



# Notice of Annual Meeting

FRIDAY 29 OCTOBER 2021





Notice is hereby given that the 33rd Annual Shareholders' Meeting of South Port New Zealand Limited (NZBN 9429039452528) will be held in the South Port Board Room, Administration Building, Island Harbour, Bluff on Friday, 29 October 2021 commencing at 11:00 am (NZST).

### — Port Security

Please note for those attending the meeting, not only will a Drivers Licence ID be required to be presented at the security gate to gain access onto the South Port Island Harbour, but advance notice of the name/s of people wishing to attend is to be relayed by contacting Justine Solomon either by phone (03)212 6009 or email [jsolomon@southport.co.nz](mailto:jsolomon@southport.co.nz). This is a mandatory requirement under the Maritime Security Regulations.

### — COVID-19 Implications

The Company is closely monitoring the situation in New Zealand with regard to COVID-19. It is intended to hold the meeting as an in person only meeting, but in the event of any significant developments, the Company may, in its sole discretion, alter the format of the meeting if it considers there are potential risks to the health of meeting attendees or if an in-person meeting is prohibited by law. In such circumstances, the Company will provide shareholders with as much notice as is reasonably practicable by way of an announcement on the NZX and on the Company's website at [www.southport.co.nz/about-us-and-our-people/investors-centre/media-releases](http://www.southport.co.nz/about-us-and-our-people/investors-centre/media-releases)

The meeting will be recorded and the recording made available on our website at the conclusion of the meeting - [www.southport.co.nz](http://www.southport.co.nz)

### — Important Dates

#### **27 October 2021**

**5:00PM, WEDNESDAY (NZST)**

Record date for voting entitlements for the Annual Shareholders' Meeting

#### **27 October 2021**

**11:00AM, WEDNESDAY (NZST)**

Latest time for receipt of postal votes and proxies

#### **29 October 2021**

**11:00AM, FRIDAY (NZST)**

Annual Shareholders' Meeting

### — Business

#### **A. CHAIR'S ADDRESS**

#### **B. CHIEF EXECUTIVE'S REVIEW**

#### **C. FINANCIAL STATEMENTS**

To receive and consider the Directors' Report, the Financial Statements and the Auditor's Report for the year ended 30 June 2021 as contained in the Company's 2021 Annual Report.

#### **D. RESOLUTIONS**

To consider and, if thought appropriate, pass the following ordinary resolutions.

#### **RE-ELECTION OF DIRECTORS**

Mr T M Foggo and Ms N J Greer retire by rotation in accordance with the Company's Constitution.

Mr Foggo has duly elected to retire from the Board of Directors and does not wish to be re-elected.

1. Ms Nicola Greer now offers herself for re-election to the Board of Directors.
2. The Company, in accordance with Clause 65 of the Constitution and NZX Listing Rule 3.3.5, has received a valid nomination from Mrs Michelle Anne Henderson. Mrs Henderson now offers herself for election to the Board of Directors.

*(See Explanatory Note 1)*

#### **AUDITORS**

3. That the Directors be authorised to fix the fees and expenses of the audit firm who acts as Agent for the Controller and Auditor General.

*(See Explanatory Note 2)*

#### **DIRECTORS' REMUNERATION**

4. To consider and if thought fit, resolve to increase the maximum aggregate sum available for payment to non-Executive Directors for each financial year commencing 1 July from \$289,500 to \$333,000, an increase of \$43,500 (15%), such sum to be divided between the non-Executive Directors as they determine.

*(See Explanatory Note 3)*

## General Business

### QUESTIONS FROM SHAREHOLDERS AT THE ANNUAL MEETING

The Company wants to provide comprehensive answers to any questions you may wish to ask at the Annual Shareholders' Meeting. Accordingly, we encourage you to send any questions you wish to raise to email address [jsolomon@southport.co.nz](mailto:jsolomon@southport.co.nz) and we will then be in a better position to answer these in greater detail when they are raised at the meeting. However, not sending us questions in advance will not in any way preclude you from asking questions at the meeting.



By order of the Board

**LARA STEVENS**  
Finance Manager

*Dated at Bluff this 22nd day of September 2021*

## Procedural Notes

### PERSONS ENTITLED TO VOTE

The persons who will be entitled to vote on the resolutions at the Annual Shareholders' Meeting are those persons who will be the shareholders of the Company at 11:00am on Wednesday, 27 October 2021 (NZST).

### CASTING A VOTE

The voting form enclosed with this notice allows you, or your proxy, to vote for or against, or abstain from, each of the resolutions. Votes may be cast in any one of the following ways:

### MEETING ATTENDANCE

#### Attending in person:

Shareholders present at the Annual Shareholders' Meeting in person may cast their votes at the meeting.

### Postal voting prior to the meeting

Shareholders may directly cast a vote prior to the meeting by post by completing and lodging the enclosed voting form with the share registrar, Link Market Services Limited at PO Box 91976, Auckland 1142, New Zealand, in accordance with the instructions set out on the form.

The vote must reach Link Market Services Limited not later than 48 hours before the time of the holding of the meeting (i.e. before 11:00am, Wednesday, 27 October 2021 (NZST)). The Board has authorised Link Market services to receive and count postal votes.

### Proxy

Shareholders may appoint a proxy to attend the Annual Shareholders' Meeting and vote in their place.

A body corporate which is a shareholder may appoint a representative to attend on its behalf in the same manner as that in which it could appoint a proxy.

A proxy need not be a shareholder of the Company. A shareholder who wishes to do so may appoint the Chair of the Meeting to act as proxy.

A proxy will vote as directed in the Proxy Form or, if voting is left to the proxy's discretion, then the proxy will decide how to vote on the resolutions (subject to the comments under "Voting Restrictions" below). If the Chair is appointed as proxy and the voting is left to his discretion, the Chair intends to vote in favour of each of Resolutions (1)-(3). The Chair will not be able to vote on any discretionary proxies in respect of Resolution (4).

To appoint a proxy, complete and lodge the enclosed voting form with the share registrar, Link Market Services Limited, in accordance with the instructions set out on the form. The proxy must be received not later than 48 hours before the time of the holding of the meeting (i.e. before 11:00am on Wednesday, 27 October 2021 (NZST)).

### VOTING RESTRICTIONS

The Company will disregard any votes cast in favour of Resolution (4) by any Director of the Company and any of his or her associated persons (in each case the term "associated persons" is as defined in the NZX Listing Rules).

The Company need not disregard a vote cast in favour of Resolution (4) if it is cast by Rex Chapman as proxy for a person who is entitled to vote, in accordance with an express direction on the proxy form.

### RESOLUTIONS

All the Resolutions contained in this Notice of Meeting must be passed by an ordinary resolution of shareholders, i.e. by a simple majority of the votes of those shareholders entitled to vote and voting on the resolutions in person or by proxy.

## — Explanatory Notes

### EXPLANATORY NOTE 1

#### RE-ELECTION OF DIRECTORS

Under NZX Listing Rule 2.7, a Director must not hold office (without re-election) past the third annual meeting following the Director's appointment or three years, whichever is the longer.

Mr T Foggo and Ms N Greer are the Directors retiring in 2021. Mr Foggo has duly elected to retire from the Board of Directors and does not wish to be re-elected. Ms Greer, being eligible, offers herself for re-election and does so with the support of the Board, having considered the tenure, contribution to the Board, attendance, experience, other commitments and positions, and performance generally.

The Company, in accordance with Clause 65 of the Constitution and NZX Listing Rule 3.3.5, has received a valid nomination from Mrs Michelle Anne Henderson. Mrs Henderson now offers herself for election to the Board of Directors.

### EXPLANATORY NOTE 2

#### AUDITOR'S REMUNERATION

The Office of the Controller and Auditor General (OAG) continues in office in accordance with Section 19 of the Port Companies Act 1988 and Section 207S of the Companies Act 1993. OAG has advised that they are changing the audit firm who acts as their Agent for the Group's audit, however they are yet to advise which firm will be acting on their behalf.

### EXPLANATORY NOTE 3

#### DIRECTORS' REMUNERATION

The Company is seeking shareholder approval for an increase in directors' remuneration effective from 1 July 2021 to a total remuneration pool of \$333,000. In support of this request the following explanation is provided to shareholders.

#### Background

The setting of Directors' Remuneration is guided by the Company's Director and Executive Remuneration Policy. Although that Policy says that "*fees payable are reviewed each year by the Board in accordance with the principles of the policy*", the Board has an informal policy of reviewing Directors' Remuneration on a two-yearly basis.

## DIRECTOR PROFILES



### — Nicola Greer

*MCom(Hons)*

Ms Greer is a Company Director based in Queenstown. She is currently a Director of Airways Corporation, Fidelity Life Assurance Ltd, New Zealand Railways Corporation and a member of the NZ Markets Disciplinary Tribunal. She is also a shareholder and Director in a privately owned commercial property investment and development company.

Prior to her governance career, Nicola had extensive experience in NZ, Australia and the UK in the banking and finance sectors. This encompassed a range of roles within the financial markets and assets and liability management at ANZ, Citibank and Goldman Sachs.



### — Michelle Henderson

*BE (Hons), CMInstD*

Michelle is a full time Independent Director. She brings engineering expertise and broad business understanding to the board room. Michelle brings a passion for process innovation, sustainable business outcomes and safety. As a digital native, Michelle brings a thought provoking generational perspective to the board room.

Michelle is on the Board of Meridian Energy and Fulton Hogan. She is also a Board Member of Cycling New Zealand Incorporated and a Trustee of Youthline Southland.

Her last executive role was Chief Operating Officer of PowerNet, leading the operational division. Michelle was recognised as the NZ Safeguard Business Leaders' Health and Safety Forum Leader of the Year in 2019. Based In Invercargill, Michelle is a former executive of Rio Tinto, both in New Zealand and Australia.

Set out below is a table showing the increases in Directors' fees since 2011:

Year	Chair	Director	Total Pool	Percentage Increase
2011	\$50,400	\$29,000	\$195,400	
2012	\$57,000	\$34,500	\$230,000	17.7%
2014	\$59,837	\$35,137	\$235,520	2.4%
2016	\$70,000	\$40,000	\$270,000	14.7%
2018	\$72,100	\$41,200	\$278,100	3%
2020	\$74,875	\$42,925	\$289,500	4.1%

The larger increases in Directors' fees which occurred in 2012 and 2016 were based on the annual PWC Directors' Fees Report in which South Port participated. The increases in the intervening years have been based on the movement in the CPI.

The Board had been proposing to seek an increase in Directors' fees last year (2020) to reset to market levels, but it was recognised that with the challenges and uncertainty presented by COVID-19 it was preferable to defer the review until this year.

#### Proposed Increase

The Board has resolved to seek an increase in the total Directors' pool to \$333,000, which is an increase of \$43,500 (15%) on the current pool of \$289,500. If approved it is proposed to allocate the pool as follows:

Chair	\$85,000
Directors	\$49,600 each

#### Basis for the Increase

While the percentage increase in the fees sought is higher than previous years, there are several factors which support the request which are now set out.

In recent years the Company has been focused on a maintenance capex programme in line with our Asset Management Plan which is aimed at ensuring that our wharves and associated infrastructure remain resilient and fit for purpose. During this period, the Company has had sustained profit growth which has enabled elevated levels of maintenance expenditure to be met while at the same time maintaining the dividend at an all time high of 26 cents per share, increasing this year to 27 cents.

In the near term, the Company has announced several capital projects which will both future proof and grow the Company's earnings. These projects include the new tug arriving in September (\$10M), upgrade of the Town Wharf for fuel and bitumen supplies for which construction has commenced (\$11M) and the recently announced channel deepening project, subject to consent approval. The successful completion of these projects and ensuring that the Company achieves the targeted returns on the investment will be a priority for the Board over the coming years. It is expected that the workload and responsibility undertaken by the Board will be increased accordingly, along with added value for shareholders.

Quite apart from increased workload associated with this capex, the Board's workload has increased in the last several years due to a number of factors, including, increased due diligence obligations of directors under the Health and Safety at Work Act, challenging insurance market because of New Zealand's increased seismic risk, increased reporting obligations responding to climate change initiatives, and increased risk mitigation measures for cyber risk.

Clause 3 of the Director and Executive Remuneration Policy sets out the guiding principles for the remuneration of Directors and executive. Clause 3.1 records:

"SPNZ's policy on remuneration position is that remuneration will be at market median level."

The Company has participated in the Institute of Directors (IOD) and EY Directors' Fees survey in 2020 and 2021.

Using the data from these Reports, set out below is a table showing fees paid to Chair and Directors for all listed companies and also for listed companies with a market cap of between \$100.1M and \$200M. Based on a share price of \$8.50, South Port's market capitalisation exceeds \$220M.

	South Port Proposed Fees	All NZX Listed Companies Median		NZX Listed Companies Market Capitalisation \$100.1 – 200M Median	
		2021	2020	2021	2020
Chair	85,000	147,250	162,000	110,000	127,000
Director	49,600	85,313	81,500	85,000	70,000

The fees that are proposed for Chair at \$85,000 and Director at \$49,600 are below the median in each category.

South Port is required by its Code of Corporate Governance to have an Audit and Risk Committee with a separate Chair. Following the introduction of the Health and Safety at Work Act in 2015, we also established a Health and Safety Panel which consists of the full Board, members of the Leadership Team responsible for health and safety and two staff representatives. This Panel also has a separate Chair.

The IOD/EY Report recorded remuneration for committee appointments. The median remuneration for the Audit and Risk and Finance Committee Chair is \$11,300 and for Health and Safety \$5,000.

At present the Chair of these two Board Committees are not separately remunerated and that will continue to be the case under proposed allocation of the fees pool.

The Company has been fortunate in the past to have been able to retain and recruit quality directors both in terms of experience and capability. In order to continue to be able to do so, the Company must be able to offer

fees that are competitive, reasonably reflect the market and fairly compensate directors for the role. The Board's view is that the current level of Directors' fees has fallen well below market levels. The proposed increase will go some way towards correcting that, but more regular increases may need to be considered in the future. In the meantime, the Board would be grateful for our shareholders' support for the proposed increase.

In accordance with NZX Listing Rule 6.3.1, no non-Executive Director or their associated persons (as defined under the NZX Listing Rules) may vote on this resolution, unless casting votes under an express proxy of a person who is not disqualified from voting.

#### **Additional to note**

Pursuant to Listing Rule 2.11.3, in the event of an increase in the total number of Directors holding office, the Directors may without shareholder approval, increase the total remuneration by such an amount necessary to enable the Company to pay the additional Director/Directors remuneration not exceeding the average amount being paid to each of the Company's other non-Executive Directors.



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South Port NZ

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