

PORT OF NAPIER LIMITED BOARD CHARTER

1. Introduction

In carrying out its responsibility and powers as set out in this Charter, the Board will at all times recognise its overriding responsibility to act honestly, fairly, diligently and in accordance with the law in serving the interests of Napier Port Limited's shareholders, its employees, customers and the wider community.

In carrying out its activities, the Board is committed to achieving high standards of corporate governance.

2. Role of the Board

The Board is ultimately responsible for setting the strategic direction of the Company, oversight of the management of the Company and direction of its business strategy, with the ultimate aim being to increase shareholder value. The Board is accountable to shareholders for the performance of the Company.

3. Responsibilities of the Board

In carrying out its principal function, the Board's specific responsibilities include:

- providing, in consultation with the Chief Executive, strategic direction for, and approving, the Company's business strategies and objectives;
- reviewing and approving the Company's budgets and business plans and monitoring the management of the Company's capital;
- providing leadership of the Company within a framework of prudent and effective controls which enables risk to be assessed and managed;
- identifying the principal risks faced by the Company and taking reasonable steps designed to ensure that appropriate internal controls and monitoring systems are in place to manage and, to the extent possible, reduce the impact of these risks;
- monitoring the operational and financial position and performance of the Company;
- ensuring appropriate Health & Safety policies are in place and to review management's performance against those policies;
- requiring that financial and other reporting mechanisms are put in place by the Chief Executive which result in adequate, accurate and timely information being provided to the Board and the Company's shareholders being fully informed of all material developments relating to the Company;
- appointing, and where appropriate, removing the Chief Executive, approving other key executive appointments that the Board may designate from time to time and monitoring the performance of the Chief Executive, having regard to the Company's strategic direction and goals;
- reviewing and approving the Company's remuneration policies;
- establishing procedures to ensure that financial results are appropriately and accurately reported on a timely basis in accordance with all legal and regulatory requirements;

- adopting appropriate procedures to ensure compliance with all laws, governmental regulations and accounting standards;
- approving and regularly reviewing the Company's internal decision-making and compliance policies and procedures, including any codes of conduct, this Board Charter and the charters of the Board's Committees; and
- ensuring that the Company's internal decision making and compliance policies and procedures are adhered to, to ensure that the business of the Company is conducted in an open and ethical manner.

4. Delegation of Responsibilities to Management

The Board delegates the day-to-day affairs and management responsibilities of the Company to the Chief Executive and Senior Executives to deliver the strategic direction and goals determined by the Board. This delegation includes:

- operating the Company's business within the parameters set by the Board from time to time and, where a proposed transaction, commitment or arrangement exceeds these parameters, referring the matter to the Board for its consideration and approval;
- developing business plans, budgets and Company strategies for the Board's consideration and, to the extent that they are approved by the Board, implementing these plans, budgets and strategies;
- identifying and managing business risks, and if those risks could materially affect the Company or its business, formulating strategies to manage those risks;
- develop and manage appropriate Company Health & Safety policies and provide timely reporting of Company performance to the Board;
- managing the Company's current financial and other reporting mechanisms to ensure that they are functioning effectively to capture all relevant material information on a timely basis; and
- implementing the Company's internal controls, policies and procedures and monitoring these controls, policies and procedures and ensuring that they are appropriate and effective.

5. Delegation of Responsibilities to Committees

The Board may, from time to time, establish committees to assist it in carrying out its responsibilities. For each committee, the Board shall adopt a formal charter that sets out the delegated functions and responsibilities for, and the composition and any administrative matters relating to, that committee. The Board currently has the following committees:

- Audit and Risk Management Committee;
- Remuneration Committee; and
- Health and Safety Committee

The Board is responsible for the oversight of its committees. This oversight shall include, in relation to each committee, determining and reviewing its composition and structure and regularly reviewing its performance against its charter.

6. Membership

The Constitution provides that the number of Directors must at any time be no more than nine and no less than six. Subject to these limitations, the number of Directors to hold office will be fixed from time to time by the Board.

Directors will receive induction training upon appointment, and maintain appropriate levels of financial, legal and industry understanding, throughout their appointment. A majority of the Directors should be independent. A Director is only to be regarded as independent if they do not have any direct or indirect interest or relationship that could reasonably influence, in a material way, the Director's decisions in relation to the Company.

The Board shall regularly review the independence of each Director in light of interests disclosed.

7. Terms of Appointment

- The appointment of a Director is a shareholder decision and for a term or subsequent terms of up to three years.
- The Board has determined that good governance requires regular renewal of the Board.

8. Chair

The Chair must be independent and is selected by the full Board.

The Chair carries out a leadership role in the conduct of the Board and its relations with shareholders and other stakeholders. He/she maintains a close professional relationship with the Chief Executive and the Senior Management Team. He/she chairs Board Meetings, as well as Annual Meetings of shareholders, and concerns themselves with the good order and effectiveness of the Board and its processes. The Chairman must ensure that all Directors are encouraged to participate in the affairs of the Board and have an adequate opportunity to express their views.

9. Meetings

The Board shall meet as often as it deems appropriate.

Board papers will be provided to Directors sufficiently prior to Board Meetings, to allow attendees to become familiar with the issues to be addressed. The Company shall ensure that Directors are receiving information of sufficient content, quality and timeliness as the Board considers necessary to enable the Board to effectively discharge its duties.

10. Review

The Board shall undertake a biennial performance evaluation of itself that:

- compares the performance of the Board with the requirements of this Charter;
- reviews the performance of the Board's committees; and
- effect any improvements to this Charter deemed necessary or appropriate.

The performance evaluation shall be conducted in such a manner as the Board deems appropriate.