



Channel

# Notice of Annual Meeting

The meeting will be held at:

**TIME**

2.00pm (New Zealand time)

**SCHEDULED DATE**

Thursday, 27 April 2023

**PLACE**

Room 8 at The Grand by SkyCity  
Level 7, 90 Federal Street,  
Auckland CBD and virtually  
through Computershare Online  
Meetings using the login details  
explained in this Notice of  
Annual Meeting and in the  
Virtual Meeting Guide 2023 that  
accompanies this Notice of  
Annual Meeting.



Notice is hereby given that the Annual Meeting of Channel Infrastructure NZ Limited ("Company" and "Channel Infrastructure") will be held at 2.00pm on Thursday, 27 April 2023 at Room 8 in The Grand by SkyCity Level 7, 90 Federal Street, Auckland CBD. You can also attend the Annual Meeting virtually using the instructions explained further below under "Virtual Meeting".

## Key dates

If you do not wish to attend, but would like to vote, you must submit your Proxy Form or online vote so that it is received no later than **2:00pm on Tuesday, 25 April 2023**, in accordance with the instructions at the back of this Notice of Annual Meeting and the Proxy Form.

## Business

### A. PRESENTATIONS

- (i) Chairman's Address.
- (ii) CEO's Address.

### B. RESOLUTIONS

## Auditor's fees and expenses

To consider and, if thought fit, to pass the following ordinary resolution:

**Resolution 1:** "That Directors be authorised to fix the fees and expenses of Ernst & Young as auditors to the Company for the financial year ending 31 December 2023."

## Increase in the Directors' Fee Pool

To consider and, if thought fit, to pass the following ordinary resolution for the purposes of NZX Listing Rule 2.11.1 and clause 8.14 of the Constitution:

**Resolution 2:** "That the total amount of Directors' fees that may be payable annually to all Directors in aggregate be increased with effect from the commencement of the current financial year by 3% from \$900,000 to \$927,000, such sum to be divided among the Directors as the Directors deem appropriate."

## Directors' recommendation

The Directors recommend that Shareholders vote in favour of Resolutions 1 and 2 before the Annual Meeting.

By order of the Board



**Chris Bougen**

General Counsel and Company Secretary

27 March 2023

# Explanatory Notes – Resolutions

Resolutions 1 and 2 are ordinary resolutions. To be passed at this Annual Meeting, these Resolutions require the approval of a simple majority of the votes cast by Shareholders entitled to vote and voting.

## Auditor's fees and expenses (Resolution 1)

Ernst & Young (EY) is the current auditor of the Company. Under the Companies Act 1993, a company's auditor is automatically reappointed unless the Shareholders resolve to appoint a replacement auditor or certain other specified reasons exist for the auditor not to be reappointed.

However, notwithstanding the automatic reappointment of an auditor under the Companies Act 1993, the auditor's fees and expenses must be fixed by the Company at the Annual Meeting, or in the manner that the Company determines at the Annual Meeting.

Therefore, Shareholders are being asked to resolve that the Directors be authorised to fix the fees and expenses of EY for the audit of the Company's financial statements for the year ending 31 December 2023.

The Board unanimously recommends that Shareholders vote **in favour** of Resolution 1.

## Increase in the Directors' Fee Pool (Resolution 2)

NZX Main Board Listing Rule 2.11.1 and the Company's Constitution require that the maximum annual remuneration that can be paid to all Directors in aggregate (the "Fee Pool") must be authorised by an ordinary resolution of Shareholders. The Fee Pool may then be divided amongst the Directors as the Board deems appropriate.

As signalled in the 2021 Annual Report, following the conversion from a refinery to an import terminal business, the Board commenced a review of Directors' fees in 2022. The Board has undertaken a detailed review of fees to assess the appropriateness of the fees paid to Directors and ensure that the Company's director remuneration practices are consistent with market trends, the objective of attracting and retaining high calibre individuals as directors and ensure Directors are appropriately compensated for their workload on the various Board sub-committees under the Channel Infrastructure governance framework.

The Company is now seeking to increase the annual Fee Pool by 3% or \$27,000 from \$900,000 to \$927,000. The proposed change to the annual Fee Pool reflects:

- The Fee Pool was last increased five years ago at the 2018 Annual Meeting. Despite the extremely high workload of the Board during the Strategic Review and subsequent business transformation (with 159 board and committee meetings over the last three calendar years), the Board considered it was not appropriate to increase fees at that time, recognising the uncertain financial position of the Company and the workforce changes that occurred during that period. In 2022, Channel Infrastructure successfully transitioned to its new business model, as New Zealand's leading fuel infrastructure company, reported a profit and recommenced payment of dividends to shareholders.
- Over the last year, Channel Infrastructure has made a number of changes to its Board and governance processes to align with its new business, operations and strategy. The updated 2023 Governance Statement reflects a revised Health, Safety, Environment and Operations (HSEO) board sub-committee. This new sub-committee structure allows our Directors with specialist expertise in these areas to increase their time and focus on the continued improvement at Channel Infrastructure on asset management, resilience, emergency response and oversight of health, safety and environmental risks. The Chair and members of this reconstituted HSEO Committee should receive additional remuneration for this committee work, as is consistent with market practice for companies operating in high hazard industries and with Channel Infrastructure's other board sub-committees. The additional remuneration proposed for this committee (as outlined in the proposed fee allocation below) would be \$20,000 annually.
- The Company wishes to maintain the level of headroom in the Fee Pool to pay additional fees as appropriate to manage any Board succession that might occur over the next few years and to pay Directors for significant additional work on ad hoc committees for special projects, as is the norm for the market. Based on the proposed fee allocation set out below, there would be approximately \$90,000 of headroom in the Fee Pool for such additional and ad hoc committee work, consistent with the current head room.
- The proposed increase is modest relative to inflation of c.7%

The current and proposed fees by role are summarised in the following table (with the fees that are proposed to be changed shown in bold for ease of reference). It is proposed these fees take effect following the Annual Shareholders Meeting.



Role	Current Directors' Fee	Proposed Fee Effective following the ASM
Base Director Fee	\$75,000	\$75,000
Base fee for Independent Director (\$75,000 Base Director fee plus \$20,000 Independent Directors Committee member fee)	<u>\$95,000</u>	<u>\$95,000</u>
Board Chair	<b>\$180,000</b>	<b>\$190,000</b>
<b>Committee Fees</b>		
Audit and Finance Committee – Chair	\$30,000	\$30,000
People and Culture Committee – Chair	\$20,000	\$20,000
Health, Safety, Environment and Operations Committee – Chair	<b>\$10,000</b>	<b>\$20,000</b>
Audit and Finance Committee – Member	\$12,500	\$12,500
People and Culture Committee – Member	\$5,000	\$5,000
Health, Safety, Environment and Operations Committee – Member	-	<b>\$5,000</b>

The proposed new fee allocation includes the additional payments to the members of the HSEO Committee, and moves the ratio of Board Chair to Independent Director fee (as underlined in the above table) towards 2:1 ratio, which takes into account the greater workload of the Chair and that the Chair does not receive additional remuneration for committee work or for special projects. The proposed allocations are indicative as the Board will retain the discretion to determine, as it deems appropriate, how fees within the Fee Pool are allocated amongst the Directors.

In accordance with Recommendation 5.1 of the NZX Corporate Governance Code dated 1 April 2023, the Board believes that the Directors' fixed fees reflect the time commitment and responsibilities of the Director's role, including for committee work. Further, there is not and will not be any performance-based remuneration for non-executive Directors (currently all Directors are non-executive) and none of the Directors will receive equity based compensation.

For these reasons, the Board unanimously recommends that Shareholders vote in **favour** of Resolution 2.

The Directors have also obtained from PricewaterhouseCoopers ("PwC") a market benchmarking report for Directors' fees at the Company. A summary of PwC's report (including PwC's assumptions and methodologies), accompanies this Notice of Meeting. PwC does not provide conclusions or recommendations, and instead provides market data to inform the Board in its assessment of the appropriate level of Directors' fees, including the new fees proposed for the HSEO Committee.

Under the NZX Main Board Listing Rules, the Directors and their associated persons are disqualified from voting in favour of this resolution. The associated persons include BP New Zealand Holdings Limited and Z Energy Limited as some of the Directors of the Company are also employees of those entities (or their related companies).

## Procedural Notes

### Voting entitlements and disqualifications

Provided that they are registered as holding Shares on Channel Infrastructure's share register at 2.00pm on Tuesday, 25 April 2023 (being the **Record Date**), all Shareholders will be entitled to vote on Resolutions 1 and 2 (subject to the below disqualifications) at the Annual Meeting.

There are no voting restrictions placed on Resolution 1.

Pursuant to the NZX Main Board Listing Rules, the Directors and their associated persons are disqualified from voting in favour of Resolution 2 (the resolution to increase the Directors' Fee Pool). The associated persons include BP New Zealand Holdings Limited and Z Energy Limited as some of the Directors intended to receive payment are also employees of those entities (or their related companies) respectively.

Directors and their associated persons are disqualified from voting discretionary proxies in favour of Resolution 2, but may vote in accordance with a Shareholder's express instructions. If there are any motions from the floor relating to remuneration then the Directors and their associated persons will be ineligible to vote as the discretionary proxies are not valid.

### Casting votes

Shareholders may cast their vote in one of three ways:

#### (a) Personal attendance

If Shareholders wish they can attend the Annual Meeting in person or participate virtually via the Computershare Online Meetings platform <https://meetnow.global/nz> provided by the Company's share registrar, Computershare Investor Services Limited.

If a Shareholder is a body corporate it may appoint a representative to attend the Annual Meeting on its behalf in the same manner as that in which it could appoint a proxy.

#### (b) Proxies

A Shareholder entitled to attend and vote at the Annual Meeting is entitled to appoint a proxy to attend and vote instead of the Shareholder. A proxy need not be another Shareholder. A Shareholder may appoint "The Chairman of the Meeting" as proxy. The Chairman intends to vote any undirected proxies held by him in favour of Resolution 1. The Chairman is disqualified from voting on an undirected proxy in favour of Resolution 2 (the resolution to increase the Directors' Fee Pool).

If you have ticked the "PROXY DISCRETION" box and your named proxy does not attend the Annual Meeting or you have not named a proxy but have otherwise completed the Proxy Form in full, the Chairman of the Annual Meeting will act as your proxy. With respect to any other direction the Proxy Form will take effect as a postal vote. The Chairman's voting intentions are set out in the paragraph above, and it is noted that he is disqualified from voting on an undirected proxy in favour of Resolution 2 (the resolution to increase the Directors' Fee Pool). Accordingly, Shareholders who wish to appoint the Chairman as proxy are encouraged to record a voting direction in relation to Resolution 2 to ensure their vote is counted.

A Proxy Form is enclosed with this Notice of Annual Meeting. If used to appoint a proxy, it must be deposited with the Company not later than 48 hours before the time for holding the Annual Meeting (i.e., on or before 2:00pm on Tuesday, 25 April 2023). A Proxy Form may be deposited with the Company by any of the following methods:

- Depositing it at the Registered Office of the Company;
- Online at [www.investorvote.co.nz](http://www.investorvote.co.nz);
- Delivering it to the Company's share registrar's office at Level 2, 159 Hurstmere Road, Takapuna, Auckland;
- Posting it to the Company's share registrar's office in the supplied reply paid envelope; or
- Emailing it to [corporateactions@computershare.co.nz](mailto:corporateactions@computershare.co.nz).

The Company may however accept late Proxy Forms received before the start of the Annual Meeting at its sole discretion.

#### (c) Postal voting

Shareholders who are entitled to attend and vote at the Annual Meeting may cast a postal vote instead of attending in person or appointing a proxy.

A Proxy/Voting Form is enclosed with this Notice of Annual Meeting. If used to cast a postal vote, it must be deposited with the Company not later than 48 hours before the time for holding the Annual Meeting (i.e., on or before 2:00pm on Tuesday, 25 April 2023), in the same manner as a Proxy Form. The Company may however accept late Proxy/Voting Forms received before the start of the Annual Meeting at its sole discretion.

## Online appointment of proxies and voting

A Shareholder entitled to attend and vote at the Annual Meeting may appoint a proxy online or may vote online on the website of the Company's share registrar, Computershare: [investorvote.co.nz](https://investorvote.co.nz).

To appoint a proxy or vote online Shareholders will be required to enter their CSN/Securityholder Number, postcode/country of residence and the secure access Control Number that appears on the front of their Proxy Form. Proxies and votes submitted in this way must be received on or before 2:00pm on Tuesday, 25 April 2023. The Company may however accept late online votes received before the start of the Annual Meeting at its sole discretion.

The Company Secretary, Chris Bougen, has been authorised by the Board to receive and count postal votes, including online votes, at the Annual Meeting.

## NZ RegCo

NZ RegCo has not reviewed and approved this Notice of Annual Meeting. NZ RegCo takes no responsibility for any statement in the Notice of Annual Meeting or Explanatory Notes accompanying the Notice of Annual Meeting.

## Virtual meeting

If Shareholders do not wish to attend the Annual Meeting in person, Shareholders can attend and participate in the Annual Meeting online via an internet connection (using a computer, laptop, tablet or smartphone).

Details of how to participate virtually are provided in the accompanying Virtual Meeting Guide, with instructions for accessing the virtual meeting. Shareholders are encouraged to review this guide and download the app prior to the Annual Meeting.

Shareholders will be able to view the presentations, vote on the Resolutions to be put to Shareholders and ask questions, by using their own computers or mobile devices. Shareholders will still be able to appoint a proxy to vote for them or send a postal vote, as they otherwise would, by following the instructions on the Proxy Form and this Notice of Annual Meeting. If a proxy is appointed and attends the Annual Meeting, Shareholders will not be able to vote as the proxy will do that for them.

## Venue location

The physical location for the Annual Meeting is Room 8 at The Grand by SkyCity Level 7, 90 Federal Street, Auckland CBD.

Parking is available at the SkyCity Carpark, accessible as shown. To have your parking ticket validated, please bring it with you to the meeting where a Channel Infrastructure employee will be able to assist you with validating your ticket. There are also a range of transportation options available.

