

## Corporate Governance Statement

FOR THE YEAR ENDED 30 JUNE 2021

# Committed to Effective Governance

The Board of Directors (the Board) and Senior Management Team of Port of Tauranga Limited (the Company) recognise the importance of good corporate governance and consider it is core to ensuring the creation, protection and enhancement of shareholder value. The Board is committed to ensuring that the Company meets best practice governance principles and maintains the highest ethical standards.

The Board has an important role in directing the Company's activities. With the objective of increasing shareholder value, it is responsible for setting the Company's strategic direction, providing oversight of its management and directing business strategy. A planned programme of meetings and strategy days gives the opportunity for the Board to share its thoughts and challenge Management on the direction of the business and how they are managing long term value drivers such as investment in assets, building employee engagement, satisfying customers, enhancing environmental performance and protecting and building the Company reputation.

The Board considers that the Company's corporate governance practices adhere to the NZX Corporate Governance Best Practice Code, the Financial Markets Authority's Corporate Governance in New Zealand Principles and Guidelines, and the NZX Main Board Listing Rules (NZX Rules). The Board regularly reviews and assesses the Company's governance structures, processes and policies to ensure that they are consistent with best practice.

The Board's policies and charters are available on the Corporate Structure page of the About Port of Tauranga section of the Company's website: <http://www.port-tauranga.co.nz/about-port-of-tauranga/corporate-governance/>

This statement was approved by the Board on 26 August 2021.

### ETHICS

The Code of Ethics is the cornerstone of expected behaviour and provides guidance regarding the ethical and behavioural standards expected of Directors, Senior Management and employees in relation to conduct, conflicts, proper use of assets and information. The Whistleblowing Policy sets out the procedure for reporting concerns regarding a breach of the Code of Ethics or any other serious wrongdoing within the Company.

New Directors are provided with a copy of the Code of Ethics and they confirm that they have read and understand the document. The Code of Ethics and the Employee Code of Conduct and Behaviour are included in the Director induction. Confirmation is required that these have been read and understood.

The Code of Ethics and Whistleblowing Policy are available on the website: <http://www.port-tauranga.co.nz/about-port-of-tauranga/corporate-governance/>

### SHARE TRADING

The Board has an Insider Trading Policy which sets out the procedures that must be followed by Directors, Senior Management and any other employees with inside information when purchasing or selling Company securities. The fundamental rule in the policy is that insider trading is prohibited at all times. The requirements of the policy are separate from, and in addition to, the legal prohibitions on insider trading in New Zealand.

It is not a requirement of appointment that Directors own shares in the Company. However Directors are encouraged to do so. Directors' and

Senior Managers' ownership interests are disclosed on page 117 of the Integrated Annual Report.

### OUR BOARD STRUCTURE

The Board has the ultimate responsibility for all decision making within the Company. The roles and responsibilities are set out in the Board Charter which is available on the website: <http://www.port-tauranga.co.nz/about-port-of-tauranga/corporate-governance/>

The Board meets its responsibilities by receiving reports and plans from Management and through its annual work programme. The Board uses committees to address certain issues that require detailed consideration by members of the Board who have specialist knowledge and experience. The Board retains ultimate responsibility for the functions of its committees and determines their responsibilities.

A set of delegated authorities establish the responsibilities devolved to Management and those retained by the Board. The delegated authorities are subject to review and approval by the Board annually. The Chief Executive has responsibility for the proper exercise of and compliance with the delegation policies.

### Director Nominations and Appointments

The Board is responsible for appointing Directors. The Board seeks a range of skills, perspectives, knowledge, competencies and experiences of its members.

The Nomination Committee assists the Board to review Board composition, performance and succession planning by identifying, evaluating and recommending candidates for the Board.

When considering an appointment, the Committee will undertake a thorough check of the candidate and his or her background. Where the Board determines a person is an appropriate candidate, shareholders are notified of that and are provided with all material information that is relevant to the decision on whether to elect or re-elect a Director.

A Director Tenure and Re-appointment Policy applies to Board Directors other than those appointed by Quayside Holdings or Bay of Plenty Regional Council. The policy sets out that the Chair will facilitate a formal process to determine the support or otherwise, for Directors who offer themselves for re-election. It also establishes a nine year or three term tenure for non-executive Directors unless the Board and shareholders support a further term.

The Board has determined that to operate effectively and to meet its responsibilities, it requires competencies in disciplines including ports, property and infrastructure, supply chain management, shipping and logistics, governance, executive leadership, strategy, finance, legal and regulatory, people and remuneration, risk and compliance, and environment and sustainability. The current mix of skills and experience is considered appropriate for the responsibilities and requirements of governing the Company. The Board looks to strengthen its oversight of issues in all disciplines, as required, via expert advice.

Our Board is diverse and brings a wide range of skills and experience to the table to the benefit of the Company.

### Board Composition

The Board comprises seven Directors, five of whom are independent including the Board Chair. Profiles are provided on pages 62 and 63 of the Integrated Annual Report 2021 and on the website: <http://www.port-tauranga.co.nz/about-port-of-tauranga/board-directors/> The profiles

## Corporate Governance Statement (continued)

FOR THE YEAR ENDED 30 JUNE 2021

include information on the year of appointment, skills, experience and background of each Director.

The positions of Chair of the Board and Chair of the Audit Committee are held by independent Directors. These two roles, and the role of Chief Executive, are all held by different people. The Chair has been assessed as being independent by the Board.

Directors' period of appointment are:

	0-3 Years	4-6 Years	7-9 Years	9 Years+
Number of Directors	1	3	2	1

### Diversity and Inclusion

The Board is committed to providing a workplace that recognises and values different skills, abilities, genders, ethnicity and experiences. The Board is committed to creating an inclusive workplace where all employees feel included and valued, and to providing equal employment opportunities with all appointments being merit based.

Port of Tauranga's Diversity and Inclusion Policy sets out the philosophy, roles, process and initiatives for measuring progress towards achieving the objectives of the Policy. The Remuneration Committee oversees diversity and inclusion at Port of Tauranga.

Port of Tauranga is yet to reach the diversity targets that have been set. Progress for the organisation is set out in the table below. The numbers reported relate to Port of Tauranga's permanent employees only and do not include casual employees, contractors or consultants.

The Company objective is to achieve a minimum of 40% females and 40% males holding director, executive and manager level positions by 2025. In 2021 the Company had 29% females and 71% males holding these positions.

	As at 30 June 2021				As at 30 June 2020			
	Female		Male		Female		Male	
	No.	%	No.	%	No.	%	No.	%
Non-independent Directors	0	0	2	100	0	0	2	100
Independent Directors	2	40	3	60	2	40	3	60
Executives	2	29	5	71	0	0	5	100
Management	3	25	9	82	2	18	9	82
Permanent employees	42	19	182	81	39	18	183	82
<b>Total</b>	<b>49</b>	<b>18</b>	<b>201</b>	<b>76</b>	<b>43</b>	<b>18</b>	<b>202</b>	<b>82</b>

### Director Training

Port of Tauranga is committed to the ongoing development of the Board. The Board requires that there is appropriate training available to all Directors to enable them to remain current on how best to discharge their responsibilities and keep up to date on changes and trends in areas relevant to their work.

Directors are also provided with industry information and receive copies of appropriate Company documents to enable them to perform their role.

The Board oversees induction programmes to ensure each new Director gains an understanding of the port industry and the Company's operational, financial and strategic position.

### Assessing Board, Committee and Director Performance

The Board regularly assesses its effectiveness in carrying out its functions and responsibilities. The Board Chair leads the review and evaluation of the Board as a whole. The Board Chair also engages with individual Directors to evaluate and discuss performance and professional development. At its discretion the Board may also use external facilitators to conduct reviews.

### Board Committees

Committees support the Board by providing input and detail on specific matters and by having subject matter experts provide specialist advice.

There are three Committees to provide oversight on certain matters – Audit, Nomination and Remuneration. All Committees operate under a charter approved by the Board and each Committee's proceedings are reported back to the Board.

Annually each Committee agrees on a programme of matters to be addressed over the following twelve-month period. The Committees each annually review their performance against the Committee charter and objectives for the year and report their findings to the Board.

The Chief Executive, Chief Financial Officer and all other Senior Managers regularly attend Board Meetings and when invited, attend Committee Meetings.

### Meetings Attendance

Attendance records of Board and Committee Meetings by Directors for the year ended 30 June 2021 are provided in the table below.

	Board	Audit	Nomination	Remuneration
Mr D A Pilkington	8	2	1	3
Ms A M Andrew	8	1	1	3
Mr K R Ellis	8	2	1	3
Ms J C Hoare	8	2	1	2*
Mr A R Lawrence	8	2	1	
Mr D W Leeder	7		1	3
Sir Robert McLeod KNZM	8	2	1	
<b>Total meetings held</b>	<b>8</b>	<b>2</b>	<b>1</b>	<b>3</b>

\* Ms Hoare was appointed to the Remuneration Committee effective 1 November 2020.

### Audit Committee

The Audit Committee assists the Board in fulfilling its responsibilities on the financial reporting process, the system of internal control and management of financial risks, and the audit process. The Committee provides an independent reporting line for the Chief Financial Officer and external auditors (together or separately) as the Chair of the Audit Committee considers appropriate.

The Audit Committee Charter requires that the Committee should be of sufficient size, independence and technical expertise to discharge its mandate effectively. The Chair shall be appointed by the Board and shall not be the Chair of the Board. The NZX Rules impose certain other obligations. The Committee is compliant with these requirements.

The Chair of the Audit Committee is Julia Hoare. The other members of the Audit Committee are Kim Ellis, Alastair Lawrence and Sir Robert McLeod KNZM. The Chair, David Pilkington, is an ex-officio member of the Audit Committee and receives no fees.

The Chief Executive and the Chief Financial Officer, at the invitation of the Audit Committee, attend the meetings.

### Remuneration Committee

The Remuneration Committee oversees the remuneration strategy, executive remuneration, people development, employee engagement

## Corporate Governance Statement (continued)

FOR THE YEAR ENDED 30 JUNE 2021

and succession planning. The Committee approves performance criteria for the Chief Executive and recommends incentive payments or other adjustments to Chief Executive remuneration to the Board. The Committee also determines appropriate Board remuneration, which is subject to Board, then shareholder approval.

The Committee will comprise at least three members, being Directors of the Company, each of whom will be non-executive and independent of management. The Committee is compliant with these requirements.

The Chair of the Remuneration Committee is Kim Ellis. The other members of the Committee are Alison Andrew, Julia Hoare, Doug Leeder and David Pilkington.

The Chief Executive and the Corporate Services Manager, at the invitation of the Remuneration Committee, attend the meetings.

### Nomination Committee

The Nomination Committee reviews Board composition, performance and succession planning.

The Nomination Committee also has responsibility for developing the appropriate process for evaluation of the performance of the Board and its Committees, and the Chair; making determinations on an ongoing basis on the independence status of all Directors in accordance with NZX Rules; and ensuring letters of engagement are in place.

The Committee comprises the whole Board. David Pilkington chairs the Committee.

The Chief Financial Officer and the Corporate Services Manager, at the invitation of the Nomination Committee, attend the meetings.

## REMUNERATION REPORT

### Non-Executive Director Remuneration

Non-executive Directors' remuneration is paid in the form of Directors' fees as determined by the Board. Setting of fees is subject to periodic review and independent expert advice. The Remuneration Committee considers Directors' fees annually and recommends adjustments to the Board. The last external review was undertaken in 2021 by EY.

The aggregate pool of fees able to be paid to Directors is subject to shareholder approval and currently sits at \$780,000.

Port of Tauranga meets Directors' reasonable travel and other costs associated with the business.

Port of Tauranga Directors' fees are:

	Directors' Fees \$
Chair	168,480
Directors	88,400
Audit Committee Chair	15,600
Audit Committee Member	7,800
Remuneration Committee Chair	10,400
Remuneration Committee Member	5,200

No fees are paid to the Nomination Committee.

Directors' fees received during the year are:

	Board \$	Audit \$	Remuneration \$	Total 2021 \$	Total 2020 \$
Mr D A Pilkington	168,480		5,200	173,680	173,680
Ms A M Andrew	88,400		5,200	93,600	93,600
Mr K R Ellis	88,400	7,800	10,400	106,600	106,600
Ms J O Hoare	88,400	15,600	3,467	107,467	104,000
Mr A R Lawrence	88,400	7,800		96,200	96,200
Mr D W Leeder	88,400		5,200	93,600	93,600
Sir Robert McLeod KNZM	88,400	7,800		96,200	96,200
<b>Total</b>				<b>\$767,347</b>	<b>\$763,880</b>

Remuneration paid to Directors in their capacity as Directors of Subsidiaries during the year are:

Director	Subsidiary	Fees \$
Mr D A Pilkington	Northport Director	25,000
Mr D A Pilkington	PrimePort Director	35,000
<b>Total</b>		<b>\$60,000</b>

Any fees paid to Port of Tauranga employees appointed as Directors of Subsidiaries are paid to the Company, not the individual.

Non-executive Directors have no entitlement to any performance based remuneration and they do not participate in any share-based incentive schemes. A non-executive Director is not entitled to receive a retirement payment.

Non-executive Directors are encouraged to be shareholders but are not required to hold Company's shares. Details of Directors' shareholdings are on page 119 of the Integrated Annual Report 2021.

## Corporate Governance Statement (continued)

FOR THE YEAR ENDED 30 JUNE 2021

### Executive Remuneration

Port of Tauranga is committed to providing a remuneration framework that promotes a high performance culture and aligns rewards to the creation of sustainable value for shareholders.

Port of Tauranga's remuneration philosophy is aimed at attracting, retaining and motivating employees of the highest quality at all levels of the organisation. It is based on practical, guiding principles and a framework that provides consistency, fairness and transparency. The principles that guide remuneration practice include:

- providing clear alignment with Company values, culture and strategy;
- supporting the attraction, retention and motivation of employees;
- being clear, fair, equitable and flexible;
- reflecting market conditions;
- recognising individual competence and performance; and
- recognising team and Company performance and the creation of shareholder value.

The philosophy promotes behaviours and values that drive performance, a pervasive "can do" attitude and sustainable growth in shareholder value. All remuneration packages are reviewed annually in the context of individual and Company performance, market movements and expert advice.

The Board through the Remuneration Committee establishes the policies and practices for the remuneration of executives. Port of Tauranga's remuneration for the Chief Executive and nominated executives provides the opportunity to receive, where performance merits, a total remuneration package in the upper quartile for equivalent market-matched positions.

Total remuneration is made up of three components: Fixed Remuneration, a Short Term Incentive (STI) and a Long Term Incentive (LTI). Both short and long-term performance incentives are "at-risk" with the outcome determined by performance against a combination of agreed financial and non-financial objectives.

**Fixed Remuneration** – fixed remuneration is determined in relation to the market for comparable sized and performing companies. It includes all benefits, allowances and deductions.

Port of Tauranga's policy is to pay fixed remuneration at the median of its peer group. Adjustments are not automatic and are determined based on performance which is reviewed annually by the Remuneration Committee.

**Short Term Incentives** – STIs are at-risk payments linked to the achievement of annual financial and strategic targets. They are designed to motivate and reward for performance in that financial year.

The target value of the STI is set as a percent of the fixed remuneration. For the 2021 financial year the Chief Executive's STI was set at 60% and for all nominated executives it was set between 40-50%.

For the 2021 financial year there were seven nominated executives included in the STI Scheme, an increase of three from the previous year.

For the Chief Executive, 60% of the STI is linked to the Company's financial performance with the actual opportunity in the range of 0-110%. The remaining 40% comprised agreed safety, environmental and strategic objectives. Strategic objectives are set each year by the Remuneration Committee (and approved by the Board) and closely align to the Port of Tauranga's strategic aspirations. The financial objective is to meet or exceed the normalised net profit after tax target. A threshold of 90% of target is required before any of the financial component is paid.

The Board retains complete discretion over paying an STI and may determine, despite the actual performance against objectives that a reduced bonus or no bonus will be paid in a given year.

**Long Term Incentives** – the LTI is an at-risk payment designed to align the reward of executives with the growth in shareholder value over a three year period.

The LTI is a Performance Share Rights Plan (PSR), where payments are made in shares rather than cash. The maximum number of shares an executive may receive as an allocation is determined by dividing the value of the grant less tax by the face value of a Port of Tauranga share at the grant date.

The 2019 LTI (allocated on 1 July 2018), which vested at the end of the 2021 financial year, was set at 50% of fixed remuneration for the Chief Executive and 30% of fixed remuneration for the nominated executives. The value of each allocation is set at the date of the grant. The plan's performance hurdles are based on two metrics, the first 50% is Port of Tauranga's three year Total Shareholder Return (TSR) relative to the performance of the NZX50 less Australian companies listed in New Zealand. The second 50% is measured by achieving target compound earnings per share (EPS) growth.

The LTI targets are:

TSR Percentile Ranking %	Earned %
Below 40	Nil
Above 40 to 50	40-50
Above 50 to below 75	50-99
At 75 or above	100

EPS* Three Year CAGR** %	Earned %
0	0
3.5	50
7.0	100
8.0	110
9.0	120

\*Earnings per Share

\*\*Compound Annual Growth Rate

As with the STI, the Board retains absolute discretion over the payment of the LTI to participants.

### Chief Executive Remuneration

There was no increase in the Chief Executive's fixed remuneration for the 2021 financial year. The Chief Executive's fixed remuneration remained at \$884,340.

#### FY2021

Fixed Remuneration* \$	Performance Pay**			Total Remuneration*** \$
	STI \$	LTI \$	Subtotal \$	
884,340	212,651	427,887	1,524,878	1,553,455

\*Fixed remuneration includes the value of any benefits (health care, superannuation or vehicle) taken. The Chief Executive participates in the Company's Health Insurance Scheme.

\*\*Performance pay was earned over previous periods but paid in the current financial year.

\*\*\*Total remuneration includes payments that arise from calculating actual holiday pay per the NZ Legislation.

#### FY2020

Fixed Remuneration* \$	Performance Pay**			Total Remuneration*** \$
	STI \$	LTI \$	Subtotal \$	
884,340	434,107	650,734	1,084,841	2,022,501

\*Fixed remuneration includes the value of any benefits (health care, superannuation or vehicle) taken. The Chief Executive participates in the Company's Health Insurance Scheme.

\*\*Performance pay was earned over previous periods but paid in the current financial year.

\*\*\*Total remuneration includes payments that arise from calculating actual holiday pay per the NZ Legislation.

## Corporate Governance Statement (continued)

FOR THE YEAR ENDED 30 JUNE 2021

### Chief Executive Remuneration (continued)

Total remuneration paid includes fixed remuneration and the short and long term performance payments paid/vested in the year. Performance payments are actually those earned in prior periods.

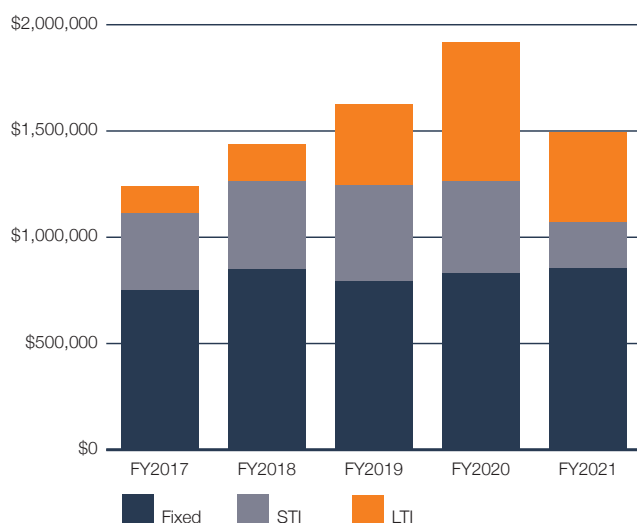
An explanation of the Chief Executive's performance pay paid/vested in 2021 is shown in the following table:

	Description	Performance Measures	Achieved %
<b>STI</b>	Set at 60% of fixed remuneration. Based on a combination of financial and non-financial performance measures.	60% based on achieving normalised NPAT target. The range for the financial performance is 0-110%.	0
		40% based on key strategic measures and safety. The range is 0-100%.	40
<b>LTI</b>	Set at 50% of fixed remuneration.	50% based on TSR performance relative to the NZX50 less Australian companies listed in NZ. The range is 0-100%.	100
		50% based on EPS CAGR. The range is 0-120%.	18

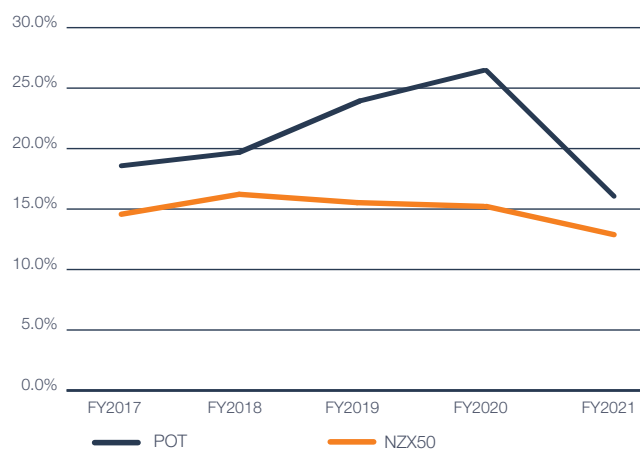
### The Five Year Summary – Chief Executive Remuneration

FY	Total Remuneration \$	STI Against Maximum %	LTI Against Maximum %	Span of LTI Performance Period
<b>2021</b>	<b>1,553,455</b>	<b>19</b>	<b>54</b>	<b>FY2018-2020</b>
2020	2,022,501	78	97	FY2017-2019
2019	1,773,259	82	97	FY2016-2018
2018	1,680,106	86	75	FY2015-2017
2017	1,242,214	76	35	FY2014-2016

### The Five Year Summary Graph – Chief Executive Remuneration (exclusive of holiday pay)



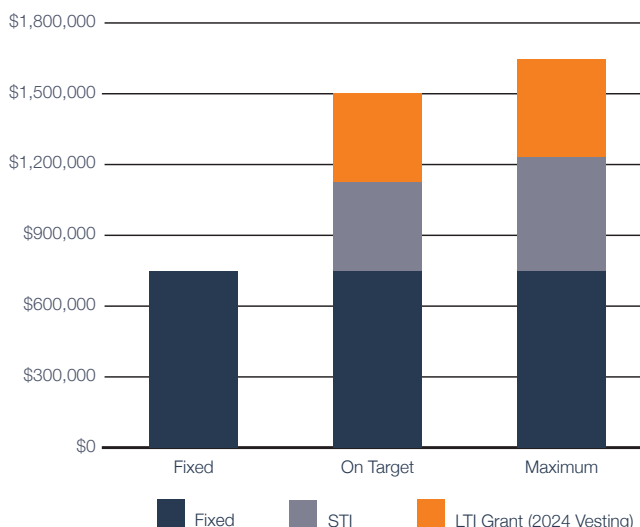
### Total Shareholder Return Performance



### Chief Executive Remuneration for 2022

On 1 July 2021, a new Chief Executive was appointed to Port of Tauranga. The following commentary applies to the incoming Chief Executive's remuneration package.

The Chief Executive's potential remuneration package for the year ending June 2022 is shown in the following chart.



Fixed remuneration (\$750,000) reflects base salary and benefits. For performance that meets expectations, the STI would pay out at 50% of fixed remuneration and the LTI at 50% of fixed remuneration. For performance that exceeds expectations, the STI would pay out a maximum 105% of fixed remuneration and the LTI at 110% of fixed remuneration.

An explanation of the Chief Executive's performance pay for 2022 is shown in the following table:

	Description	Performance Measures
<b>STI</b>	Set at 50% of fixed remuneration. Based on a combination of financial and non-financial performance measures.	60% based on achieving normalised NPAT target. The range for the financial performance is 0-110%. 40% based on key strategic measures and safety. The range is 0-100%.
<b>LTI</b>	Set at 50% of fixed remuneration.	50% based on TSR performance relative to the NZX50 less Australian companies listed in NZ. The range is 0-100%. 50% based on EPS CAGR. The range is 0-120%.

## Corporate Governance Statement (continued)

FOR THE YEAR ENDED 30 JUNE 2021

### Pay Gap

The 2021 Chief Executive fixed remuneration to Port of Tauranga permanent employees mean fixed remuneration ratio is 9:1.

### Employee Remuneration

The number of employees and former employees of Port of Tauranga who, during the year, received cash remuneration and benefits (including at-risk performance incentives) exceeding \$100,000 are:

Remuneration Range \$000	Parent Company	
	Number of Employees 2021	Number of Employees 2020
100-109	23	25
110-119	35*	26
120-129	19	23
130-139	14	13
140-149	8	10
150-159	13	11
160-169	15	13
170-179	5	2
180-189	2	2
190-199	2	0
200-209	2	1
210-219	3	1
220-229	0	2
230-239	0	1
240-249	5	7
250-259	4	3
260-269	1	2
270-279	1	1
280-289	1	0
330-339	1*	0
440-449	1	0
470-479	1	0
530-539	1*	0
660-669	0	1*
800-809	1*	0
810-819	0	1*
840-849	0	1*
850-859	0	1*
1,500-1,569	1*	0
2,020-2,029	0	1*
<b>Total</b>	<b>159</b>	<b>148</b>

\*Includes vesting of Long Term Incentive Scheme and payment of Short Term Incentive.

### Employee Share Ownership

Permanent employees can choose to join Port of Tauranga's Employee Share Ownership Plan (ESOP). The ESOP gives employees the opportunity to buy shares in the Company via weekly pay deductions. The shares are offered every three years and paid off over the intervening three year period. In 2018 an offer of \$5,000 worth of shares was made to employees at a 30% discount to the market price. On the day of allocation, the price was \$5.08 per share and participating individuals received 980 shares. Over 95% of our employees are shareholders.

### MANAGING RISK

Port of Tauranga considers that effective risk management is an inherent part of actively developing the business. Effective risk management anticipates risk, develops strategies and enables the Company to capitalise on opportunities in order to increase value to shareholders.

Management of risk is a high priority to ensure the protection of the Group's employees, the environment, Company assets and reputation. The Company has a comprehensive risk management system in place, overseen by the Board, which is used to identify and manage all risks. This process includes monitoring the Company's compliance with laws and regulations.

The Company's Risk Management Programme comprises a series of processes and guidelines which enables us to identify, assess, monitor and manage business risk. The risk management approach is supported by:

- a robust risk governance framework;
- a strong and experienced management team;
- a risk identification framework and tools, including a Company risk register;
- an annual external specialist risk advisor review and support;
- an adequate external insurance cover (reviewed annually); and
- an internal audit function.

Further, the Board considers the identification, understanding and control of core risks to be a whole-of-Board function. As such, it is not delegated to the Audit Committee but reviewed by the whole Board at least annually. The Board undertook a review during the reporting period and while there were no significant changes to the framework, some changes to the risk profile were recorded.

The review is designed to establish an integrated and forward-looking perspective of the Company's risk landscape covering the internal and external environment, changes in the likelihood and consequence ratings and the business unit risk profiles. The review considers both specific risks and any broader linkages between risks.

The Chief Executive is responsible for promoting proactive risk management, reporting to the Board and managing any changes to the rating of the enterprise risk. The Corporate Services Manager is responsible for providing and managing the risk framework and reporting on risk in the context of the Board's appetite for risk.

The selected key risks presented below have the potential to impact on our ability to achieve our growth and business objectives and to create value. They inform the materiality process, in particular, the list of potential material issues developed at the outset (refer to pages 26 to 27 of the Integrated Annual Report 2021).

## Corporate Governance Statement (continued)

FOR THE YEAR ENDED 30 JUNE 2021

### Stakeholder Risks

Relevant material issues are detailed for each key risk below:

Description	Potential Consequence	Integrated Reporting Capitals	Mitigation Strategies and Key Controls
<p><b>Health, Safety and Wellbeing</b></p> <p><b>Material issues:</b></p> <ul style="list-style-type: none"> <li>- Health, safety and wellbeing</li> </ul>	<ul style="list-style-type: none"> <li>• The Company operates in a complex multi-person conducting a business or undertaking (PCBU) environment, where the ability to control, direct or influence depends on the status of the relationship.</li> <li>• Workers exposed to the possibility of serious harm.</li> <li>• An incident may negatively impact our reputation or brand (even if it is not a Company worker).</li> </ul>	<ul style="list-style-type: none"> <li>• Relationships</li> <li>• People</li> <li>• Skills and Knowledge</li> <li>• Assets and Infrastructure</li> <li>• Financial</li> </ul>	<ul style="list-style-type: none"> <li>• Qualified well trained employees and contractors.</li> <li>• A framework to enable Board and Management to monitor lead and lag indicators, incidents, investigations and outcomes.</li> <li>• A regular external review (audit) of health and safety practices and Board, Manager and worker participation.</li> <li>• Maintain relationships and collaborate with key contractors.</li> <li>• Maintain relationships with regulators and key industry bodies.</li> <li>• Clear operating standards and procedures for all work, particularly hazardous work.</li> <li>• Implemented a wellbeing work plan and have achieved bronze accreditation status.</li> </ul>
<p><b>Social Licence to Operate</b></p> <p><b>Material issues:</b></p> <ul style="list-style-type: none"> <li>- Customer satisfaction and trust</li> <li>- Community engagement</li> <li>- Iwi engagement</li> <li>- Stormwater</li> <li>- Biosecurity</li> <li>- Air quality management</li> <li>- Carbon footprint</li> <li>- Traffic management</li> </ul>	<ul style="list-style-type: none"> <li>• Stakeholders' concerns about the environment linked to the way the Port operates in the natural environment.</li> <li>• Stakeholders' perception that there is insufficient engagement with the wider community.</li> <li>• Consequences of impact on the Company brand and reputation.</li> </ul>	<ul style="list-style-type: none"> <li>• Relationships</li> <li>• People</li> <li>• Environment</li> <li>• Skills and Knowledge</li> <li>• Assets and Infrastructure</li> <li>• Financial</li> </ul>	<ul style="list-style-type: none"> <li>• Formal and informal engagement with the community including the Councils, various community groups, education institutions, Iwi and other interest groups.</li> <li>• Increased engagement and collaboration with the Regional and City Councils.</li> <li>• Maintain great relationships with port users including lessees, customers and suppliers, and ensure all operating requirements are understood and complied with.</li> <li>• Monitor and ensure compliance with the standards the Port sets for operations within its boundaries.</li> <li>• Recruited employees to enhance compliance requirements.</li> <li>• Priority focus areas of stormwater and air quality management.</li> <li>• Undertake proactive communication across a range of channels, including social media, to promote the improvement and (other community) activities the Port undertakes.</li> <li>• Implemented a vehicle booking system at Tauranga Container Terminal to improve traffic flows.</li> <li>• The measurement of the Company's carbon footprint.</li> <li>• Creation of a carbon inset fund to invest in new technologies to improve the Company's environmental performance.</li> </ul>
<p><b>Legal and Regulatory Risk</b></p> <p><b>Material issues:</b></p> <ul style="list-style-type: none"> <li>- Workforce engagement</li> <li>- Profitability</li> </ul>	<ul style="list-style-type: none"> <li>• Government (National, Regional or Local) actions negatively influence or restrict operations, for eg significant changes to labour laws or resource management laws and regulations.</li> <li>• Failure to comply with regulatory requirements may result in legal action, financial penalties and restrict operations.</li> <li>• Any potential legislative change that may arise as a result of the Government's Upper North Island Supply Chain Study.</li> </ul>	<ul style="list-style-type: none"> <li>• Relationships</li> <li>• People</li> <li>• Skills and Knowledge</li> <li>• Financial</li> </ul>	<ul style="list-style-type: none"> <li>• Close monitoring by the Company of changes to laws and regulations.</li> <li>• Maintain excellent relationships with all levels of government and the regulators.</li> <li>• Maintain excellent and constructive relationships with our employees and the three unions that 50% of employees are members of.</li> </ul>

## Corporate Governance Statement (continued)

FOR THE YEAR ENDED 30 JUNE 2021

### Stakeholder Risks (continued)

Description	Potential Consequence	Integrated Reporting Capitals	Mitigation Strategies and Key Controls
<p><b>Natural Disaster Event</b></p> <p><b>Material issues:</b></p> <ul style="list-style-type: none"> <li>- Land transport networks</li> <li>- Geographic reach</li> <li>- Port capacity and expansion</li> <li>- Profitability</li> </ul>	<ul style="list-style-type: none"> <li>• The loss of key infrastructure, physical operations or IT systems due to a natural disaster event.</li> </ul>	<ul style="list-style-type: none"> <li>• Relationships</li> <li>• People</li> <li>• Environment</li> <li>• Skills and Knowledge</li> <li>• Assets and Infrastructure</li> <li>• Financial</li> </ul>	<ul style="list-style-type: none"> <li>• Business continuity and crisis management planning including simulations and testing of the Ports response capability are undertaken.</li> <li>• IT disaster recovery capability, including back-up generation is in place and tested annually.</li> <li>• Back-up electrical generation is in place and tested regularly.</li> <li>• Insurance protection reviewed and updated annually.</li> <li>• Civil Defence response support and assistance is provided.</li> </ul>
<p><b>Commercial and Business Risk Due to Global Economic or Geo-political Situations and Global Pandemic / Health Crises</b></p> <p><b>Material issues:</b></p> <ul style="list-style-type: none"> <li>- Profitability</li> <li>- Health, safety and wellbeing</li> </ul>	<ul style="list-style-type: none"> <li>• Exposure to international market dynamics beyond control of the Port: trade protectionism, other geo-political situations and global pandemics / health crises impacts on demand, commodity cycles, and exchange rate volatility creates uncertainty.</li> </ul>	<ul style="list-style-type: none"> <li>• Relationships</li> <li>• People</li> <li>• Skills and Knowledge</li> <li>• Financial</li> </ul>	<ul style="list-style-type: none"> <li>• The business plan focuses on building resilience through long term partnerships, diversification of the business and instilling sound commercial discipline and practice.</li> <li>• The global situation is monitored and action can be taken at relatively short notice.</li> <li>• Our business model has inherent flexibility.</li> <li>• Public health emergency contingency plan.</li> <li>• Business continuity and crisis management plans are in place and regularly tested.</li> </ul>
<p><b>Malicious Cyber Attack</b></p> <p><b>Material issues:</b></p> <ul style="list-style-type: none"> <li>- Profitability</li> <li>- Customer satisfaction and trust</li> </ul>	<ul style="list-style-type: none"> <li>• The loss of key (specialised) computer systems, processes, telecommunications and security systems.</li> <li>• Disclosure of private or sensitive data.</li> </ul>	<ul style="list-style-type: none"> <li>• Relationships</li> <li>• People</li> <li>• Skills and Knowledge</li> <li>• Financial</li> </ul>	<ul style="list-style-type: none"> <li>• Significant investment in cyber security defensive systems and capabilities.</li> <li>• Systems' security is externally reviewed and tested.</li> <li>• Business continuity and disaster recovery management plans are in place and these systems are regularly tested.</li> </ul>
<p><b>Ship Foundering in the Channel</b></p> <p><b>Material issues:</b></p> <ul style="list-style-type: none"> <li>- Profitability</li> </ul>	<ul style="list-style-type: none"> <li>• Potential for an engine failure, a ship collision due to adverse weather or poor navigation causing a ship grounding or foundering.</li> </ul>	<ul style="list-style-type: none"> <li>• Relationships</li> <li>• People</li> <li>• Environment</li> <li>• Skills and Knowledge</li> <li>• Assets and Infrastructure</li> <li>• Financial</li> </ul>	<ul style="list-style-type: none"> <li>• The deepening and widening of the channel lessens the risk for the majority of vessels.</li> <li>• Increased towage capacity and conservative operating practices further assist in lessening the risk.</li> <li>• Marine operations are managed through the Navigational Safety Management System which is governed by the Port &amp; Harbour Safety Code and administered by the Harbourmaster.</li> <li>• Highly trained and experienced Marine team.</li> <li>• Business continuity and crisis management planning in collaboration with the Harbourmaster, Regional Council and Maritime New Zealand.</li> </ul>

### Health and Safety

Port of Tauranga conducts its business activities in such a way as to protect the health and safety of all employees of the Company and its subsidiaries, contractors, the public and visitors in its work environment. The Company is committed to continual and progressive improvement in its health and safety performance.

The Board has delegated day-to-day responsibility for the implementation of health and safety standards and practices to Management. However it is committed to ensuring the Company provides sufficient, competent resources and effective systems at all levels of the organisation to enable it to fulfil its commitment to employees, customers, shareholders and stakeholders. Port of Tauranga will conduct its business activities in such a way as to protect the health and safety of all of its workers, the public and visitors in its work environment.

Further information is included in the Our People section on pages 34 to 39 of the Integrated Annual Report 2021.



## Corporate Governance Statement (continued)

FOR THE YEAR ENDED 30 JUNE 2021

### EXTERNAL AND INTERNAL AUDIT

The Audit Committee is responsible for overseeing the external audit to ensure the integrity of the Company's financial reporting.

The Committee's approach to ensuring the quality and independence of the audit process includes:

- Overseeing and appraising the quality of the audits conducted by the Company's external auditors.
- Maintaining open lines of communications among the Board, any internal auditors and the external auditors, to exchange views and information. The Committee will also confirm their respective authority and responsibilities.
- Serving as an independent and objective party to review the financial information presented by Senior Management to shareholders, regulators and the general public and also assisting in the development of the future format and content of external reporting.
- Determining the adequacy of the organisation's administrative, operating and accounting controls.

The Auditor-General is the auditor of Port of Tauranga Limited. The Auditor-General has appointed Brent Manning from KPMG to carry out the audit on his behalf.

The Board has received written confirmation from KPMG regarding its independence.

Any non-audit work undertaken by KPMG must be approved by the Auditor-General. Fees paid to KPMG for audit and non-audit services are included in note 7 of the notes to the financial statements in the Integrated Annual Report 2021.

The Audit Committee oversees an active internal audit programme.

### SHAREHOLDER RELATIONS

The Board is committed to engaging with shareholders and market participants in order that timely and accurate information is provided and two-way communication is facilitated. The Company's website has the Integrated Annual Reports, Market Updates and Interim Reports, as well as various announcements to the NZX and the public.

The Annual Shareholder Meeting is held locally, reflecting the head office location for the Company, and to encourage participation in person by many of the Company's shareholders. The Company has an Investors page on its website where a financial calendar listing dates of upcoming meetings are available. The 2021 Annual Meeting will also be webcast.

Shareholders are able to receive electronic communications from the share registry. Contact details for the Company's head office are available on the website and on page 122 of the Integrated Annual Report 2021.

Directors' commitment to timely and balanced disclosure is set out in its Continuous Disclosure and Communication Policy. The commitments include advising shareholders on any major decisions.

Where voting on a matter is required, the Board encourages investors to attend the Annual Meeting or to send in a proxy vote. Voting is conducted by way of poll.

The Notice of Annual Meeting will be available at least 20 business days prior to the meeting and will be available on the Investors page on the website.

### INTERESTS REGISTER

The Company is required to maintain an Interests Register in which particulars of certain transactions and matters involving the Directors must be recorded.

The matters set out below were recorded in the Interests Register of the Company during the financial year.

#### General Notice of Interest by Directors

The Directors of the Company have declared interests in the following identified entities as at 30 June 2021:

Director	Interest	Entity
<b>Alison Moira Andrew</b>	Chief Executive Officer	Transpower New Zealand Limited
<b>Kimmitt Rowland Ellis</b>	Chair	Green Cross Health
	Chair (resigned during the year)	Metlifecare Limited
	Chair	NZ Social Infrastructure Fund Limited
	Director	Ballance Agri-Nutrients Limited
	Director	Fonterra Shareholders Fund (FSF) Management Company
<b>Julia Cecile Hoare</b>	Director	Freightways Limited
	Deputy Chair	The a2 Milk Company Limited
	Deputy Chair (resigned during the year)	Watercare Services Limited
	Director	Auckland International Airport Limited
	Director (resigned during the year)	AWF Madison Group Limited
	Director	Meridian Energy Limited
<b>Alastair Roderick Lawrence</b>	Member	External Reporting Advisory Panel
	Vice President	Institute of Directors
	Chair	Brittain Wynyard Limited
	Director / Shareholder	Antipodes Properties Limited and subsidiaries
	Director / Shareholder	CBS Advisory Limited
	Director / Shareholder	Olrig Limited
<b>Douglas William Leeder</b>	Director / Shareholder	Retail Dimension Limited
	Trustee	JAB Hellaby Trust
<b>Douglas William Leeder</b>	Chair	Bay of Plenty Regional Council

## Corporate Governance Statement (continued)

FOR THE YEAR ENDED 30 JUNE 2021

### General Notice of Interest by Directors (continued)

Director	Interest	Entity
<b>Sir Robert Arnold McLeod KNZM</b>	Chair (appointed Director, then Chair, during the year)	Ngati Porou Holding Company Limited
	Chair	Quayside Holdings Limited (and Quayside Properties Limited and Quayside Securities Limited)
	Chair	Sanford Group
	Director (appointed and resigned during the year)	Archipelago Limited
	Director (appointed during the year)	AZSTA NZ Limited
	Director (appointed during the year)	MSJS NZ Limited
	Director (appointed during the year)	Point 76 Limited
	Director (appointed during the year)	Point Guard Limited
	Director (appointed during the year)	Point Seventy Limited
	Director (appointed during the year)	VCFA NZ Limited
<b>David Alan Pilkington</b>	Chair	Douglas Pharmaceuticals Limited
	Chair	Rangatira Limited
	Director / Shareholder	Excelsa Associates Limited
	Director	Northport Limited
	Director	Port of Tauranga Trustee Company Limited
	Director	PrimePort Timaru Limited
	Alternate Director (appointed during the year)	Coda GP Limited
	Trustee	New Zealand Community Trust

### DIRECTORS' LOANS

There were no loans by the Company to Directors.

### DIRECTORS' INSURANCE

The Group has arranged policies of Directors' Liability Insurance, which together with a Deed of Indemnity, ensures that generally Directors will incur no monetary loss as a result of actions undertaken by them as Directors. Certain actions are specifically excluded, for example the incurring of penalties and fines, which may be imposed in respect of breaches of the law.

### SHAREHOLDER INFORMATION

The ordinary shares of Port of Tauranga Limited are listed on NZX. The information in the disclosures below has been taken from the Company's registers as at 30 June 2021.

#### Twenty Largest Ordinary Equity Holders

Holder	Number of Shares Held	% of Issued Equity
Quayside Securities Limited	368,437,680	54.14
New Zealand Central Securities Depository Limited	60,295,650	8.86
Custodial Services Limited (4 a/c)	18,508,194	2.72
Custodial Services Limited (3 a/c)	16,430,727	2.41
FNZ Custodians Limited	13,885,217	2.04
Custodial Services Limited (2 a/c)	10,839,259	1.59
Kotahi Logistics LP	8,500,000	1.25
JBWere (NZ) Nominees Limited (NZ Resident a/c)	7,908,581	1.16
Custodial Services Limited (18 a/c)	7,116,343	1.05
New Zealand Depository Nominee Limited (1 a/c)	5,392,826	0.79
Forsyth Barr Custodians Limited (1-Custody a/c)	4,820,182	0.71
Custodial Services Limited (1 a/c)	3,076,236	0.45
Masfen Securities Limited	2,708,395	0.40
Custodial Services Limited (16 a/c)	2,585,784	0.38
Investment Custodial Services Limited (C a/c)	1,798,433	0.26
Hobson Wealth Custodian Limited (Resident Cash a/c)	1,797,367	0.26
JBWere (NZ) Nominees Limited (Res Inst a/c)	1,574,127	0.23
PT (Booster Investments) Nominees Limited	1,557,716	0.23
FNZ Custodians Limited (DTA Non-Resident a/c)	1,543,070	0.23
Lloyd James Christie	1,535,000	0.23
<b>Total</b>	<b>540,310,787</b>	<b>79.39</b>

## Corporate Governance Statement (continued)

FOR THE YEAR ENDED 30 JUNE 2021

### Distribution of Equity Securities

Range of Equity Holdings	Number of Holders	Number of Shares Held	% of Issued Equity
1-5,000	9,049	18,670,161	2.74
5,001-10,000	2,576	19,756,718	2.90
10,001-50,000	2,643	56,489,041	8.30
50,001-100,000	268	18,589,103	2.73
100,001 and over	146	567,076,207	83.33
<b>Total</b>	<b>14,682</b>	<b>680,581,230</b>	<b>100.00</b>

### Substantial Security Holders

According to Company records and notices given under the Financial Markets Conduct Act 2013, the substantial security holders in ordinary shares (being the only class of quoted voting securities) of the Company as at 30 June 2021, were:

Holder	Number of Shares Held	%
Quayside Securities Limited	368,437,680	54.14

The total number of issued voting securities of the Company as at 30 June 2021 was 680,581,230.

### Directors' Equity Holdings

As at 30 June 2021 Port of Tauranga Limited Directors' had the following relevant interests in Port of Tauranga Limited equity securities:

	Held Beneficially		Held by Associated Persons	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
Mr D A Pilkington	0	0	15,000	15,000
Ms A M Andrew	0	0	82,500	82,500
Mr K R Ellis	0	0	62,750	62,750
Ms J C Hoare	2,500	0	0	0
Mr A R Lawrence	0	0	0	0
Mr D W Leeder	0	0	0	0
Sir Robert McLeod KNZM	0	0	0	0

### Senior Managers' Equity Holdings

As at 30 June 2021 Port of Tauranga Limited Senior Managers had the following relevant interests in Port of Tauranga Limited equity securities:

	Held Beneficially		Held by Associated Persons	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
Mr M C Cairns*	467,741	728,842	980	980
Ms M J Dyer**	0	-	0	-
Mr S G Gray***	-	304,146	-	980
Mr B J Hamill****	0	-	0	-
Mr S R Kebbell*****	6,350	6,350	980	980
Mr P M Kirk*****	750	750	980	980
Mr D A Kneebone	81,598	72,135	84,100	85,080
Ms R A Lockley*****	0	-	0	-
Mr L E Sampson*	63,910	51,966	980	980

\*Mr Cairns retired as Chief Executive on 30 June 2021 and Mr Sampson became Chief Executive on 1 July 2021.

\*\*Ms Dyer was appointed Corporate Services Manager on 17 August 2020.

\*\*\*Mr Gray resigned as Chief Financial Officer on 5 July 2020.

\*\*\*\*Mr Hamill was appointed Commercial Manager on 1 July 2020.

\*\*\*\*\*Mr Kebbell was appointed Chief Financial Officer on 1 July 2020.

\*\*\*\*\* Mr Kirk was appointed as Group Health & Safety Manager on the Senior Management Team on 4 June 2020.

\*\*\*\*\*Ms Lockley was appointed Communications Manager on 1 September 2020.

## Corporate Governance Statement (continued)

FOR THE YEAR ENDED 30 JUNE 2021

### DONATIONS

Donations of \$20,938 were made during the year ended 30 June 2021.

### STOCK EXCHANGE LISTING

The Company's shares are listed on the New Zealand Stock Exchange.

### NEW ZEALAND EXCHANGE (NZX) WAIVERS

The Company currently has no NZX waivers.

### CREDIT RATING

The Company during the year ended 30 June 2021 had a Standard & Poor's rating of A-/Stable/A-2.

### ANNUAL MEETING

The Annual Meeting will be held on Friday 29 October 2021 at 1.00pm, at Trustpower Baypark, 81 Truman Lane, Mount Maunganui. The ability for the Company to hold a physical meeting may change depending on Covid-19 restrictions at that time.

Ms Julia Cecile Hoare, Ms Alison Moira Andrew and Sir Robert Arnold McLeod KNZM, are retiring by rotation and are seeking re-election at the Annual Meeting.

### AUDITORS

Under section 19 of the Port Companies Act 1988, the Audit Office is the Auditor of the Company. The Audit Office has appointed, pursuant to section 32 of the Public Audit Act 2001, the firm of KPMG to undertake the audit on its behalf.

The amount paid as audit fees and for other services provided by the Auditors is set out in the accounts.

### FURTHER INFORMATION ON-LINE

Additional information on Port of Tauranga Limited can be found on the Company's website at: <http://www.port-tauranga.co.nz>