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# Governance Report

## Approach to Corporate Governance

The CentrePort Board of Directors (the Board) is committed to maintaining best-practice governance policies and behaviours. Policies are tested against applicable standards detailed in NZX's Corporate Governance Code. The Board's governance framework adheres to the majority of applicable standards as if the company were a listed public company.

In addition, the Directors support the principles set out in the Code of Practice for Directors, issued by the Institute of Directors in New Zealand. While recognising that this code expresses principles and does not purport to determine any detailed course of conduct, the Directors support the need for the highest standards of behaviour and accountability.

## Board of Directors

The Board is elected by shareholders. The Port Companies Act 1988 and the Companies Act 1993 govern the relationship between CentrePort and its shareholders.

## Role of the Board and Responsibilities

The Board has statutory responsibility for the affairs and activities of CentrePort Limited and its subsidiary companies (the Group). Without undermining this responsibility, the day-to-day leadership and management of the Group is delegated to the Chief Executive and management of CentrePort.

### Key areas of responsibility that remain with the Board are:

- setting the direction, strategies, and performance benchmarks of CentrePort, including the monitoring of progress, and implementing and achieving strategies and performance objectives
- approving, at least annually, a strategy, business plan and budget
- monitoring compliance against statutory requirements
- appointing and reviewing the performance of the Chief Executive
- safeguarding and growing the value of CentrePort Limited's assets.

## Composition

The Board continues to give close consideration to its size, composition, and spread of experience and expertise.

Procedures for the operation of the Group are governed by the company's constitution. Under this constitution, the Board must consist of between six and nine Directors.

Shareholders appoint Directors by ordinary resolution or by written notice to the company, signed by a majority of shareholders in the company. Not more than two members or employees of the shareholders may hold office as Directors.

Each year one-third of the Directors are required to retire by rotation at the annual general meeting. The basis for determining which Directors retire by rotation is length of service in office since their last election or appointment. In addition, any Director who has been a Director for more than three years is required to retire. Retiring Directors are eligible for re-election.

## Conflicts of Interest

Directors are cognisant of the possibility of conflict of interest between their duty to CentrePort and their own interests. Where conflicts do exist, the company maintains an interests register in which certain transactions and matters involving the Directors must be recorded.

During the year, the Group was involved in business with companies for which the Directors have provided general disclosures. The names of those entities have been recorded in the interests register. Where transactions have taken place, these were completed under normal commercial terms and on an "arm's length" basis. Details of the specific interests an individual Director has in a transaction are also entered in the interests register.

## Board Meetings

The Board met 12 times during the year. Directors receive papers and regular management reports for consideration in advance of meetings. Directors have unrestricted access to company records and information.

Finally, executives are regularly involved in Board deliberations and Directors have opportunities, including visits to the Group's various operations, for contact with a wider group of employees.

## Board Committees

Three Board committees assist in the execution of the Board's responsibilities, each of which is subject to a defined charter:

- Audit and Risk Committee
- Remuneration Committee
- Health, Safety and Environmental Committee.

Other ad hoc committees are established as required. The committees have a number of scheduled meetings to achieve their charter objectives. The committees make recommendations to the Board and only exercise the Board's decision-making powers when they have specific delegated powers to do so.

## Audit and Risk Committee

Members as at 30 June 2018

Mr D Benham (Chair), Mr L Johnstone, Mr RM Petersen and Mrs S Haslem.

## Number of meetings held

This committee met four times during the year. The external auditors attended four meetings.

## Principal function

The Audit and Risk Committee assists the Board in fulfilling its duties and responsibilities relating to:

- financial reporting and regulatory compliance
- taking of any reasonable steps necessary to safeguard the Group's assets, and to prevent and detect fraud and other irregularities
- reviewing treasury risk management controls.

**The Audit and Risk Committee assists the Board to fulfil the above responsibilities by:**

- considering the adequacy of the form and content of published financial statements
- determining whether accounting policies adopted by the Group are appropriate, consistently applied, and adequately disclosed
- ensuring that significant estimates and judgements made are reasonable and prudent, and that all applicable financial reporting standards have been followed
- ensuring the Group keeps proper accounting records that disclose, with reasonable accuracy, the financial position, results of operations, and cash flows of the company and the Group
- reviewing the establishment and continued effectiveness of the Group's policies, practices, procedures, and systems of internal control and risk management
- meeting with the external auditors to:
  - discuss the adequacy of internal controls and any areas of concern
  - examine any recommendations made by the auditors for improvement.

## Remuneration Committee

Members as at 30 June 2018

Dr R S Janes (Chairman), Mr L Johnstone and Mrs S Haslem

### Number of meetings held

This committee met four times during the year.

### Principal function

The Board is responsible for:

- establishing and maintaining the integrity of remuneration practices in a way that supports achievement of the company's business goals
- ensuring that remuneration practices at all times seek to improve the performance of individual employees, the organisation, and the teams that comprise it.

The Remuneration Committee assists the Board to fulfil the above responsibilities by:

- reviewing the company's remuneration policies and practices, to ensure they develop, motivate, and reinforce high levels of performance, in a way that promotes the trust and understanding of the company's employees
- monitoring compliance with remuneration legislation and case law
- reviewing with management the company's performance review and incentive system
- considering detailed recommendations for the remuneration of executive management to ensure they are appropriate
- reviewing succession planning, talent management plans, and staff engagement surveys.

## Health, Safety and Environmental Committee

Members as at 30 June 2018

Dr R S Janes (Chairman), Mr J A Monaghan and Mr L Johnstone

### Number of meetings held

This committee met four times during the year.

## Principal function

The Board has ultimate accountability for ensuring, so far as is reasonably practicable, the health and safety of workers and others affected by CentrePort's business and undertakings and ensuring the company's compliance with health, safety and environmental laws, regulations and ethics.

The Health, Safety and Environmental Committee assists the Board to fulfil these responsibilities by:

- monitoring compliance with:
  - the Board's safety and environmental policies
  - health, safety and environmental legislation and case law
- reviewing with management:
  - hazard analysis and accident prevention systems of the company
  - work practices by visiting the Group's operations to determine that work is conducted in a safe and hazard-free manner
  - the implementation of new systems and procedures to enable all activities to be carried out in a safe and environmentally responsible way
  - the implementation of the Group's strategic objectives for quality as identified in the strategic plan
- monitoring the coordination with other agencies, customers and stakeholders on environmental and disaster planning, including consideration of emergency response plans.