

# Board Charter

## Role of the Board

The role of the Board is to effectively represent, and promote the interests of the Company with a view to adding long-term value to the Company and providing a fair return to the Shareholder. Having regard to its role, the Board will direct, and supervise the management of, the business and affairs of the Company including, in particular:

- ensuring that the Company goals are clearly established, and strategies are in place for achieving them (such strategies being expected to originate, in the first instance, from Management);
- establishing policies for strengthening the performance of the Company including ensuring that Management is proactively seeking to build the business through innovation, initiative, technology, new products and the development of its business capital;
- monitoring the performance of Management;
- appointing the CEO, setting the terms of the CEO's employment contract and, where necessary, terminating the CEO's employment with the Company;
- deciding on whatever steps are necessary to protect the Company's financial position and the ability to meet its debts and other obligations when they fall due, and ensuring that such steps are taken;
- ensuring the Company's financial statements are true and fair and otherwise conform with law;
- ensuring the Company adheres to high standards of ethics and corporate behaviour; and
- ensuring the Company has appropriate risk management/regulatory compliance policies in place.
- ensuring the Company has appropriate health, safety and wellbeing policies and procedures in place.

In the normal course of events, day-to-day management of the Company will be in the hands of Management.

The Board will satisfy itself that the Company is achieving the company goals.

## The Board's Relationship with the Shareholder (CCHL)

The Board will use its best endeavours to familiarise itself with issues of concern to the Shareholder. The Board will regularly evaluate economic, political, social and legal issues and any other relevant external matters that may influence or affect the development of the business or the interests of the shareholder and, if thought appropriate, will take outside expert advice on these matters

The Board maintains a positive and proactive relationship with CCHL. The Board will 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.

## **The Board's Relationship with other Stakeholders**

The Board will use its best endeavours to familiarise itself with issues of concern to all relevant stakeholders including Te Hapū o Ngāti Wheke and Te Rūnanga o Ngāi Tahu. The Board recognises that the Company's long-term survival and prosperity are closely intertwined with the environments and markets within which it operates and the extent to which the Company is seen as a responsible corporate citizen.

## **Board Procedures**

The conduct of Directors will be consistent with their duties and responsibilities to the Company and, indirectly, to the Shareholder. The Board will carry out its role with the emphasis on strategic issues and policy.

Directors will use their best endeavours to attend Board meetings and to prepare thoroughly. Directors are expected to participate fully, frankly and constructively in Board discussions and other activities and to bring the benefit of their particular knowledge, skills and abilities to the Board.

Board discussions will be open and constructive, recognising that genuinely held differences of opinion can, in such circumstances, bring greater clarity and lead to better decisions. The Chair will, nevertheless, seek a consensus in the Board but may, where considered necessary, call for a vote. All discussions and their record will remain confidential unless there is a specific direction from the Board.

The Board agenda is set by the CEO in consultation with the Chair. Any Director may, through the Chair, request the addition of an item to the agenda.

At each normal meeting the Company's interest register will be updated as necessary and the Board will consider, amongst other matters:

- An operational report from the CEO;
- A report from the Chief Financial Officer;
- Reports on their activities from the Company's individual areas of activity;
- Specific proposals for capital expenditure and acquisitions; and
- Major issues and opportunities for the Company.

In addition, the Board will, at intervals of not more than one year:

- Review LPC's strategy
- Review the strategies and operating plans for achieving LPC's strategy
- Approve the annual budget
- Approve the annual and half-yearly financial statements, reports to CCHL
- Approve the annual report
- Consider and, if appropriate, declare or recommend the payment of dividends
- Review the performance and composition of, and necessity for Board committees
- Settle the following year's Board work plan.

Directors are entitled to have access, at all reasonable times, to all relevant Company information and with approval from the Chair to Management.

Directors are expected to strictly observe the provisions of the Companies Act applicable to the use and confidentiality of Company information.

## **The Chair**

The Chair is responsible for:

- representing the Board to the CCHL;
- ensuring the integrity and effectiveness of the governance process of the Board;
- maintaining regular dialogue with the CEO over all operational matters and will consult with the remainder of the Board promptly over any matter that gives them cause for major concern.

The Chair will act as facilitator at meetings of the Board to ensure that no Director dominates discussion, that appropriate discussion takes place and that relevant opinion among Directors is forthcoming. The Chair will ensure that discussions result in logical and understandable outcomes.

## **Board Committees**

The Board has three standing Committees: the Audit and Risk Committee; the Health and Safety Committee; and the People and Performance Committee, which has a Workplace Cultural Governance sub-committee.

Committee proceedings are reported back to the Board following every Committee meeting, and Committee papers are available to all Board members electronically.

Each Board Committee's responsibilities are set out in their Terms of Reference, which can be found in the Diligent Boards Resource Centre.

## **Board Composition and Mix**

The Port Companies Act of 1988 requires:

- that there shall be no fewer than 6 directors of a port company; and
- that not more than 2 members or employees of the Harbour Board or any other Harbour Board, territorial authority, regional council or united council that holds any equity securities in the company of any class that confer rights to vote at any meeting of the company may be directors of the port company.

The composition of the Board will also reflect the duties and responsibilities it is to discharge and perform as representative of the interests of the Shareholder, and in setting the Company's strategy and seeing that it is implemented. Generally, the qualifications for Directors at LPC are the ability and intelligence to make sensible business decisions and recommendations, an entrepreneurial talent for contributing to the creation of shareholder value, the ability to see the wider picture, the ability to ask the hard questions, preferably some experience in the industry sector, high ethical standards, sound practical sense, and a total commitment to furthering the interests of the Shareholder and the achievement of the Company goals.

## **Induction of New Directors**

On their first appointment, Directors will have the benefit of an induction programme aimed at deepening their understanding of the Company and the business, environment and markets in which the Company operates.

As part of the programme, Directors will receive essential Board and Company information and will meet key management.

Directors are expected to keep themselves abreast of changes and trends in the business and in the Company's environment and markets and to keep abreast of changes and trends in the economic, political, social and legal climate generally.

## **Remuneration**

The Directors' fee pool is set by the Shareholder. The Board decide how those funds are allocated to each Director. This will include a base Director fee and additional fees for Directorship of Board Committees, as well as separate fees for the Board and Committee Chairs.

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 publicly available via the annual report. No Executives decide their own remuneration.

## **Provision of Business or Professional Services by Directors**

Because a conflict of interest (actual or perceived) may be created, Directors should not, generally, provide business or professional services of an ongoing nature to the Company.

Notwithstanding the general rule, the Company is at liberty to for the purpose of a special assignment, engage the services of any Director having special expertise in the particular field or engage the services of another Director of a Director's organisation, so long as the terms of engagement are competitive, clearly recorded and all legal requirements for disclosure of the engagement are properly observed.

## **Other Board Appointments**

Any Director is, while holding office, at liberty to accept other Board or Management appointments so long as the appointment is not in conflict with the business and does not detrimentally affect the Director's performance as a Director.

## **Independent Professional Advice**

Any Director is entitled to obtain independent professional advice relating to the affairs of the Company or to his or her other responsibilities as a Director. If a Director considers such advice is necessary the Director shall first discuss it with the Chair and, having done so, shall be free to proceed. Subject to the prior approval of the Chair, the cost of the advice will be reimbursed by the Company but the Director will ensure, so far as is practicable, that the cost is reasonable.

## **Board and Director Evaluations**

The Board will, each year, critically evaluate its own performance, and its own processes and procedures to ensure that they are not unduly complex and are designed to assist the Board in effectively fulfilling its role.

## **Indemnities and Insurance**

The Company will provide Directors with an indemnity and will pay the premiums for insurance cover whilst acting in their capacities as Directors to the level agreed by the Board.

## **The Company Secretary**

The Chief Financial Officer performs the role of Company Secretary. The Secretary is responsible for ensuring that Board procedures are followed, that the applicable rules and regulations for the conduct of the affairs of the Board are complied with and for all matters associated with the maintenance of the Board or otherwise required for its efficient operation. All Directors, particularly the Chair, have access to the advice and services of the Secretary for the purposes of the Board's affairs and the business.

## **Position of CEO**

The Board will link the Company's governance and management functions through the CEO. All Board authority conferred on Management is delegated through the CEO so that the authority and accountability of Management is considered to be the authority and accountability of the CEO, so far as the Board is concerned.

Between Board meetings the Chair maintains an informal link between the Board and the CEO, expects to be kept informed by the CEO on all important matters, and is available to the CEO to provide counsel and advice where appropriate.

Only decisions of the Board acting as a body are binding on the CEO. Decisions or instructions of individual Directors, Officers or Committees are not binding, except in those instances where specific authorisation is given by the Board.

## **Management Limitations**

The CEO is expected to act within all specific authorities delegated to him or her by the Board.

The CEO is expected to act in line with commonly accepted good business practice and professional ethics.

The CEO is expected to take into account the health, safety, environmental and political consequences and their effect on long-term shareholder value.

In managing the Company, the CEO is expected to ensure the Company does not become financially embarrassed.

The CEO is expected to ensure employees and other parties working for the Company are subjected to treatment or conditions that are dignified, equitable, fair and safe.

## **Risk Management**

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

The Board receives reports about risk management and internal control processes throughout the year via the Audit and Risk Committee. Strategic risks, mitigations and treatment plans are formally communicated to the Board every six months, or more regularly if required. The Risk Appetite Statement, the Risk Management Framework and the Risk and Assurance Performance Management Plan are available to all Board members electronically.

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