is maintained.

2.20. In considering the selection, appointment and re-election of directors, the Nomination and Remuneration Committee implements Qube's policy of maintaining a Board with a mix of skills, experience and diversity of occupational backgrounds suitable for Qube's current and anticipated future operations. External consultants will be engaged to assist with the selection process as necessary.

2.21. The Nomination and Remuneration Committee will assess candidates against a range of criteria developed for the role and in doing so will consider their background, experience, personal qualities and professional skills. Once a shortlist of suitable candidates is identified, the Committee will undertake interviews of, and background checks into, prospective candidates. These checks include but are not limited to solvency, criminal record and reference checks. Following this assessment, the Committee will provide its recommendation of the preferred candidates to the full Board to consider prior to making a determination on the appointment. Each Board member will have the opportunity to meet with the proposed appointee.

2.22. New directors receive formal letters of appointment setting out the key terms, conditions and expectations of their appointment. They are also required to declare their material interests which are tabled before the Board in accordance with Qube's Constitution and the ASX Listing Rules. Further, as a standing agenda item at Board meetings, Directors must advise if they have any conflict of interest in respect of matters to be discussed at the meeting.

2.23. During the Reporting Period, the Board instituted a new guideline which sets out Qube's expectation that new non-executive directors should accumulate Qube shares equivalent to one-year's worth of a non-executive director's fee within three years after the date of their appointment).

Board skills and expertise

2.24. The Board has set key priorities as a background to which it has established the skills and expertise it requires of its members. These priorities are:

e. Expansion and diversification of logistics activities;

f. Organic growth from new and existing customers;

g. Significant investment in facilities, equipment and acquisitions; and

h. Development of strategic assets, in particular intermodal infrastructure development and operation.

2.25. The Nomination and Remuneration Committee, as part of its regular review of the requirements of the Board in the context of Qube's business and strategic plans, reviewed the Board Skills Matrix during the Reporting Period. As at the end of the Reporting Period, the directors had the following skills and experience set out in the updated Skills Matrix which is contained in the **Appendix** at the end of this report.

2.26. The Committee will ensure that selection of new director appointments will be closely tied to the nominee's ability to satisfy those skillsets of which the Board has the most need. For example, the appointment of Ms Palmer to the Board during the Reporting Period boosted the Board's skillset in relation to Major Asset and Infrastructure Development. This is an increasingly important skillset in the context of the establishment of the new Infrastructure and Property division and Qube's future plans and operations.

Tenure and retirement

2.27. Directors appointed to casual vacancies during any reporting period are required to stand for election at the next general meeting of members. Directors to be re-elected are reviewed by the Nomination and Remuneration Committee and proposed for re-election in accordance with Qube's Constitution and the ASX Listing Rules. Ms Palmer stood for election at Qube's 2017 annual general meeting and her appointment was confirmed by shareholders.

2.28. All directors, excluding the Managing Director, are required to retire and, if eligible, stand for re-election by members at least once every three years.

2.29. Where incumbent directors are to be nominated for re-election, their performance is reviewed by the Nomination and Remuneration Committee. The Committee then makes recommendations to the Board as to their nomination for re-election based on the directors' performance assessments, mix of skills, experience and expertise and the requirements of the Board at the time. Having regard to the Committee's assessments and recommendations, the Board then makes recommendations to shareholders in the Notice of Meeting concerning the election or re-election of any director.

Induction and training

2.30. Upon appointment, directors receive an induction pack which includes:

a. a letter of appointment, which refers to and summarises a number of matters including director's duties, disclosure of interests and dealing with conflicts, and Qube securities dealing;

b. a copy of all of Qube's policies and codes and Board/Committee Charters (as listed on the Corporate Governance section of Qube's website);

c. a directors' interests disclosure agreement; and

d. a deed of indemnity, insurance and access.

2.31. In addition, the induction pack contains a detailed presentation on Qube, its business, structure and management, as well as minutes of past Board and Committee meetings.

2.32. At this time, directors are also introduced to the senior executive team and receive a briefing in relation to meeting arrangements and the culture and values of Qube. New directors are also encouraged to undertake site tours of key business locations.

2.33. Qube recognises the importance of providing continuing professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively, as well as to enhance their knowledge of the Qube Group and

the industries in which it operates. As part of the Board's on-going development program, directors attend an annual off-site planning and strategy session which includes briefings on current and future projects. Several Board meetings each year are also held at operational locations and typically include site visits to supplement the Board's knowledge and understanding of Qube's operations. Directors are encouraged to undertake site visits at other times and management works with directors to facilitate such visits.

2.34. Additionally, Qube facilitates Directors attending training seminars in relation to important legal, ethical and regulatory issues such as anti-bribery/corruption and competition law and regulation.

3. Principle 3 - Promote ethical and responsible decision-making

Code of conduct and ethics

3.1. Qube is committed to conducting its business in accordance with the highest standards of ethical behaviour. All directors, managers and employees are expected to act with integrity and objectivity, striving at all times to enhance Qube's reputation. Accordingly, Qube has established policies in order to maintain confidence in Qube's integrity and encourage compliance with both legal obligations and stakeholder expectations.

3.2. Qube's code of conduct and ethics sets out obligations in relation to fair dealing, insider trading, equal opportunity, privacy and confidentiality, health and safety, the environment, gifts and favours, conflicts of interest, expenses and claims, and use of company property. The code is also available on Qube's website at www.qube.com.au/about/corporate-governance.

3.3. In addition, all employees are provided with a copy of Qube's Employee Handbook. This is a compendium summarising Qube's primary policies as well as important human resources, operational and workplace policies and standards. The policies are cross-referenced and employees are advised how to access the policies and standards and whom to contact in relation to specific queries.

3.4. In accordance with Qube's policies and standards, employees are encouraged to report unacceptable behaviour to their nominated supervisors, human resource managers or the company secretary.

3.5. Qube recognises the value of attracting and retaining employees with differing knowledge, abilities and experiences and is committed to creating a working environment that is fair and flexible, promotes personal and professional growth, and benefits from the capabilities of its diverse workforce.

Diversity

3.6. Qube believes that a talented and diverse workforce is a key driver of competitiveness and Qube's success is a reflection of the quality and skills of its people.

3.7. Qube is committed to providing equal employment opportunities and to fostering an environment which attracts, welcomes and retains a diverse and talented workforce, and to treating people equitably with respect, dignity and fairness.

3.8. Diversity recognises and values the contribution of people with differences in capabilities, experience and perspectives. Diversity encompasses gender, age, ethnicity, religious, and cultural backgrounds.

3.9. Qube policy also requires that all positions at Qube are filled on the basis of merit. This means that applicants for positions for which a formal recruitment process is undertaken will be assessed on the basis of the competencies they possess in relation to the requirements of the job. Merit-based selection ensures the opportunity exists for all applicants to demonstrate their competencies for the position being offered.

3.10. During the Reporting Period, Qube further enhanced its recruitment practices designed to avoid use of selection criteria that indirectly disadvantage candidates from minority groups. These practices have been supported by diversity inclusion training for Qube's HR managers.

3.11. During the prior Reporting Period, Qube issued surveys to employees aimed at identifying the opportunities and barriers to promoting diversity within Qube's businesses. The results of these surveys showed an overwhelming number of respondents were interested in how they could access and be considered for roles within other divisions of the business and information relating to our current employee benefits and Qube health and wellness programs. In response, Qube is planning an employee engagement tool to be delivered by an online app which will address these areas of interest and engage with our employees on a wider range of matters that are important to them, and the business. This employee engagement tool will be implemented in the next reporting period.

Gender diversity

3.12. The proportion of men and women at various levels in the business is disclosed in the Company's 2018 Workplace Gender Equality Act (WGEA) Report available on Qube's website at: www.qube.com.au/investors/reports-and-presentations. The report notes that:

a. The proportion of women overall increased during the WGEA reporting period (1 April 2017 to 31 March 2018) from 8.5% in the prior reporting period to 9.3%. Women occupy 40% of professional and 43% of clerical and administrative roles. While women are employed mostly in professional administrative roles, there is a significant and growing number of women in management positions. As at the end of the WGEA reporting period, there were 27 women employed in manager level positions (or above) and eleven occupied general manager positions or above (up from five general manager positions in the prior reporting period);

b. There was an increase in women promoted in management roles from 7.7% in the prior WGEA reporting period to 25% in the current reporting period;

c. Women make up a higher proportion of the part-time compared to full-time employees and, in the current WGEA reporting period, there were no part-time employees who ceased employment after completing parental leave (compared to 20% in the prior reporting period); and

d. Overall, there was a reduction in the number of women resigning their employment, from 13.5% in the prior WGEA reporting period to 10.3% in the current reporting period.

3.13. The Nomination and Remuneration Committee recognises that the Company is in an industry where its employees engaged in operations (waterfront, trucks, rail, etc.), including those employees that have become senior managers, have been traditionally male. The Committee is focused on ensuring there are no barriers for women in operational roles, as well as senior management roles and the Board.

3.14. To this end, during the Reporting Period Qube continued its major sponsorship of the 'Wayfinder' initiative run by Deakin University's Centre for Supply Chain and Logistics (CSCL). Wayfinder is a diversity and inclusion program financially supported by eleven industry sponsors which aims to increase the number of women and girls in supply chain and logistics education, training, jobs and careers. It also seeks to encourage employers to consider their retention and succession strategies so they address the specific needs of women in their organisations.

3.15. Qube fully supports the recent initiative by Patrick Container Terminals to initiate a graduate program for ten female cadets across its four terminals and National Operations Centre.

Indigenous participation

3.16. Qube proactively supports its commitment to provide training and employment opportunities for indigenous people in both metropolitan and regional locations.

3.17. Qube demonstrates this commitment through the establishment and ongoing relationship with the Clontarf Foundation originally set up in the Bunbury and Geraldton areas of WA. The Clontarf Foundation aims to improve the education, discipline, life skills, self-esteem and employment opportunities for young aboriginal men.

3.18. During the Reporting Period, Qube extended its partnership with Clontarf nationally across the business. In addition to financial support, Qube provides indigenous students with work experience and employment opportunities over an extended period of time in order to assist them to become employment ready upon completing their schooling.

International development

3.19. Qube Energy is a sub-division of Qube Ports providing a suite of offshore services to the oil and gas industry from its supply base in Darwin. In collaboration with ConocoPhillips, Qube commenced delivering a suite of capability development programs to provide training and education for East Timorese, with the objective of investing in people and getting them employment ready.

Diversity strategy and objectives

3.20. Consistent with the Diversity Policy, during the Reporting Period the Nomination and Remuneration Committee reviewed previously established measurable objectives and Qube's progress in achieving them in order to ensure continuing implementation of equal opportunity and non-discriminatory practices.

3.21. The objectives are designed to achieve the following outcomes:

a. attracting and retaining well qualified employees, senior management and Board members from a deep talent pool;

b. eliminating artificial, unfair and inappropriate barriers to workplace and Board participation and facilitating equal employment opportunities based on merit, performance and potential;

c. taking action against inappropriate workplace behaviours including discrimination and harassment;

d. providing the opportunity for workplace flexibility when meeting business requirements; and

e. creating an inclusive workplace culture, recognising that people are different and valuing those differences.

3.22. The objectives are consistent with Qube's non-gender specific diversity policy and are directed at promoting diversity (including gender diversity) through equal employment opportunities and non-discriminatory practices.

3.23. Qube deploys a range of strategies and initiatives aimed at meeting these objectives.

Strategies and initiatives

a. Ensuring the Diversity Policy is regularly reviewed and updated.

b. Assigning management responsibility for the Diversity Policy and its administration.

c. Designing occupational and professional recruitment and development practices that implement the policy objectives.

3.24. These strategies and initiatives are implemented at all levels of the organisation, as follows:

<u>Board/Committee level</u>

a. Review of Board/Committees Charters to consider whether amendments are required to promote diversity i.e. broad range of skills, expertise and experience and equal opportunity through diverse candidate pools.

b. Annually reviewing and evaluating the requirements of the Board and its Committees.

Executive/management

a. Reviews of divisional Human Resources policies occur regularly to ensure Qube's policies and procedures are in compliance with equal employment opportunity legislation, reflect modern employment practices and remove and potential impediments.

b. During the Reporting Period Qube undertook fact-finding exercises to identify and understand barriers to employment entry and to ensure diversity strategies are in place within Qube and, where possible, our stakeholders throughout the supply chain. For example, conducted a review of employment roles (administrative functions) which can be undertaken utilising flexible work arrangements. Qube is implementing business measures to promote and support these arrangements. Qube is also currently considering ways to improve our parental leave offering to our employees.

c. Our businesses aspire to be the employer of choice in the logistics market. We continue to engage with schools and the community to promote career opportunities within the logistics sector, which supports greater interest from candidates in Qube.

d. Qube has supported many high potential employees in developing leadership skills. Over the last year we have sponsored targeted females to participate in leadership programs that prepare them for executive and senior management positions.

e. During the Reporting Period, the business continued to develop its talent sourcing system through professional media platforms. These have enabled a broadening of Qube's reach and engagement with prospective employees with the aim of reaching broad groups of people. From this deep talent pool, candidates can be selected based on skill, merit and capability while ensuring that selection criteria do not indirectly disadvantage people from certain groups.

Conflicts of interest

3.25. All directors are required to disclose any actual or potential conflict of interest at the time of their appointment, at any Board or Committee meeting where a potential conflict may have arisen, and are required to keep these disclosures up to date.

3.26. Directors who have a conflict of interest in relation to a particular item of business being considered by the Board or a Committee must absent themselves from the meeting before commencement of discussion on the topic (unless the other members otherwise agree).

Dealing in Qube's securities

3.27. The Board has in place a Securities Dealing Policy which provides guidance to directors and employees regarding dealing in Qube securities. All directors, executives and employees are prohibited from trading in Qube's securities, related financial products and derivatives during specific 'Blackout Periods' (prior to release of Qube's financial results) and whenever they have price sensitive information which is not generally available. Additionally the policy specifies procedures for obtaining internal approval to trade outside the Blackout Periods.

3.28. Qube provides regular regulatory and legal compliance training to senior management on the policy, as well informal briefing sessions on for directors, senior executives and relevant employees of Qube as part of its continuing employee education initiatives. A copy of the policy is available in the Corporate Governance section of Qube's website at: http://www.qube.com.au/about/corporate-governance.

4. Principle 4 - Safeguard integrity in financial reporting

4.1. The Board has an Audit and Risk Management Committee whose terms of reference and procedures govern its responsibilities and composition requirements.

4.2. The Committee assists the Board in fulfilling its statutory responsibilities in relation to financial reporting, risk management and internal control. The Committee's responsibilities have been outlined under Principle 2 - Structure the Board to add value. Recommendation 7.2 of the Principles (that a majority of members of the Audit and Risk Management Committee be independent and be chaired by an independent director) has been satisfied since September 2012.

4.3. The Audit and Risk Management Committee also monitors procedures to ensure the rotation of external audit engagement partners every five years as required by the Corporations Act. Qube's audit engagement partners rotated at the conclusion of Qube's 2017 annual general meeting.

4.4. If circumstances arise where it becomes necessary to replace the external auditor, the Audit and Risk Management Committee will formalise a process for the selection and appointment of a new auditor and recommend to the Board the auditor to be appointed to fill the vacancy. Policies are also in place to restrict the type of non-audit services which can be provided by the external auditor and there is a detailed review of non-audit fees paid to the external auditor.

4.5. Qube's external auditor is PwC Australia (PwC). All Audit and Risk Management Committee papers are available to the external auditor, the auditor is invited to attend all Committee meetings and is available to Committee members at any time. The auditor also attends Qube's annual general meeting to answer any questions from shareholders.

4.6. As Qube's external auditor, PwC is required to confirm its independence and compliance with specified independence standards on a half-yearly basis. This declaration is contained in the Annual Report.

5. Principle 5 - Make timely and balanced disclosure

5.1. Qube is committed to providing timely, open and accurate information to all of its stakeholders including shareholders, employees, regulators and the investment community.

5.2. The Board has adopted a Continuous Disclosure Policy that sets out Qube's approach to continuous disclosure and to external announcements generally. The policy provides an outline of Qube's continuous disclosure obligations and sets out the measures it has implemented to ensure compliance with these obligations, including listing the kind of matters that would generally require disclosure.

5.3. The Continuous Disclosure Policy also provides guidelines for the management of external announcements and specifies Qube's authorised spokespeople. The Board reviews the policy at appropriate times to ensure it is effective and remains consistent with relevant laws and ASX requirements.

5.4. A copy of the Continuous Disclosure Policy is publicly available on Qube's website at www.qube.com.au/about/corporate-governance. Qube provides regular compliance training to senior executives as part of its continuing employee education initiatives, which includes periodic refresher training on Qube's continuous disclosure obligations.

5.5. In accordance with the policy, senior executives that become aware of potentially price-sensitive information must immediately report this to Qube's disclosure officers, being either the Managing Director or Company Secretaries.

5.6. Although the Board has ultimate responsibility for ensuring that Qube complies with its continuous disclosure obligations, the Board has delegated to Qube's disclosure officers responsibility for overseeing compliance with Qube's continuous disclosure policy.

5.7. A management continuous disclosure compliance statement has been made a standing item at all Board meetings to ensure the Board is continuously updated on Qube's compliance with the policy. The Board will be advised promptly where a material matter arises requiring disclosure.

6. Principle 6 - Respect the rights of shareholders

6.1. Qube is committed to the delivery of timely and relevant information to its shareholders and to the broader investment community. Shareholders are provided with access to on-line half yearly and annual reports and have the option of receiving hard copies of these documents if required.

6.2. Qube's website also provides a broad range of information about Qube and is updated regularly. All Qube announcements (including ASX lodgments) are available on the website.

6.3. The Board encourages full participation by shareholders at annual general meetings to ensure accountability and transparency. Written questions may be put to external auditor ahead of, and the audit engagement partner attends, all annual general meetings to answer shareholder queries about the Auditor's Report.

7. Principle 7 - Recognise and manage risk

Oversight and management of material business risks

7.1. The Board has adopted a Risk Management Policy in accordance with which it is responsible for the oversight of Qube's risk management framework. The Audit and Risk Management Committee and Safety, Health and Environment Committee assist the Board in fulfilling its responsibilities in this regard by reviewing and monitoring the financial and reporting aspects of the framework at least annually. A copy of the Risk Management Policy is available on Qube's website at www.qube.com.au/about/corporate-governance.

7.2. As required by the Board, management has implemented the risk management framework which is designed to ensure that Qube's material business risks are identified and that adequate controls are in place and function effectively, and for management to report to the Board on whether those risks are managed effectively. This framework incorporates the maintenance of comprehensive policies, procedures and guidelines (including a high level Crisis Management Plan) which span Qube's diverse activities. The matters addressed within the framework including setting financial controls, conducting business audits, investment and acquisition overview, and ensuring high standards in corporate communications and external affairs.

7.3. Responsibility for control and risk management is delegated to the appropriate level of management within Qube, and the Audit and Risk Management Committee and Safety, Health and Environment Committee have ultimate accountability to the Board. To facilitate interaction of the Committees, and in accordance with the Audit & Risk Management Committee Charter, Qube currently has one director who is a member of both Committees. Presentations and training from external experts are a regular feature of meetings of these Committees to keep its members up to date with current issues.

7.4. Given cyber security is a serious and prevailing concern, the Audit and Risk Management Committee has engaged closely with Qube's Information Technology team during the Reporting Period. Qube's Chief Information Officer (**CIO**) commenced attending all Committee meetings providing both oral and written reports on IT and cyber security developments. Further, Qube's CIO reports any material cyber security threats immediately to the Committee and, if there were any of sufficient magnitude, such incidents would also be reported immediately to the Qube Board. This engagement will continue and strengthen over time.

7.5. During the prior Reporting Period, the Audit and Risk Management Committee conducted its review of Qube's risk management framework continuing its focus on cyber security. A cyber risk maturity review was conducted by an external service provider and the results reported to the Committee and senior management for review. Qube has implemented a number of measures and improvements to its security posture as a result of this review.

7.6. Qube's Information Security and Risk Management framework has been amended in response to the Notifiable Data Breaches Scheme which came into effect in February 2018 as a result of amendments to the *Privacy Act 1988* (Cth). Qube has in place a Data Breach Policy and Data Breach Response Plan to ensure it complies with the reporting requirements under the scheme. Under the Plan, a Data Breach Response Committee has been established consisting of a senior executive team tasked with dealing with and responding to material data breaches.

7.7. Qube's cyber security awareness training program has been refreshed and incorporated into its online education platform which ensures employees consistently undertake periodic training. The company's Information Security and Risk Management framework is aligned with the existing Qube Risk Management Policy and Crisis Management Plan.

7.8. Qube's threat and vulnerability management capability has been further strengthened with the adoption of a new managed security service provider (**MSSP**). The MSSP provides next-generation security incident and event management platforms, a security operations centre and detection and response services for the organisation. In addition, Qube completed the implementation of a leading IT service operations and management platform with an integrated risk and security capability to improve the management of assets, identification of vulnerabilities and respond more effectively to threats.

Risk management and internal control system

7.9. During the Reporting Period, the Audit and Risk Management Committee continued the engagement of an external service provider to provide internal audit services. The service provider, a large accountancy firm, was appointed in 2014 to initially prepare a three-year internal audit plan focusing on key risk areas of the business. This plan was updated during the Reporting Period to focus on additional audit areas. The internal auditor will continue to work with the Committee and Qube's senior executives through the modules agreed in the updated plan to ensure action items arising from this work are implemented.

7.10. The risk management framework aims to evaluate and continually improve the effectiveness of Qube's risk management and internal control processes. The risk management framework incorporates input from a range of existing systems, programs and policies including:

a. a comprehensive occupational health and safety program, including specific targets for continuous improvement, occupational health and safety standards, rail safety standards and safety management systems, all of which are monitored and reviewed to achieve compliance with applicable legislation and regulations;

b. a delegation of authority policy, including guidelines and approval limits for operational and capital expenditure and investments;

c. a comprehensive annual insurance program;

d. a Board-approved finance policy;

e. annual budgeting and monthly reporting systems for all divisions to monitor performance against budget targets;

f. the identification and assessment of strategic risks in the annual review and updating of strategic plans and associated business models; and

g. an environmental regulation compliance policy and improvement strategies.

7.11. On 17 September 2018, Qube appointed a dedicated internal Risk Manager tasked with managing the risk management framework and co-ordinating and responding to the activities and recommendations of the internal audit function.

Management assurance

7.12. In accordance with section 295A of the Corporations Act 2001 and Recommendation 4.2 of the Principles, the Managing Director and the Chief Financial Officer provided assurances to the

Board attesting that, during the Reporting Period (FY18), to the best of their knowledge and belief:

a. Qube has determined its material exposure to risks, and has established the necessary policies for the oversight and management of material business risks;

b. there is a risk management and internal control system in place to manage Qube's exposure to material business risks, including both financial and non-financial (including environmental and social sustainability) risks, and to ensure that those risks are being managed effectively;

c. the integrity of the financial statements is founded on a sound system of risk management and internal control and compliance; and

d. Qube's risk management and internal control and compliance system is operating efficiently and effectively in all material respects regarding financial reporting risks.

7.13. The Managing Director and the Chief Financial Officer require that management of the business divisions and of the corporate function complete a declaration on a six-monthly basis for each financial reporting period addressing financial reporting and the internal control environment.

7.14. The assurances provided to the Board, due to their nature, are not absolute. The assurances provided are based on judgements, use of sample testing and the inherent limitations of internal control.

Sustainability

7.15. The Company has embraced the concept of sustainability. A highlight during the Reporting Period was the appointment of a Sustainability Manager reporting directly to the General Manager Health, Safety and Environment, who in turn reports to the Managing Director and the Safety, health and Environment Committee. FY 2018 will be first year sustainability is reported in Qube's Annual Report. The key elements of our sustainability approach from a corporate perspective will be outlined in the Annual Report.

7.16. In addition, as part of Qube's commitment to Sustainability, the Safety, Health and Environment Committee assists the Board in its role of overseeing Qube's practices and governance in the areas of sustainability, social and governance reporting.

Environmental Performance

7.17. Qube continues to enhance its environmental performance by identifying areas of key risk and ensuring that resources are prioritised in these areas.

7.18. Qube uses a five tiered system to classify environmental incidents. Zero serious environmental incidents were reported in FY 2018 (Class 3 and above) and Qube's Total Recordable Injury Frequency Rate was 9.3 per million hours worked, down from 16.3 in the prior reporting period. These reductions were achieved against a backdrop of increasing operational activity.

Emissions and Energy Use

7.19. Upward pressure from business growth on emissions has contributed towards an 11% increase in Qube Group emissions since 2015. However employee numbers have increased by 56%, so that despite the increase in net emissions, emissions per employee have decreased by 28.7% since 2015.

7.20. The Moorebank Logistics Park, when completed, will:

a. reduce the number of emissions-intensive trucks on Australian roads by increasing the use of rail networks to distribute containerised freight to and from Port Botany. The project will switch the movement of 1.55 million freight containers from road to rail, with

an estimated annual abatement of more than 110,000 tCO2e in transport-related emissions; and

b. have a solar photovoltaic cell network installed on the expansive roof space created by 850,000sqm of warehousing. This network will generate 65,000 MWh/year of electricity which is enough to power 10,000 homes.

Social Performance

7.21. Qube has an open and constructive approach to community engagement and investment. Our economic and social contribution is critical to maintaining Qube's social licence to operate and ensuring that communities see lasting benefits from Qube's operations.

7.22. Qube's community initiatives are primarily delivered via programs that have been agreed with site operations and local communities. Our operations teams are responsible for building and maintaining close relationships with the local community and relevant stakeholders. Some of these initiatives include:

a. school based awareness programs focusing on pedestrian safety for school children. These aim to educate communities we travel through about truck safety and the importance of following road safety rules, especially in rural and regional areas; and

b. sponsorship of local sporting clubs in the communities that we work.

8. Principle 8 - Remunerate fairly and responsibly

8.1. The Nomination and Remuneration Committee reviews and makes recommendations to the Board on remuneration packages and policies applicable to the Managing Director, non-executive directors and, where appropriate, senior executives.

8.2. The Committee may also review and make recommendations regarding the policies applicable to staff salary reviews generally. One of the requirements of the Committee is to ensure remuneration levels are competitively set in order to attract and retain appropriately qualified and experienced directors and senior executives.

8.3. The duties of the Nomination and Remuneration Committee have been outlined under Principle 2 - Structure the Board to add value.

8.4. Qube's approach to non-executive director, Managing Director and senior executive remuneration is set out in detail in the Remuneration Report included in the Annual Report. Qube's remuneration framework is designed to be both market-competitive and fair to all stakeholders and contain performance measures aligned to support the strategies, objectives and future direction of the business by attracting and retaining high calibre individuals. The level and mix of remuneration of non-executive directors and other senior executives is determined by reference to the market via survey data and may include input from external professional remuneration consultants.

8.5. The remuneration framework clearly distinguishes the remuneration structure for non-executive directors from that of the Managing Director and other senior executives and Qube does not have any schemes or retirement benefits (other than superannuation) in place for its non-executive directors.

8.6. Qube has established a number of executive LTI Plans under which participating executives are granted a range of performance rights, options and share appreciation rights that vest over a three-to-five year period depending on achievement of certain performance conditions.

8.7. Qube has an ongoing STI Plan under which, provided performance measures are met each financial year, management personnel may be awarded, at the participant's election, a mixture of shares and cash payments (with half deferred for one year). Qube has a clawback policy which allows Qube to reduce any STI Plan award or payment where:

a. a participant breaches any continuing employment contract obligation or compromise agreement following cessation of employment;

b. Qube determines that the Participant is responsible for, or has been involved in, any material misstatement included in the financial statements of any Qube Group Member; or

c. Qube determines, acting reasonably, that the Participant engaged in any conduct which has or is likely to have the effect of disparaging or bringing into disrepute any member of the Qube Group or any officer or employee of a Qube Group Member irrespective of whether this conduct takes place during or following cessation of the Participant's employment with the Qube Group.

8.8. Qube's Securities Dealing Policy includes a prohibition on entering into transactions in financial products which limit the economic risk of holding unvested entitlements under any equity-based remuneration schemes. A copy of the policy is available on Qube's website.

APPENDIX

Qube Board Skills Matrix - as at 30 June 2018

Skill and experience[1]	Number of Directors (of 6 in total)	Percentage of the Board
Major asset and infrastructure development	2	33%
Logistics networks and supply chains	5	83%
Shipping, ports and stevedoring	4	66%
Bulk resources and transport	4	66%
Executive and HR management	6	100%
Health, safety and environment	4	66%
Public relations and communications policy	4	66%
Banking, finance and capital markets	3	50%
Accounting and audit	4	66%
Legal, regulatory compliance, risk and corporate governance	5	83%
Information technology (IT) systems and strategy	2	33%

[1] See skill descriptors on following page

Skillset descriptors

Skill and experience	Description
Major asset and infrastructure development	Experience in the delivery of large-scale commercial/industrial property and infrastructure development, including: ▪ knowledge and understanding of strategic intermodal infrastructure. ▪ construction and management (including leasing and associated logistics services provision). ▪ project governance, funding and risk management.
Logistics networks and supply chains	Experience in and understanding of: ▪ the modes of transport, storage and delivery of goods, including import and export, warehousing, distribution and intermodal operations. ▪ operations management. ▪ procurement and implementation of logistics services within a significant enterprise
Shipping, ports and stevedoring	▪ Experience in provision or procurement of stevedoring and associated port services including development and innovation. ▪ Understanding port environments including knowledge of and experience dealing with stakeholders including shipping lines, other port operators and logistics services providers, and government and port authorities.
Bulk resources and transport	▪ Mining industry knowledge and experience. ▪ Experience in, and understanding of, transport and export of bulk products including delivery or procurement of mine-to-port solutions. ▪ Understanding of, and experience dealing with, stakeholders including customers and government and port authorities. ▪ Knowledge of key commodities markets.
Executive and HR management	▪ Management and leadership skills at senior and divisional business levels. ▪ Publicly-listed company experience. ▪ Understanding the importance of organisational culture and its influence on business success. ▪ Ability to appoint and evaluate the performance of senior management. ▪ Remuneration skills and experience including senior management incentive programs, superannuation and the legislation and contractual framework governing remuneration. ▪ Ability and experience in overseeing strategic human capital planning and organisational change.

Health, safety and environment	Experience and knowledge related to workplace health, safety and the environment, including: ▪ understanding the structure of, and legislative frameworks for, the development of safety management systems (includes Chain of Responsibility). ▪ understanding the importance of technology and incident response preparedness. ▪ understanding and awareness of environmental, community and social responsibility.
Public relations and communications policy	▪ Understanding of, and engagement and ability to communicate with, stakeholders including investor, community, industry and government organisations. ▪ Knowledge of, and experience in, marketing to and communicating with customers and engaging with government, interest groups and the general public.
Banking, finance and capital markets	▪ Understanding of, and experience in, investment management, corporate finance, capital and debt markets, financial products and sources of funding. ▪ Ability to contribute to strategic financial planning and oversee funding arrangements.
Accounting and audit	▪ Qualifications in, understanding of, and experience in, financial accounting and reporting and internal financial controls. ▪ Ability to identify key risks to the organisation in a wide range of areas including legal and regulatory compliance, and risk and compliance management frameworks and systems. ▪ Understanding of, and ability to oversee, budgets and the efficient use of resources.
Legal, regulatory compliance, risk and corporate governance	Experience in governance and risk within complex organisations overseeing and managing regulatory frameworks and processes including an: ▪ understanding of legislative and regulatory frameworks (e.g. ASX Listing rules and Corporations Act requirements) in respect of the principal activities of large, public listed companies. ▪ understanding identification of risk and an ability to identify appropriate mitigation measures. ▪ understanding of competition and trade practices regulation and regulatory processes.
Information technology (IT) systems and strategy	▪ Knowledge and experience in the strategic use and governance of information management and information technology, including understanding the current drivers of IT innovation in the logistics market. ▪ Awareness and understanding of cyber risks and defences in the context of the organisation's operational environment. ▪ Understanding customer networks, IT requirements and interoperability.