

# Board Charter

## Introduction

This Napier Port Holdings Limited (**Napier Port**) Board Charter sets out the role, responsibilities, composition and structure of the board of directors of Napier Port (the **Directors** and the **Board**).

In carrying out its responsibility and powers as set out in this Charter, the Board will at all times recognise its overriding responsibility to act honestly, fairly, diligently and in accordance with the law in serving the interests of Napier Port's shareholders and Napier Port and its subsidiaries' (**Napier Port Group**) employees, customers and wider community.

In carrying out its activities, the Board is committed to achieving high standards of corporate governance. Good corporate governance is essential to ensuring the creation, protection and enhancement of shareholder value.

## Role of the Board

The Board is ultimately responsible for:

- setting the strategic direction of the Napier Port Group;
- overseeing the management of the Napier Port Group; and
- the direction of the Napier Port Group's business strategy,

with the ultimate aim being to operate the Napier Port Group as a successful business in accordance with all applicable laws and regulations, including the constitution of Napier Port (the **Constitution**), the constitution of Port of Napier Limited, the requirements of the NZX Listing Rules (the **Listing Rules**), the Local Government Act 2002 and the Port Companies Act 1988. The Board is accountable to shareholders for the performance of Napier Port.

## Responsibilities of the Board

In carrying out its principal function, the Board's specific responsibilities include:

- providing, in consultation with the Napier Port Group's Chief Executive Officer, overall governance and strategic direction for, and approving, the Napier Port Group's business strategies and objectives;
- supervising and monitoring the performance of management of the Napier Port Group, including providing direction and guidance in the operation of the Napier Port Group's business;
- reviewing and approving the Napier Port Group's budgets and business plans and monitoring the management of the Napier Port Group's capital;

- providing leadership of the Napier Port Group within a framework of prudent and effective controls which enables risk to be assessed and managed;
- identifying the principal risks faced by the Napier Port Group and taking reasonable steps designed to ensure that appropriate internal controls and monitoring systems are in place to manage and, to the extent possible, reduce the impact of these risks;
- monitoring the operational and financial position and performance of the Napier Port Group;
- providing Health & Safety leadership of the Napier Port Group with the aspiration of achieving Zero Harm within an updated legislative and regulatory framework;
- requiring that financial and other reporting mechanisms are put in place by the Chief Executive Officer which result in adequate, accurate and timely information being provided to the Board, and Napier Port's shareholders being fully informed of all material developments relating to the Napier Port Group;
- appointing, setting the terms of the employment agreement, monitoring the performance and where appropriate, removing the Napier Port Group's Chief Executive Officer, as well as approving other key executive appointments that the Board may designate from time to time, having regard to the Napier Port Group's strategic direction and goals;
- reviewing and approving the Napier Port Group's remuneration policies;
- establishing procedures to ensure that financial results are appropriately and accurately reported on in a timely basis in accordance with all legal and regulatory requirements;
- adopting and overseeing appropriate procedures to ensure compliance with all laws, governmental regulations, accounting standards (including the external audit) and Napier Port's continuous disclosure obligations;
- approving and regularly reviewing the Napier Port Group's internal decision-making and compliance policies and procedures, including any codes of conduct, this Board Charter and the charters of the Board's Committees; and
- ensuring that the Napier Port Group's internal decision making and compliance policies and procedures are adhered to, to ensure that the business of the Napier Port Group is conducted in an open and ethical manner.

The Directors are responsible for exercising their individual business judgment, and the Board is responsible for exercising its collective business judgment, to act, and to ensure the Napier Port Group operates, in the best interests of Napier Port's shareholders.

## Delegation of responsibilities to management

The Board delegates the day-to-day affairs and management responsibilities of the Napier Port Group to the Chief Executive Officer and Senior Management Team to deliver the strategic direction and goals determined by the Board. This delegation includes:

- operating the Napier Port Group's business within the parameters set by the Board from time to time and, where a proposed transaction, commitment or arrangement exceeds these parameters, referring the matter to the Board for its consideration and approval;
- developing business plans, budgets and Napier Port Group strategies for the Board's consideration and, to the extent that they are approved by the Board, implementing these plans, budgets and strategies;
- identifying and managing business risks, and if those risks could materially affect the Napier Port Group or its business, formulating strategies to manage those risks;
- developing and managing appropriate Napier Port Group Health & Safety policies and providing timely reporting of Napier Port Group Health & Safety performance to the Board;
- managing the Napier Port Group's current financial and other reporting mechanisms to ensure that they are functioning effectively to capture all relevant material information on a timely basis; and
- implementing the Napier Port Group's internal controls, policies and procedures and monitoring these controls, policies and procedures and ensuring that they are appropriate and effective.

In this Board Charter, "Senior Management Team" means Napier Port Group's Chief Executive Officer, Chief Financial Officer and each General Manager that reports to the Chief Executive Officer.

## Delegation of responsibilities to committees

The Board may, from time to time, establish Board Committees to assist it in carrying out its responsibilities.

For each Board Committee, the Board shall adopt a formal written charter that sets out the composition, delegated functions and responsibilities, reporting obligations and any other administrative matters relating to that Board Committee. Each charter shall be made available on Napier Port's website.

The Board currently has the following Board Committees:

- Audit and Risk Management Committee;
- Remuneration and Nomination Committee; and
- Health and Safety Committee.

Notwithstanding the existence of Board Committees, all decisions will be made by the Board, unless the Board has specifically delegated decision making power to a Board Committee or other sub-committee of the Board.

The Board is responsible for the oversight of its Board Committees. This oversight shall include, in relation to each Board Committee, determining and regularly reviewing its composition, structure and performance against its charter.

Committee Chairs and members are appointed by the Board. The membership of such Board Committees shall be reviewed annually and confirmed after the first Board meeting after the annual meeting each year.

## Membership

### General principles

The number of Directors on the Board will be governed by the Constitution, the Listing Rules and the Companies Act 1993.

The Constitution provides that the number of Directors must at any time be no less than six. Subject to these limitations, the number of Directors to hold office will be fixed from time to time by the Board.

A majority of the Directors should be independent and at least two of the Directors will be ordinarily resident in New Zealand. The Board shall, at least annually, review the independence of each Director in light of interests disclosed.

The Board's standards for determining independence will include the requirements of the Listing Rules and the NZX Corporate Governance Code dated 1 January 2019 (as amended or updated from time to time).

### Terms of appointment

Directors are subject to re-appointment every three years, in accordance with the rotation requirements in the Listing Rules.

The Board has determined that good governance requires regular renewal of the Board.

### Independence

The Board must make the necessary arrangements requiring its Directors to provide sufficient information to the Board in order for the Board to determine which of its Directors are independent. The Board will use such information to assess the independence of Directors on their appointment, and then subsequently review the independence of each Director regularly. The Directors acknowledge that a change in the status of a Director's independence must be disclosed immediately.

### Chair's appointment and role

The Chair of the Board shall be independent and shall not be the Chief Executive Officer or the Chair of the Audit and Risk Management Committee.

The Chair of the Board shall be appointed by the Board.

The Chair is responsible for:

- carrying out a leadership role in the conduct of the Board and its relations with shareholders and other stakeholders;
- maintaining a close professional relationship with the Chief Executive Officer and the Senior Management Team;
- chairing Board meetings, as well as annual meetings of shareholders, and concerning themselves with the good order and effectiveness of the Board and its processes; and
- ensuring that all Directors are encouraged to participate in the affairs of the Board and have an adequate opportunity to express their views.

### Induction and education

The Board seeks to ensure that any new Directors are appropriately introduced to management and the Napier Port Group business, that all Directors are acquainted with relevant industry knowledge and receive copies of appropriate company documents to enable them to perform their role as a Director.

Directors will receive induction training upon appointment, and maintain appropriate levels of financial, legal and industry understanding throughout their appointment.

### Meetings

The Board shall meet as often as it deems appropriate and at least six times a year.

Board reports, including by way of an electronic form, will be provided to Directors sufficiently prior to Board meetings, to allow attendees to become familiar with the issues to be addressed. The Chief Executive Officer shall ensure that Directors are receiving information of sufficient content, quality and timeliness as the Board considers necessary to enable the Board to effectively discharge its duties.

Where the Chief Executive Officer is not a Director, the Board shall invite the Chief Executive Officer to attend Board meetings where the Board considers that would be useful. The Board may also, at the suggestion of the Chief Executive Officer or otherwise, invite to Board meetings other employees of the Napier Port Group who can provide additional insight into the items being discussed because of their involvement in those matters.

### Independent advice

While management should provide information of sufficient content, quality and timeliness to the Board to enable it to effectively discharge its duties, and the Directors are entitled to rely on the honesty, integrity and advice of management and external advisers, each member of the Board should, as a general rule, ensure that he or she is independently familiar with Napier Port's operations and does not rely exclusively on information provided by executives or external advisers. However:

- a Committee or individual Director may (with the prior approval of the Chair) retain and consult with professional external advisers (including legal) from time to time, at Napier Port's expense, where the Board Committee or individual deems it necessary to carry out its, his or her functions;
- a non-executive Director, while entitled to rely on Napier Port's executives in relation to matters within their responsibility and area of expertise and may assume the accuracy of information provided by such persons, may not rely on such information if that Director is aware of any reasonable grounds upon which such reliance or assumption may be inappropriate; and
- the Board may rely upon information provided by Board Committees and their members in relation to matters within that Board Committee's delegated responsibility, provided that it has evaluated the information and is not aware of any reasonable basis upon which to question its accuracy.

## Trading in Napier Port's shares

Directors must refer to, and comply with, the Share Trading Policy and the Financial Markets Conduct Act 2013. These impose limitations on the ability of Directors to buy and sell Napier Port's listed securities.

## Evaluation of Board performance

The Board shall undertake a biennial performance evaluation of itself that:

- discusses and assesses the performance of each Director and the Chair;
- compares the performance of the Board as a whole with the requirements of this Charter;
- reviews the performance of the Board's Committees; and
- effects any improvements to this Charter deemed necessary or appropriate.

The performance evaluation shall be conducted in such a manner as the Board deems appropriate.

## Constitution

To the extent there is any inconsistency between this Charter and the Constitution of Napier Port, the Constitution will prevail.

## Review

This Charter will be reviewed by the Board annually.