

# 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 of Directors ("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 as at 30 June 2020, the governance practices largely comply with the NZX Code and have done so for the preceding 12 months of the financial year. 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 at the Governance section of the Company's website [www.marsdenmaritime.co.nz](http://www.marsdenmaritime.co.nz). This statement was approved by the Board on 31 August 2020.

## Principle 1 – Code of Ethical Behaviour

*Directors should document minimum standards of ethical behaviour to which the issuer's directors and employees are expected to adhere.*

### 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 Board's governance documents include a Code of Ethics Policy that applies to 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 directors' and employees' decisions so that they are consistent with the Company's values, business goals and legal obligations. It sets out the minimum expectations of behaviour in relation to conduct, conflicts of interest, proper use of assets and property, and proper use of information. The Company's Whistleblowing Policy sets out the procedures for reporting any breaches of the Code of Ethics or of any law, regulation, company policy or any other serious wrongdoing.

### Security Trading Policy

The Company's Securities Trading Policy and Guidelines applies 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. The Board has responsibility for, amongst other things: overall governance and setting strategic direction; providing leadership and monitoring management's implementation of strategic objectives and performance; reviewing and approving budgets and capex; identifying and mitigating risks; monitoring operational and financial performance and reporting systems; determining dividends; appointing and removing the Chief Executive; and reviewing company policies. A set of delegated authorities establish 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.

### Director Independence

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 are used for this purpose.

As at 30 June 2020 the Board comprised seven non-executive directors, six of whom were independent. A profile of each director is included in this Report. Further details are available from the Company's website.

The Chair of the Company is an independent director. The Chair's responsibilities are documented in the Board Charter.

### Board Composition 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.

## Corporate Governance Statement continued

The following directors held office during the 12 months to 30 June 2020:

Director	Status	Date Appointed	Last Re-Elected	Date Ceased
Murray Jagger	Board Chairman Chair Board Nom. Com. Independent Director	Oct 2015	Oct 2018	-
Mark Bogle	Independent Director	Oct 2014	Nov 2017	-
Gavin Carroll	Non-Independent Director	Jun 2019	-	Oct 2019
Tony Gibson	Non-Independent Director	Apr 2018	Oct 2018	-
Benoît Marcenac	Independent Director	Oct 2019	-	-
Rabin Rabindran	Independent Director	Oct 2019	-	-
Hamish Stevens	Independent Director	Oct 2018	-	-
Elena Trout	Chair Audit & Risk Com. Independent Director	Oct 2011	Nov 2017	-

At each Annual Meeting of shareholders, any directors due to hold office (without re-election) past their third annual meeting or three years, whichever is longer, will retire 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 Nominations Committee has responsibility for monitoring director training.

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 11 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

	2020		2019	
	Number	%	Number	%
<b>Directors</b>				
Female	1	14	1	17
Male	6	86	5	83
<b>Management</b>				
Female	1	25	1	25
Male	3	75	3	75
<b>Total employees</b>				
Female	3	27	3	33
Male	8	63	6	67

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 Nominations 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.

Information in relation to the number of meetings of each Committee and the fees paid to members are shown on pages 9 and 12 of this report.

#### Audit and Risk Committee

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

As at 30 June 2020 the Committee comprised three Directors: Elena Trout (Chair), Mark Bogle and Hamish Stevens. All members are independent directors with Mr Bogle and Mr Stevens both being members of Chartered Accountants Australia and New Zealand. The Board Chairman attends meetings in an ex officio capacity.

The Chair of the Audit Committee is neither the Board Chair nor the Company's Chief Executive. The Chair of the Audit and Risk Committee has had no association with EY, the external auditor.

The agenda items for each meeting generally relate to financial governance, external financial reporting, external audit, internal controls, risk management, compliance and insurance.

The Chief Executive and Financial Controller are regularly invited to attend Audit and Risk Committee meetings.

#### Remuneration Committee

The Committee has responsibility for 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 director fee pool.

As at 30 June 2020 the Committee comprised Tony Gibson (Chair), Murray Jagger and Hamish Stevens.

#### Board Nominations Committee and Director appointment

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

Its responsibilities also include, amongst other things: overseeing director induction, developing and implementing a plan for identifying and assessing director competencies, and overseeing director training and upskilling.

As at 30 June 2020 the Committee comprised Murray Jagger (Chair) and Benoît Marcenac.

All new directors will enter into a written agreement with the Company setting out the terms of their appointment.

# Corporate Governance Statement continued

## Principle 3 – Board Committees continued

### 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 health and safety policies and recommending performance targets
- 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.

The Board Chairman chairs the Committee.

### Board and Committee Meeting Attendance

The full Board met eight times between 1 July 2019 and 30 June 2020.

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 Meeting		Health & Safety Committee	
	Attended	Entitled	Attended	Entitled
Murray Jagger	8	8	8	8
Mark Bogle	8	8	8	8
Gavin Carroll**	3	3	3	3
Tony Gibson	7	8	7	8
Benoît Marcenac***	5	5	5	5
Rabin Rabindran****	4	5	4	5
Hamish Stevens	8	8	8	8
Elena Trout	8	8	8	8
	Audit & Risk Committee		Remuneration Committee	
	Attended	Entitled	Attended	Entitled
Murray Jagger*	3	4	1	1
Mark Bogle	4	4	–	–
Gavin Carroll	1	1	–	–
Tony Gibson	–	4	1	1
Benoît Marcenac	–	3	–	–
Rabin Rabindran	–	3	–	–
Hamish Stevens	4	4	1	1
Elena Trout	4	4	–	–

\* Ex officio.

\*\* Gavin Carroll elected to the Board 1 July 2019 and served in an interim capacity to 15 October 2019.

\*\*\* Benoît Marcenac elected to the Board 15 October 2019.

\*\*\*\* Rabin Rabindran elected to the Board 15 October 2019.

## Takeover Protocols

After taking into consideration the nature of the Company's ownership 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.

The accountabilities of individual directors and executives are documented in the Continuous Disclosure Policy together with the procedures to be followed in the event potential material information is raised by an employee or a director. The Chairman is accountable for making the final decision as to whether or not information requires disclosure and the form that disclosure takes however, the Chair may consult with the Audit and Risk Committee to decide whether the information is material, and if so, the form in which it should be disclosed.

Significant market announcements, including the preliminary announcement of the half year and full year results, the financial statements for those periods, and any advice of a change in earnings forecast are approved by the Board.

### 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. The Board takes an active role in overseeing financial reporting. Half year and full-year financial statements are prepared in accordance with relevant reporting standards and are subject to board review.

The Annual Report also reports on strategic progress and operational performance. A series of key performance indicators are used to link results to strategy. The Company is also committed to transparent reporting of non-financial objectives, such as environmental, social, and governance (ESG) factors. A key focus for the 2020 financial year has been to formalise the Company's ESG framework and initiatives, which have been operating on a more informal basis up until now. A Sustainability Report is included in this report on pages 15-16 and provides details of the Company's recent initiatives in this area.

## Corporate Governance Statement continued

### 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.

#### Director Remuneration

Directors are remunerated in the form of director 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.

Director fees paid to the non-executive directors of the Company for the financial year ended 30 June 2020 are shown in the Statutory Information section on pages 8-9 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.

Any short-term incentive is paid at the discretion of the Board upon recommendation of the Remuneration Committee.

Remuneration paid for the years ended:

	2020	2019
Salary	191,250	164,063
Other benefits*	24,960	23,657
Short term incentive	7,031	–
	<u>223,452</u>	<u>187,720</u>

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

Mr Richter commenced employment with the Company on 14 August 2018. The figures shown for 2019 are for remuneration paid from this date to 30 June 2019.

### 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, develop strategies to mitigate these risks and advise the Audit and Risk Committee of any emerging risks. The Committee regularly reviews the Company's risk profile and risk management register. It 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 key principle applied is that "no job is so important that we are unable to take the time to work safely". The Board oversees the implementation of a Health and Safety Management System that conforms to best management practices, in accordance with AS/NZS 4801:2001.

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.

## Corporate Governance Statement continued

### 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

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 the requirements of the NZX Listing Rules.

The Company's external auditor for the year ending 30 June 2020 was Lloyd Bunyan of EY on behalf of the Auditor-General. Mr Bunyan has been the auditor since 1 July 2017.

The external auditor meets at least once a year with the Audit & Risk Committee without management present. 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. The Committee requires the external auditor to confirm annually in writing that it has complied with all professional regulations in relation to auditor independence.

The lead audit partner or a representative from EY attends the Annual Meeting of shareholders 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 half year results announcements, annual reports, the Company's website and the Annual Meeting of shareholders.

#### Access to Information

Annual reports, NZX releases, governance policies and a variety of corporate information is posted onto the Company's website. The Company's and management contact details are provided on the website. Each shareholder receives a hard copy of the Company's annual report. Shareholders can elect to receive their dividend remittance statements and other documents electronically. Computershare's contact details are provided on the website and in the annual report.

#### Annual Meeting and Voting Rights

The Company's Annual Meeting of shareholders is usually held in Whangarei. The Notice of Meeting is issued at least 20 business days prior to the meeting.

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.

When voting on a shareholder matter occurs, the Board encourages investors to attend the meeting or to send in a proxy vote. Shareholders may raise matters for discussion at the Annual Meeting of shareholders either in person or by emailing the Company with a question to be asked.