

Code of Corporate Governance

Key Principles

1

Ethical Standards

LPC Directors will set high standards of ethical behaviour, model this behaviour and hold Management accountable for delivering these standards throughout the organisation

2

Board Composition & Performance

The LPC Board will include a balance of skills, knowledge, experience, independence and perspectives

3

Board Committees

The LPC Board uses Committees where this enhances its effectiveness in key areas, while still retaining Board responsibility.

4

Reporting & Disclosure

The LPC Board demands integrity in all reporting, and in the timeliness and balance of corporate disclosures.

5

Remuneration

The Remuneration of Directors and Executives at LPC will be transparent, fair and reasonable.

6

Strategy and Risk Management

LPC Directors will contribute to the formulation of the strategy and have a sound understanding of the key risks faced by the business. They will regularly verify that there are appropriate processes to identify and manage these.

7

Auditors

The LPC Board will ensure the quality and independence of the external Audit process.

8

Shareholder Relations & Stakeholder Interests

The LPC Board will respect the rights of the shareholder and foster a constructive relationship with the shareholder and other key stakeholders.

Principle 1 – Ethical Standards

Written Code of Ethics – LPC Guidelines for Conduct

LPC has adopted a written code of ethics for the Company entitled Guidelines for Conduct (“the Guidelines”). This is a statement of our core values. The Guidelines set out explicit expectations for ethical decision-making and personal behaviour for Directors and employees. Key areas it covers include:

- Acting honestly and with high standards of personal and professional integrity
- Dealing with conflicts of interest, including any circumstances where a Director may/may not participate in a Board discussion, and voting on matters in which a Director has a personal interest
- Proper use of an entity’s property and/or information, including not taking advantage of the entity’s property or information for personal gain, except as permitted by law
- Not participating in illegal or unethical activity
- Fair dealing with customers, shareholders, clients, employees, suppliers, competitors and other stakeholders
- Guidelines on giving and receiving gifts and koha
- Guidelines to prevent and address improper payments (e.g. facilitation payments and bribes)
- Complying with applicable laws and regulations
- Reporting unethical decision-making and/or behaviour
- Conduct expected of Management and the Board for responding to and supporting whistleblowing.

The Guidelines include a statement about how breaches will be dealt with.

LPC communicates the Guidelines to our employees at the time of their initial employment, and supports their compliance with training and clear procedures.

LPC publishes the Guidelines and serious breaches are reported to the Board.

The LPC Board reviews the Guidelines every two years. The Board ensures Directors, Executives and other personnel are held accountable for ethical behaviour.

Principle 2 – Board Composition and Performance

LPC Directors are selected and appointed by our sole Shareholder, Christchurch City Holdings Limited.

All LPC Directors are expected to, except as permitted by law and disclosed to shareholders or by the Company's constitution, act in the entity's best interests.

The Chair of the LPC Board is responsible for fostering a constructive governance culture and ensuring Directors and Management apply appropriate governance principles.

The LPC Board expects Directors to make the necessary time commitment to be effective in their role.

The LPC Board allocates time and resources for Directors to gain and retain a sound understanding of their responsibilities. New appointees have a comprehensive induction, and all Directors have ongoing training as required.

The LPC Board has rigorous formal processes for evaluating their performance, and that of Board Committees, individual Directors and the Chair. This includes a formal, regular review of the Chair.

Reporting includes information about each Director. This includes a profile of their experience, length of service, independence and ownership interests in the entity. It also includes information on the Board's appointment, training and evaluation processes.

Principle 3 – Board Committees

The LPC Board Committees have a clear, formal term of reference setting out their role and delegated responsibilities. Those terms of reference make clear the function of the Committee is not to replace the ultimate decision-making authority of the full Board.

The terms of reference and membership of each Board Committee are available on LPC's website.

Committee proceedings are reported back to the Board to allow other Directors to question Committee members, and any Board members are allowed to attend Committee meetings.

LPC currently has two Committees, Audit and Finance and Remuneration. LPC also has a Governance Health and Safety Committee which is not a Board Committee, but has one Director sitting on the Committee.

The Audit and Finance Committee has the following responsibilities:

- Recommending the appointment of external auditors (in line with Office of the Auditor General requirements)
- Overseeing all aspects of the LPC-audit firm relationship
- Promoting integrity and transparency in financial reporting
- Ensuring that 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 Company's financial reports
- Liaising with the external auditors on behalf of the Board and ensuring the independence of the auditors is not impaired, or could reasonably be perceived to be impaired
- Monitoring and reviewing the Company's accounting policies, internal controls and related matters
- Verifying that the Company has appropriate processes to identify and manage potential and relevant risks.

The Audit and Finance committee comprises:

- At least one Director who is a qualified accountant or has another recognised form of financial expertise
- A chair who is independent and who is not also the Board Chair.

The Chair of the Audit Committee should not have a longstanding association with the external audit firm, either as a current or retired audit partner or senior manager at the firm.

The Remuneration Committee has the following responsibilities:

- Assisting the Board in the establishment of the remuneration policies and practices for the Company
- Reviewing the annual performance appraisal of the Chief Executive (which is undertaken by the Chair of the Board) and reviewing the performance appraisals of Senior Management.
- Reviewing the remuneration of the Chief Executive and Senior Management, and the design and operation of the incentive programme, and making appropriate recommendations to the Board.

The Remuneration Committee comprises:

- Three Directors
- A chair who is not the Board Chair.

Governance Health and Safety Committee

The Governance Health and Safety Committee is a Governance Committee and has one Director as a member of the Committee.

The responsibilities of the Health and Safety Governance Committee include:

- Providing oversight on the Port's health and safety
- Challenging health and safety strategies for the Port
- Ensuring all Port users understand the health and safety obligations
- Monitoring progress against health and safety goals.

Principle 4 – Reporting and Disclosure

The LPC Board has a rigorous process to ensure the quality and integrity of financial statements and non-financial reporting.

LPC's financial reporting and annual report (in addition to all information required by law) includes sufficient meaningful information to enable CCHL and stakeholders to be well informed. We strive to make our financial reports clear, concise and effective, while meeting the requirements of financial reporting standards.

The LPC Board determines the appropriate level of non-financial reporting, considering the interests of their stakeholders and material exposure to environmental, social and governance (ESG) factors. The Company maintains an effective system of internal control for reliable financial and non-financial reporting and accounting records.

The Board requires Management to provide it with information of sufficient content, quality and timeliness, as the Board considers necessary, to allow the Board to effectively discharge its duties. Management provides formal Board papers one week in advance of Board meetings. In addition, Board policy is to make regular site visits to view Company operations and to ensure Directors remain familiar with issues associated with the Company's business. Site visits usually involve interaction between Directors and Management, and direct access to employees when their particular area of expertise is required. A formal process is followed, including representations and certifications from Senior Management, to ensure that the Company's financial statements comply with international financial reporting standards as applied in New Zealand and fairly represent the financial affairs of the Company.

The Company provides timely and adequate disclosure of information on matters of material impact to the Shareholder through its quarterly and annual reporting, as well as through its Statement of Corporate Intent (SOI). The Board consults with the Shareholder at all reasonable times on any particular material matter relating to the affairs of the Company when asked to do so by the Shareholder (when notified in writing to the Board by the shareholder from time to time).

Directors explain their role in preparing the annual report, and in preparing financial statements that comply with relevant laws and accounting standards.

LPC makes its Guidelines for Conduct, Board Committee Terms of Reference, ESG reporting and other governance documents readily available to stakeholders on the LPC website.

Principle 5 - Remuneration

The LPC Board has a clear policy for setting Executive remuneration. Remuneration is fair and reasonable, and competitive in the market for the skills, knowledge and experience required. The Company believes all employees should have the opportunity to reach their potential and thrive in an inclusive and diverse workplace. The Board monitors established reporting and trend analysis on age profile, gender profile and employment tenure.

The Board is committed to a policy that the remuneration of Directors and Management be transparent, fair and reasonable. The Company is conscious of its public responsibilities in the setting of remuneration for Senior Executives, which is closely managed by the Board and made publically available via the annual report. No Executives decide their own remuneration.

LPC's Remuneration Committee recognises that market forces necessarily influence remuneration practices and it strongly believes the fundamental driver of remuneration outcomes should be business performance. It also believes that overall remuneration should be both fair to the individual, such that remuneration levels accurately reflect Executives' responsibilities and contributions. The positioning and relativities of pay and employment conditions across the wider workforce will also be taken into consideration.

LPC's Rewarding Performance remuneration strategy recognises the importance of health and safety, upon which the Remuneration Committee places great emphasis on the determination of performance-based remuneration outcomes for Management and the general workforce. The Committee is guided by LPC's purpose, its strategy and how we measure success. It aims to support LPC's Executives in taking a long term approach to decision-making in order to build a sustainable and value-adding business.

The Board recognises the importance of full, fair and transparent disclosure of the Chief Executive's (CE) salary. The CE's remuneration is made up of a base salary and incentive related payments. A full analysis of the CE's salary is disclosed in the annual financial statements.

The Executive Management team remuneration is made up of a base salary and usually comprises a performance incentive related payment which is dependent on the performance of the Company and attainment of agreed objectives.

The Shareholder by ordinary resolution from time to time sets a total maximum aggregate annual amount payable to the Directors in their capacity as Directors. That aggregate sum is divided among the Directors as they consider appropriate. The fees paid to each of the Directors in the previous financial year are detailed in the Directors' interests section of the Company's Annual Report.

LPC discloses its remuneration policy to shareholders via the annual Statement of Intent (SOI).

Principle 6 – Risk Management

The LPC Board actively contributes to the formulation of the business strategy and tracks progress against it.

The LPC Board ensures there are rigorous risk management processes and internal controls in place.

The Board receives and reviews reports about the risk management framework and internal control processes throughout the year via the Audit and Finance Committee. Material risks are formally communicated to the Board every six months or more regularly if required.

Board reports include a copy of LPC's risk register and highlight the main risks to LPC's performance and the steps being taken to manage them. We include a copy of the risk register in the monthly Board pack. It is updated every six months or as required.

The Board reports on risk identification, risk management and relevant internal controls to stakeholders, at least once a year via the SOI and annual financial statements.

Principle 7 - Auditors

The LPC Board has a good working knowledge of the responsibilities of the external auditors. By law, the auditors of LPC are the Office of the Auditor General (OAG). The OAG then has the ability to contract that work out to an appropriately qualified and experienced audit firm. Where this happens, the Chair of the Audit and Finance Committee works with the OAG in the selection and appointment process following the relevant guidelines. This process is rigorous and based on professional merit.

The Board ensures that there is no relationship between the auditor and LPC (or any related person) that could compromise the auditor's independence.

The Board facilitates regular and full dialogue between its Audit and Finance Committee, external auditors and Management. The Audit and Finance Committee has time set aside each year with the external auditors to discuss the performance of Management.

The Board ensures that the annual external audit is not led by the same audit partner for more than seven consecutive years.

Negotiations for the annual audit fee are managed by the Chair of the Audit and Finance Committee and the OAG. There is input from LPC's Management but the final decision is made by the Board and the OAG.

The Board prepares and files financial reports as required under relevant legislation. The Board reports in its annual report, the fees paid to their audit firm. This report differentiates between audit fees and fees for individually identified non-audit work.

Where applicable, the LPC Board explains in the annual report the non-audit work their audit firm carried out, and why the work did not compromise auditor objectivity and independence. They also explain:

- How they satisfied themselves about auditor quality and effectiveness of the audit
- Their approach to tenure and reappointment of auditors
- Any threats to auditor independence and how those threats were mitigated.

Principle 8 – Shareholder Relations and Stakeholder Interest

LPC maintains a positive and proactive relationship with CCHL. As part of our annual SOI, the Board includes clear policies for our communications and interactions with CCHL. The Board endeavours to ensure CCHL is informed of all major developments affecting the Company's state of affairs, while at the same time recognising commercial sensitivity may preclude certain information from being made public. Information is communicated to CCHL through a "no surprises" policy on issues of importance as they may arise, as well as through formal communications discussed further below.

Formal communication with CCHL includes:

Annual Report

The Annual Report is provided directly to Shareholders and it includes audited financial statements and other details which are required to permit an informed assessment of LPC's performance and financial position during the reporting period.

Half Year and Quarterly Reporting

The half year and quarterly reporting contains unaudited information.

Statement of Intent

The SOI is prepared based on the requirements within the Port Companies Act 1988 and the Company's Constitution. The Directors include any other information they consider appropriate.

Briefings

The Company provides briefings to CCHL and its Board, and others as required.

CCHL Bonds

LPC acknowledges its responsibilities under the continuous disclosure regime in relation to CCHL's bonds and has implemented a policy to manage those disclosure requirements.

LPC publishes up-to-date information, on the LPC website providing:

- A comprehensive description of its business and structure
- Commentary on its goals, strategies and performance
- Key corporate governance documents
- Separate information that shows how it has followed the principles in this handbook (if not in the annual report).

LPC has a clear focus on the needs of our key stakeholders (including customers, employees, the public, the Council and Government) and recognises it is critical to meet their needs to ensure we have a successful business.

LPC takes account of stakeholder interests by:

- Having clear policies for LPC's relationships with significant stakeholders
- Regularly assesses compliance with these policies to ensure conduct towards stakeholders complies with its code of ethics and the law
- Check conduct towards stakeholders aligns with current accepted social, environmental, and ethical norms.