

## Corporate Governance Statement - 2022

### Introduction

This Corporate Governance Statement (“Statement”) is current as at 19 May 2022 and contains information regarding corporate governance at Infratil Limited (“Infratil”) for the financial year ended 31 March 2022 and refers to the Infratil Annual Report 2022. This Statement has been approved by the Board.

Infratil’s corporate governance practices have been prepared with reference to the Financial Markets Authority’s Corporate Governance Handbook, the requirements of the NZX Listing Rules and the recommendations in the 2020 NZX Corporate Governance Code (“NZX Code”).

This Statement demonstrates Infratil’s compliance with the NZX Code, and reports on Infratil’s practices against the NZX Code’s recommendations. Infratil’s key corporate governance documents referred to in this Statement are available on the corporate governance section of Infratil’s website: [Corporate Governance - Infratil](#).

Infratil considers that, during the reporting period, Infratil materially complied with the NZX Code. Other information on the Board’s activity this year and plans for next year can be found in the annual report.

### Morrison & Co

The Board is elected by the shareholders and has overall responsibility for the governance of Infratil, while the day to day management responsibilities for Infratil have been delegated to Morrison & Co. Accordingly, this Statement also references the activities of Morrison & Co, and the application of certain Infratil policies to Morrison & Co, as required.

### Corporate structure and reporting

Infratil is an infrastructure investment company, and its operations comprise the investment into and subsequent management of the infrastructure businesses in which it invests (*Portfolio Entities*). These Portfolio Entities carry on business in a number of different sectors and geographies, and are managed by their own boards or directors and management teams – Infratil does not directly operate these businesses.

Infratil’s level of control and influence over the corporate governance practices of the Portfolio Entities varies depending on the level of Infratil’s ownership of each business. Manawa is also a listed company and as such, is itself separately subject to the NZX Listing Rules and NZX Code.

Accordingly, Infratil’s corporate governance practices with respect to the Portfolio Entities focus primarily on Infratil’s role and responsibilities as an owner of those businesses, and the varying level of control and influence which Infratil has in each business. Infratil’s corporate structure can be grouped into the following categories, which each category reflecting a different level of control and influence for Infratil:

Portfolio Entity	Listed Subsidiary	Unlisted Subsidiary	Associate	Investment	Consolidated Group
Manawa (51.0%)	✓				✓
Infratil Infrastructure Property (100%)		✓			✓
Gurin Energy (95.0%)		✓			✓
Wellington International Airport (66.0%)		✓			✓
Qscan (56.3%)		✓			✓
Pacific Radiology Group (50.8%)		✓			✓
CDC Data Centres (48.0%)			✓		
Galileo Green Energy (40.0%)			✓		
Longroad Energy (40.0%)			✓		
Kao Data (39.9%)			✓		
Retire Australia (50.0%)			✓		
Vodafone New Zealand (49.9%)			✓		
Australian Social Infrastructure Partners				✓	
Clearvision Fund				✓	

## CODE OF ETHICAL BEHAVIOUR

### Recommendation 1.1

*The board should document minimum standards of ethical behavior to which the issuer's directors and employees are expected to adhere (a code of ethics).*

*The code of ethics and where to find it should be communicated to the issuer's employees. Training should be provided regularly. The standards may be contained in a single policy document or more than one policy.*

*The code of ethics should outline internal reporting procedures for any breach of ethics, and describe the issuer's expectations about behaviour.*

Infratil expects the highest standards of honesty and integrity from Directors, Portfolio Entity directors and employees and Morrison & Co (as Manager of Infratil), and this commitment is reflected in Infratil's Ethics and Code of Conduct Policy. The policy recognises Infratil's commitment to maintaining the highest standards of integrity and its legal and other obligations to all legitimate stakeholders, and sets:

- The ethical and behavioural standards and professional conduct for which Directors are expected to conduct their work life.
- The ethical and behavioural standards and professional conduct which Infracore encourages Portfolio Entities and Morrison & Co (as Manager of Infracore) to expect of their directors and employees in conducting their work life.

Infracore encourages each Portfolio Entity and Morrison & Co (as Manager of Infracore) to adopt a code of ethics that is consistent with Recommendation 1.1 and that is specific to its business and operations.

### **Recommendation 1.2**

*An issuer should have a financial product dealing policy which applies to employees and directors.*

Infracore has a Financial Products Trading Policy applicable to Directors, directors and employees of wholly-owned subsidiaries and directors and employees of Morrison & Co who intend to trade in Infracore Financial Products<sup>1</sup> (which includes quoted financial products issued by Manawa and Wellington International Airport, in addition to those issued by Infracore).

All trading in Infracore Financial Products by Directors and employees of Infracore, Infracore's wholly-owned subsidiaries and Morrison & Co must comply with this policy. The policy includes a fundamental prohibition on insider trading and obligations of confidentiality when dealing with material information. The policy also requires Directors and directors and employees Morrison & Co who have, or may have, access to market sensitive information to obtain consent prior to trading. The requirements of the policy are separate from, and in addition to, the legal prohibitions on insider trading in New Zealand.

This policy also sets out the rules in relation to trading in Infracore Financial Products which Infracore, as an owner, expects Portfolio Entities to adopt for their directors and employees.

## **BOARD COMPOSITION AND PERFORMANCE**

### **Recommendation 2.1**

*The board of an issuer should operate under a written charter which sets out the roles and responsibilities of the board. The board charter should clearly distinguish and disclose the respective roles and responsibilities of the board and management.*

The Board's role and responsibilities are set out in the Board Charter. The Board Charter clearly distinguishes and discloses the respective roles and responsibilities of the Board and management.

In accordance with the Board Charter, the primary role of the Board is to approve and monitor the strategic direction of Infracore and add long-term value to Infracore's shares, having appropriate regard to the interests of all material stakeholders. In addition:

- The Board establishes Infracore's objectives, overall policy framework within which the business is conducted and confirms strategies for achieving these objectives.
- The Board also monitors performance and ensures that procedures are in place to provide effective internal financial control.
- Although the day to day management of Infracore has been delegated to Morrison & Co (in accordance with the Management Agreement, available on Infracore's website: [Corporate Governance - Infracore](#)), Board approval is required for:

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<sup>1</sup> As defined in the Infracore Financial Products Trading Policy, being Infracore quoted ordinary shares and bonds, Manawa quoted ordinary shares and bonds and Wellington International Airport quoted bonds.

- all investments and divestments;
- Infratil's capital management, capital structure and risk management/appetite; and
- Infratil's portfolio management.

## **Recommendation 2.2**

*Every issuer should have a procedure for the nomination and appointment of directors to the board.*

The Board is responsible for the nomination and appointment of Directors. The Board has established the Nomination and Remuneration Committee to undertake this process (see recommendations 3.3 and 3.4 below for further information).

Nominations of Directors are put to the Annual Meeting in accordance with Infratil's constitution and the relevant legislation and listing rules. The filling of casual vacancies must be approved by the Board, and then approved by shareholders at the next Annual Meeting.

## **Recommendation 2.3**

*An issuer should enter into written agreements with each newly appointed director establishing the terms of their appointment.*

All new Directors enter into a written agreement with Infratil setting out their terms of their appointment.

## **Recommendation 2.4**

*Every issuer should disclose information about each director in its annual report or on its website, including a profile of experience, length of service, independence and ownership interests, and director attendance at board meetings.*

A profile of each of the Directors is provided on Infratil's website ([Board - Infratil](#)) and on pages 6 and 147 to 148 of the 2022 Annual Report. The profiles include information on the year of appointment, skills, experience and background of each Director.

The 2022 Annual Report also contains information on the independence of the Directors, their Infratil ownership interests, and attendance at Board and Committee meetings.

## **Recommendation 2.5**

*An issuer should have a written diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving diversity (which, at a minimum, should address gender diversity) and to assess annually both the objectives and the entity's progress in achieving them. The issuer should disclose a policy or a summary of it.*

Infratil has a Diversity Policy, which recognises that diversity of thought at all levels of the business, in an inclusive environment, can lead to better decision-making, improve and increase corporate performance and shareholder value, enhance talent recruitment and retention, increase employee satisfaction and enhance the probability of achieving Infratil's objectives ("Diversity Principle").

Infratil ensures that it has (and encourages each Portfolio Entity and Morrison & Co (as Manager of Infratil) to have) strategies, initiatives and practices to promote behaviours and processes that are consistent with the Diversity Principle. Infratil recognises that these strategies, initiative and practices will be different for each Portfolio Entity and for Morrison & Co, depending on its specific business requirements and accordingly encourages each Portfolio Entity and Morrison & Co (as Manager of Infratil) to adopt a diversity policy that is consistent with Recommendation 2.5 and that is specific to its business and operations.

Management monitors, reviews and reports to the Board on Infratil's, Portfolio Entities' and Morrison & Co's progress under this Policy. Disclosures on gender diversity are provided on page 149 of the 2022 Annual Report.

The Diversity Policy can be found on Infratil's website: <https://infratil.com/about-infratil/board/our-governance-documents/company-policies/diversity-policy-2022/>.

### **Recommendation 2.6**

*Directors should undertake appropriate training to remain current on how to best perform their duties as directors of an issuer.*

Directors are encouraged to identify and undertake any necessary training and development opportunities to enable them to discharge their duties. Directors are:

- provided with relevant industry information and receive copies of appropriate company documents to enable them to perform their role; and
- expected to report to the Chair from time to time on the training and development opportunities undertaken by that director.

### **Recommendation 2.7**

*The board should have a procedure to regularly assess director, board and committee performance.*

The Board has a procedure to regularly assess Director, Board and Committee performance.

The Board, the Audit and Risk Committee and individual Directors are subject to a performance appraisal from time to time (the Chair initiates regular reviews of Board performance). These performance appraisals generally occur annually. Appropriate strategies for improvement are agreed and actioned.

The skills and capabilities of the Board are continually assessed through the Chair and the Board, including potential gaps in skills and experience. Infratil has developed a Board skills matrix of the skills and experience currently regarded as being important to Infratil (and which is set out in the table below). The Board considers that this mix of skills and experience is currently represented on the Board.

<b>Skill/Experience</b>	
Governance and stakeholder management	Marketing and consumer intelligence
Infrastructure asset management and private markets	People and performance
Financial/accounting	Technology and innovation
Capital markets and funds management	Regulation

### **Recommendation 2.8**

*A majority of the board should be independent directors.*

The Board currently comprises six Directors (five independent Directors and one non-independent Director).

The Board Charter confirms the standards for determining whether a Director is independent for the purposes of service on the Board and committees. These standards reflect the requirements of the NZX Listing Rules and the NZX Code.

A Director is independent if the Board affirmatively determines that the Director satisfies these standards. The Board has determined that:

- All the non-executive Directors (namely, A Gerry, P Gough, K Mactaggart, P Springford and M Tume) are independent Directors.
- The Chief Executive (J Boyes), as an employee of Morrison & Co (and occupying a position analogous to an executive Director), is not an independent Director.

Recommendation 2.8 also applies to Infratil's Listed Subsidiary, Manawa. Infratil agrees that, as a general rule, a majority of the board of a listed issuer should be independent directors but also considers that, in certain limited circumstances, that may not be appropriate. Infratil considers that Manawa is an example of those very limited circumstances, and the reasons for this were set out in Infratil's Interim Report 2020.

### **Recommendation 2.9**

*An issuer should have an independent chair of the board. If the chair is not independent, the chair and the CEO should be different people.*

The Board Charter requires the Chair to be an independent Director. The current Chair is Mark Tume, who is an independent Director.

## **BOARD COMMITTEES**

### **Recommendation 3.1**

*An issuer's audit committee should operate under a written charter. Membership on the audit committee should be majority independent and comprise solely of non-executive directors of the issuer. The chair of the audit committee should be an independent director and not the chair of the board.*

The Board has established the Audit and Risk Committee to oversee financial reporting, accounting policies, financial management, internal control systems, risk management systems, systems for protecting assets and compliance. The Committee also:

- keeps under review the scope and results of audit work, its cost effectiveness and performance and the independence and objectivity of the auditors;
- reviews the financial statements and the NZX and ASX announcements of the financial results; and
- receives regular reports from Morrison & Co, including reports on financial and business performance, risk management, financial derivative exposures and accounting and internal control matters.

The Committee must comprise a minimum of three Directors, all of whom must be independent Directors and at least one of whom must have a financial or accounting background, plus the Chair of the Board as an ex officio member. The Committee currently comprises three independent Directors (A Gerry (Chair), K Mactaggart and M Tume), all of whom have an accounting or financial background. The skills and relevant qualifications of each member of the Committee are published in the annual report.

Manager representatives will attend meetings to the Committee as appropriate, at the invitation of the Committee Chair.

The Committee meets at least quarterly to fulfil its obligations. The Committee Chair may convene a meeting if he or she considers one is required, and will also convene a meeting upon request of any Committee member who considers it necessary.

The Committee's role and responsibilities, and membership requirements, are set out in the Audit and Risk Committee Charter (which is available on Infratil's website: [Corporate Governance - Infratil](#)). The Committee reviews the Charter annually (or earlier where necessary) to reflect changed circumstances.

### **Recommendation 3.2**

*Employees should only attend audit committee meetings at the invitation of the audit committee.*

Employees of Infratil and Morrison & Co attend meetings of the Audit and Risk Committee as appropriate, at the invitation of the Committee Chair.

### **Recommendations 3.3 and 3.4**

*An issuer should have a remuneration committee which operates under a written charter (unless this is carried out by the whole board). At least a majority of the remuneration committee should be independent directors. Management should only attend remuneration committee meetings at the invitation of the remuneration committee.*

*An issuer should establish a nomination committee to recommend director appointments to the board (unless this is carried out by the whole board), which should operate under a written charter. At least a majority of the nomination committee should be independent directors.*

The Board has established the Nomination and Remuneration Committee, to manage the identification, consideration and recommendation of Director appointments to the Board, succession planning for Directors, ensuring written agreements are in place for all Directors, the induction programme for new Directors and recommending remuneration for Directors for consideration by shareholders.

Nominations are put to the Annual Meeting in accordance with Infratil's constitution and the relevant legislation and listing rules. The filling of casual vacancies must be approved by the Board, and then approved by shareholders at the next Annual Meeting.

The Committee must comprise a minimum of three Directors, a majority of whom must be independent Directors. The Committee currently comprises three independent Directors (M Tume (Chair), A Gerry and P Gough).

Manager representatives will attend meetings to the Committee as appropriate, at the invitation of the Committee Chair.

The Committee will formally meet on such occasions as the Committee Chair considers necessary. The Committee Chair may convene a meeting if he or she considers one is required, and will also convene a meeting upon request of any Committee member who considers it necessary. For the avoidance of doubt, this means that the Committee might not meet formally in a given year, if neither the Committee Chair nor a Committee member considers it necessary.

The Committee's role and responsibilities, and membership requirements, are set out in the Nomination and Remuneration Committee Charter (which is available on Infratil's website: [Corporate Governance - Infratil](#)). The Committee reviews the Charter every two years (or earlier where necessary) to reflect changed circumstances.

### **Recommendation 3.5**

*An issuer should consider whether it is appropriate to have any other board committees as standing board committees. All committees should operate under written charters. An issuer should identify the members of each of its committees, and periodically report member attendance.*



## **Manager Engagement Committee**

The Board has established the Manager Engagement Committee to monitor Morrison & Co's performance and compliance with the Management Agreement.

As noted earlier, the Board has delegated the day-to-day management responsibilities to Morrison & Co under the Management Agreement. The Management Agreement specifies the duties and powers of Morrison & Co, and the management fee payable to Morrison & Co, the details of which are summarised in the annual report ("Management Fee").

The Board determines and agrees with Morrison & Co specific goals and objectives, with a view to achieving the strategic goals of Infratil. Between Board meetings, the Chair maintains an informal link between the Board and Morrison & Co, and is kept informed by Morrison & Co on all important matters. The Chair is available to Morrison & Co to provide counsel and advice where appropriate. Decisions of the Board are binding on Morrison & Co. Morrison & Co is accountable to the Board for the achievement of the strategic goals of Infratil. At each Board meeting, the Board receives reports from or through Morrison & Co, including financial, operational and other reports and proposals.

The Board recognises that the interests of Infratil shareholders and Morrison & Co have the potential to conflict, and that an important role of the Board is to be aware of and assess potential conflicts in relation to Infratil's capital structure and strategies adopted, and the resulting potential Morrison & Co revenues. The Manager Engagement Committee is also responsible for managing any potential conflicts between the interests of Infratil shareholders and Morrison & Co (for instance, in agreeing the terms of governance arrangements for investment joint ventures with other Morrison & Co clients).

The Committee must comprise a minimum of three Directors, all of whom must be independent Directors. The Committee currently comprises all the independent Directors (M Tume (Chair), A Gerry, P Gough, K Mactaggart and P Springford).

Manager representatives do not attend meetings of the Committee.

The Committee meets at least biannually to fulfil its obligations. The Committee Chair may convene a meeting if he or she considers one is required, and will also convene a meeting upon request of any Committee member who considers it necessary.

The Committee's role and responsibilities, and membership requirements, are set out in the Manager Engagement Committee Charter (which is available on Infratil's website: [Corporate Governance - Infratil](#)). The Committee reviews the Charter annually (or earlier where necessary) to reflect changed circumstances.

The Board annually reviews the necessity for and composition of the Committee, and its performance, processes and procedures to ensure that they are not unduly complex, and are designed to assist the Board in effectively fulfilling its role.

### **Other committees**

Other committees may be formed when it is efficient or necessary to facilitate efficient decision-making or when required by law.

### **Recommendation 3.6**

*The board should establish appropriate protocols that set out the procedure to be followed if there is a takeover offer for the issuer including any communication between insiders and the bidder. The board should disclose the scope of independent advisory reports to shareholders. These protocols should include the option of establishing an independent takeover committee, and the likely composition and implementation of an independent takeover committee.*



The Board has approved protocols that set out the procedure to be followed if there is a takeover for Infratil, which reflect the requirements of the Takeovers Code, market practice and recommendations by the Takeovers Panel.

## **REPORTING AND DISCLOSURE**

### **Recommendation 4.1**

*An issuer's board should have a written continuous disclosure policy.*

Infratil is committed to complying with its continuous disclosure obligations under the Rules, and has a written continuous disclosure policy which is part of Infratil's Disclosure and Communications Policy. This policy is available on Infratil's website: [Corporate Governance - Infratil](#).

### **Recommendation 4.2**

*An issuer should make its code of ethics, board and committee charters and the policies recommended in the NZX Code, together with any other key governance documents, available on its website.*

Infratil's code of ethics, Board and Committee charters, and the policies recommended in the NZX Code, together with other key governance documents (for example, the Management Agreement), are available on Infratil's website: [Corporate Governance - Infratil](#).

### **Recommendation 4.3**

*Financial reporting should be balanced, clear and objective. An issuer should provide non-financial disclosure at least annually, including considering environmental, economic and social sustainability factors and practices. It should explain how operational or non-financial targets are measured. Non-financial reporting should be informative, include forward looking assessments, and align with key strategies and metrics monitored by the board.*

The Board is committed to reporting Infratil's financial and non-financial information in an objective, balanced and clear manner. The Board takes an active role in overseeing financial and non-financial reporting.

Infratil's annual report is an important document for communicating financial and non-financial information on Infratil and the infrastructure businesses in which Infratil has invested. Additionally, Infratil periodically conducts Investor Days which provide updates on Infratil and overviews of the assets and sectors in which Infratil has invested.

## **REMUNERATION**

### **Recommendation 5.1**

*An issuer should recommend director remuneration to shareholders for approval in a transparent manner. Actual director remuneration should be clearly disclosed in the issuer's annual report.*

The Board determines the level of remuneration paid to Directors within the amounts approved from time to time by Shareholders.

The current aggregate maximum remuneration which may be paid to Directors (in their capacity as a director of Infratil and certain of its subsidiaries) ("Directors' Fee Pool") is \$1,329,375 per annum, which was approved by Shareholders at the 2019 Annual Meeting. Prior to the 2019 Annual Meeting, the Board engaged PwC to undertake a benchmarking exercise in order to assess the appropriateness of directors' fees paid to Infratil directors. Infratil operates in several significant sectors and has investments across three geographies, which sets the framework for seeking to attain shareholder returns targeted by Infratil but also increases the complexity of matters for

consideration by the Infratil board. As a result, the Board obtained shareholder approval at the 2019 Annual Meeting to increase the Directors' Fee Pool from an effective \$1,034,573 to \$1,329,375 to enable Directors' fees to be set consistent with the 75<sup>th</sup> percentile of comparator group 2 in the PwC benchmarking report, but with the increases to those fees expected to be implemented over a three-year period across the 2020, 2021 and 2022 financial years. Details of the directors' fees for which approval was sought, together with a link to the PwC benchmarking report, were set out in the 2019 Notice of Meeting.

For the year to 31 March 2020, Directors' fees were set consistent with the median of fees payable in the PwC comparator group. The Directors' fees at this level were also set out in the 2019 Notice of Meeting, and the actual Directors' fees paid for the year to 31 March 2020 (which were set at that level following shareholder approval at the 2019 Annual Meeting) were disclosed in Infratil's 2020 Annual Report.

For the year to 31 March 2021, Directors' fees were increased to the mid-point between the median and the 75<sup>th</sup> percentile of that comparator group. The Board stated in the 2020 Notice of Meeting that it had approved the implementation of this expected increase, and the 2020 Notice of Meeting set out the Directors' fees at this level. The actual Directors' fees paid for the year to 31 March 2021 were disclosed in the 2021 Annual Report.

For the year to 31 March 2022, Directors' fees were increased so that they are at the 75<sup>th</sup> percentile of that comparator group. The Directors' fees at this level are set out in the 2021 Annual Report. The actual Directors' fees paid for the year to 31 March 2022 are disclosed in the 2022 Annual Report.

Directors' fees for the year to 31 March 2023 will be paid from the Directors' Fee Pool approved by shareholders at the 2019 Annual Meeting. Further details of the Directors' fees will be provided in the 2023 Notice of Annual Meeting.

## **Recommendation 5.2**

*An issuer should have a remuneration policy for remuneration of directors and officers, which outlines the relative weightings of remuneration components and relevant performance criteria.*

Infratil supports the principle in the NZX Code that the remuneration of directors and executives should be transparent, fair and reasonable.

Directors are paid a base fee and may also be paid, as additional remuneration:

- for Directors other than the Chair, an appropriate extra fee as chair or member of a Board Committee;
- an appropriate extra fee as a director of an Infratil subsidiary (other than Manawa); and
- an appropriate extra fee for any special service as a Director as approved by the Board.

In addition, Directors are entitled to be reimbursed for costs directly associated with the performance of their role as Directors, including travel costs. The Chair approves all Directors' expenses, and the Chair of the Audit and Risk Committee approves the Chair's expenses.

Mr Boyes is not paid fees in his capacity as a Director. Mr Boyes receives no remuneration from Infratil for his role as Chief Executive, and his remuneration as Chief Executive is paid by Morrison & Co.

The Board reviews directors' fees annually to ensure that fees do not fall out of step with the market, reflect the commitment required of an Infratil director, and ensure that Infratil continues to attract high quality director candidates

A breakdown and summary of Directors' remuneration is set out in the annual report. Infratil expects each of its Portfolio Entities to have appropriate director remuneration policies.

### ***Directors' Shareholding***

Under Infratil's constitution, Directors are not required to hold shares in Infratil. However, in recognition of the benefits of aligning Directors' interests with those of shareholders, non-executive Directors are encouraged to take up a portion of their fees paid through the issue of shares to those Directors. All Directors who take up this option either hold those shares themselves or those shares are held by organisations to which they are associated parties.

### ***Management Fee***

As noted earlier, Infratil is managed by Morrison & Co under the Management Agreement. The Management Agreement sets out the terms of the services provided by Morrison & Co and the basis of fees, including base fees and incentive fees. Details of fees paid to Morrison & Co are disclosed in the 2022 Annual Report, and an external review of the fees payable under the Management Agreement was conducted in November 2020 (further details of which can be found on Infratil's website at [Corporate Governance - Infratil](#)).

### ***Executive Remuneration***

Infratil's policy is that all Portfolio Entities should adopt remuneration policies for their executives which set remuneration at levels that are fair and reasonable in a competitive market, and that include elements that are dependent on the Portfolio Entity's performance and the performance of the individual. Establishing appropriate remuneration policies is complex and Infratil expects each Portfolio Entity to have a policy that is appropriate for its business – there is no "one-size-fits-all" methodology.

Infratil does not disclose any remuneration information on people employed by Morrison & Co, as these people are remunerated by Morrison & Co. The only cost to Infratil of these people is the Management Fee payable to Morrison & Co (referred to above) and Infratil does not have (and therefore cannot disclose) any information on their remuneration. Employees of Morrison & Co include most of the management team listed on page 16 of the 2022 Annual Report (including the Chief Executive and Chief Financial Officer).

### **Recommendation 5.3**

*An issuer should disclose the remuneration arrangements in place for the CEO in its annual report. This should include disclosure of the base salary, short term incentives and long term incentives and the performance criteria used to determine performance based payments.*

The Chief Executive, Mr Boyes, is employed by Morrison & Co, not Infratil. Mr Boyes receives no remuneration from Infratil for his role as Chief Executive of Infratil, and his remuneration is paid by Morrison & Co.

The only cost to Infratil of Mr Boyes is the Management Fee payable to Morrison & Co (referred to above) and Infratil does not have (and therefore cannot disclose) any information on Mr Boyes' remuneration.

The Board considers that the key question for it is whether Infratil receives value for money from Morrison & Co for the services of Mr Boyes (and other Morrison & Co executives), and the Board is satisfied it does.

## **RISK MANAGEMENT**

### **Recommendation 6.1**

*An issuer should have a risk management framework for its business and the issuer's board should receive and review regular reports. A framework should also be put in place to manage any existing risks and to report the material risks facing the business and how these are being managed.*

The Board has overall responsibility for the establishment and oversight of Infratil's risk management framework.

In particular, the Audit and Risk Committee of the Board is responsible for ensuring that Infratil has an effective risk management framework to identify, treat and monitor key business risks and regulatory compliance, and also reviews management practices in these areas. Formal systems are in place for regular reporting to the Board on business risk, including impacts and mitigation strategies and compliance matters.

Morrison & Co (via the Chief Executive and Chief Financial Officer) is required to confirm, and has confirmed, to the Audit and Risk Committee and the Board in writing that, in its opinion, for FY22:

- Financial records have been properly maintained and Infratil's financial statements present a true and fair view, in all material respects, of Infratil's financial condition, and operating results are in accordance with relevant accounting standards.
- The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice and comply with International Financial Reporting Standards and other applicable financial reporting standards for profit-oriented entities.
- That opinion was formed on the basis of a sound system of risk management and internal control which is operating effectively.
- That system of risk management and internal control is appropriate and effective internal controls and risk management practices are in place to safeguard and protect Infratil's assets, to identify, assess, monitor and manage risk, and identify material changes to Infratil's risk profile.

### **Recommendation 6.2**

*An issuer should disclose how it manages its health and safety risks and should report on their health and safety risks, performance and management.*

Health and safety is managed by Infratil's operational Portfolio Entities and Morrison & Co (rather than in aggregate at a group level). The Board is provided with regular health and safety reports for those operating Portfolio Entities and Morrison & Co.

## **AUDITORS**

### **Recommendation 7.1**

*The board should establish a framework for the issuer's relationship with its external auditors. This should include procedures:*

- (a) for sustaining communication with the issuer's external auditors;*
- (b) to ensure that the ability of the external auditors to carry out their statutory audit role is not impaired or could be reasonably be perceived to be impaired;*
- (c) to address what, if any, services (whether by type or level) other than their statutory audit roles may be provided by the auditors to the issuer; and*

*(d) to provide for the monitoring and approval by the issuer's audit committee of any service provided by the external auditors to the issuer other than in their statutory audit role.*

The Audit and Risk Committee is responsible for the selection and appointment of the external auditor (which is included within the External Audit Relationship section of the Audit and Risk Committee Charter) and ensuring that the external auditor or lead audit partner is changed at least every five years.

KPMG is the external auditor of Infratil ("Infratil Group Auditor"). The lead audit partner is rotated on a regular basis, and this was done most recently in 2020.

The Audit and Risk Committee Charter also outlines the processes and checks that Infratil has implemented to avoid actual or perceived conflicts of interest arising from non-audit services being provided by the Infratil Group Auditor, which can arise by reason of Infratil being an infrastructure investment company:

- The disclosure of the Infratil Group Auditor's services is complicated because Infratil's listed subsidiary, Manawa, is not audited by the Infratil Group Auditor and may from time to time engage the Infratil Group Auditor to perform non-audit services. In these cases, Manawa is avoiding any actual or perceived conflict with its external auditor, but the fees paid to the Infratil Group Auditor are also required to be disclosed *by Infratil* in its financial statements as 'non-audit fees paid to the Infratil Group Auditor'. In the 31 March 2021 financial year, Infratil separately identified this element in its annual financial statements so that this portion of any fees paid to the Infratil Group Auditor can be clearly distinguished and Infratil will continue this practice for the 31 March 2022 financial year.
- In some circumstances, subject to the requirements outlined in the Audit and Risk Committee Charter, the Board considers it appropriate that the Infratil Group Auditor provide non-audit services to Infratil. In these cases:
  - Any non-audit activities undertaken by the Infratil Group Auditor must be approved by the Chair of the Audit & Risk Committee, following a recommendation by the Infratil Chief Financial Officer (based on the principles outlined in the Audit & Risk Committee Charter).
  - In assessing the merits of non-audit engagements, consideration is also given to whether the services could be provided by other service providers and to whether there are significant benefits to Infratil from the Infratil Group Auditor providing the services.

### **Recommendation 7.2**

*The external auditor should attend the issuer's annual meeting to answer questions from shareholders in relation to the audit.*

Infratil expects the Infratil Group Auditor to attend the Annual Meeting, and to be available to answer shareholders' questions about the audit.

### **Recommendation 7.3**

*Internal audit functions should be disclosed.*

The Board has overall responsibility for Infratil's system of internal financial control.

Infratil does not have a separate internal audit function, however the Board has established procedures and policies to continually improve the effectiveness of Infratil's risk management and internal financial control:

- Annual budgets, forecasts and reports on the strategic direction of Infratil are prepared regularly and reviewed and agreed by the Board.

- Financial and business performance reports are prepared monthly and reviewed by the Board throughout the year to monitor performance against financial and non-financial targets and strategic objectives.

## **SHAREHOLDER RIGHTS AND RELATIONS**

### **Recommendation 8.1**

*An issuer should have a website where investors and interested stakeholders can access financial and operational information and key corporate governance information about the issuer.*

Shareholders are encouraged to receive communications from, and send communications to, Infracore and Link Market Services (Infracore's security registry), electronically.

To ensure shareholders and other stakeholders have access to relevant information, Infracore:

- Ensures its website contains media releases, full year and half year financial information and presentations, current and past annual reports, Infracore bond documents, dividend histories, notices of meeting, details of Directors and Morrison & Co, and other information about Infracore (including key corporate governance information).
- Makes available printed interim and annual reports and encourages shareholders to access these documents on the website and to receive advice of their availability by email.

Infracore's investor website can be found at [For investors - Infracore](#), and specific enquiries can be directed to [info@infracore.com](mailto:info@infracore.com).

### **Recommendation 8.2**

*An issuer should allow investors the ability to easily communicate with the issuer, including providing the option to receive communications from the issuer electronically.*

Infracore aims to communicate effectively, give ready access to balanced and understandable information about Infracore and make it easy to participate in Annual Meetings. Infracore seeks to ensure its shareholders are appropriately informed on its operations and results, with the delivery of timely and focused communication, and the holding of Annual Meetings and any other shareholder meetings in a manner conducive to achieving shareholder participation.

To ensure shareholders and other stakeholders have access to relevant information Infracore:

- Holds regular investor road shows and an annual investor day, and sends interested parties the dates and invitations to attend.
- Sends security holders its annual and interim reports, which provide a summary of Infracore's operating and financial performance for the relevant period, and periodic operational updates.
- Publishes press releases on issues/events that may have material information content that could impact on the price of its traded securities and sends email updates to interested stakeholders.
- Webcasts its half year and full year results so that a wide group of interested parties can review and participate in discussions on performance, and advises interested parties of the dates and how to participate in the webcast.
- Provides additional explanatory information where circumstances require.

### **Recommendation 8.3**

*Quoted equity security holders should have the right to vote on major decisions which may change the nature of the company in which they are invested in.*

Major decisions that may change the nature of Infratil's business will be presented as resolutions to the Annual Meeting and voted on by shareholders.

#### **Recommendation 8.4**

*If seeking additional equity capital, issuers of quoted equity securities should offer further equity securities to existing security holders of the same class on a pro rata basis, and on no less favourable terms, before further equity securities are offered to other investors.*

The Board requires a number of conditions to be met before considering seeking additional equity capital, including:

- The Board being satisfied that additional equity capital can be issued at an attractive price.
- The Board being satisfied that any proposed equity capital raising meets the fairness test, that maximises the opportunity for shareholders to access the equity raising and minimises any dilution.

Infratil raised additional equity capital in 2019 and 2020 and considers that its chosen capital raising structures for both, though not fully pro rata offers, achieved a fair result for both institutional and retail Infratil shareholders. The reasons for this were set out in Infratil's Interim Report 2020.

#### **Recommendation 8.5**

*The board should ensure that the annual shareholders notice of meeting is posted on the issuer's website as soon as possible and at least 20 working days prior to the meeting.*

Each year, the Notice of Meeting for the Annual Meeting is sent to shareholders by mail and email, and made available on Infratil's website, at least 20 working days before the Annual Meeting.

Infratil encourages full participation of shareholders at the Annual Meeting to ensure a high level of accountability and identification with Infratil's strategies and goals. Shareholder meetings are generally held in a manner which is intended to maximise participation by shareholders, and Infratil expects that, where possible, this will involve a hybrid meeting (with shareholders having the option to join the meeting in person or online, based on their own preferences), rather than a fully online meeting, for so long as there continues to be shareholder support for attendance in person.

At the Annual Meeting, shareholders have the opportunity to submit questions prior to each meeting and Morrison & Co, senior management of Portfolio Entities and the Infratil Group Auditor are present to assist in and provide answers to questions raised by shareholders. There is also generally an opportunity for informal discussion with Directors, Morrison & Co and senior management for a period after the meeting concludes.

Infratil supports the efforts of the New Zealand Shareholders' Association ("NZSA") to raise the quality of relations between public companies and their shareholders. Shareholders wishing to learn more about the NZSA can find information on its website (<http://www.nzshareholders.co.nz>). While Infratil supports the general aims and objectives of the NZSA, its specific actions and views are not necessarily endorsed by Infratil, or representative of Infratil's view.