Tax Governance Policy

1) Purpose

Napier Port Holdings Limited and its subsidiaries ("Napier Port" or "the company") strives to be commercially successful business and is committed to sustainable practices.

Napier Port is a tax resident in New Zealand and listed on the NZX. Tax is a critical source of government revenue and it is becoming increasingly important for large businesses to clearly articulate their approach to tax strategy and governance, to provide certainty and confidence to all stakeholders.

This Policy sets out the approach the company takes towards its tax strategy and the management of tax risks. It defines the risks, the objectives for managing them and the expectations of those involved with the taxation management of Napier Port.

2) Scope

This Policy applies to all Napier Port employees and Board of directors, including its contractors and advisors.

3) Tax Strategy

Napier Port's tax strategy is approved by the Board and is based on established approaches of responsible compliance and tax risk management.

Napier Port manages its tax affairs conservatively to ensure that the risks associated with its tax activities are effectively identified, quantified and managed.

4) Policy Principles

The following principles provide the foundations for the company's Tax Governance Policy and the efficient and effective management of tax risk:

a) The Company will seek to achieve the best possible tax outcome at a tax effective cost while ensuring the Company minimises additional risk and remains fully compliant with all laws and regulations.
b) Management can exercise its judgement in managing tax risks within the policy parameters, however, the Company has no tolerance for activities that may be construed as purely tax speculative in nature or could potentially lead to an outcome of tax avoidance or evasion. The Company will adopt a bias towards prudent tax positions where a range of potential outcomes exists.
c) Tax risks will be managed by seeking advice and consultation with relevant parties where appropriate.
d) The Company will implement a tax management plan including periodic reviews of tax risk areas, policies, procedures and controls by external tax advisors.
e) The Company will utilise Tax Pooling to minimise its tax risks and exposure to use of money interest.
f) Management will keep the Board informed in relation to changes in Tax Risk and the risk management strategies employed.

g) Any correspondence from the Inland Revenue ('IR') regarding tax amounts which are material from the Company's perspective will be notified to the Chief Financial Officer ("CFO"), who will communicate with the Board.

h) The Company will maintain an open, professional and transparent relationship with the IR. The features of this relationship will include:

i. Disclosing fully all significant uncertainties in relation to tax matters and complying with all relevant legal disclosure requirements and ensuring all information is clearly presented as appropriate;

ii Seeking to resolve significant uncertainties before returns are filed whenever practicable;

iii Engaging in a cooperative, collaborative and professional manner in all interactions;

iv All significant written communications with IR will be prepared or reviewed by the external tax advisor and approved by the CFO.

5) Tax Risks

Tax risk is the risk that the company may be paying or accounting for an incorrect amount of tax (including both income and indirect taxes), or that the tax positions a company adopts are out of step with the tax risk appetite that the directors have authorised. The risks encompass both the qualitative and quantitative impacts of such events.

Tax Risk can be broken down into several specific types, each of which are outlined below, along with the Company's policy and approach to managing each of them.

a) Tax Reporting Risk

Definition: Tax Reporting Risk is the material error in the calculation of, or misstatements relating to, tax in any document upon which others may rely e.g. tax returns, financial statements, management information.

Policy: All of the Company's tax returns, internal tax reporting and financial reporting tax disclosures will be prepared in a manner that fairly represents the tax position of the Company and in line with all applicable legal and regulatory requirements. The Company will utilise systems, processes and controls to achieve this to an acceptable level of accuracy.

Preparation of tax returns will typically require a higher level of accuracy than that of financial reporting. To mitigate this risk an external tax advisor will review final tax return calculations before they are submitted to IR.

b) Excess Tax Cost Risk

Definition: Excess Tax Cost Risk relates to the failure to identify or take legitimate and legal positions to optimise the tax costs of the organisation, resulting in the incurrence of tax costs materially in excess of that expected.

Policy: The Company will always look to minimise this risk subject to a rigorous assessment of the commercial benefits and appropriate signoffs. Tax Pooling will be utilised to minimise the Company's exposure to under or overpayment of tax.

c) Tax Reputation Risk

Definition: Tax Reputation Risk relates to the lasting adverse perception of the Company by any stakeholder, irrespective of any consequential financial gain or loss, as a result of failure to exercise governance and oversight of the Company's conduct in relation to tax.

Policy: The Company will always look to actively manage this risk to ensure the organisation's brand and reputation is not compromised. The Company will maintain an open, professional and transparent relationship with IR.

d) Tax Transaction Risk

Definition: Tax Transaction Risk relates to the undertaking of particularly complex, one-off, non-routine transactions, which inherently have a higher risk profile attached.

Policy: The Company will ensure that the tax implications of significant transactions are identified and assessed prior to entering into such transactions. External tax advice will be sought and utilised when appropriate. It is not the Board's intention that the Company enter into any transaction solely for tax reasons.

In circumstances of uncertainty or high risk (including significant enterprise and reputational risk), the Company, in consultation with the ARMC and external tax advisor should consider obtaining a second opinion or a binding or non-binding ruling from IR in relation to the advice.

Confidentiality on any tax advice obtained must be maintained to preserve professional privilege.

e) Tax Management Risk

Definition: Tax Management Risk relates to errors as the result of insufficient tax capability, through either a change in tax resourcing or a lack of experience in existing tax resourcing.

Policy: The Company will ensure that risk is managed through the hiring of qualified accountants, internal training, active workforce management, cross-skilling of resourcing and the use of external tax advice when required.

The Company will also ensure that tax positions adopted are robust, well documented and reflect all informed interpretation of the law

Tax Compliance Risk

Definition: Tax Compliance Risk arises in connection with tax compliance obligations (e.g. tax risks from incorrect disclosure, late filing etc).

Policy: The Company will ensure it complies with all relevant tax laws and statutory reporting obligations, acknowledging not only the pure interpretation but also the intent of the legislation, resulting in the correct amount of tax being lodged, paid and reporting in the appropriate jurisdictions.

5) Related Documents

Where applicable:

- Risk Management Policy.
- Code of Conduct Policy