

DIRECTORS AND SENIOR EXECUTIVES CODE OF CONDUCT

POLICY: This policy has been established to promote ethical behaviour, integrity and respect for others by Directors and Executives in the performance of their duties as Officers of Far North Queensland Ports Corporation Limited (trading as Ports North).

BACKGROUND: Ports North is reliant upon natural persons for its actions. Fiduciary duties owed by the officers of Ports North arise from statute, common law and equity. The main duties are:

- to act in good faith (acting in the best interests of Ports North as a whole and exercising powers conferred for a proper purpose);
- to retain discretion and avoid conflicts of interests of duty;
- not to misuse position or information; and
- to exercise reasonable care, skill and diligence.

APPLICABILITY: This Code applies to “Officers” of Ports North which includes the Directors and Senior Executives (as defined in the *Government Owned Corporations Act 1993*).

This Code applies in addition to the Employee Code of Conduct.

PROCEDURES/ GUIDELINES

In fulfilling their role, Officers must conduct themselves consistent with the following:

Compliance

Officers should endeavour to understand the relevant laws and regulations impacting on Ports North’s business activities and not knowingly commit a breach of these laws and regulations. Compliance with laws and regulations is to be actively promoted to all staff and in all business dealings.

Confidentiality

Officers should restrict the use of non-public information gained in the performance of their duties except where disclosure is authorised or legally mandated.

Duty of Care and Due Diligence

Officers must exercise their powers and discharge their functions with the degree of care and diligence that a reasonable person in a like position would exercise in the circumstances.

Officers should inform themselves on the ‘business judgment’ rule contained in Section 180 of the *Corporations Act 2001* when fulfilling their duties as an Officer.

Duty of Good Faith

Officers must act in good faith and in the best interests of Ports North and for a proper purpose.

Officers should inform themselves of the requirements of Section 181 of the *Corporations Act 2001* when fulfilling their duties as an Officer.

Use of Position

Officers must not improperly use their position to gain, directly or indirectly, an advantage for themselves or another person, or to cause detriment to Ports North.

Officers should inform themselves of the requirements of Section 182 of the *Corporations Act 2001* when fulfilling their duties as an Officer.

Use of Information

A person who obtains information because they are, or have been an Officer of Ports North must not improperly use this information to gain advantage for themselves or someone else or to cause detriment to Ports North.

Officers should inform themselves of the requirements of Section 183 of the *Corporations Act 2001* when fulfilling their duties as an Officer or in their dealings after vacating office.

Conflicts of Interest

Conflicts are circumstances in which the private interests of Officers, or their duties to another organisation, are inconsistent with their duty to Ports North. Private interests are those that can bring a benefit (or disadvantage) to the Officer or to others (including friends and family) whom the Officer may wish to benefit (or disadvantage).

The question of whether a conflict exists is an objective one – would a reasonable person consider that a personal interest or duty elsewhere might induce the Officer to act other than in the best interests of Ports North. Conflicts of interest can be:

- **actual** (where there is direct conflict between your current duties and responsibilities and your existing private interests);
- **perceived** (where it could be perceived, or it may appear, that your private interests could improperly influence the performance of your duties); or
- **potential** (where you have interests that could conflict with your work duties in the future).

Responsibility for disclosure or avoidance of a conflict of interest and disclosure of a material personal interest rests with the individual Officer. Potential conflicts of interest should be disclosed in a timely manner so that an appropriate management strategy can be formulated. If there is doubt in deciding whether a situation presents a conflict, the matter can be discussed with the Company Secretary or Chairman (or the Board).

If a Director (or other Officer in attendance) has a direct or indirect interest in a matter being considered or about to be considered by the Board, the Director must disclose the nature of the interest to a meeting of the Board as soon as practicable after the relevant facts come to the Director's knowledge. A Director with a material personal interest in a matter being considered by the Board must not be present or vote on the matter. The declaration of any material personal interest and the exclusion of any Director from the meeting following such declaration shall be recorded in the Minutes of the meeting.

Section 195 (2) of the *Corporations Act 2001* contains certain exceptions where the Board passes a resolution that specifies the Director, their interest in the matter and states that the Board is satisfied that the interest should not disqualify the Director from considering or voting on the matter.

Refer to Code of Conduct and Conflicts of Interest Best Practice Guide for Government Owned Corporations - issued February 2009 and the Corporations Act 2001 – Division 2

Register of Interests

The company Secretary shall maintain a Register of Interests for each Officer. It is the responsibility of the individual officer to ensure that changes to the register of interests are promptly advised to the Chairman and Company Secretary.

The register of interest shall be maintained in accordance with Section 6.6 of the Constitution and include all matters disclosed by officers as required by the Corporations Act.

Fair Dealing

Officers must deal fairly with all customers, suppliers, competitors, regulators and employees.

Ethical Behaviour

Officers must personally demonstrate and actively promote ethical behaviour and provide protection for those who report violations in good faith.

False or Misleading Information

An Officer must not knowingly make a false or misleading statement concerning the affairs of Ports North to another Director or Officer, or to the shareholding Ministers.

An Officer must not knowingly omit anything from a statement to another Director or Officer or the shareholding Ministers concerning the affairs of Ports North, without which the statement is misleading.

An Officer must not give to another Director or Officer or the shareholding Ministers, a document containing information that the Officer knows is false, misleading or incomplete in a material particular.

Trading in Securities

In the normal course of duties Officers may be dealing with organisations whose shares or other financial products such as options, derivatives or bonds (collectively referred to herein as "securities") are publicly traded. This may result in Officers being aware of information about these organisations which is not generally available.

An Officer, personally or through any other person or body corporate, shall not trade in securities of an organisation where they are aware of price-sensitive information which is not generally available.

Information will be regarded as price-sensitive where a reasonable person would expect its release to have a material effect on the immediate price of a security.

Information will be regarded as generally available where it has been made publicly available to the extent that a reasonable person would expect that all parties interested in securities affected by the information would be aware of its existence.

Trading in securities, personally or through any other person or body corporate, where an Officer is aware of price sensitive information that is not generally available may amount to official misconduct or a criminal offence such as insider trading.

Where an Officer is concerned that a course of action may give rise to a breach or a perception that there has been a breach of the Trading in Securities Policy:

- in the case of a Director, the course of action should be discussed with the Chairman; and
- in the case of an Officer other than a Director, the course of action should be discussed with the Chief Executive Officer.

Pre-existing ownership of securities may give rise to conflicts of interest from time to time. These should be dealt with through reference to conflict of interest guidelines outlined above.

Breaches of this Code

The Board views any breach of this Code of Conduct as a serious matter. If the Code of Conduct is breached, having regard to the nature and severity of the breach, the Board will cause a full investigation the matter to be undertaken and may refer responsibility for this investigation to an independent regulator.

Shareholding Ministers shall be informed in a timely manner of any potential or actual breach of this Code of Conduct by any Officer and, where material, by any employee.

RELATED MATTERS

- Government Owned Corporations Act 1993
- Corporations Act 2001
- Corporate Governance Guidelines for Government Owned Corporations – issued February 2009
- Gifts and Benefits Policy April 2010
- Managing Conflicts of Interest in the Public Sector – issued by Crime and Misconduct Commission (Qld) and Independent Commission against Corruption (NSW) – November 2004
- Code of Conduct and Conflicts of Interest Best Practice Guide for Government Owned Corporations - issued February 2009

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| APPROVED BY: | Board of Directors | DATE: | 23 April 2010 |
| APPROVING AUTHORITY | Board of Directors | | |
| DELEGATION INSTRUMENT | Board Resolution – 28 May 2010 | | |
| CUSTODIAN: | General Manager Commercial | | |
| COMMENTS: | <ul style="list-style-type: none"> • Amendment to Trading in Securities section - Acting Chief Financial Officer - 12 June 2007 • Amended to reflect changes in Company name and new Government Guidelines • Corporate Governance Review - February 2010 • Policy Review – April 2013 | | |