

# **Corporate Governance Statement**

**For the year ended 30 June 2023**

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# Committed to effective governance

The Board of Directors (the Board) and the senior management team of Port of Tauranga Limited believe good corporate governance is essential to the creation, protection and enhancement of shareholder value.

The Board is committed to ensuring the company meets best practice governance principles and maintains the highest ethical standards in serving the interests of Port of Tauranga stakeholders, including shareholders, employees, customers and the wider community.

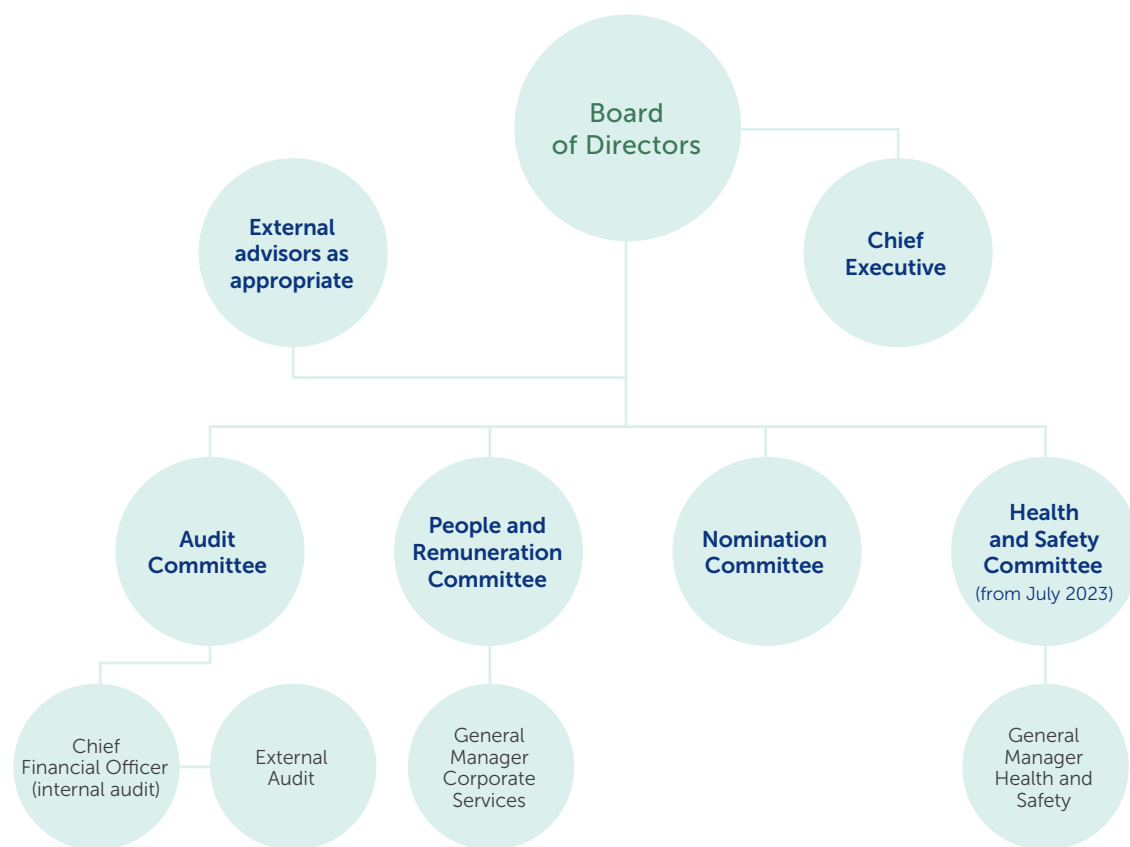
The Board is responsible for setting the company's strategic direction, providing oversight of its management and directing business strategy, with the aim of increasing shareholder value. A planned programme of meetings and strategy days gives the Board the opportunity to share thoughts and challenge the management team on business direction and strategy execution. The Board examines how long-term value drivers are being managed, including investment in assets, building engagement with employees, iwi and the community, satisfying customers, enhancing environmental performance, and protecting and building the company's reputation.

The company's corporate governance practices adhere to the NZX Main Board Listing Rules (NZX Rules) and guidance, including the NZX Corporate Governance Code (updated April 2023). The Board regularly reviews and assesses the company's governance structures, processes and policies to ensure they are consistent with best practice.

The Board's policies and charters are available on the governance page of the investors section of the company's website:  
[www.port-tauranga.co.nz/investors/governance](http://www.port-tauranga.co.nz/investors/governance)

This statement was approved by the Board on 24 August 2023.

## Board composition, performance and committees



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 company website: [www.port-tauranga.co.nz/investors/governance](http://www.port-tauranga.co.nz/investors/governance).

The Board meets its responsibilities by meeting regularly to receive reports and plans from management and through its annual work programme. The Board undertakes “deep dives” into key issues and uses committees to address those areas that require detailed consideration by Directors with specialist knowledge and experience. The Board retains ultimate responsibility for the functions of its committees and determines their responsibilities.

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 seeks to appoint Directors with a range of skills, perspectives, knowledge, competencies and experiences.

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

When considering an appointment, the committee undertakes a thorough check of the candidate and their background. Shareholders are notified and provided with all material information that is relevant to the decision on whether to elect or re-elect a Director.

A Director Tenure and Reappointment Policy applies to Board Directors other than those appointed by Quayside Holdings. The Chair facilitates a formal process to determine the support or otherwise for Directors who offer themselves for re-election. The policy establishes a nine-year or three-term tenure for non-executive Directors, unless the Board and shareholders support a further term.

### Composition/independence

The Board comprises seven Directors, five of whom are independent including the Board Chair. Due to managing Director succession, there may be periods when the Board comprises eight members as a transitional arrangement. Director profiles are provided in the 2023 Integrated Annual Report and on the company website: [www.port-tauranga.co.nz/about-port-of-tauranga/board-of-directors/](http://www.port-tauranga.co.nz/about-port-of-tauranga/board-of-directors/). The profiles list the year of appointment, skills, experience and background of each Director, as well as their current Board appointments.

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 individuals. The Chair has been assessed as independent by the Board.

Directors’ current length of tenure is:

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

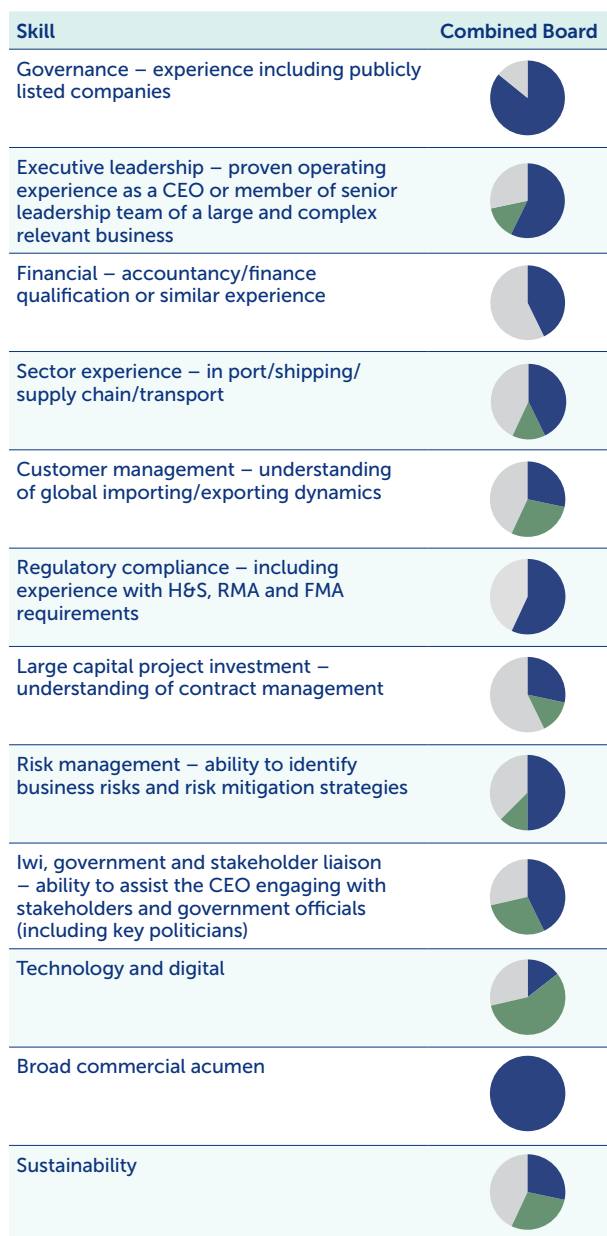
### Skills and experience

Our Board is diverse and Directors bring a wide range of skills and experience to the table to the benefit of the company.

The Board has determined that, to operate effectively and meet its responsibilities, it requires competencies in disciplines including governance, executive leadership, financial, sector experience, customer management, regulatory compliance, large capital project investment, risk management, iwi, government and stakeholder relations, technology and digital, broad commercial acumen and sustainability.

The Board comprises five independent and two non-independent Directors (appointed by Quayside Holdings). While the Board has no direct control over the appointments of the non-independent Directors, it provides the skills matrix to the shareholder and highlights the preferred skill sets.

The Board regularly reviews the Board’s skills matrix. The most recent review was in June 2023.



### Diversity

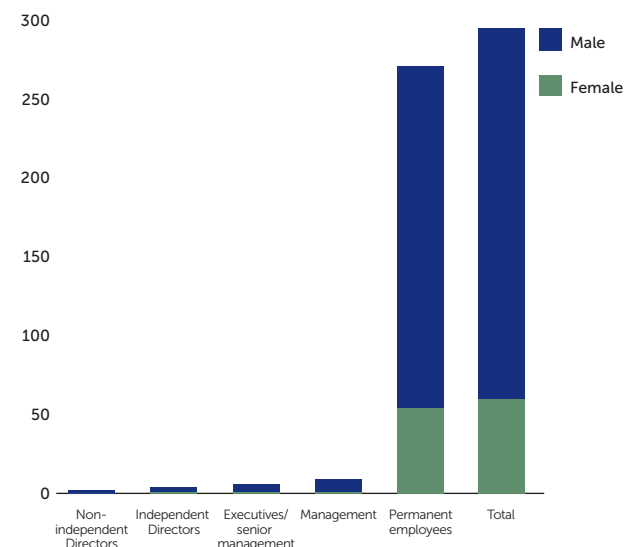
The Board is committed to providing a workplace that recognises and values different skills, abilities, genders, ages, beliefs, ethnicities, and experiences. The Board is committed to creating an inclusive workplace where all employees feel included and valued, and to providing equal employment opportunities,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

Port of Tauranga’s Diversity and Inclusion Policy applies to the Board, management and all employees and sets out the philosophy, roles, processes, and initiatives for measuring progress towards achieving the objectives of the policy. The People and Remuneration Committee oversees diversity and inclusion at Port of Tauranga.

Port of Tauranga is yet to reach the gender diversity targets set by the Board. The organisation’s progress is set out in the table below. The numbers related to Port of Tauranga’s permanent employees, and does not include casual employees, contractors or consultants.

The company’s objective is to target a minimum of 40% females and 40% males holding Director, senior management and manager level positions. In 2023, the company had 25% females and 75% males holding these positions. The Board and management are actively working towards closing any gaps in skills and diversity objectives.

#### Diversity by gender as at 30 June 2023



	As at 30 June 2023		As at 30 June 2022	
	Female %	Male %	Female %	Male %
Non-independent Directors*	0	100	0	100
Independent Directors	40	60	40	60
Executives/senior management	29	71	29	71
Management	18	82	18	82
Permanent employees	20	80	21	79
<b>Total</b>	<b>22</b>	<b>78</b>	<b>21</b>	<b>79</b>

\*Directors appointed by Quayside Holdings.

## Director training

Port of Tauranga supports the ongoing development of the Board. Copies of all relevant company documents are provided to Directors and new Directors are familiarised with the industry and company operations.

Directors visit Port operations and make safety-related inspections, and work in conjunction with the Port of Tauranga health and safety team to align these assessments with critical risks, and ensure engagement with employees.

## Performance

The Board monitors its effectiveness in carrying out its functions and responsibilities and uses external facilitators to review knowledge and performance.

## Committees

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

As at 30 June 2023, there were three committees – Audit, People and Remuneration and Nomination. Committees operate under respective charters approved by the Board, and each Committee's proceedings are reported back to the Board.

In May 2023, the Board resolved to establish a Health and Safety Committee to deepen its understanding and assurance of critical risk areas. The committee held its first meeting in July.

The Chief Executive, Chief Financial Officer and other senior managers regularly attend Board meetings, as well as committee meetings by invitation.

### Audit Committee

*Chair: Alastair Lawrence*

*Committee members: Alison Andrew, Sir Robert McLeod KNZM, Brodie Stevens*

*Ex-officio: Julia Hoare*

The Audit Committee assists the Board in fulfilling its responsibilities on the financial reporting process, the internal controls and management of financial risks, and the audit process (including assurance on regulatory requirements such as Climate-Related Disclosures). 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 Chief Executive and Chief Financial Officer attend the committee's meetings.

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

### People and Remuneration Committee

*Chair: Alison Andrew*

*Committee members: Dean Bracewell, Julia Hoare, Doug Leeder*

The People and Remuneration Committee oversees remuneration policies and practices, executive remuneration packages, diversity and inclusion progress and succession planning. The committee approves performance criteria for the Chief Executive and recommends to the Board incentive payments or other adjustments. The committee

also reviews Board remuneration, which is subject to Board and shareholder approval.

The committee engages independent, external experts to provide benchmarking to an agreed comparison group when reviewing both executive remuneration and Director fees.

The committee comprises at least three members, each of whom are non-executive and independent of management. The committee is compliant with these requirements.

The Chief Executive and General Manager Corporate Services attend the committee's meetings.

### Nomination Committee

*Chair: Julia Hoare*

*Committee members (full Board): Alison Andrew, Dean Bracewell, Alastair Lawrence, Doug Leeder, Sir Robert McLeod KNZM, Brodie Stevens*

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

The Nomination Committee also develops the appropriate process for evaluating the performance of the Board, its committees and the Chair. It makes determinations on an ongoing basis on the independence status of all Directors in accordance with NZX Rules and ensures letters of engagement are in place.

The Chief Financial Officer attends the committee's meetings.

### Health and Safety Committee

*Chair: Dean Bracewell*

*Committee members: Julia Hoare, Brodie Stevens*

The Health and Safety Committee held its first meeting in July 2023. The committee has been established to assist the Board in discharging its health and safety responsibilities. The committee will meet quarterly and spend time both in reviewing management's health and safety material (including key objectives and related action plans) and in the operations of the business, meeting with employees, assessing risk control effectiveness and experiencing workplace culture.

The Chief Executive and the General Manager Health and Safety attend the committee's meetings.

## Meetings attendance

Director	Board	Audit	People and Remuneration	Nomination
Ms A M Andrew	7	2	4	3
Mr D J Bracewell	6		3	3
Mr K R Ellis*	2	1	2	
Ms J C Hoare	7	2	4	3
Mr A R Lawrence	7	2		3
Mr D W Leeder	6		3	3
Sir Robert McLeod KNZM	6	2		2
Mr D A Pilkington†	1		1	1
Mr J B Stevens‡	6	2		2
<b>Total meetings held</b>	<b>7</b>	<b>2</b>	<b>4</b>	<b>3</b>

\*Mr Ellis retired on 28 October 2022.

†Mr Pilkington retired on 29 July 2022.

‡Mr Stevens was appointed on 1 August 2022.

Note: the above table covers the period of the financial year from 1 July 2022 through to 30 June 2023.

## Ethical behaviour

### Code of Ethics

The Code of Ethics outlines the ethical and behavioural standards expected of Directors, senior management and employees in relation to conduct, conflicts, proper use of assets and information.

The Code of Ethics is included in the Director induction and Directors are required to confirm that it has been read and understood.

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.

Both the Code of Ethics and Whistleblowing Policy are available on the company website:  
[www.port-tauranga.co.nz/investors/governance](http://www.port-tauranga.co.nz/investors/governance).

The Board has an Insider Trading Policy which sets out the procedures that must be followed by Directors, executives and any other employees with inside information when purchasing or selling company securities. The fundamental rule 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 executives' ownership interests are disclosed below.

### Interests register

The matters set out below were recorded in the interests register of the company during the financial year.

#### General notice of interest by Directors

As at 30 June 2023:

Director	Interest	Entity
<b>Alison Moira Andrew</b>	Chief Executive Officer	Transpower New Zealand Limited
<b>Dean John Bracewell</b>	Director	Air NZ Limited
	Director	Halberg Trust
	Director	Property for Industry Limited
	Director	Tainui Group Holdings Limited
	Director/Shareholder	Ara Street Investments Limited
	Director/Shareholder	Dean Bracewell Limited
	Shareholder	Freightways Limited
<b>Kimmit Rowland Ellis (retired 28 October 2022)</b>	Chair	Green Cross Health
	Chair	NZ Social Infrastructure Fund Limited
	Director	Fonterra Shareholders Fund (FSF) Management Company
<b>Julia Cecile Hoare</b>	Deputy Chair (to 30 June 2023)	The a2 Milk Company Limited
	Director	Auckland International Airport Limited
	Director (from 1 March 2023)	Comvita Limited
	Director	Meridian Energy Limited
	Director (from 1 August 2023)	Port of Tauranga Trustee Company Limited
	Director	Northport Limited
	Director	PrimePort Timaru Limited
	President and Chair (to 21 June 2023)	Institute of Directors New Zealand
<b>Alastair Roderick Lawrence</b>	Member	Chapter Zero New Zealand Steering Committee
	Chair	Brittain Wynyard Limited
	Director/Shareholder	Antipodes Properties Limited and subsidiaries
	Director/Shareholder	CBS Advisory Limited
	Director/Shareholder	Olig Limited
	Director/Shareholder	Retail Dimension Limited
<b>Douglas William Leeder</b>	Trustee	JAB Hellaby Trust
	Chair	Bay of Plenty Regional Council
<b>Sir Robert Arnold McLeod KNZM</b>	Chair	Ngāti Porou Holding Company Limited
	Chair	Quayside Holdings Limited (and Quayside Properties Limited and Quayside Securities Limited)
	Chair	Sanford Group
	Director	AZSTA NZ Limited
	Director	China Construction Bank (New Zealand) Limited
	Director	MSJS NZ Limited
	Director	Point 76 Limited
	Director	Point Guard Limited
	Director	Point Seventy Limited
	Director (from 4 April 2023)	Real Fresh Limited
	Director (from 28 March 2023)	Singita Holdings Limited
	Director (from 27 March 2023)	Singita Investments Limited
	Director	VCFA NZ Limited
<b>David Alan Pilkington (retired 29 July 2022)</b>	Chair	Douglas Pharmaceuticals Limited
	Chair	Rangatira Limited
	Director/Shareholder	Excelsa Associates Limited
	Trustee	New Zealand Community Trust
<b>John Brodie Stevens (appointed 1 August 2022)</b>	Trustee	Maritime KiwiSaver Scheme
	Trustee	Maritime Retirement Scheme
	Director (from 28 June 2023)	Chatham Island Shipping Limited

### Directors' loans

There were no loans by the company to Directors.

### Directors' insurance

The company 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, such as the incurring of penalties imposed as a result of breaches of the law.

### Supplier Code of Conduct

Companies operating at Port of Tauranga are expected to abide by all relevant legislation and regulations, including the Health and Safety at Work Act. Policies, procedures and operating rules are listed on the company website.

In addition, suppliers and subcontractors are required to meet the expectations outlined in the Supplier Code of Conduct regarding their social, environmental and ethical business practices. The Code addresses business integrity, health and safety, labour and human rights, protection of the environment and sustainability.

## Reporting and disclosure

Port of Tauranga is committed to promoting investor confidence and trust by providing robust, accurate and complete information in a timely and open manner, in accordance with NZX Rules. This commitment is supported by a Continuous Disclosure and Communications Policy, available on the company website: [www.port-tauranga.co.nz/investors/governance](http://www.port-tauranga.co.nz/investors/governance).

The company's Chief Financial Officer and Company Secretary is responsible for ensuring the timely release of information to the market. Port of Tauranga Limited undertakes to notify the market immediately through the NZX of any material information and abide by any NZX guidance as to whether a trading halt may be required.

Directors formally consider at each Board meeting whether there is relevant material information that should be disclosed to the market. All employees of Port of Tauranga Limited are responsible for reporting immediately to the Chief Executive and Chief Financial Officer, any information that is, or is likely to be, material.

Any announcements are published on Port of Tauranga's website ([www.port-tauranga.co.nz](http://www.port-tauranga.co.nz)) and disseminated through broadcast emails and media releases.

Port of Tauranga has a proactive investor relations programme involving twice-yearly briefing sessions for analysts and investors to provide background to previously disclosed information. Investors are also able to tour the port following the Annual Meeting each year, or during the public port tours held in January and July.

Comprehensive financial and non-financial disclosures are published in the company's Integrated Annual Report, including Port of Tauranga's material exposure to environmental, economic, and social sustainability risks and other key risks. Shareholders can elect to receive an electronic or hard copy of Port of Tauranga's Integrated Annual Report. However, the company encourages investors to support its commitment to the environment by opting for electronic communications.

The company describes its carbon emissions profile in a greenhouse gas inventory report that is audited by Toitū Envirocare. Highlights from this report are disclosed in the company's Integrated Annual Report and will be incorporated into its reporting on the new Climate-Related Disclosure standards prescribed by the New Zealand External Reporting Board and due to be implemented in FY2024.

## Risk management

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. Risk management is a high priority in order to protect the company's employees, the environment, company assets and its reputation.

The company's comprehensive risk management programme comprises a series of processes and guidelines that enable it to identify, assess, monitor and manage business risk. The programme is overseen by the Board and includes monitoring the company's compliance with laws and regulations. The risk management programme 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
- Adequate external insurance cover, reviewed annually
- Internal audit practices.

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 regularly reviewed by all Directors.

Regular reviews are designed to establish an integrated and forward-looking perspective of the company's risk landscape including the internal and external environment, changes in likelihood and consequence ratings, and the business unit risk profiles. Both specific risks and any broader linkages are considered.

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 General Manager Corporate Services is responsible for providing and management of the risk framework.

The significant risks described below have the potential to impact our ability to achieve our growth and business objectives and create value in the short, medium or long-term. They reflect the material issues identified by our stakeholders.



## Significant risks

Description	Potential consequence	Mitigation strategies and key controls
<b>Health, safety and wellbeing</b>	<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>Qualified well trained employees and contractors.</li> <li>A critical risk assurance programme 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 (SafePlus).</li> <li>Maintain relationships and collaborate with key contractors.</li> <li>Maintain relationships with regulators and key industry bodies.</li> <li>Member of the Port Industry Association Leadership Group.</li> <li>Strong proactive employee engagement via internal Safety Committee, Port Users Health, Safety and Environment Forum, and use of Learning Teams.</li> <li>Bow Tie Assessments for critical risks. These inform clear operating standards and procedures.</li> <li>Implemented a wellbeing work plan and have achieved gold accreditation status.</li> </ul>
<b>Social licence to operate</b>	<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>Monitor and ensure compliance with the standards the Port sets for operations within its boundaries.</li> <li>Increased air quality monitoring and improved use of technology to reduce dust.</li> <li>Stormwater management activities such as increased log yard sweeping, debarking and resourcing.</li> <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 local councils.</li> <li>Conservation enhancement projects in place through the Ngā Mātarae Charitable Trust.</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>Undertake proactive communication across a range of channels, including social media, to educate about improvements and other community activities the Port undertakes.</li> <li>The measurement of the company's carbon footprint.</li> <li>Sponsorship strategy to align opportunities to support local community activities.</li> </ul>
<b>Legal and regulatory risk</b>	<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>Adherence to laws and regulation changes.</li> <li>Maintain strong relationships with all levels of government and the regulators.</li> <li>Maintain excellent and constructive relationships with our employees and the three unions that approximately 50% of employees are members of.</li> <li>Use of specialist legal services when required.</li> </ul>
<b>Natural disaster event</b>	<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>Business continuity and crisis management planning including simulations and testing of the Port's response capability are undertaken.</li> <li>IT disaster recovery capability, including back-up generation is in place and tested annually.</li> <li>Multiple redundancies built into business model.</li> <li>Insurance protection reviewed and updated annually.</li> <li>Civil Defence response support and assistance is provided.</li> </ul>
<b>Commercial and business risk due to global economic or geo-political situations and global pandemic/health crises</b>	<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>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>

Description	Potential consequence	Mitigation strategies and key controls
<b>Malicious cyber attack</b>	<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>Significant investment in cyber security defensive systems and capabilities.</li> <li>Outsourced security operations centre monitoring network 24/7.</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>
<b>Ship foundering in the channel</b>	<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>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>The Port has well defined shipping parameters monitored via systems with alerts when conditions reach the predefined limits.</li> <li>Revised and recent crisis management exercises targeting marine incidents.</li> <li>Tug boat escort protocols for arriving and departing vessels.</li> </ul>

## Health and safety

The progressive improvement of health and safety performance is a key Board and management objective, to ensure the company conducts its operations 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.

While the Board has delegated day-to-day responsibility for the implementation of health and safety standards and practices to management, the Board provides oversight and direction while ensuring appropriate resources are

available to employees to conduct their work safely. The Board has recently established a Health and Safety Committee to enhance its governance of the health and safety function of the Port. The Board 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.

Further information is included in the Our People section on pages 30 to 33 of the 2023 Integrated Annual Report.

## Remuneration

### Directors' 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 against comparable size and performing companies. The Director Fee Policy is to set Director fees to the median of this market. The Remuneration Committee considers Directors' fees annually and recommends adjustments to the Board. The last external review was undertaken in 2023 and reviews are planned to be undertaken biennially.

The aggregate pool of fees able to be paid to Directors is subject to shareholder approval and is currently \$880,000.

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

Port of Tauranga Directors' fees are:

Designation	Directors' Fees \$
Chair	180,000
Directors	92,000
Audit Committee Chair	20,000
Audit Committee member	11,750
People and Remuneration Committee Chair	15,000
People and Remuneration Committee member	7,625

No fees are paid to the Nomination Committee.

Directors' fees received during the 2023 year were:

Director	Board \$	Audit \$	People and Remuneration \$	Total 2023 \$
Ms A M Andrew	92,000	11,750	13,141	116,891
Mr D J Bracewell	92,000		7,625	99,625
Mr K R Ellis*	31,002	3,959	3,780	38,741
Ms J C Hoare	172,526	1,698 <sup>†</sup>	7,625	181,849
Mr A R Lawrence	92,000	19,299		111,299
Mr D W Leeder	92,000		7,625	99,625
Sir Robert McLeod <small>KNZM</small>	92,000	11,750		103,750
Mr D A Pilkington <sup>†</sup>	15,287			15,287
Mr J B Stevens <sup>§</sup>	84,816	10,752		95,568
<b>Total</b>	<b>763,631</b>	<b>59,208</b>	<b>39,796</b>	<b>862,635</b>

\* Mr Ellis retired on 28 October 2022.

† Mr Pilkington retired on 29 July 2022.

§ Mr Stevens was appointed on 1 August 2022.

^ Fees paid as Chair of committee to 29 July 2022, now ex-officio member.

Due to Director succession management, there are periods when the Board has comprised eight members as a transitional arrangement and the fees pool cap has temporarily increased slightly to accommodate this.

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

Director	Subsidiary	Fees \$
Ms J C Hoare	Northport Limited (Director)	32,084
Ms J C Hoare	PrimePort Timaru Limited (Director)	35,284
<b>Total</b>		<b>67,368</b>

Any fees paid to Port of Tauranga permanent 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 shares. Details of Directors' shareholdings are listed on page 17.

### Executive remuneration

Port of Tauranga provides 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 guiding principles 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
- Recognising team and company performance and the creation of shareholder value.

All remuneration packages are reviewed annually in the context of individual and company performance, market movements and expert advice, and are benchmarked externally biennially.

Through the People and Remuneration Committee, the Board establishes the policies and practices for executive remuneration. 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 mid to 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 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 to pay fixed remuneration at the median of its peer group. Adjustments are not automatic and are determined based on performance.

### Short term incentives

STIs are at-risk payments linked to the achievement of annual financial, safety and strategic targets, individualised to each role. They are designed to motivate and reward for performance in that financial year. The target value of the STI is set as a percentage of the fixed remuneration. For the 2023 financial year, the Chief Executive's STI was set at 50% and for all nominated executives it was set at 40%.

For the 2023 financial year, there were seven nominated executives included in the STI scheme, the same as 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% (i.e. 0-66% of fixed remuneration). The remaining 40% comprised agreed safety and strategic objectives. Annual objectives are set by the People and Remuneration Committee (and approved by the Board) and closely align to the company'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 in 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 executives' rewards 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 2021 LTI (allocated on 1 July 2020), which vested at the end of the 2023 financial year, was set at 55% of fixed remuneration for the Chief Executive and up to 33% 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.

TSR percentile ranking %	Earned %
Below 40	0
Above 40 to below 50	40-50
Above 50 to below 75	50-99
At 75 or above	100

EPS three year compound annual growth rate %	Earned %	
0	0	
3.5	50	With straight line progression between 0% and 3.5%
7.0	100	With straight line progression between 3.5% and 7%
8.0	110	With straight line progression between 7% and 8%
9.0	120	With straight line progression between 8% and 9%

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

## Chief Executive remuneration

Year	Fixed remuneration* \$	Performance pay†			Subtotal \$	Total remuneration‡ \$
		STI \$	LTI \$			
FY2023	900,000	333,750	74,458		1,308,208	1,350,971
FY2022	750,000	237,875	83,973		1,071,848	1,082,144

\*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 according to New Zealand legislation.

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

### Chief Executive performance pay elements

An explanation of the Chief Executive's performance pay outcomes for financial year 2023 is shown in the following tables:

#### Short term incentive

Description	Performance measures*	Weight %	Outcome %
Set at 50% of fixed remuneration. Based on:	NPAT/financial performance	60	54
• 60% on achieving normalised NPAT target. The range for the financial performance is 0-110%.			
• 40% on key strategic measures and safety. The range is 0-100%.	Safety/people	10	5
	Community and stakeholder/sustainability	10	9
	Process improvement/innovation/environment	10	9
	Cost control/service delivery	5	4
	Customer experience and growth	5	5

\*Payment of short term incentive will be made in financial year 2024.

#### Long term incentive

Description	Performance measures*	Weight %	Outcome %
Set at 50% of fixed remuneration based on:	TSR	50	49
• 50% 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%.	EPS	50	56

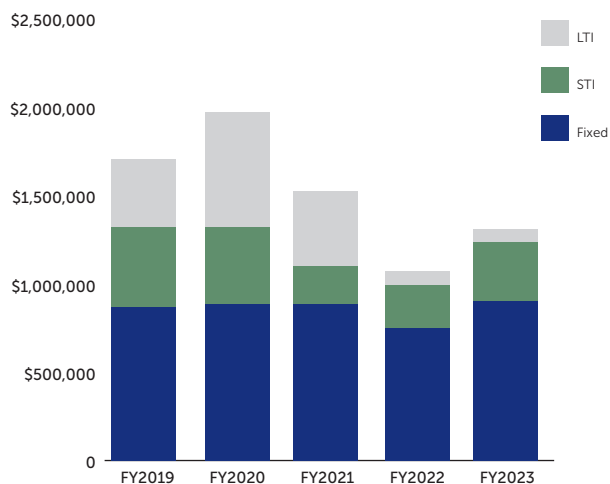
\*This performance outcome is for the allocation period 2020-2022 and awarded in financial year 2023.

#### The five year summary – Chief Executive remuneration

Year	Total remuneration \$	STI against maximum %	LTI against maximum %	Span of LTI performance period
FY2023	1,350,971	86	48	FY2020-2022
FY2022	1,082,144	87	40	FY2019-2021
FY2021*	1,553,455	19	54	FY2018-2020
FY2020*	2,022,501	78	97	FY2017-2019
FY2019*	1,773,259	82	97	FY2016-2018

\*Previous Chief Executive, Mark Cairns.

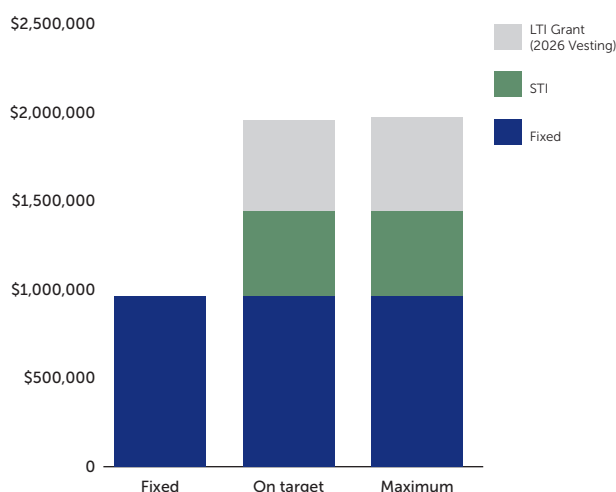
**The five year summary graph – Chief Executive remuneration\***



\*Fixed remuneration and performance pay paid/vested in financial year 2023.

**Chief Executive remuneration for FY2024**

The Chief Executive’s potential remuneration package for the year ending June 2024 is shown in the following chart:



**Total Shareholder Return (TSR) performance (three year return)**



Fixed remuneration 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 106% of available STI and the LTI at 110% of available LTI.

An explanation of the Chief Executive’s performance pay in financial year 2024 is shown in the following table:

	Description	Performance measures	Weight %
STI	Set at 50% of fixed remuneration. Based on: <ul style="list-style-type: none"> <li>60% on achieving normalised NPAT target. The range for the financial performance is 0-110%.</li> <li>40% on key strategic measures and safety. The range is 0-100%.</li> </ul>	NPAT/financial performance	60
		Safety/people	10
		Community and stakeholder/sustainability	10
		Process improvement/innovation/environment	10
		Cost control/service delivery	5
		Customer experience and growth	5
LTI	Set at 50% of fixed remuneration based on: <ul style="list-style-type: none"> <li>50% on TSR performance relative to the NZX50 less Australian companies listed in NZ. The range is 0-100%.</li> <li>50% based on EPS CAGR. The range is 0-120%.</li> </ul>	TSR	50
		EPS	50

The Chief Executive has a standard employment contract with no retention-specific contractual termination payments offered.

## 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 2023	Number of employees 2022
100-109	22	19
110-119	32	35
120-129	30	20
130-139	20	21
140-149	13	10
150-159	8	6
160-169	14	12
170-179	7	11
180-189	1	6
190-199	2	5
200-209	1	2
210-219	1	2
220-229	3	1
230-239	1*	0
240-249	1	3
250-259	3	1
260-269	1	1
270-279	1	2
280-289	0	2
290-299	3	2
300-309	2*	0
310-319	0	1
320-329	1*	1
330-339	0	1
370-379	0	1
420-429	1*	1
550-559	0	1*
570-579	1*	1*
650-659	1*	0
680-689	0	1
700-709	1*	0
890-899	0	1*
1,000-1,100	0	1*
1,350-1,360	1*	0
<b>Total</b>	<b>172</b>	<b>171</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 FY2022 an offer of up to \$5,000 worth of shares was made to employees at a 10% discount to the market price. On the day of allocation, the price was \$6.09 per share and participating individuals received up to 821 shares. More than 87% of Port of Tauranga employees are shareholders.

## 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 communication between the Board, any internal auditors and the external auditors to exchange views and information. The committee also confirms the parties' respective authorities 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
- Ensuring processes are in place and monitoring those processes so that the Board is properly and regularly informed and updated on corporate financial matters.

- Reviewing the financial reports and advising all Directors whether they comply with the appropriate laws and regulations.

Under section 19 of the Port Companies Act 1988, the Audit Office is the Auditor of Port of Tauranga Limited. The Auditor-General has appointed, pursuant to section 32 of the Public Audit Act 2001, the firm of KPMG to undertake the audit on their behalf. Port of Tauranga Limited has no control over the appointment of the Auditor, nor the tenure of the Lead Audit Partner. The current Lead Audit Partner, Brent Manning, was appointed in 2020.

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 6 to the financial statements in the 2023 Integrated Annual Report.

The Audit Committee also oversees an active internal audit programme where risks are identified and external expertise is engaged to review them when required. The committee will oversee the company's compliance with the new Climate Related Disclosures reporting regime.

## Shareholder relations

The Board is committed to engaging with shareholders and market participants so that timely and accurate information is provided and feedback is facilitated.

Port of Tauranga's website ([www.port-tauranga.co.nz](http://www.port-tauranga.co.nz)) has the company's Integrated Annual Reports, Mid-Year Market Updates and announcements to the NZX and the public.

The Annual Meeting of Shareholders is held in Tauranga, near the location of the company's head office and to encourage local shareholders to attend in person. The company's website lists the dates of upcoming meetings. The 2023 Annual Meeting will be held on Friday, 27 October 2023 at Mercury Baypark and will also be webcast.

Shareholders can receive electronic communications from the Share Registry. Contact details are available on the company website and in the 2023 Integrated Annual Report.

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

When voting on a matter is required, the Board encourages shareholders to attend the Annual Meeting or 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 in the Investors section of the company website.

### 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 2023:

### Twenty largest ordinary equity holders

Holder	Number of shares held	Issued equity %
Quayside Securities Limited	368,437,680	54.14
Custodial Services Limited	59,818,904	8.79
Accident Compensation Corporation	14,044,076	2.06
Tea Custodians Limited	13,753,206	2.02
BNP Paribas Nominees NZ Limited	13,619,000	2.00
FNZ Custodians Limited	12,587,994	1.85
Kotahi Logistics LP	8,500,000	1.25
JBWere (NZ) Nominees Limited	7,712,878	1.13
New Zealand Depository Nominee	6,434,450	0.95
Forsyth Barr Custodians Limited	6,203,908	0.91
New Zealand Superannuation Fund Nominees Limited	4,322,202	0.64
HSBC Nominees (New Zealand) Limited	3,859,754	0.57
Citibank Nominees (NZ) Limited	3,679,694	0.54
Private Nominees Limited	3,030,554	0.45
Public Trust	2,733,886	0.40
Masfen Securities Limited	2,708,395	0.40
Premier Nominees Limited	2,525,527	0.37
PT Booster Investments Nominees Limited	2,354,267	0.35
JPMorgan Chase Bank	2,330,925	0.34
HSBC Nominees (New Zealand) Limited	1,937,094	0.28
<b>Total</b>	<b>540,594,394</b>	<b>79.44</b>

**Distribution of equity securities**

Range of equity holdings	Number of holders	Number of shares held	Issued equity %
1-5,000	8,621	17,343,656	2.55
5,001-10,000	2,286	17,499,986	2.57
10,001-50,000	2,371	50,836,798	7.47
50,001-100,000	241	16,999,304	2.50
100,001 and over	119	577,901,486	84.91
<b>Total</b>	<b>13,638</b>	<b>680,581,230</b>	<b>100.00</b>

**Directors' equity holdings**

As at 30 June 2023, Port of Tauranga Limited Directors had the following relevant interests in Port of Tauranga Limited equity securities.

Director	Held beneficially		Held by associated persons	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
Ms A M Andrew	0	0	82,500	82,500
Mr D J Bracewell	0	0	15,000	15,000
Mr K R Ellis*		0		62,750
Ms J C Hoare	6,500	2,500	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
Mr D A Pilkington†		0		15,000
Mr J B Stevens‡	16,750	0	0	0

\* Mr Ellis retired on 28 October 2022.

† Mr Pilkington retired 29 July 2022.

‡ Mr Stevens was appointed on 1 August 2022.

**Senior managers' equity holdings**

As at 20 June 2023, Port of Tauranga Limited senior managers had the following relevant interests in Port of Tauranga Limited equity securities:

Senior manager	Held beneficially		Held by associated persons	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
Ms M J Dyer	0	0	0	0
Mr B J Hamill	0	0	821	821
Mr S R Kebbell	7,330	7,330	821	821
Mr P M Kirk	1,730	1,730	821	821
Mr D A Kneebone	93,555	88,070	84,921	84,921
Ms R A Lockley	0	0	821	821
Mr L E Sampson	78,841	71,821	821	821

**Other information****Donations**

Donations of \$75,401.77 were made during the year ended 30 June 2023 (2022: \$25,934). One-off donations were made to Cyclone Gabrielle mayoral relief funds. No donations were made to any political parties.

**Stock Exchange listing**

The company's shares are listed on the New Zealand Stock Exchange (NZX). The company currently has no NZX waivers.

**Credit rating**

During the year ended 30 June 2023, the company had an S&P Global (Standard & Poor's) rating of A-/Stable/A-2.

**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 2023, 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 2023 was 680,581,230.

**Annual Meeting**

The Annual Meeting of Shareholders will be held on Friday, 27 October 2023 at 1pm at Mercury Baypark, 81 Truman Lane, Mount Maunganui. The meeting will be livestreamed by Link Market Services.

Mr Doug Leeder is retiring by rotation and seeking re-election at the Annual Meeting.

**Further information**

Additional information on Port of Tauranga Limited can be found on the company's website at [www.port-tauranga.co.nz](http://www.port-tauranga.co.nz)