



## Board Charter

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## 1. Introduction

1.1. This Charter sets out:

- a. The composition, role and responsibilities of the Board of Steamships Trading Company Ltd (Steamships).
- b. Duties specifically reserved to the Board and those delegated to Board Committees, the Chairman, Managing Director and individual Directors.
- c. Guidelines to promote the effective operation of the Board and each Director.

## 2. Role and Objectives

2.1. The Board is responsible for:

- a. Charting the strategic direction and financial objectives for Steamships and monitoring the implementation of strategies to ensure progress against these objectives.
- b. Monitoring compliance with regulatory requirements, ethical standards and external commitments, and overseeing the implementation of related policies.
- c. Appointments to the Board, appointment of the Managing Director and Company Secretary/ Finance Director, monitoring the performance of the Board and senior management.
- d. Establishment of committees to assist it in fulfilling its corporate governance and oversight responsibilities including the Remuneration and Nomination Committee, Audit and Risk Committee, and Strategic Planning Committee.
- e. Delegation of authority to Board committees and senior management.

2.2. The Board objectives are to ensure Steamships:

- a. Delivers superior long-term shareholder value.
- b. Is directed and supervised in a way that promotes the success of the Group.
- c. Develops employees and nurtures strong relationships with customers and suppliers.
- d. Supports the communities and environment in which it operates.
- e. Upholds its corporate values and standards of conduct in all business activities.

2.3. In performing its responsibilities the Board should act at all times:

- a. In a manner that recognises the great importance Steamships places on the values of honesty, integrity, quality and trust.
- b. In accordance with the duties and obligations imposed upon it by law.
- c. Having due regard for Steamships' corporate responsibility objectives, and the importance of Steamships' relationships with all its stakeholders and the communities and environment in which it operates.

## 3. Board Composition

### 3.1. Composition

The Board is to comprise:

- a. A majority of non-executive Directors.

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- b. At least one executive Director, the Managing Director.

### 3.2. Chairman

- a. The Board will elect one of the Directors to act as Chairman who:
  - I. Is a non-executive Director.
  - II.

### 3.3. Independent Directors

- a. Non-executive Directors will be assessed to be independent in accordance with Section 8 of this Charter.

### 3.4. Board tenure

- a. All non-executive Directors will retire on a rotational basis at least every three years. Retiring Directors are eligible for re-election.
- b. The Board renewal process is conducted in conjunction with the Remuneration and Nomination Committee through careful evaluation of the recent performance of individual Directors and consideration of the necessary and desirable mix of skills, experience, and expertise on the Board.

## 4. Duties and Responsibilities

### 4.1. Strategic Direction

In fulfilling its responsibilities to shareholders, the Board will:

- a. Determine the strategic direction on all matters of material importance to Steamships by:
  - I. Setting financial and strategic objectives.
  - II. Establishing appropriate policies to manage risks in pursuit of those objectives.
  - III. Reviewing and approving management's development of corporate strategy and performance objectives.
  - IV. Ensuring the necessary financial and human resources are in place for the Group to meet its objectives.
  - V. Approving and monitoring the progress of major capital expenditure, capital management and acquisitions and divestitures.
  - VI. Monitoring operating and financial performance.

### 4.2. Control and Accountability

In fulfilling its responsibilities to shareholders, the Board will:

- a. Provide oversight of the Group, including Steamships' internal control systems and audit arrangements.
- b. Review at least annually the effectiveness of the Group's internal control systems and report to shareholders that they have done so in the Annual Report.

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- c. Ensure the review covers all material controls, including financial, operational and compliance controls and risk management functions.
- d. Recommend the appointment and removal of external auditors and set the remuneration of external auditors.

#### 4.3. Performance Monitoring

In fulfilling its responsibilities to shareholders, the Board will:

- a. Ensure that the performance of the Board, individual Directors and senior management is regularly assessed and monitored.
- b. Set criteria for, and evaluate at least annually, the performance of the Managing Director and senior management.
- c. Review executive succession plans and executive development activities.

#### 4.4. Values and Standards

In fulfilling its responsibilities to shareholders, the Board will:

- a. Set the Group's values and standards of conduct and ensure that these are adhered to.

#### 4.5. Stakeholders

In fulfilling its responsibilities to shareholders, the Board will:

- a. Safeguard the interests of Steamships' shareholders, employees, customers, suppliers and the communities in which it operates.
- b. Consistent with the Public Disclosure and Communications policy, review for approval before release all Group announcements of significant strategic or material value.
- c. Approve and monitor financial and other reporting to ensure clear, balanced and timely communication with stakeholders.
- d. Subject to applicable legal requirements, recommend and authorise the distribution of interim and final dividends to shareholders.

#### 4.6. Reputation

In fulfilling its responsibilities to shareholders, the Board will:

- a. Supervise and approve any action relating to matters which have the potential to have a material impact on Steamships' reputation.

#### 4.7. Risk management

In fulfilling its responsibilities to shareholders, the Board will:

- a. Establish a framework of prudent and effective controls which enable risk to be assessed and managed.
- b. Review and ratify risk management and related internal compliance and control systems.

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#### 4.8. Sustainability

In fulfilling its responsibilities to shareholders, the Board will:

- a. Ensure Steamships conducts business in a manner which:
  - I. Fosters the sustainable use of natural resources.
  - II. Minimises as far as commercially practicable any adverse impact on local communities and the environment.
  - III. Protects in so far as is reasonably practicable the health and safety of its employees, customers, business associates, local communities and the general public.
- b. Set strategic objectives so that the Group's activities are sustainable in the long term.
- c. Endorse initiatives to support delivery of those objectives.
- d. Monitor and regularly review performance against key sustainability objectives.

#### 4.9. Compliance

In fulfilling its responsibilities to shareholders, the Board will:

- a. Review the effectiveness of the Group's systems for monitoring compliance with laws, regulations and ethical obligations.
- b. Obtain regular updates from senior management regarding compliance matters.
- c. Ensure that applicable regulatory compliance matters have been considered in the preparation of the financial statements.
- d. Review the findings of any examinations by external auditors or regulatory agencies.

#### 4.10. Remuneration

In fulfilling its responsibilities to shareholders, the Board will:

- a. Establish, approve and review Steamships' remuneration policies.
- b. Approve individual remuneration for Directors, executives and other employees of the Group, as covered by the Remuneration Policy.
- c. Approve the design of all senior executive incentive plans.

#### 4.11. Nomination

In fulfilling its responsibilities to shareholders, the Board will:

- a. Appoint and remove the Managing Director and determine his or her terms and conditions.
- b. Appoint all individual Directors.
- c. Ratify the appointment and removal of executives that report directly to the Managing Director, including the Finance Director and Company Secretary.

### 5. The Chairman

5.1. The Chairman is responsible for:

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- a. Leadership of the Board.
- b. Overseeing the Board in the effective discharge of its supervisory role.
- c. The efficient organisation and conduct of the Board's function and meetings.
- d. Facilitating the effective contribution of all Directors.
- e. Briefing all Directors in relation to issues arising at meetings.
- f. The promotion of constructive and respectful relations between Directors and between the Board and management.
- g. Establishing and maintaining an effective working relationship with the Managing Director
- h. Committing the time necessary to discharge effectively his/her role as Chairman.
- i. Scheduling regular and effective evaluations of the Board and Board Committee performance.

## 6. The Managing Director

6.1. The Managing Director is responsible for:

- a. The day to day management of Steamships with all powers, discretions and delegations authorised, from time to time, by the Board.
- b. The efficient and effective operation of the Group.
- c. Ensuring the Board is provided with accurate and clear information in a timely manner to promote effective decision-making by the Board.
- d. Ensuring all material matters that may affect the Group are brought to the Board's attention.

## 7. Individual Directors

7.1. Individual Directors are responsible for:

- a. Participating in Board meetings to bring an independent judgement to bear on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conduct.
- b. Taking the lead where potential conflicts of interest arise.
- c. Serving on Board Committees, if invited.
- d. Scrutinising the Group's performance in achieving agreed corporate goals and objectives and monitoring reporting.
- e. Giving the Board and any committees on which he or she serves the benefit of his or her skills, expertise, and varied backgrounds and qualifications through regular attendance and active participation.
- f. Attending general meetings to develop a balanced understanding of the views of shareholders.
- g. Complying with the Group's Code of Conduct.
- h. Undertaking relevant training or continuing education to enhance his or her ability to contribute to Steamships and its business.

## 8. Independence

8.1. The Board will assess the independence of Directors regularly.

8.2. A Director is only to be regarded as independent if:

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- a. The Director is not a substantial shareholder of Steamships or an officer of, or otherwise associated directly with, a substantial shareholder of Steamships.
- b. The Director is not employed, or has previously been employed in an executive capacity by Steamships or another group member, and there has not been a period of at least one year between ceasing such employment and serving on the Board.
- c. The Director has not within the last year been a principal of a material professional adviser or a material consultant to Steamships or another group member, or an employee materially associated with the service provided.
- d. The Director is not a material supplier or customer of Steamships or another group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer.
- e. The Director does not have a material contractual relationship with Steamships or another group member other than as a Director.

**8.3.** In determining materiality when assessing the independence of a Director, the Board will regard all the circumstances related to the Director, including the importance of, and nature of, the goods or services supplied to Steamships by the Company in question, the value of transactions and the significance to the Director of the commercial relationship.

**8.4.** The Board may set specific thresholds for materiality from time to time.

## **9. Board Committees**

**9.1.** The Board may from time to time establish Board Committees to assist it in carrying out its corporate governance and oversight responsibilities. Each Committee will adopt a formal charter that clearly sets out its role and its responsibilities, composition, structure and membership requirements. These charters will be reviewed annually.

**9.2.** The Board will, subject to regular review and possible change, establish and maintain the following Committees:

- a. An Audit and Risk Committee.
- b. A Remuneration and Nomination Committee.
- c. A Strategic Planning Committee.

**9.3.** Each Committee has an obligation to report on its meetings to the Board and minutes of all Committee meetings will be made available to all Directors.

### **9.4. Audit and Risk Committee**

- a. The Audit & Risk Committee assists the Board by reviewing, monitoring and making recommendations regarding:
  - I. The financial reporting process.
  - II. The internal control system.
  - III. The risk management framework.
  - IV. Audit arrangements (internal and external).
  - V. Processes for monitoring compliance with relevant regulations and legislation.

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- b. The Audit and Risk Committee must consist of:
- I. At least three non-executive Directors.
  - II. An independent Chairman, who is non-executive and independent of management.
  - III. All members should be financially aware (in the sense of being able to understand financial statements).
- c. The Audit and Risk Committee will meet at least three times each year and otherwise as directed by the Board.

#### 9.5. Remuneration and Nomination Committee

- a. The Remuneration and Nomination Committee assists the Board by reviewing, monitoring and making recommendations regarding:
- I. The remuneration framework for Non-Executive Directors;
  - II. The remuneration and incentive framework for the Managing Director, other Executive Directors, and Senior Executives at the General Manager level;
  - III. Strategic human resources policies including recruitment, retention and termination policies, the Group Code of Conduct and Diversity Policy;
  - IV. Performance management;
  - V. The composition of the Board, Board Committees and Senior Management team;
  - VI. Processes for evaluating the performance of the Board, Board Committees, individual Directors and Senior Management.
- b. The Remuneration and Nomination Committee must consist of:
- I. At least three Directors.
  - II. A Chairman, who is non-executive.
- c. The Remuneration and Nomination Committee will meet annually or otherwise as directed by the Board.

#### 9.6. Strategic Planning Committee

- a. The Strategic Planning Committee assists the Board by reviewing, monitoring and making recommendations regarding:
- I. Annual budgets at management level across the Group.
  - II. The three-year planning processes being implemented at management level
  - III. The organisation of the Group's resources and motivation of the staff to achieve objectives.
- b. The Strategic Planning Committee must consist of:
- I. At least three Directors.
  - II. A Chairman, who is non-executive.
- c. The Strategic Planning Committee will meet annually or otherwise as directed by the Board.

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## 10. Meetings

**10.1.** The Board will meet regularly, at times determined by the Chairman, and at least four times a year. Special meetings may be convened as required and if requested by individual Directors and approved by the Chairman.

**10.2.** The majority of Directors present and eligible to vote at all meetings of the Board will be non-executive Directors.

**10.3.** The Company Secretary will:

- a. Distribute Board meeting papers to Directors prior to each meeting in sufficient time to enable Directors to read the papers and properly prepare for the meeting.
- b. Prepare minutes for meetings of the Board and have them approved by the Chairman after review by the Board.
- c. Ensure that detailed minutes of all Board Committee meetings are taken and kept.

**10.4.** Non-executive Directors may elect to meet prior to or immediately following each Board meeting for discussion of management issues without the presence of executive Directors.

## 11. Access to information, independent advice and continuing development

**11.1.** The Board and Board Committees have the authority to seek any information they require from any employee of Steamships and all employees must comply with such requests.

**11.2.** Management must provide the Board and Board Committees with information in a form, timeframe and quality that enables them to effectively discharge their responsibilities and duties. All Directors are to receive copies of Board Committee papers.

**11.3.** Any Director may take such independent legal, financial, remuneration or other advice as they consider necessary. Any Director seeking independent advice must first discuss the request with the Chairman.

**11.4.** The Board should understand the Steamships structure and operations and key developments affecting the Group and may receive periodic presentations from subject matter experts to assist in achieving such an understanding.

## 12. Communication

**12.1.** The Board regards as crucial clear, balanced, comprehensive and timely reporting of all material events affecting the Group and its business. In this regard the Board will ensure that:

- a. A written continuous disclosure and external communications policy and related procedures are prepared, maintained and enforced.
- b. Appropriate and nominated spokespersons within the Group have responsibility for disclosure.
- c. Management discussion and analysis in relation to the Group's financial results enhance clarity and balance of reporting.

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### 13. Board Renewal, Performance Evaluation and Charter Review

13.1. To determine whether it is functioning effectively, the Board will:

- a. Establish a policy and guidelines regarding Board renewal and succession planning, and for annually assessing the performance of the Board, each non-executive Director, and each Board Committee, with the aim of maintaining a proactive and effective Board.
- b. Review this Charter annually.

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