

Corporate Governance Statement

The Board of Marsden Maritime Holdings Limited ("Marsden Maritime" or "the Company") plays an essential role in setting and overseeing the effective execution of the Company's strategic direction, with a clear focus on the creation of long-term value for shareholders.

The Marsden Maritime Board ("the Board") is responsible for the Company's governance framework, which is recorded in the governance policies, Board Committee charters and management policies. The Company's corporate governance framework takes into consideration contemporary standards in New Zealand including the NZX Listing Rules, NZX's Corporate Governance Best Practice Code (the NZX Code) and the Financial Markets Authority's Corporate Governance in New Zealand, Principles and Guidelines (collectively the "Principles").

The Board confirms that the Company's governance practices largely comply with the Recommendations in the NZX Code and have done so for the period since the NZX Code was implemented on 1 October 2017. There are exceptions in regard to Recommendation 2.5 (Measurable objectives for diversity) and 3.6 (Takeover Offer Protocol). For each of these exceptions an explanation of the alternative governance practices the Company has adopted to address the NZX code recommendation is given.

Marsden Maritime's corporate governance documents and related information are available on the Governance section of the Company's website www.marsdenmaritime.co.nz.

This statement as approved by the Board is current as of 30 June 2018.

Principle 1 – Ethical Behaviour

Directors should set high standards of ethical behaviour, model this behaviour and hold management accountable for these standards being followed throughout the organisation.

Code of Ethics

The Board is committed to ensuring the Company maintains best-practice standards of corporate governance, business behaviour and accountability to ensure that it always operates in a transparent, fair and ethical way.

The Company has a Board-approved Code of Ethics Policy that sets out the ethical and behavioural standards expected of its Directors and employees. The purpose of the Code of Ethics is to underpin and support the values that govern individual and collective behaviour. The Code of Ethics is intended to guide decisions so that they are consistent with the Company's values, business goals and legal obligations. It sets out the minimum expectations of behaviour and procedures for reporting any breaches.

Security Trading Policy

The Company's Securities Trading Policy and Guidelines apply to all Directors, executives and employees and is additional to the legal prohibitions on insider trading in New Zealand. The policy provides guidance and rules for trading in Marsden Maritime's securities listed on the NZX.

Principle 2 – Board Composition and Performance

To ensure an effective board, there should be a balance of independence, skills, knowledge, experience and perspectives.

Board Charter

Details of the Board's role, composition, responsibilities, operation, policies and committees are provided in the Board Charter. The Charter distinguishes between the responsibilities of the Board and those matters that are delegated to management. Further detail is provided in a set of delegated authorities that clearly define the responsibilities delegated 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.

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

Board Composition, Appointments, Independence and Operation

The composition of the Board is governed by the Company's Constitution which also details how Directors are appointed and removed from office.

The Board determines on a case-by-case basis who, in its view, are independent Directors. The guidelines set out in the NZX Listing Rules (para.3.3.1) are used for this purpose.

As at 30 June 2018 the Board comprised six non-executive directors, five of whom were independent. A profile of each director is included in the Annual Report. Further details are available from the Company's website.

The following Directors held office during the 12 months to 30 June 2018:

Director	Status	Date Appointed	Last Re-Elected	Date Ceased
Sir John Goulter	Board Chairman Chair Board Nom. Committee Independent Director	Oct 2011	Oct 2016	–
Mark Bogle	Independent Director	Oct 2014	Nov 2017	–
Tony Gibson	Non-Independent Director	Apr 2018	–	–
Peter Griffiths	Independent Director	Oct 2010	Oct 2016	Mar 2018
Susan Huria	Chair Rem. Committee Independent Director	Oct 2009	Oct 2015	–
Murray Jagger	Independent Director	Oct 2015	–	–
Elena Trout	Chair Audit & Risk Com. Independent Director	Oct 2011	Nov 2017	–

The Board Nomination Committee has delegated responsibility for the process of identifying suitable candidates for appointment and reappointment to the Board.

At each Annual Shareholders' Meeting, one third of the Directors retire by rotation and are eligible to stand for re-election, along with any appointments made since the previous annual meeting.

Directors are encouraged to undertake continuing professional development to maintain their skills and knowledge. The Board reviews its performance as a whole on an annual basis. Each Committee undertakes an annual review of its performance and provides a report to the Board.

Diversity

Marsden Maritime recognises the wide-ranging benefits diversity brings to an organisation and its workplace. The Company has a Diversity Policy which records the Company's commitment to an inclusive workplace that embraces and promotes diversity. The Policy and practices are overseen by the Board. The Company is not compliant with the NZX Code as regards setting measurable objectives for diversity. The Board does not consider it appropriate to set measurable diversity objectives as the Company has fewer than 10 employees. When a management role is to be filled it is the Company's policy to appoint the best person available.

When a Board appointment is made it is the Board's policy to ensure that, where possible, diversity is sustained.

Gender Composition of the Board and Management as at 30 June

	2018		2017	
	Number	%	Number	%
Directors				
Female	2	33	2	33
Male	4	67	4	67
Management				
Female	2	50	2	40
Male	2	50	3	60

Note: For the purposes of the above analysis "Management" includes any employee who reports directly to the Board or the Chief Executive.

Principle 3 – Board Committees

The Board should use committees where this will enhance its effectiveness in key areas, while still retaining board responsibility.

The Board has four standing committees, being the Audit and Risk Committee, the Remuneration Committee, Board Nomination Committee and the Health and Safety Committee. Each Committee operates under a Charter approved and regularly reviewed by the Board. Committees do not have delegated authority to make decisions but make recommendations to the Board.

Audit and Risk Committee

This Committee was established to assist the Board with overseeing all matters relating to risk and financial management, accounting, audit and reporting.

The Committee comprises three Directors: Elena Trout (Chair), Mark Bogle and Susan Huria. All members are independent directors and Mr Bogle is a member of Chartered Accountants Australia and New Zealand. The Board Chairman attends meetings in an ex officio capacity.

Remuneration Committee

The Committee has the role of considering matters related to remuneration and human resources. It undertakes an annual review of Management's performance and remuneration levels. The Committee also develops the Company's remuneration policy and recommends to the Board the distribution of the shareholder approved directors' fee pool.

This Committee comprises Susan Huria (Chair), Sir John Goulter and Tony Gibson.

Board Nomination Committee

The purpose of the Board Nomination Committee is to assist the Board with identifying potential directors that will contribute to the ongoing success of the Company and discharge their duties under the law diligently and efficiently.

This Committee comprises Sir John Goulter (Chair) and Murray Jagger.

Health and Safety Committee

The Committee operates as a committee of the full board and meets at each Board meeting. The Committee's charter is incorporated in the Company's Health and Safety Policy. The purpose of the Committee is to support the Board in meeting its responsibility for the Company's health and safety outcomes.

The responsibilities of the Committee include:

- overseeing the establishment of HSE policies and recommending targets for HSE performance
- ensuring the Company has appropriate resources and practices to operate the business safely
- monitoring the effectiveness of the Company's Health and Safety management system, and
- periodically reviewing the Company's overall management of Health and Safety risk and identifying continuous improvement opportunities.

Board and Committee Meeting Attendance

The full Board met 10 times between 1 July 2017 and 30 June 2018.

Special purpose meetings are held as required. The following table outlines the number of meetings attended by Directors in the period under review:

	Full Board		Board Committees	
	Board Meeting	Health & Safety	Audit	Remuneration
J P Goulter	10	10	4*	3
M Bogle	10	10	4	–
T Gibson	2	2	–	–
P W Griffiths	6	6	–	2
S Huria	9	9	4	3
M Jagger	9	9	–	1
E Trout	10	10	4	–

* Ex Officio

Refer to table on page 8 for information in regards to director appointments and cessations.

Corporate Governance Statement continued

Principle 3 – Board Committees continued

Takeover Protocols

After taking into consideration the nature of the Company's predominant shareholding structure, the Board has determined that a takeover offer for Marsden Maritime Holdings is highly unlikely. Therefore, the establishment of takeover protocols is deemed to be unnecessary at this time.

Principle 4 – Reporting and Disclosure

The Board should demand integrity in financial and non-financial reporting, and in the timeliness and balance of corporate disclosure.

The Company believes that high standards of reporting and disclosure are essential for proper accountability between the Company and its investors, employees and stakeholders. Oversight of the Company's financial reporting is applied through the Audit and Risk Committee.

Continuous Disclosure Policy

The Board has adopted the NZX Continuous Disclosure Rules to ensure that all material matters are released to the financial markets in a clear and timely manner.

Financial/Non-Financial Disclosure

The Company is committed to ensuring integrity and timeliness in its financial reporting and in providing information to the market and shareholders which reflects a considered view on the present and future prospects of the Company. Interim and full-year financial statements are prepared in accordance with relevant reporting standards.

Principle 5 – Remuneration

The remuneration of Directors and senior management should be transparent, fair and reasonable.

Marsden Maritime's approach to remuneration aims to attract, motivate and retain talented employees at all levels of the Company and seeks to align the interests of its shareholders and employees, whilst driving performance and growth in shareholder value and return.

Directors Remuneration

Directors are remunerated in the form of directors' fees which are paid within an aggregate annual pool amount approved by shareholders.

The Board reviews its fees every three years to ensure the Company's non-executive Directors are fairly remunerated for their services, recognising the time commitment together with the level of skill and experience required to fulfil the role, and to enable the Company to attract and retain talented non-executive Directors. The process involves benchmarking against a group of industry peer companies including other designated NZ Port Companies.

Non-executive Directors have no entitlement to any performance-based remuneration or participation in any share-based incentive schemes. No retirement entitlements are payable.

Directors Fees paid to the non-executive Directors of the Company for the financial year ended 30 June 2018 are shown in the Statutory Information section on page 7 of this report.

Chief Executive Remuneration

The composition of the Chief Executive's remuneration is as follows:

- Base or fixed remuneration – determined by the scope of the role and the level of knowledge, skill and experience required of the individual.
- Short-term incentive plan – this comprises an annual incentive, based on a percentage of the fixed remuneration, dependent on the achievement of key performance targets.

All short-term incentives are paid at the discretion of the Board.

Remuneration for the years ended:

	2018	2017
Salary	175,000	187,500
Other benefits *	22,475	27,825
Short term incentive (both amounts paid in the 2018 financial year)	32,000	30,000
	<u>229,475</u>	<u>245,325</u>

* Other benefits include company motor vehicle, medical insurance and Kiwisaver.

The amounts shown in the above table for 2018 are for remuneration that relates to Mr Wallace's period of employment during the financial year ended 30 June 2018.

Principle 6 – Risk Management

Directors should have a sound understanding of the material risks faced by the issuer and how to manage them. The Board should regularly verify that the issuer has appropriate processes that identify and manage potential and material risks.

Risk Management Framework

The Company's risk management framework integrates risk management into the Company's operations and formalises risk management as part of the Company's internal control and corporate governance practices.

Key Risks

Business

The Company's senior management are required to regularly identify the major risks affecting the business, record them in a risk management register and develop strategies to mitigate these risks. The Audit & Risk Committee regularly reviews the Company's risk profile and risk management register and receives reports on the operation of risk management policies and procedures. Significant risks are discussed at each Board meeting, or as required.

The Company maintains insurance policies that it considers adequate to meet its insurable risks. As part of risk management, the Company has a comprehensive Treasury Policy that sets out the procedures to minimise financial market risk.

Health and Safety

The Company considers the health and safety of its employees, contractors, clients and authorised visitors to its premises to be of utmost importance. The Board oversees the implementation of the Company's Health and Safety Policy.

The Board closely monitors a series of key lag and lead indicators including hazard reporting, incidents/ near misses, safety briefings held, training sessions, contractor inductions and audits undertaken.

Environmental

The Company recognises there are risks associated with particular parts of its operation, which could potentially have a detrimental impact on the environment. Once identified, these risks are mitigated by putting preventive measures in place and also ensuring adequate resources are available to respond to an environmental harm event.

Principle 7 – Auditors

The Board should ensure the quality and independence of the external audit process.

Ensuring the quality and independence of the external audit process is of utmost importance to the Board. The Audit and Risk Committee monitors the external audit programme and processes on behalf of the Board.

External Auditors

The external auditor meets at least once a year with the Audit & Risk Committee without management present and the auditor also has a direct line of communication to the Chair of the Audit & Risk Committee on any matters that require discussion. The auditor may call a meeting of the Audit & Risk Committee at any time.

To ensure the independence of the Company's external auditor is maintained, the Board has determined that the external auditor should not provide any services not permitted under International Federation of Accountants regulations.

Pursuant to the Public Audit Act 2001, the Office of the Auditor-General is the auditor of the Company. The Office of the Auditor-General appoints an audit firm and partner to carry out the annual audit on their behalf. The lead audit partner is rotated every five years, consistent with NZX Listing Rules requirements. The lead audit partner or a representative from Ernst & Young attends the Annual Shareholders' Meeting and is available to answer questions about the audit process, the Company's accounting policies and the independence of the auditor.

Internal Audit

The Company has internal processes and controls that are considered to be appropriate for the size and complexity of the organisation. The Audit & Risk Committee carefully considers the auditor's management report which lists its key findings and recommendations about significant matters arising from the audit.

Principle 8 – Shareholder Relations

The Board should respect the rights of shareholders and foster constructive relationships with shareholders that encourage them to engage with the issuer.

Marsden Maritime seeks to ensure that investors understand the Company's activities by communicating effectively with them and giving them access to clear and balanced information.

The key information channels used by the Company are periodic market announcements released first to NZX, the annual and interim reports, the Company's website and the Annual Shareholders Meeting.

Access to Information

Annual and Interim reports, NZX releases, governance policies and a variety of corporate information is posted onto the Company's website. Each shareholder receives a hard copy of the Company's annual and interim reports. Shareholders can elect to receive their dividend remittance statements electronically.

Voting Rights

Marsden Maritime's commitment to timely and balanced disclosure is set out in its Continuous Disclosure Policy and includes advising shareholders on any major decisions. Where voting on a matter is required, the Board encourages investors to attend the meeting or to send in a proxy vote. Shareholders may raise matters for discussion at the Annual Shareholders' Meeting either in person or by emailing the company with a question to be asked.

Marsden Maritime will normally conduct voting at its Annual Shareholders' Meetings by the way of show of hands which is considered the more appropriate method given the Company's shareholding structure.