

# Governance Statement



**Channel**

Infrastructure NZ

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# Governance

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The governance statement is annually reviewed and approved by the Board and is current as at 28 February 2024.

## Regulatory Framework

Channel Infrastructure NZ Limited ("the Company", "Channel Infrastructure") operates in New Zealand and is listed on the NZX's Main Board. It is subject to regulatory control and monitoring by both the NZX and the Financial Markets Authority ("FMA").

## Governance at Channel Infrastructure

Our Corporate Governance framework sets out our Board's practices and processes to provide accountability to shareholders for the actions and performance of Channel Infrastructure and its subsidiaries (the "Channel Infrastructure Group"). Through this framework the Board creates the strategic direction and objectives for the business, identifies and manages our risks, strengthens our business culture and strives to continuously improve our performance.

The Board is committed to maintaining the highest standards of corporate governance, business behaviour and accountability. It regularly reviews and assesses the Company's governance structures and processes to ensure that they are consistent with best practice. It also supports best practice reporting and has structured this statement to report against the NZX Corporate Governance Code ("NZX Code") effective 1 April 2023.

This statement provides an overview of our governance framework and our corporate governance documents and policies are available on the Company's website: [channelnz.com](https://channelnz.com).

The governance statement is annually reviewed and approved by the Board and is current as at 28 February 2024.

# Principle 1: Ethical standards

Channel Infrastructure's Board sets clear and consistent expectations of all Directors, and Channel Infrastructure Group people (employees, contractors and other agents) through the Code of Conduct.

Channel Infrastructure's framework for ethical behaviour includes a day-to-day business focus and recognises our responsibilities to shareholders, customers, employees, those with whom we do business, our neighbours and society at large.

## Code of Conduct

Channel Infrastructure's Code of Conduct sets out clear expectations for Directors, employees and representatives of the Company and is available on our website and the intranet.

The Code of Conduct reflects recommendation 1.1 of the NZX Code requiring all Channel Infrastructure Directors, employees and representatives at work to (among other things):

- act safely, take steps to keep their colleagues safe, and stop work and speak up if they believe any work is unsafe
- comply with all applicable laws, rules and regulations,
- treat others fairly, act honestly, protect people and property and generally uphold high ethical practices
- be committed to the success of the company, treat company assets and equipment with respect and protect the confidentiality of company information
- minimise their impact on the environment
- declare conflicts of interest
- comply with procedures around giving and receiving of gifts
- report conduct that might breach the Code

A detailed conflicts policy applies to the Directors and it is set out in the Board Charter and the Independent Directors Committee Charter.

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

The Code also provides for an escalation process including the right to contact the Protected Disclosure Officer in accordance with the Company's Whistleblowing Policy. Employees who expose serious wrongdoing are protected against retaliatory action in accordance with the Protected Disclosures Act 2000 and the Whistleblowing Policy.

Compliance is monitored through an annual confirmation by the Corporate Lead Team and the Chief Executive Officer to the Board confirming adequacy of disclosure and transparency with the Board, integrity of reporting, legislative compliance and financial reporting controls, as part of a general assertion statement. In the case of serious breaches, disciplinary action, including dismissal, is considered by Management.

All new employees and existing employees and Directors complete an "on-line" Code of Conduct training module. We conduct testing and training for all our people on the Code of Conduct at least every two years (or in the year the Code of Conduct is materially amended).

## Securities trading

The Company's Securities Trading Policy applies to all Directors, employees and contractors of the Channel Infrastructure Group. A Director, a member of the Corporate Lead Team, and other specified persons can only enter into securities transactions if prior approval has been given by the Company Secretary. Trading Blackout periods also apply.

Directors' shareholdings are listed in our latest Annual Report.

## Principle 2: Board composition and performance

### Board role and responsibilities

The Board is responsible for setting the Company's strategic direction and for providing oversight of the management of the Company, with the aim of increasing shareholder value and ensuring the obligations of the Company are properly met. The Board is accountable to shareholders for the performance of the Company, with day-to-day management of the Company delegated to the Chief Executive Officer.

The respective roles of the Board and Management are set out in the Board's Charter.

The main functions of the Board include:

- providing leadership, setting and communicating strategic direction, operating and risk management frameworks and approving the allocation of operational and financial resources of the Company;
- implementing procedures to assess and oversee the CEO and Management's performance, including executing the Company's strategic objectives, policies and procedures, and setting of the CEO's delegated limits of authority;
- reviewing performance, operations and compliance reports from Management, including reports and updates on strategic issues and enterprise risk management matters;
- reviewing and approving the health, safety and environment, and people and culture, strategies for the Company;
- reviewing and approving the environmental, social and governance strategy and policies of the Company, including in relation to sustainability impacts and responding to the risks and opportunities of climate change;
- appointing, providing counsel to and reviewing the performance of the Chief Executive Officer;
- approving major investments and divestments;
- ensuring ethical behaviour by the Company, Board, Management and employees; and

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

- assessing its own effectiveness in carrying out its functions.

The Board monitors these matters by receiving reports and plans from Management, maintaining an active programme of site visits 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.

The Board has a statutory obligation to reserve responsibility for certain matters. It also deals directly with issues relating to appointments to the Board, strategy, business and financial plans.

All Board authority conferred on the Corporate Lead Team is delegated through the Chief Executive Officer.

### Board characteristics

#### Board composition and appointment

The Board currently consists of seven Directors:

- James Miller (Chairman), Vanessa Stoddart, Paul Zealand, Andrew Holmes and Anna Molloy are Independent Directors;
- Andrew Brewer and Lucy Nation are not Independent Directors.

Independence is assessed according to the NZX Main Board Listing Rules criteria. To the extent any factors assessing independence are triggered, but the Board nonetheless determines that a Director is independent, an explanation of this assessment is included in the latest Annual Report.

The number of Directors is determined by the Board, in accordance with the Company's Constitution, to ensure that it is able to provide a range of knowledge, views and experience relevant to the Company's business. Under the Company's Constitution, the Company is obliged to have at least three Independent Directors.

The Chairman is an Independent Director, responsible for representing the Board to shareholders. The roles of Chairman of the Board, Chair of the Audit and Finance Committee and Chief Executive Officer must all be held by different people.

The Board may appoint Directors, subject to shareholders' approval at the Annual Shareholders' Meeting. The People and Culture Committee manages the appointment process for new Directors and the re-election of existing Directors in order to make a recommendation to the Board. When considering an appointment, the Committee will undertake a thorough check of the candidate and his or her background. Where the Board determines a person is an appropriate candidate, shareholders are notified of that and are provided with all material information that is relevant to the decision on whether to elect or re-elect a Director.

Directors will generally hold office for an initial three-year term following their appointment, subject to any obligation to retire by rotation in accordance with the Company's Constitution and the NZX Listing Rules. If a Director is appointed by the Board to fill a casual vacancy, that Director will hold office until the next Annual Shareholders' Meeting, but will be eligible for election at that meeting.

On their appointment, Directors:

- undertake an induction programme aimed at deepening their understanding of the business and the environment and markets in which the Company operates; and
- enter into a written agreement with Channel Infrastructure, establishing the terms of their appointment.

## Board tenure and succession

Board succession planning is undertaken by the People and Culture Committee, which includes the Board Chair, and has regard to the Company strategy, Board skills matrix, the scheduled rotation of directors in accordance with NZX Listing Rules and individual director tenure.

The Channel Infrastructure Board does not have a tenure policy although it supports the philosophy that regular rotation of Directors introduces new thinking, perspectives, skills and experience to the Board table.

## Directors' skills and training

The Board maintains a skills matrix setting out the mix of skills and diversity of the Board. The skills matrix is reviewed and (if considered necessary) updated at least once each year, and is used to evaluate whether the collective skills, competencies and experience of the Directors meet Channel Infrastructure's requirements both currently and into the future. The skills matrix defines the following skills and competencies against which each of the Directors is periodically evaluated:

- public company and strategic experience;
- regulatory policy and stakeholder, including customer and shareholder relations;
- risk management including process and workplace safety and quality assurance processes;
- financial management and reporting;
- (New Zealand) fuel industry, new energy and energy transition experience and asset management; and
- human resource management.

The Board has determined that it needs a minimum of one Director who would be considered expert in respect of each skill/competency. The diagram below reflects the Board's assessment of the collective expertise of the Board, having regard to the skills and competencies in the skills matrix maintained by the Board.

The Directors undertake appropriate training to remain current on how to best perform their duties as Directors.



**COMPETENCY**

**CURRENT BOARD**

<b>Public company and strategic experience</b>	● ● ● ● ● ● ●
<b>Regulatory policy and stakeholder, including customer and shareholder relations</b>	● ● ● ● ● ● ●
<b>Risk management including process and workplace safety and quality assurance processes</b>	● ● ● ● ● ● ●
<b>Financial Management &amp; Reporting</b>	● ● ● ● ● ● ●
<b>(New Zealand) fuel industry, new energy and energy transition experience and asset management</b>	● ● ● ● ● ● ●
<b>Human Resource Management</b>	● ● ● ● ● ● ●

**Knowledge:** Has professional qualifications or career experience such that the director has recognized expertise in the subject matter of the competency.

**Expert:** Has a deeper knowledge, understanding and some experience in the subject matter of the competency

**Director, Board and Committees' performance**

The Directors, the Board and all Committees annually evaluate their own performance, processes and procedures to ensure that they deliver against their charters in assisting the Board in effectively fulfilling its role and meeting its duties.

The Board actively considers during any meeting whether any Material Information has arisen during the Board meeting and consideration of any matters requiring disclosure are formal agenda items at the end of each meeting.

The Board commissions periodic reviews of its performance by an external adviser, with the most recent review undertaken by Propero Consulting at the end of 2022, with feedback discussed by the Board.

The current mix of skills and experience is considered appropriate for the responsibilities and requirements of governing Channel Infrastructure.

The Board actively manages its succession to ensure the successful transition of Directors to the Board, ensuring that there are adequate handover periods.

**Diversity**

Channel Infrastructure recognises the value in diversity of thinking and skills, and seeks to ensure that the Board and workforce both comprise members reflecting diversity. The Company's Diversity and Inclusion Policy is available on the website. Further information on diversity and our diversity initiatives is outlined in our latest Annual Report.

## Principle 3: Board committees

### Committees of the Board

Board Committees at Channel Infrastructure are established to perform particular work on an ongoing basis. There are four Board Committees: the Audit and Finance Committee; the People and Culture Committee; the Independent Directors Committee; and the Health, Safety, Environment and Operations Committee.

Each Committee operates in accordance with a written charter approved by the Board and reviewed periodically by the respective Committee and the Board.

The Board may also establish non-standing committees, as required, to deal with specific matters.

#### **Audit and Finance Committee** **Anna Molloy (Chair), James Miller and Paul Zealand**

The Committee currently comprises three members, all of which are Independent Directors. All members of the Committee have the appropriate financial expertise and understanding of the Company's industry and are considered to be "audit committee financial experts".

The role of the Audit and Finance Committee is defined by its Charter and is to oversee financial reporting, financial (including treasury) risk management, external and internal audit and assurance, and financial regulatory compliance.

The Committee keeps under review the scope and results of audit work, the cost effectiveness, performance, independence and objectivity of the auditors. Members of the Committee review the financial statements, analyst presentations and the NZX announcement of the financial results. For more information about auditing and reporting Channel Infrastructure's financial performance, see Principles 4 and 7.

The Committee meets with the internal and external auditors (either together or separately) as the Committee Chair considers appropriate.

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

#### **People and Culture Committee** **Vanessa Stoddart (Chair), Andrew Holmes, James Miller and Lucy Nation**

The People and Culture Committee comprises four members, of which three are Independent Directors.

The role of the People and Culture Committee is defined by its Charter.

In respect of nominations, the responsibilities of the Committee are to identify and nominate, for the approval of the Board, candidates to fill Board vacancies (including development of succession planning) and the position of Chief Executive Officer as and when they arise; to regularly review the structure, size and composition (including the skill, knowledge and experience) of the Board and to make recommendations to the Board regarding any changes.

In respect of remuneration, the Committee reviews and makes recommendations to the Board regarding the Company's remuneration policy, including changes in Directors' fees. The Committee provides oversight of performance against the Company's Scorecard which sets the base for any individual incentive payments under the Individual Performance Incentive Scheme and the award of shares to participating employees under section CW26C of the Income Tax Act 2007 (Exempt ESS).

The People and Culture Committee also makes recommendations to the Board regarding the remuneration package of the Chief Executive Officer, including the payment of any Short-Term and Long-Term Incentive Payments and the remuneration packages of the Corporate Lead Team.

The Committee reviews the People Strategy on an annual basis including changes to organisation structure, the capability development strategy and succession planning processes including succession planning for executive roles, key person retention, diversity and inclusiveness initiatives, culture and engagement as well as other strategic people priorities that arise from time to time.



## **Independent Directors Committee** **James Miller (Chair), Andrew Holmes,** **Anna Molloy, Vanessa Stoddart and** **Paul Zealand**

The five Independent Directors form the Committee, the role of which is defined in the Charter.

Where a customer of the Company has (either directly or indirectly) representation on the Board, it is acknowledged this could lead to a conflict of interest. Clause 8.16.1 of the Constitution allows for the Independent Directors to act as the Board in respect of matters that pose a conflict of interest if raised at the full Board.

The role of the Independent Directors is:

- to act as the Board in relation to those matters to be decided by the Board in which all of the other Directors have an interest which disqualifies them from forming part of the quorum and voting; and
- to act as a Committee of the Board to deal with matters delegated or referred to it by the Board or Management, including ensuring that issues concerning the major customers, and in particular any conflicts of interest, are dealt with in a transparent manner for the benefit of the Company as a whole.

## **Health, Safety, Environment and** **Operations Committee** **Paul Zealand (Chair), Andrew Brewer,** **Andrew Holmes and Lucy Nation**

The Board has established a dedicated committee to provide oversight and recommendations to the Board in relation to matters relating to health and safety, including both personal safety (occupational health) and process safety (major accident hazard risk exposure), the environment, operational risk (including cybersecurity) and asset management (including resiliency of our nationally critical infrastructure).

The Committee comprises three Directors, two of whom are Independent Directors. All members of the Committee have particular skills and experience relevant to health and safety, environment, operational risk and asset management.

The Committee Charter defines the role of the Committee, which includes being responsible for:

- reviewing, monitoring and making recommendations to the Board on Channel Infrastructure's health, safety, environment and operational risk management framework, policies and targets, and on asset management, product quality management, contingency planning and emergency response.
- seeking assurance that the Company is effectively structured and resourced to manage these risks;

- reviewing selected incidents and considering the appropriateness of actions to minimise the risk of recurrence; and
- ensuring processes are in place to develop, implement and audit the health, safety, environment and operational risk management framework to ensure compliance with applicable laws and standards.

## **Takeover Protocols**

The Board has approved protocols that set out the procedure to be followed if there is a takeover or scheme of arrangement facilitating a takeover for Channel Infrastructure, which reflects the requirements of the Takeovers Code, the Companies Act 1993, market practice and recommendations by the Takeovers Panel.

## Principle 4: Reporting and disclosures

### Continuous Disclosure

Channel Infrastructure is committed to keeping its shareholders informed and places a high degree of importance on open communication and transparent reporting and to providing comprehensive continuous disclosure to shareholders and other stakeholders, in compliance with the NZX Listing Rules. Channel Infrastructure's Continuous Disclosure Policy sets out principles to be followed to provide timely advice to the market of material events and developments affecting the Company as they occur and to ensure a robust investor and media relations programme operates to ensure all market participants have equal opportunities to receive information issued by the Company.

The policy applies to:

- all Channel Infrastructure Directors;
- all employees of the Company and its subsidiaries; and
- contractors, consultants, advisers and other service providers to the Company, where they are under a relevant contractual obligation.

This Policy aims to ensure Channel Infrastructure meets all statutory and NZX Listing Rule obligations, as well as adopting "best practice" for identification, and timely disclosure of material information.

### Major Decisions

Directors' commitment to timely and balanced disclosure is set out in its Continuous Disclosure Policy. 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.

### Financial Reporting

The Audit and Finance Committee plays a central role in Channel Infrastructure's commitment to transparent reporting of its financial performance as outlined in the Committee Charter.

The Corporate Lead Team is responsible for implementing and maintaining appropriate accounting

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

and financial reporting principles, policies, and internal controls designed to ensure compliance with accounting standards and applicable laws and regulations.

Channel Infrastructure's external auditor is responsible for planning and carrying out each external audit in line with applicable auditing standards. They are accountable to shareholders through the Audit and Finance Committee and the Board respectively. The Board retains overall responsibility for financial reporting.

The Committee makes sure that it and the full Board are sufficiently informed about good-practice financial reporting and Channel Infrastructure's operations to know whether financial reporting is fit for purpose. This means it represents a balanced viewpoint, is factual and complete and is effectively implemented.

The CEO provides an annual assertion statement to the Board, confirming that Channel Infrastructure's financial records have been properly maintained, and that the financial statements comply with Generally Accepted Accounting Practice and give a true and fair view of Channel Infrastructure's financial position and performance.

The Half Year (interim report) and the Annual Report are available under the "Investor Centre" section of our website.

### Non-financial Reporting

The annual Sustainability Report is prepared in compliance with Part 7A of the Financial Markets Conduct Act 2013 (FMCA 2013), The New Zealand External Reporting Board's (XRB) Aotearoa New Zealand Climate Standards (NZ CS), subject to the use of adoption provisions as stated in the Sustainability Report (see page 2 of the Report and Appendix 5: CRD disclosure index, for more details).

Channel Infrastructure is listed on the Main Board of NZX Limited ("NZX") as CHI and is subject to regulatory control and monitoring by both the NZX (through NZ RegCo) and the Financial Markets Authority ("FMA"). This report has been prepared in accordance with the NZX Corporate Governance Code; and the NZX ESG Guidance Note (refer to [www.nzx.com](http://www.nzx.com)).

This report is also prepared in accordance with the Global Reporting Initiative Standard (GRI): Core Option and references selected United Nations' Sustainable Development Goals (SDGs), where relevant in Channel's circumstances.

From FY24, the Company's greenhouse gas emissions as stated for the purposes of the requirements of the Aotearoa New Zealand Climate Standards in the Sustainability Report will be subject to a mandatory assurance engagement in accordance with Part 7A of the FMCA 2013. For FY23, the Company engaged EY to complete a pre-assessment of the Company's FY23 greenhouse gas emissions (including Scope 3), to advise on our approach to calculating and reporting our emissions. This was not an assurance engagement.

## Principle 5: Remuneration

The Company has adopted a Director and Executive Remuneration Policy for remuneration of the Board and Corporate Lead Team. Channel Infrastructure's remuneration framework and policies are overseen by the People and Culture Committee in line with the Charter.

### Remuneration

Channel Infrastructure aims to attract and retain appropriately qualified and experienced individuals. Channel Infrastructure applies a fair and equitable approach to remuneration and reward practices, taking into account internal and external relativities balanced against the commercial environment.

The Board will take independent advice and establish market rates and medians against New Zealand businesses of comparable size and complexity, having regard to industry specific and generic roles. Individual performance, company performance and market relativity are key considerations in setting remuneration levels. Equity awards, which may be subject to performance hurdles, are aligned with Channel Infrastructure's strategy and performance objectives.

### Directors' Remuneration

Directors' remuneration is set at a level having regard to other companies in New Zealand, and taking into account the expertise, skills and responsibilities of Directors. The Board determines the level of remuneration paid to Directors within the amounts approved by shareholders (that is, from the approved collective pool). The current approved fee pool limit is \$927,000 and was approved by shareholders at the Annual Shareholders' Meeting in April 2023.

The Directors of Channel Infrastructure's subsidiary companies, including Channel Terminal Services Limited and Independent Petroleum Laboratory Limited, do not receive remuneration for their services as directors of those subsidiary companies.

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## The remuneration of Directors and executives should be transparent, fair and reasonable.

The Directors do not participate in any profit-based incentive system. No Director of the Company has received, or become entitled to receive, a benefit (other than a benefit included in the total emoluments received or due and receivable by Directors shown in the Annual Report), including shares, remuneration paid by subsidiary company or other payments from services provided (including Directors and Officers insurance cover). The Chairman does not receive additional fees for being on a committee. No loans have been made to Directors.

For further disclosures on Directors' remuneration please refer to our latest Annual Report.

## Chief Executive Officer Remuneration

The Chief Executive Officer (Rob Buchanan's) remuneration package includes:

- a base salary;
- a short-term performance incentive ("STI") payment based on achievement of agreed key performance indicators (KPI's). The STI comprises an "on target" incentive of 35 per cent of base salary per plan year, with the potential for this to increase to 45 per cent depending on performance. Short-term incentive payments are deemed "at risk" payments designed to motivate and reward performance in the financial year. The STI is paid in the year following the performance period; and
- a long-term incentive plan ("LTI") in the form of:
  - a grant of initial share rights under the Company's Share Rights Plan equivalent to \$500,000 that are due to vest on 31 January 2028, subject to the achievement of a minimum "on target" performance against annual controllable KPI's during the vesting period, as determined and assessed by the Board at the end of that period; and
  - share rights equivalent to 45 per cent of base salary on the first anniversary of the commencement and each anniversary thereafter, with each tranche having a three-year vesting period and with measures and targets to be agreed with the Board on each subsequent anniversary.

The CEO's LTI entitlement, including the initial share rights, is capped at NZ\$8 million, and thereafter subject to negotiation. The CEO participates in the Employee Share Purchase Scheme.

For further disclosures on Chief Executive Officer's remuneration refer to our latest Annual Report which may be viewed on our website.

## Corporate Lead Team and other employees' remuneration profile

The Corporate Lead Team and employees with Individual Employment Agreements ("IEAs") are remunerated with a mix of base salary and benefits, and short-term performance incentives. Executive remuneration is periodically externally benchmarked. The determination of fixed remuneration is based on responsibilities, individual performance and experience, and market data. We believe that setting fixed remuneration in this way is necessary to attract and retain appropriately qualified and experienced individuals to drive the Company's strategy and rewards ongoing performance. At risk, variable remuneration comprises short-term incentives based on the KPIs in the Company Scorecard (which take into account our strategy) and individual performance.

## Employee Share Purchase Scheme

The Company has established the Employee Share Scheme which is tax exempt in accordance with section CW26C of the Income Tax Act 2007. The purpose of the scheme is to recognise the important contribution of the employees to the Company's future and to assist the Company in retaining and motivating employees.

A trust has been created under the scheme for the purpose of purchasing the Company's shares on the New Zealand Stock Exchange ("the NZX") and holding those shares until they vest with each participating employee over a three-year period. For further details on the scheme refer to the consolidated financial statements included in the Company's latest Annual Report.

The annual operating cost to the Company of the scheme is reported in the Company's Annual Report.

## 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 materials risks.

### Risk assessment

The Company undertakes a robust risk assessment to identify, monitor and manage the impact of significant risks to our business. The Board has also endorsed a framework for assessment of enterprise risk appetite, and risk assessments are conducted by the Corporate Lead Team and reported to the Board of Directors.

This process has identified the following categories of risk as currently being the key material enterprise risks to Channel Infrastructure's business.

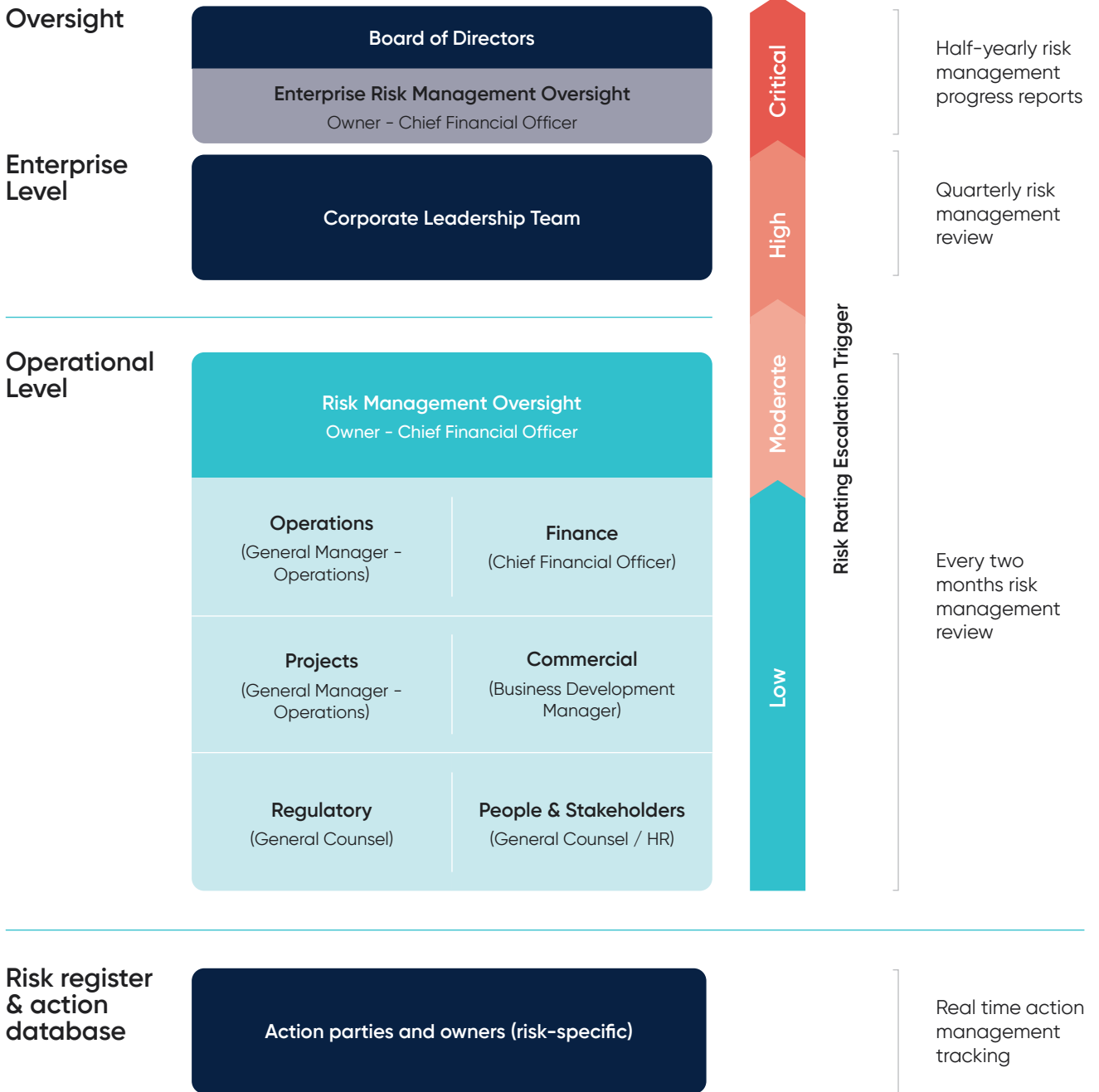
CATEGORY	RISK
<b>Strategic Risks</b>	<ul style="list-style-type: none"> <li>• Change in demand for our infrastructure</li> <li>• Access to future growth opportunities</li> <li>• Compliance, regulatory, stakeholder constraints on future growth</li> </ul>
<b>Financial Risks</b>	<ul style="list-style-type: none"> <li>• Access to Capital</li> </ul>
<b>Operational Risks</b>	<ul style="list-style-type: none"> <li>• Harm to people, assets and the environment</li> <li>• Physical risks to assets from climate change</li> <li>• Cyber security threats</li> <li>• Failure to manage business transition and change</li> <li>• People and capability retention</li> <li>• Product quality incident</li> <li>• Strikes and other industrial action</li> </ul>

### Risk management and assurance

The Board is responsible for reviewing and managing these enterprise risks. The Board delegates day-to-day management of the risk to the Chief Executive Officer.

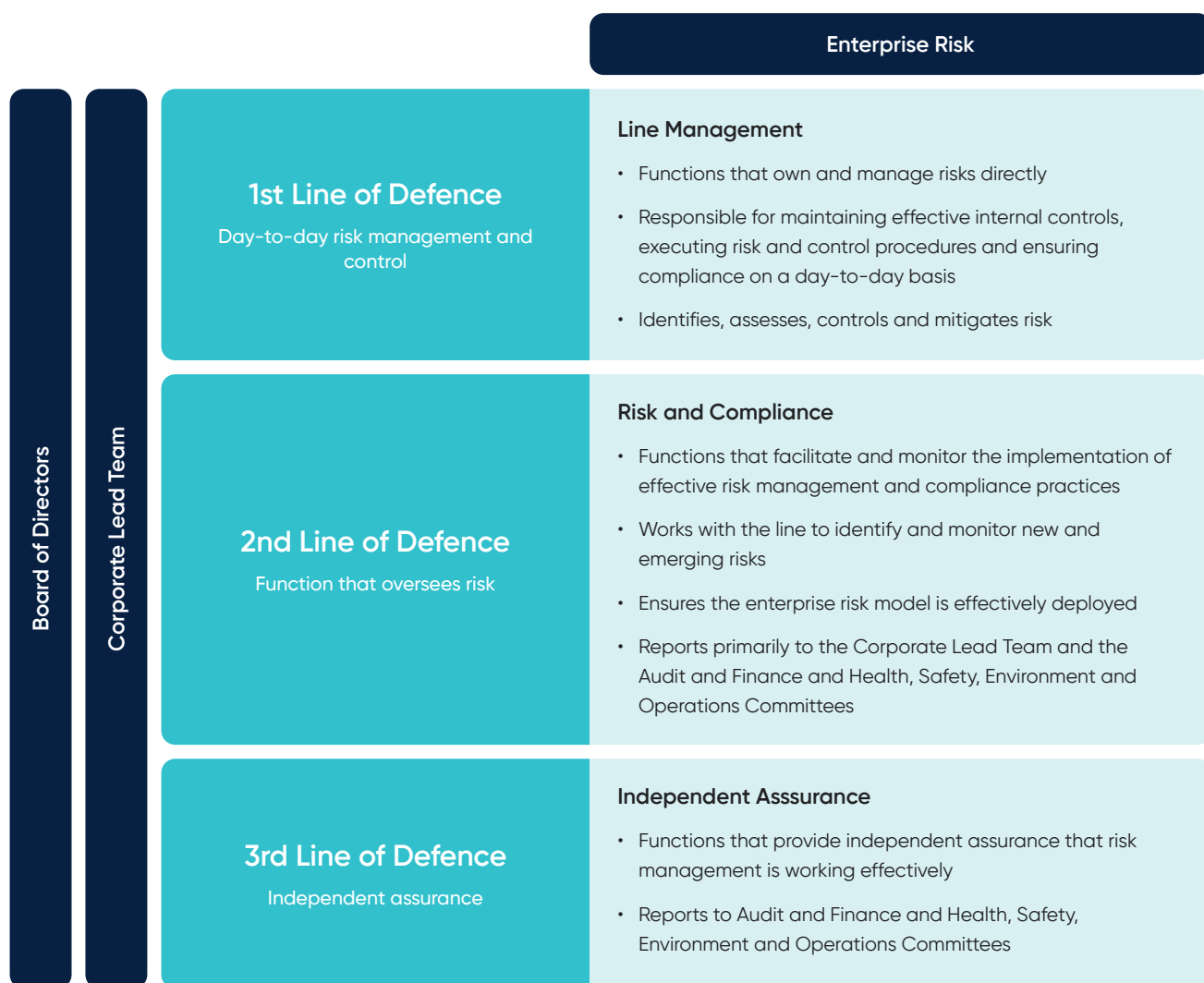
The frequency of risk assessments and review and the process for escalation is outlined below





Channel Infrastructure uses the “three lines of defence” model to coordinate its approach to risk and assurance. The model, set out below, is focused on

managing material risks, including environmental, social and governance risks, at the strategic, tactical and operational levels.



The Corporate Lead Team and the Board obtain assurance of the adequacy of the Company's management system (covering preventative and recovery or mitigating barriers or controls) from a variety of sources. The Company has:

- an enterprise-wide audit programme conducted by Channel Infrastructure and external auditors, which verifies that operational controls (barriers) are operating as documented and assesses the efficiency and effectiveness of internal controls;
- detailed operational reports and monitoring controls covering both leading and lagging indicators; and
- independent risk assessments carried out by independent third parties.

## Health, safety and environment

Our facilities are designated a major hazard facility in accordance with regulation 19(2) of the Health and Safety at Work (Major Hazard Facilities) Regulations 2016. Health, Safety, and Environment (“HSE”) risks are an area of significant and continued focus covering both personal and process safety and environmental effects. Channel Infrastructure’s Health, Safety, Environmental and Quality policy is being reviewed in light of conversion to import terminal operations and will be published on our website.

Channel Infrastructure’s Board approves the annual HSE plan, receives assurance and performance reports, and oversees the management of the major hazard facility.

For the Company’s approach and progress on health and safety initiatives refer to the Company’s latest Annual Report and its Sustainability Report.

## Principle 7: Auditors

### External auditors

Oversight of the Company's external audit arrangements is with the Audit and Finance Committee. The Committee's Charter and the Auditor Independence Policy Statement outline Channel Infrastructure's framework for managing the relationship with the external auditor, our procedure for ensuring independence and guidance on the provision of external audit and non-audit services (including prohibited services).

Each service provided by the auditor requires prior approval of the Committee, so that such service does not compromise auditor objectivity and independence.

The Committee reports to the Board on the quality and expertise of the auditor. The Committee also ensures that the auditor rotation provisions of the NZX Listing Rules are complied with. The current auditor (EY) was appointed in 2019, and the Auditor Independence Policy Statement provides for the rotation of the audit firm will be tendered and formally assessed by the Committee at least every 10 years with the incumbent auditor eligible to participate in the tender process.

The EY audit report is based on the group financial statements. Fees paid to EY are disclosed in the Consolidated Financial Statements included in the Company's latest Annual Report.

Channel Infrastructure invites the auditor to attend the Annual Shareholders' Meetings to answer shareholder questions relevant to the audit.

For FY23, the Company engaged EY to complete a pre-assessment of the Company's FY23 greenhouse gas emissions (including scope 3), to advise on our approach to calculating and reporting our emissions. This was not an assurance engagement. From FY24, the Company's greenhouse gas emissions as stated for the purposes of the requirements of the Aotearoa New Zealand Climate Standards, in the Sustainability Report will be subject to mandatory assurance engagement in accordance with Part 7A of the Financial Markets Conduct Act.

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

### Internal audit

The Company has an internal audit function, split across operational aspects of the business and financial systems and processes. The operational auditor role is an in-house function, reporting to the Corporate Lead Team, while KPMG is engaged to perform financial internal audits. Both of these functions are independent of the Company's external auditors and report to either the Audit and Finance Committee or the Health, Safety, Environment and Operations Committee as applicable.

Each year the financial and operational internal audit plans are approved by the relevant Committee. The audit programme of work considers the most significant areas of business risk in the Company and is developed following discussions with senior management and business risk assessments. The internal auditor also covers risks in relation to major projects that are planned or underway.

The role of the internal audit function is to:

- assess the design and operating effectiveness of the controls governing key operations, processes and business risks;
- provide the Board with an assessment, independent of Management, as to the adequacy of the Company's internal operating and financial controls, business processes, systems and practices; and
- assist the Board in meeting its corporate governance and regulatory responsibilities.

## Principle 8: Shareholders' rights and relations

Channel Infrastructure is committed to an open and transparent relationship with shareholders. We communicate with shareholders through multiple channels throughout the year:

### Website

The Investors section of our website contains investor-related information and data together with Company contact details. Shareholders can directly access the Board at any time through our dedicated email address [investorrelations@channelnz.com](mailto:investorrelations@channelnz.com).

### Annual Shareholders' Meeting (ASM)

All shareholders are entitled to attend the Company's Annual Shareholders' Meeting and ask questions. The notices of meeting for shareholders' meetings are available on the Company's website at [channelnz.com](http://channelnz.com). To encourage and facilitate shareholder participation at meetings, Channel Infrastructure prefers to hold 'hybrid' meetings that allow shareholders to attend a physical event in person or participate virtually by attending and voting online.

### Annual and interim results announcements

The Chief Executive Officer and Chief Financial Officer briefing on the interim and full-year results is broadcast to allow all shareholders to participate. Our periodic reporting provides an opportunity to communicate with our investors regarding the Company's overall performance and market conditions. These presentations are also posted on the Company's website and to the NZX. An annual report is also published each year.

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

### Analyst and Investor briefings

The Chief Executive Officer and Chief Financial Officer periodically meet with analysts and investors.

### Electronic communications

We encourage shareholders to provide email addresses to our share registrar to enable them to receive shareholders materials electronically.

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