

Corporate Governance Statement

Qube Holdings Limited

ACN 149 723 053

For the year ended: **30 June 2021**

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Corporate Governance Statement

This Corporate Governance Statement outlines the key aspects of the corporate governance framework of Qube Holdings Limited (**Qube**). The Qube board of directors (**Board**) is committed to high 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 2021 (**Reporting Period**), Qube's governance practices comply with the Corporate Governance Principles and Recommendations of the ASX Corporate Governance Council, 4th Edition (**Principles** or **Recommendations** as the context requires).

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

Recommendation 1.1

A listed entity should have and disclose a board charter setting out:

- (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.*

- 1.1. The Board is responsible to shareholders for the long-term performance of Qube and for overseeing the implementation of high standards of corporate governance with respect to Qube's affairs.
- 1.2. The Board seeks to serve the interests of Qube's shareholders, as well as other key stakeholders including Qube employees, customers and the communities in which Qube operates. Qube's approach is to build sustainable value over time for Qube and its stakeholders.
- 1.3. 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.
- 1.4. The Board operates under a formal Charter which is available on Qube's website. The Charter sets out the Board's role, responsibilities and key matters reserved to it for consideration and decision-making. In summary, the Board is responsible for:
 - a. *Leadership and Values* – demonstrating leadership, defining Qube's purpose and approving Qube's statement of values and Code of Conduct & Ethics to underpin the desired culture within Qube.
 - b. *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.
 - c. *Risk Management* – ensuring a risk management framework is in place under which processes are articulated and followed to identify and manage the principal risks of Qube's business and assessing the integrity of Qube's systems of risk management.

- d. *Reporting and Disclosure* – being satisfied itself that appropriate policies and procedures are in place for relevant information to be reported by management to the Board so that the Board can fulfil its reporting responsibilities.
 - e. *Management and Performance* –
 - i. ensuring Qube's remuneration policies are aligned with Qube's purpose, values, strategic objectives and risk appetite.
 - ii. approving criteria for assessing, monitoring and evaluating the performance of the Managing director, senior executives and the company secretary.
 - iii. undertaking an annual performance review of the effectiveness of the Board and its Committees.
 - f. *Corporate Governance* – establishing and monitoring Qube's compliance with corporate governance standards including by setting Qube's values and overseeing management's inculcation of those values across the organisation to build a culture that fosters and encourages ethical behaviour.
- 1.5. The Board Charter sets out directors' rights to access information, independent advice and engage in continuing professional development.

Chairman

- 1.6. The Chairman is elected from the independent non-executive directors. The responsibilities of the Chairman are set out in the Board Charter.
- 1.7. Mr Allan Davies has been Chairman since his appointment on 23 June 2017. Further information on Mr Davies is set out in the Directors' Report contained within the Annual Report.

Board Committees

- 1.8. The Board has established three standing Board Committees to assist with the effective discharge of its duties, as follows:
- a. Audit and Risk Management Committee (**ARMC**).
 - b. Nomination and Remuneration Committee (**NRC**).
 - c. Safety, Health and Sustainability Committee (**SHSC**).
- 1.9. All three Committees have at least three members. Each Committee operates under a specific Charter approved by the Board. The Board regularly reviews the appropriateness of the existing committee structure, as well as the membership and Charter of each Committee.
- 1.10. 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 Committees, as at the end of the Reporting Period, are set out in the table below.

Committee	Members and Composition	Role
<p>Audit and Risk Management Committee</p>	<p>The members of the Committee are:</p> <ul style="list-style-type: none"> ▪ Sam Kaplan (Chair) ▪ Stephen Mann ▪ Nicole Hollows <p>Note:</p> <p>Alan Miles resigned as a member of the Committee on 27 November 2020</p> <p>Sue Palmer retired as a director of Qube and so ceased as a member of the Committee on 27 November 2021.</p> <p>Stephen Mann and Nicole Hollows were appointed members of the Committee on 27 November 2020.</p> <p>The Chair and all of the members of the Committee are independent non-executive directors. The Chairman of the Board, while not a member, attends all Committee meetings.</p>	<p>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.</p> <p>Other responsibilities of the Committee include:</p> <ul style="list-style-type: none"> ▪ Reviewing the adequacy of Qube's corporate reporting processes and internal control framework. ▪ 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. ▪ reviewing the fees payable to the auditor for audit and non-audit work. ▪ overseeing the relationship with, and provision of internal audit services by, the internal auditor. ▪ reviewing Qube's enterprise-wide risk management framework and risk appetite and their reporting. ▪ overseeing Qube's enterprise wide risk portfolio and ensuring appropriate allocation of responsibility for specific risks. ▪ Identification, management of, and reporting on, new and emerging risks including control and mitigation measures. ▪ overseeing operation of Qube's compliance systems and Qube's corporate governance processes. ▪ consulting with, and as appropriate referring to, the SHSC and the NRC matters that may be within the areas of responsibility of those Committees under their Charters.

Committee	Members and Composition	Role
<p>Nomination and Remuneration Committee</p>	<p>The members of the Committee are:</p> <ul style="list-style-type: none"> ▪ Allan Davies - Chair ▪ Ross Burney ▪ Jackie McArthur <p>Note:</p> <p>Peter Dexter retired as a director of Qube and so ceased as a member of the Committee on 27 November 2020.</p> <p>Jackie McArthur was appointed a member of the Committee on 27 November 2020.</p> <p>The Committee is chaired by an independent non-executive director and consists of independent non-executive directors.</p>	<p>The responsibilities of the Committee include:</p> <ul style="list-style-type: none"> ▪ overseeing the remuneration of non-executive directors. ▪ ensuring Qube's remuneration framework, policies and practices are aligned with Qube's purpose, values, strategic objectives and risk appetite as set by the Board. ▪ 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 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 Key Management Personnel. ▪ overseeing the performance evaluation of senior executives including the Managing director. ▪ reviewing Qube's recruitment, retention and termination policies and fringe benefits. ▪ reviewing the size, composition and necessary competencies of the Board and developing strategies to promote diversity in the Board's composition. ▪ establishing guidelines for the selection and appointment of new directors 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 and broader initiatives to increase diversity across Qube's workforce. ▪ consulting with, and as appropriate referring to, the ARMC and the SHSC matters that may be within the areas of responsibility of those Committees under their Charters.

Committee	Members and Composition	Role
<p>Safety, Health and Sustainability Committee</p>	<p>The members of the Committee are:</p> <ul style="list-style-type: none"> ▪ Alan Miles (Chair) ▪ Stephen Mann ▪ Maurice James ▪ Jackie McArthur <p>Note:</p> <p>Peter Dexter retired as a director of Qube and so ceased as a member of the Committee on 27 November 2020.</p> <p>Jackie McArthur became a member of the Committee on 27 November 2020.</p> <p>The Committee consists of a majority of independent non-executive directors and is chaired by an independent non-executive director. The Chairman of the Board, while not a member, attends all Committee meetings.</p>	<p>The responsibilities of the Committee include assisting the Board in fulfilling its strategy, policy, monitoring and corporate governance responsibilities in regard to:</p> <ul style="list-style-type: none"> ▪ overseeing safety, health, environment (SHE) matters arising out of the operations and activities of the Qube Group as they affect employees, contractors, local communities and the environment. ▪ monitoring the effectiveness of Qube's risk management framework by overseeing the management of risks within the remit of the Committee's SHE responsibilities, including: <ul style="list-style-type: none"> ▪ reviewing the strategies, systems, policies and processes established by Qube management to: <ul style="list-style-type: none"> ○ manage the safety, health and environmental performance of Qube and its subsidiaries. ○ monitor the adequacy of safety, health and environment systems for the reporting of actual or potential incidents and breaches. ○ monitor subsequent investigations and remedial actions. ▪ ensuring compliance with legal and regulatory obligations. ▪ overseeing Qube's sustainability strategy, activities and long-term sustainability goals and monitoring progress against them. ▪ overseeing management's implementation, monitoring and reporting of sustainable and ethical business practices of the Qube group and its suppliers. ▪ consulting with, and as appropriate referring to, the ARMC and the NRC matters that may be within the areas of responsibility of those Committees under their Charters.

- 1.11. Senior members of management attend Board and Committee meetings. Other senior management personnel attend meetings as required or invited to report on matters relevant to their areas of responsibility. On a standing basis the following senior management personnel attended the following meetings during the Reporting Period:
- a. *Board* – General Counsel & Company Secretary, Chief Financial Officer, Chief Operating Officer¹, director – Corporate Affairs.
 - b. *ARMC* – Managing director, Chief Financial Officer, General Counsel & Company Secretary, Chief Operating Officer, Chief Information Officer and General Manager – Finance & Treasury.
 - c. *NRC* – Managing director, Chief Financial Officer, Chief Operating Officer and General Counsel & Company Secretary.
 - d. *SHSC* - General Manager – Safety, Health & Sustainability, General Counsel & Company Secretary, Chief Operating Officer.

Management delegation and responsibility

- 1.12. 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. In addition, reports from each Qube Committee and each division as well as from senior management are provided as part of the papers for each meeting of the Board. IT and cyber security reports and risk analysis summaries are standing agenda items at all Board meetings.
- 1.13. During the Reporting period, Qube's Chief Operating Officer (**COO**) drove synergies and consistent business practices, as well as acting as a conduit between Qube's commercial managers to senior corporate management and the Managing Director. One of the COO's key tasks was supervision of the consolidation of Qube's two principal operating businesses (Logistics and Ports & Bulk) into one 'Operating Division' to achieve cost savings, operational benefits and reflect how the business is being managed and reported internally. During the Reporting Period, a continuing focus was on the integration of IT architecture to transition group businesses onto the main Qube network as part of the OneQube IT strategy. On 1 July 2021, Mr Paul Digney replaced Mr Maurice James as Managing Director and the COO position became defunct. From this date, additional changes were implemented as part of a general senior management restructure. These changes will be outlined in Qube's FY22 corporate governance statement.
- 1.14. 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. As advised by the NRC, the Board is responsible for setting the major goals and objectives of the Managing Director for the year ahead. The Chairman of the Board conducts the Managing Director's performance review and shares the outcome with the Board.

Recommendation 1.2

A listed entity should:

- (a) *undertake appropriate checks before appointing a director or senior executive or putting someone forward 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.*
- 1.15. In considering the selection, appointment and re-election of directors, the NRC will ensure that an appropriate balance of skills, experience, expertise and diversity is maintained suitable for

¹ Note that the position of COO became defunct on 1 July 2021 when Mr Paul Digney, who had been COO, become Managing Director and the COO role was not filled.

Qube's current and anticipated future operations. External consultants are engaged to assist with the selection process as necessary.

- 1.16. The NRC assesses candidates for directors against a range of criteria developed for the role and in doing so considers their background, experience, personal qualities and professional skills. Once a shortlist of suitable candidates is identified, the Committee undertakes 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 provides its recommendation of the preferred candidate(s) to the full Board to consider prior to making a determination on the appointment. Each Board member is given the opportunity to meet with the proposed appointee. Key senior management personnel also have the opportunity to meet with the proposed appointee.
- 1.17. Qube announces and provides background and experience on, all new directors at the time they are appointed.
- 1.18. The Board provides information in each notice of annual general meeting (**AGM**) on all directors standing for election or re-election at the meeting. For all candidates standing for election for the first time, Qube will include confirmation that it has conducted appropriate checks into the candidate's background and experience, relevant information if those checks revealed any concerns and, in its statement as to whether the Board supports the election, a summary of the reasons for its view.
- 1.19. In August 2017, the Board instituted a guideline which sets out Qube's expectation that non-executive directors, appointed after introduction of the guideline, 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.

Recommendation 1.3

A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.

- 1.20. Qube has a formal written agreement with each of its non-executive directors via formal letters of appointment. These letters of appointment are with the director personally.
- 1.21. The letter of appointment contains the terms, conditions and rights and responsibilities of the role, including:
 - a. the requirement to disclose the director's interests and any matters which could affect the director's independence.
 - b. the requirement to comply with key corporate policies, including Qube's Code of Conduct & Ethics, Anti-Bribery & Anti-Corruption Policy and Securities Dealing Policy.
 - c. the requirement to notify Qube of, or to seek the Chairman's approval before accepting, any new role that could impact upon the time commitment expected of the director or give rise to a conflict of interest.
 - d. Qube policy on when directors may seek independent professional advice at the expense of the entity (which generally should be whenever directors, especially non-executive directors, judge such advice necessary for them to discharge their responsibilities as directors).
 - e. indemnity and insurance arrangements.
 - f. ongoing rights of access to corporate information, independent advice and continuing professional development.
 - g. ongoing confidentiality obligations.

Recommendation 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.

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

Recommendation 1.5:

A listed entity should:

- (a) have and disclose a diversity policy;*
- (b) through its board or a committee of the board set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally; and*
- (c) disclose in relation to each reporting period:*
 - (1) the measurable objectives set for that period to achieve gender diversity;*
 - (2) the entity's progress towards achieving those objectives; and*
 - (3) either:*
 - (A) the respective proportions of men and women on the board, in senior executive positions and across the whole workforce (including how the entity has defined "senior executive" for these purposes); or*
 - (B) 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.*

If the entity was in the S&P/ASX 300 Index at the commencement of the reporting period, the measurable objective for achieving gender diversity in the composition of its board should be to have not less than 30% of its directors of each gender within a specified period.

- 1.23. Diversity is the variety of differences in people who make up Qube's workforce. Diversity recognises and values the contribution of people with differences in capabilities, experience and perspectives. Diversity encompasses life, work and educational experience, work status, language, sexual preference, gender, national extraction, physical or mental disability, marital status, personality profile, age, carer's responsibilities, ethnicity, religious, and cultural and socio-economic backgrounds.

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

Diversity strategy and objectives

- 1.25. Qube's Diversity Policy emphasises the benefits of diversity, in particular setting out the approved Board gender diversity target and focusing on increasing female participation in its workforce, particularly at the recruitment phase.
- 1.26. Consistent with the Diversity Policy, during the Reporting Period the NRC 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.

1.27. Qube's objectives during the period was to increase female representation across our workforce by focusing on the pipeline and recruitment stage of employment through a collective and consistent message that explains and represents who we are as an inclusive employer.

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

1.29. 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. Our recruitment practices and procedures were improved during the Reporting Period with a single candidate platform, improving inclusive advertising strategies.
- d. Designing and implementing employee experience strategies to engage with employees to improve offerings and initiatives and support services.

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

Board/Committee level

- a. Review of Board/Committee 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 potential impediments.
- b. During the Reporting Period, Qube continued to develop and implement business measures and workplace arrangements to promote and support diversity strategies aimed at eliminating barriers to employment entry and progression into management positions.
- c. 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.

Workforce

- 1.31. Employee experience initiatives during the Reporting Period included:
- a. conducting employee to collect feedback to improve initiatives, offerings and general policy review with a focus on expanding employees quarterly to engage with employees.
 - b. investigating employee appetite for work/life programs, including providing working parent/family information and support and exploring flexible work opportunities available across the business.
 - c. partnering with the Department of Veteran's Affairs to support ex-service people transitioning back to civilian workforce.
 - d. engaging with Jobsupport, an organisation which works with clients with an intellectual disability seeking part time employment.
 - e. implementing mandatory unconscious bias training to ensure recruitment and retention practices meet our Diversity Policy.
 - f. expanding our Diversity initiatives to include recognition of IDAHOBIT (International Day Against Homophobia, Biphobia, Intersexism and Transphobia).

Gender diversity

- 1.32. The NRC is focused on ensuring there are no barriers for women in operational or blue-collar roles, as well as senior management roles and the Board. In respect of gender diversity in Board composition, Qube has set a measurable objective of having a gender balance on the Qube Board of 40:40:20 within five years commencing from 1 July 2020. At the end of the FY20 Reporting period, 12.5% of the directors were women; at the end of the current Reporting Period this figure had increased to 25% of the directors.
- 1.33. As a result of the senior management restructure referred to in paragraph 1.13, Qube has two women in senior executive roles reporting directly to the Managing Director. These are the existing position of General Manager – SHS and a newly created role of Director – People, Culture & Safety.
- 1.34. Qube is actively working to address diversity and inclusion more broadly across our workforce. Efforts are ongoing to ensure that women, people from diverse cultural backgrounds and other groups have equal access to opportunities to reach their full potential at Qube.
- 1.35. Qube continued its sponsorship of the Wayfinder program. This program improves community understanding about supply chain and logistics for women's and girls' careers. Developed by the Centre for Supply Chain and Logistics at Deakin University in partnership with industry sponsors, Wayfinder is an initiative designed to create a new talent pipeline for Australia's supply chain and logistics sector. It is focused on raising community awareness about supply chain and logistics, increasing understanding about the industry and its significance to Australia's economic future, and showcasing to women and girls the careers available to them.
- 1.36. During the Reporting Period, Qube built on the work undertaken during the previous reporting period in relation to recruitment. This work included:
- a. establishing inclusive recruitment and selection practices and providing training and awareness to hiring managers and developing strategies to increase diversity at the recruitment phase by trialling where practicable having a minimum of one female on hiring panels.

- b. engaging with Qube's labour hire suppliers to ensure they are taking steps to increase diversity within their talent pool and presenting candidates of different backgrounds and genders.
- c. continuing to expand the variety of recruitment channels to source the most diverse pool of applicants. Qube is continuing to partner as an endorsed employer with Work180 (<https://au.work180.co/>) which is an organisation that advocates for working women. Work180 provides job applicants with a transparent directory of endorsed employers who support diversity, inclusion and equality. During the Reporting Period, Qube continued to build awareness of this partnership through social media campaigns.
- d. The Qube Cadet program commenced during the period with a number of positions established across the organisation, particularly in Qube Logistics and Qube Rail. The majority of participants are female. The program is structured to include an introduction to supply chains (Wayfinder Program) and local mentoring. Qube has engaged with a registered training organisation to deliver Cert. III training in supply chain and rail operations over the 24-month period of the program.
- e. The Qube Bulk female-focused truck driving program was established during the Reporting Period. 15 female candidates took part in the program which ran from April to July 2021.

1.36. During the Reporting Period, Qube worked to increase awareness of diversity through celebrating International Women's Day and IDAHOBIT both internally and externally through our media channels.

WGEA Reporting

- 1.37. The proportion of male and female staff at various levels in the business for the 12 months to 31 March 2021 is disclosed in the Company's 2021 Workplace Gender Equality Act (WGEA) Report. The report is available on Qube's website at: www.qube.com.au/investors/reports-and-presentations, highlights of which include:
- a. The proportion of women overall increased during the reporting period from 10.3% in the prior reporting period to 10.8%.
 - b. The proportion of women in management roles increased from 7.6% in the previous reporting period to 8.7% this Reporting Period, representing an 11.8% increase.
 - c. Women comprised 11% of Qube's workforce with most employed in clerical and professional administrative or clerical roles (54% of the total in these roles) followed by managerial roles.
 - d. The rate of female resignations has slowed, from 11.9% of all resignations being female in the 2020 report to 9.5% in the current report. The percentage of female managers resigning has also reduced from 16.3% of manager resignations being female, to 13.8% this Reporting Period.

Indigenous participation

1.38. Qube demonstrates its commitment to indigenous participation in the logistics and supply chain sector in part through its ongoing relationship with the Clontarf Foundation. The Foundation has set up academies throughout Australia aimed improving the education, discipline, life skills, self-esteem and employment opportunities for young aboriginal men. Qube engages with organisations such as Clontarf to ensure that all employment opportunities are circulated through employment officers and indigenous networks and proactively supports its commitment to provide training and employment opportunities for indigenous people in both metropolitan and regional locations.

Social Performance

- 1.39. 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.
- 1.40. Ongoing engagement with communities in the areas which we operate, by continuing school and community based programs which includes sponsorships and support of local sporting programs and school participation.

Recommendation 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 for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.*
- 1.42. The Board has adopted a policy establishing a performance evaluation process for the Board and its committees. The performance of the Board, its committees and the directors are reviewed annually.
 - 1.43. 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.
 - 1.44. Such reviews may also be conducted by an external consultant. Whether or not an 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 and Committee performance.
 - 1.45. Comprehensive internal performance evaluations of the Board, the Committees and directors 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.

Recommendation 1.7:

A listed entity should:

- (a) have and disclose a process for evaluating the performance of its senior executives at least once every reporting period; and*
- (b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.*

- 1.46. A comprehensive process for the evaluation of the performance of senior executives is also conducted on an annual basis. Performance evaluations for all senior executives were undertaken during the Reporting Period.
- 1.47. 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 NRC in determining future remuneration.

2. Principle 2 – Structure the Board to add value

Recommendation 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.*

Nomination and Remuneration Committee

- 2.1. As described above, the NRC is comprised of three members all of whom are independent. Until his retirement on 26 November 2021, the Committee was chaired by Mr Peter Dexter, an independent director. Since that date the Committee has been chaired by the Chairman of the Board who is an independent director.
- 2.2. The Committee's Charter has been approved by the Board and is available on Qube's website. Meetings of the Committee, and individual attendances of its members, are set out in Qube's 2021 Annual Report.
- 2.3. During the Reporting Period, the Committee undertook intensive succession planning ahead of the planned retirement of directors Mr Peter Dexter and Ms Sue Palmer at Qube's AGM in November 2020. The Committee closely reviewed the skills, experience and tenure of current Board members and the skills and experience required by the Board presently and into the future, including what is needed to address existing and emerging business and governance issues specific to Qube.

- 2.4. As a result, the Board, as advised by the Committee, appointed Ms Jackie McArthur and Ms Nicole Hollows as non-executive directors in August and October 2020 respectively. Amongst their skills and experience, Ms McArthur and Ms Hollows possess the key Board Skills Matrix skillsets of Asset and Infrastructure Development, Health, Safety & ESG, Accounting & Audit and Executive & HR Management. These were identified as particular areas that the Board was looking to reinforce in its membership.

Recommendation 2.2:

A listed entity should have and disclose a board skills matrix setting out the mix of skills that the board currently has or is looking to achieve in its membership.

- 2.3. 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 2021 Annual Report.
- 2.4. 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:
- a. expansion and diversification of logistics activities.
 - b. organic growth from new and existing customers.
 - c. investment in facilities, equipment and acquisitions.
 - d. development of systems, technology and IT assets and infrastructure with a focus on cyber security.
- 2.5. Based on its succession planning in the context of Qube's business and strategy, the NRC determined that, for the Reporting Period, director competencies and skills met the competencies and skills required for Qube's businesses. As at the end of the Reporting Period, the directors had the following skills and experience set out in the in the Board Skills Matrix (at **Appendix 1**).

Recommendation 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 or relationship of the type described in Box 2.3 [of the Principles] but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position or relationship in question and an explanation of why the board is of that opinion; and*
 - (c) *the length of service of each director*
- 2.6. Qube's Constitution requires that the number of Qube directors be determined by the directors from time to time and must be not less than 3 and not more than 10. The Board had, as at 30 June 2021, eight members of which seven were independent non-executive directors comprising Mr Allan Davies as Chairman, Mr Sam Kaplan as Deputy Chairman, Mr Ross Burney, Mr Alan Miles, Mr Stephen Mann. Ms Jackie McArthur and Ms Nicole Hollows. The remaining director was Mr Maurice James who was the Managing director of Qube. Mr James retired as Managing director and a director of Qube with effect from 1 July 2021.
- 2.7. 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:
- a. independent of management.

- b. free of any business or other relationship that could materially interfere, or be perceived to materially interfere, with their unfettered and independent judgement.
 - c. capable of making decisions without bias and which are in the best interests of all members.
- 2.8. 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.
- 2.9. 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.
 - 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.
- 2.10. Based on the Board's assessment (including consideration of the factors listed above), the Board has made determinations that throughout the Reporting Period:
- a. Mr Allan Davies was an independent director.
 - b. Mr Sam Kaplan was an independent director.
 - c. Mr Ross Burney was an independent director.
 - d. Mr Peter Dexter was an independent director (until his retirement on 26 November 2020).
 - e. Mr Alan Miles was an independent director.
 - f. Ms Susan Palmer was an independent director (until her retirement on 26 November 2020).
 - g. Mr Stephen Mann was an independent director.

- h. Ms Jackie McArthur was an independent director (from her appointment on 17 August 2020).
- i. Ms Nicole Hollows was an independent director (from her appointment on 19 October 2020).

2.11. Qube discloses the length of tenure of each director by listing their dates of appointment in Qube's Annual Reports.

Recommendation 2.4:

A majority of the board of a listed entity should be independent directors.

2.12. As noted above, during the Reporting Period all of the directors other than the Managing director were deemed to be independent. Accordingly, Qube has complied with this Recommendation.

Recommendation 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.

2.13. Qube complies with this Recommendation.

Recommendation 2.6

A listed entity should have a program for inducting new directors and for periodically reviewing whether there is a need for existing directors to undertake professional development to maintain the skills and knowledge needed to perform their role as directors effectively.

- 2.14. When a new director is appointed, he or she undertakes 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. 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.
- 2.15. The program also covers Qube's business operations as well as meetings with key senior management personnel. 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.
- 2.16. 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.
- 2.17. 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.
- 2.18. Several Board and Committee meetings each year are also held at operational locations. These typically include site visits to interact with operational management personnel aimed at supplementing the Board's knowledge and understanding of Qube's operations. The members of the SHSC agreed during the Reporting Period a schedule of external site visits each member must attend (subject to any COVID-19-related restrictions) each year. Other directors are encouraged to undertake site visits at other times and management works with directors to facilitate such visits.

- 2.19. Additionally, Qube facilitates directors attending training seminars in relation to important legal, ethical and regulatory issues including corporate governance, anti-bribery/corruption, competition and ESG and cyber security developments.
- 2.20. At least annually the NRC, in combination with the Board and Committee performance review, assesses whether any existing directors should undertake professional development.

3. Principle 3 - Instil a culture of acting lawfully, ethically and responsibly

- 3.1 Qube is committed to conducting its business in accordance with high 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.

Recommendation 3.1

A listed entity should articulate and disclose its values.

- 3.2 Throughout the Reporting Period, Qube has had in place and published a Board-approved Statement of Values developed during the prior reporting period. The Statement of Values sets out the guiding principles that underpin Qube's culture. They comprise the set of beliefs and behaviours in accordance with which Qube must conduct its business, to be both a good corporate citizen and enable the realisation of Qube's purpose and vision as described in the Statement of Values. The Statement of Values is available at: www.qube.com.au/about/corporate-governance.
- 3.3 The senior executive team has the responsibility of disseminating the Statement of Values and inculcating the values across the organisation. All employees receive training on the values which are reinforced by management at all levels.

Recommendation 3.2:

A listed entity should:

- (a) *have and disclose a code of conduct for its directors, senior executives and employees; and*
- (b) *ensure that the board or a committee of the board is informed of any material breaches of that code.*
- 3.4 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. Employees receive training on the Code of Conduct and Ethics which is available on Qube's employee intranet, employee app and Qube's website.
- 3.5 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.
- 3.6 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.
- 3.7 As a standing agenda item at its meetings, the ARMC would be informed of any material breaches of this and other significant corporate policies.

Recommendation 3.3

A listed entity should:

- (a) *have and disclose a whistleblower policy; and*
- (b) *ensure that the board or a committee of the board is informed of any material incidents reported under that policy.*

Whistleblower Policy

- 3.8 Qube has adopted a Whistleblower Policy in line with the requirements of the *Treasury Laws Amendment (Enhancing Whistleblower Protections) Act 2019* (Cth) and includes all of the content suggestions set out in Box 3.3 of the Principles. The Whistleblower Policy is available on Qube's website.
- 3.9 The ARMC is the responsible Committee in relation to the Whistleblower Policy. As a standing agenda item at its meetings, the Committee would be informed of any material incidents reported under the policy and management's actions in response to verified reports.

Recommendation 3.4

A listed entity should:

- (a) *have and disclose an anti-bribery and corruption policy; and*
- (b) *ensure that the board or a committee of the board is informed of any material breaches of that policy.*

- 3.10 Qube's Anti-Bribery & Anti-Corruption (**ABAC**) Policy applies to Qube-controlled entities (and their officers and employees) and Qube contractors including agents, distributors, business representatives and advisers acting for or on behalf of a Qube entity.
- 3.11 The ABAC Policy includes all of the content suggestions set out in Box 3.4 of the Principles. In summary it:
- a. sets out management's responsibilities in relation to implementation and oversight of, and reporting and approvals under, the policy.
 - b. explains conduct that is prohibited and provides guidance on giving and receiving gifts, entertainment and donations.
 - c. sets out Qube's requirements and expectations in relation to engagement with Qube contractors and third parties, including customers, suppliers, distributors and joint venture partners.
 - d. links to the Whistleblower Policy for complaint-reporting purposes.
- 3.12 As a standing agenda item at its meetings, the ARMC would be informed of any material breaches or incidents reported under the policy and management's actions in response.

Additional policies and materials

Human Rights and Modern Slavery

- 3.13 Qube is committed to the United Nations Guiding Principles for Business and Human Rights and, in turn, the principles and objectives underpinning the *Modern Slavery Act 2018* (Act). Qube's approach is to manage modern slavery risks as a subset of a broader suite of human rights concerns pertinent to our business.
- 3.14 In accordance with those principles and objectives, during the Reporting Period Qube continued to implement actions under its risk management framework based on its ongoing

risk-based assessments of Qube's operations and supply chains to identify any modern slavery risks.

- 3.15 In February 2021, Qube published its inaugural Human Rights Policy and Modern Slavery Statement under the Act. Qube is currently preparing its FY 21 Modern Slavery Statement which will be published by December 2021.
- 3.16 The SHSC is the responsible committee in relation to human rights and modern Slavery. Any incidents connected with modern slavery practices, and management's responses thereto, would be reported to this Committee.

Conflicts of interest

- 3.17 Qube has published its Disclosure of Interests and Related Party Transactions Policy. The policy is available in the Corporate Governance section of the Qube website. The policy mandates a formal process for directors of Qube and its subsidiaries as well as other senior executives to disclose material personal interests and conflicts of interests as well as related party transactions. Disclosed interests are recorded in a register of interests maintained by Qube's company secretaries.
- 3.18 In accordance with the policy, directors of Qube, directors of Qube subsidiaries and senior executives are required to disclose any actual, potential or perceived conflict of interest where a potential conflict may arise, and are required to keep these disclosures up to date. In addition, directors are obliged to disclose any such conflicts under their Letters of Appointment and Officer Protection Deeds. The policy requires that the ARMC be informed of actual or potential conflicts of interest and any proposed related party transactions.
- 3.19 As a standing agenda item at each Board meeting, Qube's directors are required to declare any material interests or conflicts in relation to matters to be considered at that meeting. These are tabled before the Board and noted in the minutes and register of interests in accordance with this policy. Guided by advice of the company secretary, any such interests or conflicts are dealt with at the meeting in accordance with the policy and the law.

Dealing in Qube's securities

- 3.20 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 relevant employees (as delineated in the policy) 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, which is only granted if there are extenuating circumstances.
- 3.21 The ARMC is the responsible committee in relation to the Securities Dealing Policy. As a standing agenda item at its meetings, the Committee would be informed of any material incidents reported under the policy and management's actions in response thereto.
- 3.22 Qube provides periodic regulatory and legal compliance training to senior management on the policy, as well informal briefing sessions for directors, senior executives and relevant employees as part of continuing employee education initiatives. A copy of the policy is available in the Corporate Governance section of Qube's website.

4. Principle 4 - Safeguard the integrity of corporate reports

Recommendation 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.*

4.1 The Board has established the ARMC whose terms of reference and procedures under its Charter (which is available on Qube's website) govern its responsibilities and composition requirements. The experience of the Committee's members is set out in Qube's 2021 Annual Report. The Committee meets as frequently as required but not less than five times per year. The number of meetings held during the Reporting Period is set out in Qube's 2021 Annual Report.

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 7.1 (that a majority of members of the Committee be independent and that it be chaired by an independent director) has been satisfied since September 2012.

Recommendation 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.

CEO and CFO Declaration and Assurance

4.3 In accordance with section 295A of the *Corporations Act 2001* (Cth) and Recommendation 4.2, the Managing Director and the Chief Financial Officer provided assurances to the Board attesting that, during the Reporting Period, 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.
- d. Qube's risk management and internal control and compliance system is operating efficiently and effectively in all material respects regarding financial reporting risks.

4.4 In addition, the Managing Director and Chief Financial Officer also provided equivalent declarations in respect of the financial statements for the half-year ended 31 December 2020.

- 4.5 Senior management of the business divisions and of the corporate function complete a declaration for each financial reporting period addressing financial reporting and the internal control environment.

External Audit

- 4.6 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 AGM.
- 4.7 If circumstances arise where it becomes necessary to replace the external auditor, the ARMC would 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.
- 4.8 Qube's external auditor is PwC Australia. All ARMC papers are available to the external auditor, the auditor is invited to and does attend all Committee meetings and is available to Committee members at any time. The auditor also attends Qube's AGM to answer any questions from shareholders.
- 4.9 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.
- 4.10 During the Reporting Period, the Board through the ARMC, reviewed Qube's external audit requirements and the appointment of Qube's current auditor. A range of factors was considered including the expectation that Qube will undergo a period of operational and managerial transition due to the change in the Managing Director, monetisation of the Moorebank property assets, and consequential organisational changes resulting from these developments. The Board ultimately determined, based on a recommendation from the ARMC, to approve the continuing appointment of PwC as Qube's external auditor for a further short-term period.

Recommendation 4.3

A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.

- 4.11 During the Reporting Period, Qube released the following key non-audited corporate reports, all of which are prepared by management and reviewed by senior management:
- a. Workplace Gender Equality Agency Report 2020-21 – this report was prepared by Qube's Director – People, Culture & Safety with the assistance of Qube's internal remuneration consultant based on an interrogation of payroll records and enquiries made of payroll and HR managers. The draft report was reviewed by Qube's Nomination and Remuneration Committee before lodgement.
 - b. Sustainability Report 2021 – the GM – Safety, Health and Sustainability engaged with the safety, health and sustainability functions across all business to prepare the content of the statement with input from Qube's Director – People, Culture & Safety. The draft Report was then reviewed and approved by the SHSC for issue.
 - c. Modern Slavery Statement - preparation of the 2020 statement (released in March 2021) was overseen by Qube's GM – Safety Health and Sustainability based on processes under the modern slavery framework. Various procurement and supply chain managers and the COO provided input into the content of the statement and the corporate counsel and company secretary reviewed the draft statement for compliance with the seven mandatory reporting criteria under the legislation. The draft statement was then reviewed by the SHSC and recommended to the Board for final approval to issue.

As part of Qube's established Modern Slavery Framework and Action Plan, we undertook a number of planned actions during the Reporting Period. These included the integration of human rights and modern slavery considerations into risk management processes and the updating of procurement processes and documentation with integrated human rights and modern slavery considerations. Qube's 2021 Modern Slavery Statement will be issued by the end of December 2021 in accordance with the legislative requirements.

5. Principle 5 - Make timely and balanced disclosure

Recommendation 5.1

A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under listing rule 3.1.

- 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 under ASX Listing Rule 3.1 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 periodic 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 and internal procedures, senior executives who become aware of potentially price-sensitive information must immediately report this to Qube's disclosure officers, being either the Managing Director or the 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 would be advised promptly where a material matter arises requiring disclosure.

Recommendation 5.2

A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made.

- 5.8 Under Qube's Continuous Disclosure Policy, it is a standing agenda item at every scheduled meeting of the Board that management confirms Qube is in compliance with its continuous disclosure obligations.
- 5.9 All material ASX announcements are provided to the Board on the day they are made. Furthermore, Qube complies with the Qube's Continuous Disclosure Policy requirement that all information Qube discloses to the ASX is placed on Qube's website. Qube endeavours to post all announcements on its website on the same day they are released to the ASX.

Recommendation 5.3

A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation.

- 5.10 Qube has complied with this recommendation to the extent applicable during the Reporting Period. Details of Qube's interactive half-year and full-year results conference calls are published on Qube's website and are open to anyone who wishes to participate. Qube's AGM presentations are also uploaded on the ASX Market Announcements Platform ahead of the presentation in accordance with the listing rules. Shareholders may ask questions on the presentation at the AGM.

6. Principle 6 - Respect the rights of shareholders

Recommendation 6.1

A listed entity should provide information about itself and its governance to investors via its website.

- 6.1 Qube is committed to the delivery to its shareholders and the broader investment community of timely and relevant information about Qube's operations and governance practices.
- 6.2 Qube has an 'Investor & Media' section on its website (<https://qube.com.au/investor/>). This section contains links to Qube's activities, ASX and other announcements and an investor calendar setting out important dates. Important reports are also available for download from this page. Qube has LinkedIn and Twitter profiles which enables it to 'push' news stories and ASX releases to its network of Qube followers.
- 6.3 Shareholders can also request information from, and communicate with, Qube online via the 'Contact us' page: <https://qube.com.au/contact/>. Qube's 'About' page contains information on the Board and Leadership team and key corporate governance documentation including Qube's Constitution, Board and Committee Charters, key events calendar, Statement of Values and other corporate governance policies.
- 6.4 Qube also has an announcements and presentations section on the Investor & Media page of the website: <https://qube.com.au/investor/>. This section contains all of Qube's ASX media announcements, reports and presentations as well as links to Qube's past AGMs including their recordings.

Recommendation 6.2

A listed entity should have an investor relations program that facilitates effective two-way communication with investors.

- 6.5 Qube has an Investor Relations Program, a copy of which is available on Qube's website. The primary purpose of the program is to inform investors and other financial market participants of all major developments affecting Qube's state of affairs and allow them to gain a greater understanding of Qube's business, governance, financial performance and prospects.
- 6.6 As part of its investor relations program, to facilitate effective communication and interaction with investors, Qube holds two investor roadshows each year following its results announcements, as well as additional ad-hoc investor meetings and conference calls with investors and analysts.

Recommendation 6.3

A listed entity should disclose how it facilitates and encourages participation at meetings of security holders.

- 6.7 The Board encourages full participation by shareholders at AGMs to ensure accountability and transparency. Proceedings are also webcast. Written questions may also be put to Qube's external auditor ahead of all AGMs to answer shareholder queries about the Auditor's Report. The AGM held during the Reporting Period was virtual in nature, due to the COVID pandemic.

and shareholders were able to submit written questions online which were answered in real time at the meeting, as well as to vote online.

Recommendation 6.4

A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.

- 6.8 As noted in Qube's notices of meeting and as Qube instructs its share registry, all of Qube's resolutions at meetings of security holders are decided by a poll rather than on a show of hands.

Recommendation 6.5

A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.

- 6.9 New security holders of Qube are sent a welcome pack of materials from our share registry provider, Computershare. This pack includes information on registering to receive all Qube materials and communications electronically. In addition, Qube runs regular campaigns contacting the security holders to notify them of this option.
- 6.10 Shareholders are provided with access to on-line half yearly and annual reports and have the option of receiving soft copies of these documents upon request. Through Qube's website and its share registry on-line shareholder platform, security holders have the option to update their communication preferences at any time to receive the desired type of communications and reports (including Annual Reports and notices of meetings) electronically.

7. Principle 7 - Recognise and manage risk

Recommendation 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.*

- 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. Under this policy, the ARMC and the SHSC are responsible for assisting the Board to fulfil its responsibilities by reviewing and monitoring the financial, safety, health and sustainability aspects of, and reporting under, the framework on a periodic basis. A copy of the Risk Management Policy is available on Qube's website at www.qube.com.au/about/corporate-governance.

- 7.2 As described above, the ARMC is comprised of three members all of whom are independent and chaired by a director who is not the Chairman of the Board. The Committee's Charter has

been approved by the Board and is available on Qube's website. Meetings of the Committee, and individual attendances of its members, are set out in Qube's 2021 Annual Report.

- 7.3 As described above, the SHSC is comprised of four members, one of whom is the Managing director, the other three are independent directors. The Committee is chaired by a director who is not the Chairman of the Board. The Committee's Charter was reviewed during the period, approved by the Board and is available on Qube's website. Meetings of the Committee, and individual attendances of its members, are set out in Qube's 2021 Annual Report.
- 7.4 Responsibility for control and risk management is delegated to the appropriate level of management within Qube, and the ARMC and SHSC have ultimate accountability to the Board. To facilitate interaction of the Committees, and in accordance with the ARMC 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.

Recommendation 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 that the entity is operating with due regard to the risk appetite set by the board; and*
 - (b) *disclose, in relation to each reporting period, whether such a review has taken place.*
- 7.5 As required by the Board, management has implemented a risk management framework which is designed to ensure that Qube's material business risks, including new and emerging 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 Board-approved Risk Appetite Statement and 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.
- 7.6 Qube's risk management framework is established in accordance with Qube's Risk Management Policy (available on Qube's website). The 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 Board-approved Risk Appetite Statement;
 - b. a comprehensive occupational health and safety program, including specific targets for continuous improvement, occupational health and safety standards, road and rail transport safety standards and safety management systems, all of which are monitored and reviewed to achieve compliance with applicable legislation and regulations;
 - c. a delegation of authority policy, including guidelines and approval limits for operational and capital expenditure and investments;
 - d. a comprehensive annual insurance program;
 - e. a Board-approved finance and tax management policy;
 - f. annual budgeting and monthly reporting systems for all divisions to monitor performance against budget targets;
 - g. the identification and assessment of strategic risks in the annual and bi-annual reviews and updating of strategic plans and associated business models; and

- h. a safety, health, environment management system, an environmental regulation compliance policy (including corporate audits of site safety and environmental compliance) and continuous improvement strategies.
- 7.7 The ARMC reviewed Qube's risk management framework during the period and made recommendations to the Board regarding responsibility for enterprise-wide risk oversight. The Board determined that the ARMC will have global oversight of Qube's risk portfolio with a specific risk allocated to a Committee depending on the nature of the risk and its relevance to the Committee's responsibilities and work. The ARMC will also maintain overall responsibility for oversight of Qube's risk management framework and reporting, including on new and emerging risks.
- 7.8 Under Qube's Risk Management Policy, each Qube business provides for reporting on risk management in its regular reporting. The risks for each Qube business, as set out in divisional and material associate risk registers, are formally reviewed consolidated into an overall group risk register. These registers are assessed by the Managing Director, in consultation with senior management, to ensure that each division and material associate has an effective risk management process in place and that the risk registers accurately reflect all current key risks of the Qube Group and its associates.
- 7.9 Twice each year management conducts a formal group-wide, bottom-up risk review of all business units and operations. This review, together with reviews of major associates, are reported to the ARMC, which in turn reports to the Board. This occurred during the Reporting Period which also included a comprehensive review of Qube's Risk Management Framework and Risk Appetite Statement.

Recommendation 7.3:

A listed entity should disclose if it has an internal audit function, how the function is structured and what role it performs.

- 7.10 During the Reporting Period, the ARMC continued the engagement of an external service provider, Ernst & Young (EY), to provide internal audit services. EY 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 on the agreed modules in the updated plan to ensure action items arising from this work are implemented.

Recommendation 7.4:

A listed entity should disclose whether it has any material exposure to environmental or social risks and, if it does, how it manages or intends to manage those risks.

- 7.11 Qube's Safety, Health & Sustainability Committee has responsibility for overseeing the sustainability of Qube's business practices in a responsible and sustainable manner that aims to do 'Zero Harm' to the environment and the communities in which Qube operates. Qube's Safety, Health and Sustainability Policy is available on Qube's website.
- 7.12 The Safety, Health and Sustainability Committee assists the Board in its role of overseeing Qube's approach and practices in safety, health, environment and community (social) engagement and reporting.
- 7.13 During the Reporting Period, Qube continued to improve safety outcomes, reduce its carbon emission intensity, and increase gender diversity in the workforce. Qube enhanced and strengthened governance, strategy and risk management of climate related impacts. Qube also continued to strengthen our sustainability approach and reporting as follows:
 - a. enhancing climate-related disclosure, progressively aligning reporting to the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures.
 - b. identifying the United Nations Sustainable Development Goals that Qube can most impact and integrating them into our sustainability reporting.

7.14 Qube is in the process of preparing its annual Sustainability Report covering the Reporting Period. The report will disclose Qube's material exposure to environmental or social risks and how it manages or intends to manage those risks. It will outline Qube's performance and approach generally to material environmental and social issues and sustainability. The report is expected to be published on Qube's website shortly after release of Qube's 2021 Annual Report.

8. Principle 8 - Remunerate fairly and responsibly

Recommendation 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.*

8.1 Details relating to the NRC were outlined under Principle 2 above. This Committee is also responsible for reviewing and making recommendations to the Board on remuneration packages and policies applicable to the Managing Director, non-executive directors and, where appropriate, senior executives. 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.

8.2 The Committee may also review and make approvals and/or recommendations regarding the policies applicable to staff salary reviews generally. As noted under Principle 1, Qube continually reviews its remuneration practices from a diversity perspective to ensure all employees of the Qube Group are provided with fair and equitable remuneration and access to benefits, irrespective of gender, sexual orientation, ethnicity, age, social status or beliefs.

Recommendation 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.

8.3 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 2021 Annual Report. Qube's remuneration framework, as described in the Remuneration Report, is designed to be both market-competitive and fair to all stakeholders and contain performance measures aligned to support the values, purpose, 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.

8.4 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 incentive schemes or retirement benefits (other than superannuation) in place for its

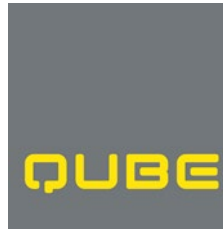
non-executive directors who are remunerated by way of cash fees and superannuation contributions.

- 8.5 Remuneration packages for executive directors and other senior executives comprise an appropriate balance of fixed remuneration and performance-based remuneration. Performance-based remuneration is linked to specified performance targets aligned to Qube's entity's short, medium and longer term performance objectives and are consistent with Qube's circumstances, purpose, strategic goals, values and risk appetite. The Board, based on advice from the NRC, retains discretion where appropriate, to prevent performance-based remuneration rewarding conduct that is contrary to Qube's values or risk appetite.
- 8.6 In January 2021, Qube appointed an independent external remuneration adviser to assist the NRC in reviewing Qube's remuneration arrangements. The NRC, together with Qube's internal remuneration consultant, engaged closely with the external adviser to review Qube's remuneration framework against market practice, alignment with Qube's strategic direction and its responses to market trends and issues.
- 8.7 Based on this comprehensive review, the Board determined to make changes to Qube's remuneration approach and strategy, while also addressing concerns expressed by shareholders in relation to remuneration outcomes in the prior reporting period. Some of these changes have been implemented in this Reporting Period while the balance are planned for introduction in FY 22 and FY 23 and will be covered in future Corporate Governance Statements. The FY21 Remuneration Report contains more information on these initiatives.

Recommendation 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.*
- 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 equity-based remuneration schemes. A copy of the policy is available on Qube's website.



APPENDIX 1

Qube Board Skills Matrix - as at 30 June 2021

Skill and experience ²	Sam Kaplan	Allan Davies	Alan Miles	Ross Burney	Maurice James	Steve Mann	Jackie McArthur	Nicole Hollows	Number of directors (of 8)	Board Percentage
Major asset and infrastructure development	✓	✓		✓	✓	✓	✓	✓	7	87.5%
Logistics networks and supply chains	✓	✓	✓		✓	✓	✓	✓	7	87.5%
Shipping, ports and stevedoring	✓		✓		✓		✓	✓	5	62.5%
Bulk resources and transport	✓	✓	✓		✓	✓		✓	6	75%
Executive and HR management	✓	✓	✓	✓	✓	✓	✓	✓	8	100%

² See skill descriptors on following page

Health, safety and ESG		√	√		√	√	√	√	6	75%
Public relations and communications policy	√	√			√		√	√	5	62.5%
Banking, finance and capital markets	√			√	√	√		√	5	62.5%
Accounting and audit	√		√	√	√	√	√	√	7	87.5%
Legal, regulatory compliance, risk and corporate governance	√	√		√	√	√	√	√	7	87.5%
Cyber security and information technology (IT) systems and strategy			√		√	√	√		5	62.5%

Board Skills Matrix skillset descriptors

Skill and experience	Description
Major asset and infrastructure development	<p>Experience in the delivery of large-scale commercial/industrial property and infrastructure development, including:</p> <ul style="list-style-type: none"> ▪ 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	<p>Experience in and understanding of:</p> <ul style="list-style-type: none"> ▪ 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	<ul style="list-style-type: none"> ▪ 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	<ul style="list-style-type: none"> ▪ 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	<ul style="list-style-type: none"> ▪ 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 ESG	<p>Experience and knowledge related to workplace health, safety and sustainability/ESG, including:</p> <ul style="list-style-type: none"> ▪ 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	<ul style="list-style-type: none"> ▪ 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	<ul style="list-style-type: none"> ▪ 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	<ul style="list-style-type: none"> ▪ Qualifications and/or significant experience in, and understanding of, 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	<p>Experience in governance and risk within complex organisations overseeing and managing regulatory frameworks and processes including an:</p> <ul style="list-style-type: none"> ▪ 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.
Cyber security and information technology (IT) systems and strategy	<ul style="list-style-type: none"> ▪ Awareness and understanding of cyber security risks and defences in the context of the organisation's operational environment. ▪ 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. ▪ Understanding customer networks, IT requirements and inter-operability.