

# Corporate Governance Statement

Port of Auckland Limited (POAL) is wholly owned by Auckland Council. POAL has an independent board of directors responsible for directing POAL in a way that creates, protects, and enhances shareholder value, and protects stakeholder interests, while meeting the objectives agreed in POAL's Statement of Corporate Intent (SCI). POAL's Board and Management recognise the importance of good corporate governance in achieving these responsibilities. Therefore, POAL is committed to ensuring that it applies and adheres to good governance practices by monitoring its performance and reviewing this against best practice codes. This disclosure is based on the 8 Principles in the NZX Corporate Governance Code.

## Principle 1 – Code of Ethical Behaviour

POAL believe that the Board must set high standards of ethical behaviour, model this behaviour, and hold Management accountable for these standards being followed throughout the organisation.

To achieve this POAL has a [Code of Conduct](#) which documents the standards of ethical behaviour to which its directors and employees must adhere. In addition, POAL has separate policies for managing conflicts of interest, accepting gifts and hospitality, approving sponsorship and donations, managing fraud and corruption risk and for whistle blowing (Speak Up Policy). The Code of Conduct and related policies are published on POAL's intranet and staff are expected to read them and receive training on these as required. The Board monitors adherence to the Code of Conduct and holds directors, executives, and other staff accountable for acting ethically at all times.

It is accepted and acknowledged that Directors and Officers will have other business interests. All such interests as a shareholder, director, officer or trustee of other companies or entities are recorded in POAL's Interest Register. If it appears there may be a conflict of interest for any Director or Officer, the Chair will discuss the issue with that person as appropriate. Any Director is at liberty to accept other board appointments, providing those appointments are not in conflict with POAL's business.

## Principle 2 – Board composition and performance

POAL's [Board Charter](#) sets out the roles and responsibilities of the Board, relationships between the Board and Management, and Board procedures.

The process for the appointment, reappointment, and termination of directors to POAL's Board is contained in Auckland Council's Board Appointment and Remuneration Policy for Board Members of Council Organisations. Under this policy:

Appointments to POAL's board are made, on the recommendation of a selection panel, comprising the Mayor of Auckland Council (or representative), Chief Executive of Auckland Council (or representative), Board Chair of POAL, up to two Governing Body members, and one IMSB member.

The Council enters into written agreements with each newly appointed director establishing the terms of their appointment.

New Directors complete POAL's induction programme to ensure they understand the port industry and POAL's strategy and operations.

The Board is made up of between six and nine members. All Directors are independent, and none perform any management function. The Board considers that individually and collectively, these Directors have an appropriate mix of skills, qualifications, and experience to enable them to appropriately discharge their duties effectively. Information about Directors, including any other director and shareholder interests, are disclosed [here](#). Director's attendance at meetings and remuneration paid during the year is disclosed in our [Annual Report](#).

POAL believes that diversity and inclusivity are essential to driving sustainable commercial success and creating a high-performing values driven culture. The Board aims to have diversity of skills, experience, length of service, knowledge, and gender. POAL has a [Diversity, Equity and Inclusion Policy](#) which outlines its commitment for a diverse workforce and an inclusive work environment. POAL reports its Board and Executive gender balance and length of service as well as overall employee gender balance, age profile and years of service in its Annual Report.

Directors undertake appropriate training on how to best perform their duties when it is considered beneficial.

In accordance with Auckland Council's Board Appointment and Remuneration Policy the Mayor and Chief Executive of Auckland Council is provided with a report by POAL's Board summarising the annual review of its performance and every second year this review is conducted by an experienced external provider.

The Board has delegated the day-to-day management of the Company to the Chief Executive Officer. The CEO in turn delegates authority to management. These authorisation levels are set out in the [Delegated Authority Policy](#).

### **Principle 3 – Board Committees**

The Board has three standing committees:

- > [Audit and Risk Committee](#)
- > [People, Remuneration, and Culture Committee](#)
- > [Health, Safety, and Wellbeing Committee](#).

The Board may also establish other special purpose committees to deal with specific issues where appropriate to increase its effectiveness.

Each committee operates under a Charter approved by the Board. Committee membership and attendance is disclosed in POAL's Annual Report.

Each standing committee is made up of at least three Directors appointed by the Board. The Committee Chair is also appointed by the Board and cannot be the Chair of the Board. Each Committee meets at least four times a year and all Directors receive Committee papers and minutes and may attend Committee meetings. Employees only attend Committee meetings at the invitation of the Committee Chair.

The Audit and Risk Committee assists the Board in fulfilling its responsibilities with respect to financial reporting, external audit, risk management, compliance, and internal audit.

The People, Remuneration, and Culture Committee assists the Board in fulfilling its responsibilities with respect to people strategies, policies and culture, remuneration, and senior management employment matters.

The Health, Safety, and Wellbeing Committee assists the Board in fulfilling its responsibilities with respect to health, safety, and wellbeing.

#### **Principle 4 – Reporting & Disclosure**

Under Auckland Council's Disclosure Policy, POAL is required to formally report to the Council any material information, or information of an exceptional or extraordinary nature. POAL's Board considers this requirement during a standing board agenda item.

POAL maintains a website where stakeholders can access financial and operational information, media announcements, customer communications and key corporate governance information such as charters and policies.

POAL's annual report contains financial and non-financial information, including its strategy, key performance measures, environmental impacts, health and safety performance, sustainability initiatives, and critical risks.

#### **Principle 5 – Remuneration**

POAL's shareholder, Auckland Council, determine the total remuneration payable to POAL's Directors as set out in the Council's Board Appointment and Remuneration Policy. Changes to remuneration are recommended by POAL's Board, based on advice from a remuneration benchmarking exercise undertaken by an external consultancy. In accordance with POAL's Constitution, the Board will then determine the amount of remuneration payable to each Director. As required by section 161 of the Companies Act 1993, each Director must be of the opinion that the remuneration is fair to the Company and must sign a certificate to that effect which gives the grounds for their opinion. Actual Directors' remuneration paid for the year is disclosed in POAL's [Annual Report](#).

POAL's Constitution makes no provision for the payment of a retirement allowance to a Director or former Director.

Remuneration for employees is overseen by POAL's People, Remuneration and Culture Committee. In accordance with the Companies Act 1993, POAL's [annual report](#) discloses the number of employees or former employees who, during the year, received remuneration and any other benefits, of over \$100,000 per annum in brackets of \$10,000. Employee remuneration may include short and long term incentive payments and POAL does not disclose these separately.

Members of POAL's Executive are appointed as Directors to POAL subsidiaries, associates, and joint ventures. This is considered part of their role and they do not receive director fees for these appointments.

#### **Principle 6 – Risk Management**

POAL has an Enterprise Risk Management Policy and an Enterprise Risk Management Framework.

POAL is to pursue business opportunities and grow shareholder value; as well as develop and protect its people, assets, and reputation, and the environment in which it operates.

POAL's Enterprise Risk Management Framework ensures a comprehensive approach across the business with oversight by management and the Board. Risk assessments are ongoing within each area of the business to identify, evaluate and manage risks. Significant risks are reported to the Executive team who maintain and regularly review the Key Risk Register. This register is subject to a formal twice-yearly review by the Audit and Risk Committee.

Information about the critical risks that POAL face and how these are managed is contained within the [Annual Report](#).

The risk management function works closely with insurers, internal and external auditors, and other external advisors to ensure there is a common understanding of the purpose and effectiveness of controls that mitigate risks and that those risks which remain are acceptable.

### **Principle 7 – Auditors**

As required by the Port Companies Act 1988, the Auditor-General is the auditor of POAL's financial statements. The appointed auditor must satisfy the independence requirements of the Auditor-General and External Reporting Board. POAL's [External Auditor Independence Policy](#) requires that the auditor or lead audit partner is changed at least every five years and requires that the Audit and Risk Committee approve any non-audit service provided by the auditor to avoid any potential conflict of interest.

POAL's internal audit function is provided by an external provider whose appointment is made by the Board. Its programme of work is based on the critical risks faced by POAL and is approved by the Board. All internal audit reports are distributed to the Audit and Risk Committee for review, which monitors progress in completing the audit recommendations.

POAL's [Audit and Risk Committee Charter](#) sets out the Committee's responsibilities for both external and internal audits. The Committee meets regularly with both the external and internal auditor, both with and without management present.

### **Principle 8 – Shareholder Rights & Relations**

POAL was established as a Port Company under the Port Companies Act 1988 and, as a result, acquired the port-related commercial undertakings of the Auckland Harbour Board. Under this Act the principal objective of every port company is to operate as a successful business. Although not defined by the Act, POAL understands this to mean it must operate as profitably and efficiently as comparable businesses that are privately owned, following generally accepted commercial practices and disciplines. Port Companies must prepare and publish an annual Statement of Corporate Intent (SCI) declaring proposed activities and performance targets relating to financial, environmental, and social performance measures. POAL's shareholder, Auckland Council, has the power to require POAL to modify the SCI by including or omitting any provision, after having regard to POAL's obligation to operate as a successful business. Once the SCI is adopted by Auckland Council, it is published on POAL's website [here](#) and all decisions must be made in accordance with it.

The purpose of the SCI is to:

- > state publicly the activities and intentions, and the objectives to which those activities will contribute; and
- > provide a basis for the accountability of the Board to Auckland Council for POAL's performance.

The SCI defines the nature and scope of services POAL provides, and the key performance measures it is targeting. It includes the dividend policy, and details when POAL is required to consult with Auckland Council for material transactions.

A [Memorandum of Understanding](#) (MoU) between POAL and Auckland Council sets out the agreed framework in respect of the governance relationship between the two entities.

POAL provides Auckland Council with the following reports:

- > Annual SCI draft for discussion and final version
- > Annual Report including performance commentary, financial statements, performance against SCI targets
- > Quarterly Reports including financial updates and performance against SCI targets.

Twice a year, POAL presents to the Council's CCO Direction and Oversight Committee on performance and strategy.

POAL plays a vital role in New Zealand's economy, and it recognises that due to its central location in Auckland, many stakeholder groups are both interested and affected by its operations and developments. POAL is committed to increasing its transparency, so that stakeholders can better understand how its business operates, the value it adds and how it is likely to develop in the future. POAL is committed to greater engagement with stakeholders, particularly the Auckland public, when it comes to the construction of new infrastructure on the port, as it acknowledges the sensitive nature of such development. POAL engages stakeholders through regular meetings with different groups to understand what matters to them and how they assess POAL's performance. The Board closely monitors POAL's conduct with its shareholder engagement to ensure the behaviour is ethical and enhances the company's reputation.