



Christchurch
City Holdings
Limited

STATEMENT OF INTENT

For the period ending 30 June 2024



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INTRODUCTION

The Statement of Intent (SOI) sets out for Christchurch City Holdings Ltd (CCHL) the objectives, nature and scope of activities and its subsidiaries. It also sets out performance targets and other measures by which the performance of CCHL may be judged in relation to its objectives and other requirements.

CCHL is recognised as a council-controlled organisation (CCO) for the purposes of the Local Government Act 2002.

The process of negotiation and determination of the SOI is a public expression of the accountability relationship between the company and its shareholder.

The CCHL Group SOI has been prepared in the context of:

- our ultimate public ownership through Christchurch City Council;
- the Local Government Act provisions relevant to subsidiary companies;
- the Commerce Act provisions relevant to regulated activities;
- other relevant legislative provisions; while noting the rights and interests of other shareholders where that is relevant.

This SOI acknowledges Council's direction to CCHL, following the 2022 Strategic Review, to scope and develop a detailed business case which considers the costs and benefits of taking a more active approach to managing the portfolio.

This SOI also draws on key aspects of integrated reporting, presenting our mandate, business strategy, operating model and value chain. In 2022, CCHL started its transition towards an integrated reporting model. At a structural level, our strategic pillars tie into what integrated reporting defines as 'capitals'. These are not just about producing monetary returns (financial capital), but include our oversight (governance), human (people), infrastructure (kaitiakitanga), social (mana), and natural (sustainability) capitals.

Each section of this report links the form of capital we depend on for our success – financial, governance, human, infrastructure, social and natural – with the objectives we pursue in utilising these capitals and the outcomes we will deliver if we are successful in achieving those objectives.

We believe this framework aligns with the priorities that the Local Government Act 2002 lays out for Council-Controlled Organisations, and to our shareholder's (Christchurch City Council) current community outcomes of:

- resilient communities
- a liveable city
- a healthy environment
- a prosperous economy.

ABOUT US

CCHL is the commercial and investment arm of Christchurch City Council (the Council).

The core role of CCHL is to monitor the Council's commercial investments, which largely service the region's strategic infrastructure needs.

The CCHL Group is primarily made up of six trading companies - Orion New Zealand Ltd (Orion), Christchurch International Airport Ltd (Christchurch Airport), Lyttelton Port Company Ltd (LPC), Enable Services Ltd (Enable), City Care Ltd (Citycare), and EcoCentral Ltd (EcoCentral).

Four of the CCHL subsidiaries are 100% owned, the other two are majority owned, being Orion (10.725% owned by Selwyn District Council) and Christchurch Airport (25% owned by the Crown).

CCHL'S PURPOSE IS:

By being good kaitiaki, CCHL's purpose is to make a positive difference to our community, by ensuring the city's major investments provide commercial returns and at the same time provide leadership in the areas that matter to the wellbeing of our residents and our environment.

TO ACHIEVE THIS PURPOSE, CCHL CARRIES OUT THE FOLLOWING FUNCTIONS ACROSS ITS PORTFOLIO:



Provide best practice governance and oversight of our investments, acknowledging our duty of care as guardians to protect our environment and positively impact our community.



Embrace equality, diversity, inclusivity and fairness in ensuring CCHL Board and Management operates as a high performing team in fulfilling its core role and purpose. Provide leadership across the group in areas of strategic importance.



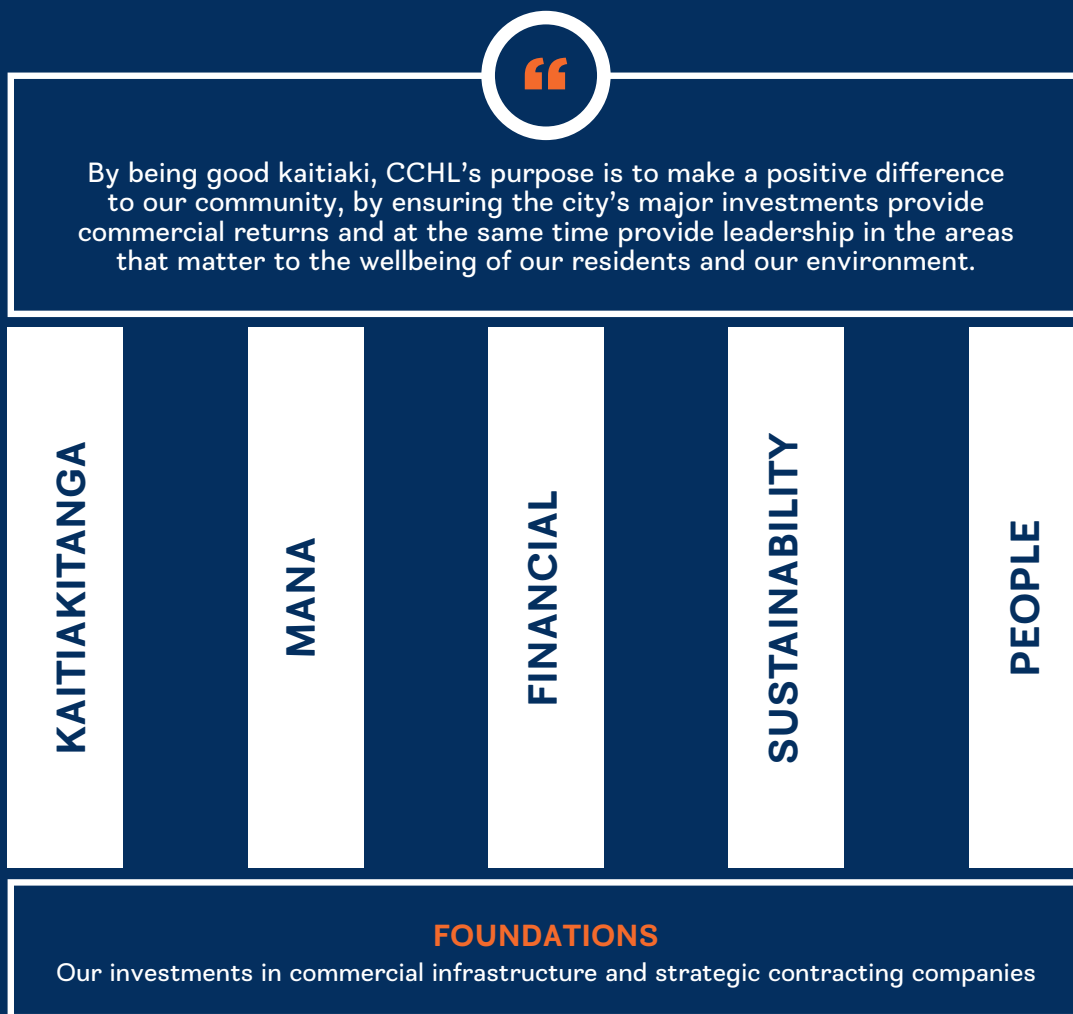
Optimise CCHL's capital structure, funding and investment decisions to preserve shareholder value and reflect their expectations of reporting and accountability, while adopting a positive impact approach and seeking opportunities to create additional value through the integration of investment objectives that extend beyond a pure commercial return.



Strengthen CCHL's license to operate through strong external relationships and commitment to responsible investment across all our capitals that delivers positive social, environmental and community outcomes.

OUR STRATEGY

CCHL'S STRATEGIC FRAMEWORK SHAPES OUR APPROACH TO ACHIEVING OUR PURPOSE:



As we transition towards an integrated reporting model we have thought about how our foundations evolve over time and the extent to which strategic pillars align with our definition of our capitals.

Our strong foundation is more than just the companies we own. It is also a function of a patient and long-term approach to investment; a strong balance sheet and investment grade credit rating; the synergies that accrue from an integrated portfolio of infrastructure assets; and an independent mandate.

The way we leverage these pillars is not just about producing monetary returns – financial capital, but includes leveraging our oversight (governance), human (people), infrastructure (kaitiakitanga), social (mana), and natural (sustainability) capitals into a competitive advantage and added value.

OUR CAPITALS

GOVERNANCE CAPITAL



KAITIAKITANGA

Our role as intergenerational guardians reflects the broader purpose of the CCHL Group and the duty of care that comes with our scale and financial strength in the context of protecting our environment and our ability to positively impact our community.

KEY MEASURES

- Best practice governance standards
- Independent and diverse boards
- Shareholder alignment
- Values-based leadership

INFRASTRUCTURE CAPITAL



KEY MEASURES

- Diversified portfolio
- Impact-focused investment objectives
- Strong credit rating
- Prudent risk management

SOCIAL CAPITAL



MANA

We earn the trust of our community as a 'leader' through what we do and how we do it, being transparent and accountable and through driving meaningful collaborations.

KEY MEASURES

- Community impacts
- Collaboration and partnerships
- Communication and relationship management
- Industry engagement

FINANCIAL CAPITAL



FINANCIAL

A financially prudent approach to driving strong commercial returns and responsible stewardship of our commercial assets, enabling positive impact investments to support innovation, community and environmental outcomes.

KEY MEASURES

- Sustainable financial performance
- Dividends to Shareholder
- Prudent investment approach

NATURAL CAPITAL



SUSTAINABILITY

Identifying the CCHL Group as a leader in social responsibility (Business for Good) and as a partner in addressing the impact of climate change through proactive, responsible and tangible environmental management.

KEY MEASURES

- Environmental impact
- Address impact of climate change
- Reduce resource consumption

HUMAN CAPITAL



PEOPLE

Facilitating equality, diversity and fair remuneration, while building strong leadership and a dynamic and appropriately skilled workforce, while always ensuring the health, safety and wellbeing of our people remains front of mind.

KEY MEASURES

- Health, Safety and Wellbeing, Culture and Values
- Future of work
- Diversity and inclusion



STRATEGIC REVIEW

The Council commissioned a strategic review of CCHL which led to the Northington Partners' report released to the public in early December 2022. This report found CCHL to be a “significantly under-utilised asset of the Council and city ratepayers” and that “significant value could be added by taking a more active approach to asset management.”

The report recommended Councillors approve key pieces of work to achieve this:

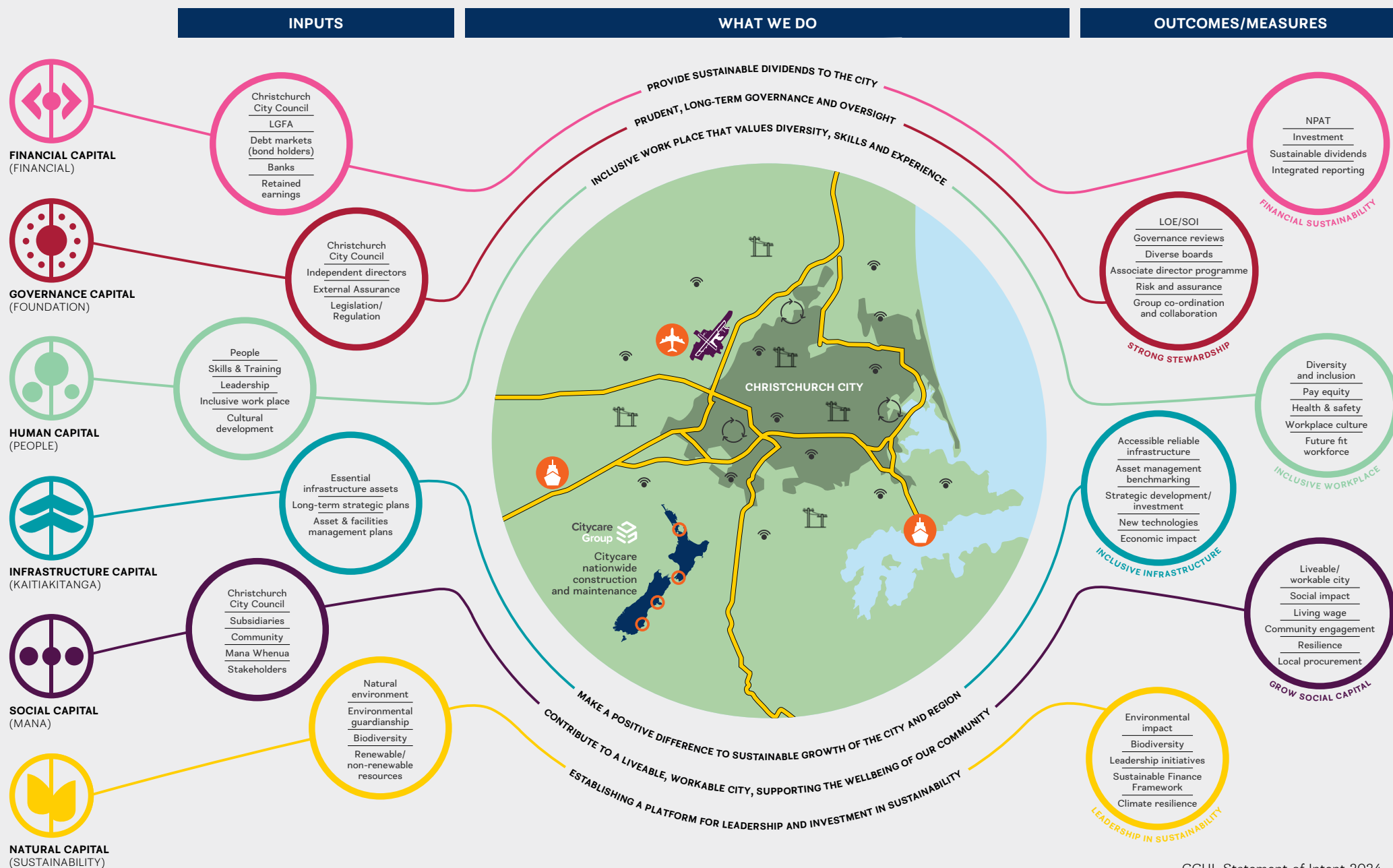
1. Council develop a clear value strategy in relation to building and utilising income or value from CCHL, and
2. CCHL be requested to scope and develop detailed business cases which fully consider the costs and benefits of adopting a more active approach to managing the portfolio, including rebalancing and returning capital to Council.

CCHL will prioritise the development of the detailed business case in this SOI period as part of a Strategic Review work programme. The scope of this programme will include detailed investment reviews of our four major subsidiaries – CIAL, Orion, LPC and Enable – as a core part of the wider portfolio review.

The programme will also include supporting Council in the development of their Value Strategy. The clarity this strategy will provide on Council's long-term requirements for income, capital growth and impact (non-financial capitals) across our portfolio will be an important input into our business case. It is from that point that we will be able to assess the extent to which our current investments are aligned to, and appropriately balance, Council's requirements for income and capital growth with support for its strategic and community objectives. This will include developing an informed view on the implications, if any, on current ownership arrangements, capital structure, risk appetite and CCHL's operating model. This SOI should be read with these considerations in mind, noting that any substantive change will only occur after public consultation.

OUR VALUE CREATION MODEL

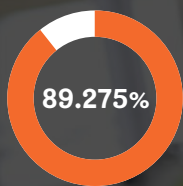
As we have developed our thinking and transition to an integrated reporting model CCHL has developed a conceptual framework which sets out how we create value across the portfolio of investments. This model is intended to inform our journey to fully integrated reporting and will be developed and refined over time.





OUR INVESTMENTS

CCHL OWNERSHIP:



INVESTMENT VALUE:

1.121

\$BILLION

(as at 30 June 2022)



EMPLOYMENT:

667

AVERAGE RETURN ON EQUITY:

31 Mar 23

2.5%

FY23
Actual

31 Mar 24

1.9%

FY24
target

31 Mar 25

2.2%

FY25
target

31 Mar 26

2.8%

FY26
target

220,470

**CUSTOMER
CONNECTIONS**

(as at 31 March 2022)

Orion



ORION NEW ZEALAND LTD

(Orion)



Orion owns and operates the electricity network for Central Canterbury, providing over 220,470 local people with the energy they need to power their homes, businesses and vehicles. As one of the key local lifeline infrastructure services that supports a broad range of economic, social and community activities, Orion has been part of the CCHL Group for three decades.



In recognition of the importance of energy as part of a cleaner, brighter future for the region, Orion's key priorities are maintaining a safe, reliable and resilient network that provides continuity of supply. Orion is also at the forefront of CCHL's mission to support the transition to a low-carbon economy. In doing so, Orion is working with the community to ensure an equitable, secure and environmentally sustainable energy supply in a changing energy landscape.

As well as a range of benefits to the Canterbury economy and community, Orion has forecast to contribute more than \$1.1 billion in revenue and dividends of \$63.4M to CCHL Group over the FY24-26 SOI period.

BUSINESS ACTIVITY

Orion is Aotearoa New Zealand's third largest electricity distribution business (EDB) in terms of line revenue and number of customer connections. Orion owns and operates the electricity distribution network between the Waimakariri and Rakaia rivers and from the Canterbury coast to Arthur's Pass.

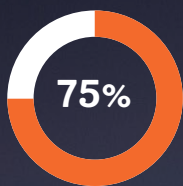
Orion also owns the electrical contracting business, Connetics Limited. Connetics provides contracted services to utility network operators, local authorities, developers and commercial and industrial customers. Employing approximately two thirds of the Orion group employees, Connetics also comprises around 2% of the Orion group's operating assets. Connetics undertakes about half of Orion's network fieldwork and provides an important part of Orion's emergency response capability, making it a vital part of the organisation.

HISTORY OF CCHL'S INVESTMENT

CCHL acquired its 89.275% stake in Orion from the Council in 1993. The remaining 10.725% is held by the Selwyn District Council.

Originally providing both electricity retail and distribution, following the energy industry reforms introduced in 1998, Orion sold its electricity retail activities.

CCHL
OWNERSHIP:



INVESTMENT
VALUE:

1.176

\$BILLION

(as at 30 June 2022)



EMPLOYMENT:

189

AVERAGE RETURN ON EQUITY:

30 Jun 23

2.2%

FY23
Actual

30 Jun 24

2.8%

FY24
target

30 Jun 25

3.2%

FY25
target

30 Jun 26

3.5%

FY26
target

6.4

MILLION

PASSENGERS

(FY24 forecast)

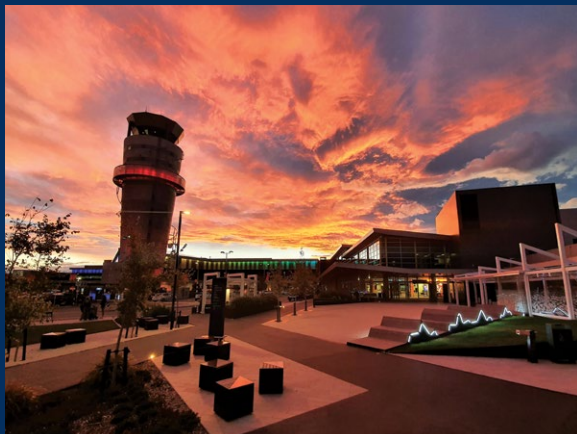


CHRISTCHURCH
AIRPORT



CHRISTCHURCH INTERNATIONAL AIRPORT LTD

(CIAL)



A critical piece of national and regional infrastructure, Christchurch Airport is the gateway to the city and the South Island. It supports a broad range of tourism, business and trade activity, while ensuring the local community has access to modern and efficient transport services.



Following the earthquakes, Christchurch Airport embarked on a comprehensive strategy to diversify its services and revenue, under three commercial pillars: Planes, Passengers and Property. Since 2014, growth in the airport's property assets has underpinned the competitive, long-term position of its aeronautical services, reducing risk in an era of volatility in the aviation market – as highlighted during the COVID pandemic. A further extension of this strategy came in 2019 when Christchurch Airport began exploring options to move beyond a single site to support wider regional growth and the ability to provide lower carbon strategies.

The airport's property strategy has also become a significant generator of local employment and economic activity with over 7,000 people employed on the airport campus making it the largest single centre of employment in the South Island.

Despite significant disruptions from both the earthquakes and the pandemic, the success of the airport's overall strategy has the Airport forecasting to contribute more than \$676M in revenue and dividends of \$91.5M to CCHL Group over the FY24-26 SOI period.

Christchurch Airport is also a recognised international leader in sustainable aeronautical operations, becoming the world's first airport to achieve Level 4 Transformation of the Airport Carbon Accreditation programme. In 2021, the airport also announced the establishment of Kōwhai Park – a new concept in renewable energy that will be home to one of the country's largest solar arrays, as well as an accelerator for other renewable energy projects.

BUSINESS ACTIVITY

Located 10 kilometres northwest of Christchurch's city centre, Christchurch Airport is Aotearoa New Zealand's second largest airport based on passenger numbers. It is also the busiest and most strategic air connection for South Island trade and tourism markets.

The Christchurch Airport campus has a land holding of approximately 1,000 hectares (including the airport). As well as the terminal and aeronautical assets, additional land within the campus has been used for commercial property development as part of Christchurch Airport's Master Plan.

HISTORY OF CCHL'S INVESTMENT

Christchurch Airport first opened as a commercial airport in 1939 as a division of the Council.

CCHL acquired its 75% stake in Christchurch Airport from the Council in 1995. The remaining 25% stake is held by the Crown.

CCHL
OWNERSHIP:



INVESTMENT
VALUE:

376
\$MILLION

(as at 30 June 2022)



EMPLOYMENT:

674

AVERAGE RETURN ON EQUITY:

30 Jun 23

5.6%

FY23
Actual

30 Jun 24

6.0%

FY24
target

30 Jun 25

6.2%

FY25
target

30 Jun 26

6.3%

FY26
target

500,000+

**CONTAINER
TEUS**

(as at 30 June 2022)

lpc Lyttelton
Port of
Christchurch



LYTTELTON PORT COMPANY LTD

(LPC)



Lyttelton Port provides a vital link between Canterbury and the wider South Island and a wide range of international markets, ensuring local exporters can sell their products overseas and supplying the local community and businesses with a range of goods and raw materials. The Port also supports the growth and development of local tourism through its newly established cruise berth.



With a focus on facilitating trade and supporting the growth of Canterbury and the South Island, Lyttelton Port has invested heavily in infrastructure and plant to handle an increase in container volumes. Currently, an \$85 million expansion of the container terminal on the Te Awaparahi Bay reclamation is underway, to increase the capacity of the terminal. The Port has also invested in the doubling of rail capacity, the purchase of a fleet of straddles, and the construction of reefer towers.

Since 1973, Lyttelton Port has exchanged more than seven million TEU (Twenty-foot Equivalent Units – a standard measure of containers), growing in the last 50 years from just 1000 TEU annually to 500,000 TEU in 2023. This strong level of growth has Lyttelton Port forecasting to contribute more than \$651M in revenue and dividends of \$41M to CCHL Group over the FY24-26 SOI period.

In 2022 the Port also opened its new dedicated cruise berth facility, welcoming large cruise vessels to the region for the first time since the earthquakes.

The Port has a strong focus on environmental work and the support of biodiversity in and around Te Whakaraupō/Lyttelton Harbour area, sponsoring numerous local groups and ensuring the impact of operations on the harbour environment is minimised.

BUSINESS ACTIVITY

Lyttelton Port is the South Island's largest port by volume, processing over 500,000 TEUs of containerised cargo a year. Its customers include South Island importers and exporters, transport companies and shippers, making it an essential part of the region's supply chains and transport infrastructure.

The Port generates revenue from shipping and shipping related services, including stevedoring and cargo handling for a diverse range of cargo. It also owns two Inland Ports, CityDepot, located 6 kilometres from Lyttelton, and MidlandPort at Rolleston, which provides a direct daily rail link with the Lyttelton Port. These facilities improve the Port's connectivity for South Island trade, while reducing traffic congestion and emissions from trucks travelling through the city.

Lyttelton Port's new dedicated cruise berth received 27 cruise ships in the six months to 31 December 2022. The Port is expected to receive another 55 cruise ship visits bringing the total to 82 visits for the 2022/23 season.

HISTORY OF CCHL'S INVESTMENT

The first port at Lyttelton was established in 1849. Lyttelton Port Company was established in 1988 under the Port Companies Act 1988 to take over the Port's commercial role including the land, assets and facilities.

CCHL acquired the Council's shares in Lyttelton Port in 1995, and in 1996 the Port was listed on the NZX main board, following the decision by Hurunui and Selwyn District Councils to sell their shares. In 2014, CCHL acquired all shares in Lyttelton Port and delisted it from the NZX.

CCHL
OWNERSHIP:



INVESTMENT
VALUE:

523
\$MILLION

(as at 30 June 2022)



EMPLOYMENT:

135

AVERAGE RETURN ON EQUITY:

30 Jun 23	30 Jun 24	30 Jun 25	30 Jun 26
7.5%	7.5%	7.8%	8.4%
FY23 Actual	FY24 target	FY25 target	FY26 target

150,000+

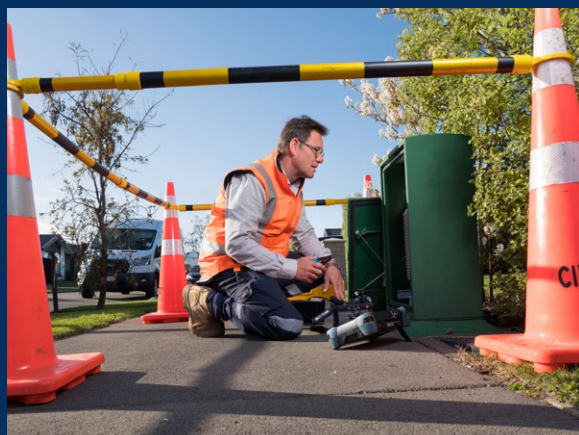
**CUSTOMER
CONNECTIONS**

(forecast FY24)



ENABLE SERVICES LTD

(Enable)



Enable provides world-class fibre broadband services reaching over 200,000 homes, businesses, schools, and healthcare and community service providers across Christchurch, Waimakariri and Selwyn.



In the modern environment, access to high quality broadband connectivity is essential for economic growth; the delivery of key services, including education, social and government services, and healthcare; and the support of a wide range of social benefits through addressing inequality and offering access to information.

Providing high-quality, reliable and ultrafast broadband services also encourages productivity and innovation in business, provides a wide range of services – from internet to social connectivity – to households, and supports the transformation of urban environment, through Smart City initiatives. To underpin the expansion of the service, Enable has regularly increased the speeds of its connections, including introducing Hyperfibre to the CBD – offering speeds 300 times faster than a fixed wireless connection. Enable has also partnered with the Council to offer a free Wi-Fi service for the inner city.

In 2021, Enable returned its first dividend to the CCHL Group, and is forecasting to contribute more than \$366M in revenue and dividends of \$70M to CCHL Group over the FY24-26 SOI period.

BUSINESS ACTIVITY

Enable provides wholesale fibre broadband services to internet service providers (retailers) who then deliver broadband, voice, internet, TV, content and IT services to end customers. Over 200,000 customers are connected to Enable's fibre broadband.

The organisation has over 74% of the local fixed broadband market. It also manages a network of over 4,000 kilometres of fibre and supporting infrastructure, valued at over \$600 million. The network was completed in 2018 – 18 months ahead of schedule. The business continues to add connectivity to the local region, adding an additional 500 kilometres of fibre in 2022.

HISTORY OF CCHL'S INVESTMENT

Enable Services Limited (ESL) was established in February 2007 by CCHL to investigate the development of a fibre optic network covering key business locations throughout greater Christchurch. In 2008, ESL was awarded the Ultra-Fast Broadband contract to build and operate a fibre optic network for greater Christchurch.

ESL owns the shares of Enable Networks Ltd. Collectively, both entities make up the Enable Group (Enable). The Minister of Finance holds one share of Enable Networks Limited, to reflect the Crown's initial investment.

CCHL
OWNERSHIP:



INVESTMENT
VALUE:

74.2
\$MILLION

(as at 30 June 2022)



EMPLOYMENT:

1247

AVERAGE RETURN ON EQUITY:

30 Jun 23	30 Jun 24	30 Jun 25	30 Jun 26
20.6%	14.7%	16.7%	15.1%
FY23 Actual	FY24 target	FY25 target	FY26 target

1200

FACILITIES
MANAGED

Citycare
Group



CITY CARE LTD

(Citycare)



Citycare is a leading national provider of infrastructure maintenance, asset management and optimisation and construction services.



The Group is focused on providing construction, maintenance and management services for social infrastructure assets including parks, public gardens, sports fields, cemeteries, waterways, coastal areas, buildings, public facilities and water, wastewater and stormwater networks and construction.

In 2022, Citycare completed the acquisition of Spencer Henshaw (100% shareholding), one of New Zealand's largest independent managers of social housing properties. The operation undertakes remediation and ongoing maintenance of approximately 27,000 social housing properties owned by Kāinga Ora and the Tamaki Regeneration company. This strategic acquisition extended Citycare's contribution to Aotearoa's social housing network – an area of intense public focus, which requires both strong technical capability and resourcing and a commitment to supporting the wider community.

The organisation also uses its resources and experience to provide support for a broad range of environmental and community-focused activities, contributing to the health of the local environment, as well as long-term improvements to water quality and biodiversity values.

BUSINESS ACTIVITY

Citycare is structured into two businesses: Citycare Water and Citycare Property, to differentiate the specialist services each business offers.

The business has a 75% shareholding in Apex Water, an industry leader in the design and build of water and wastewater treatment plants for public and private sector customers.

Citycare drives growth through its core business units, with a focus on customer acquisition, delivering operational excellence and continuing to build on its strong health and safety culture.

HISTORY OF CCHL'S INVESTMENT

Citycare was formed in 1999 to acquire the Works Operations Unit of the Council. At that time Citycare was only operating in Christchurch and providing services solely to the Council.

CCHL acquired the shares in Citycare from the Council in 2002. Since then, Citycare has grown to provide services over four regions, Auckland, Wellington, Canterbury and Otago.

CCHL
OWNERSHIP:



INVESTMENT
VALUE:

14.76
\$MILLION

(as at 30 June 2022)



EMPLOYMENT:

103

AVERAGE RETURN ON EQUITY:

30 Jun 23	30 Jun 24	30 Jun 25	30 Jun 26
14.1%	13.6%	13.4%	15.0%
FY23 Actual	FY24 target	FY25 target	FY26 target

60,000

TONNES OF WASTE
DIVERTED FROM
LANDFILL

(in FY24)



ECO
CENTRAL

ECOCENTRAL LTD



EcoCentral is focused on being a key part of a local waste and resource recovery system that minimises waste generation, maximises resource recovery, and works towards zero waste going to landfill.



Waste and recycling are undergoing global change. To reinforce the quality of its services and the resilience of the business itself, EcoCentral is adopting new technologies, investing in key infrastructure, providing education and best-practice guidance to both organisations and individuals – including the next generation of our community – and exploring commercial or partnership opportunities that benefit EcoCentral, CCHL, Council and Canterbury.

In 2021, EcoCentral was granted a Deed of Funding for a \$16.8M upgrade of the EcoSort recycling facility. This major upgrade project began at the start of 2022, with the project providing greatly enhanced processing of plastics in New Zealand and vastly improved quality of fibre commodities for both onshore and overseas markets.

EcoCentral's EcoShop and Resource Recovery Centres enable the community to ensure many unwanted items are recycled and reused. EcoShop also supports a number of social enterprise and support agencies by providing packages of furniture and household appliances to help people live with dignity.

BUSINESS ACTIVITY

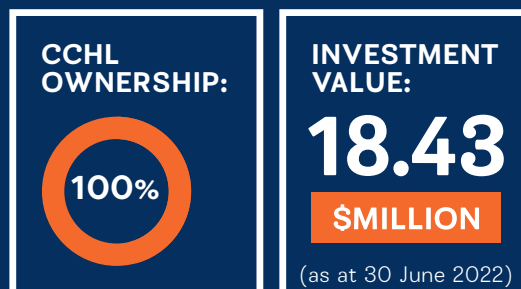
EcoCentral manages the processing of household and commercial refuse and the automated sorting of recycling throughout Canterbury.

EcoCentral is contracted by the Council to operate the recycling plant which generates revenue from the sale of recycled products mostly to offshore markets. It also runs the EcoShop, selling second-hand goods to the local community.

RBL PROPERTY LTD

In December 2020 the Red Bus operating business was sold to Ritchies Transport.

The remaining assets – land and buildings on Ferry Road – continue to be owned by the renamed entity RBL Property Ltd. The decision on the future ownership of these assets will be determined during this Sol period, in consultation with the Council.



DEVELOPMENT CHRISTCHURCH

In late 2021, Council resolved to capitalise ChristchurchNZ (CNZ). CCHL is working with Council and CNZ to amalgamate DCL into CNZ in early FY24.

CCHL PARENT – OTHER SUBSIDIARIES

CCHL also holds 100% of the shares in four shelf companies. These companies have no assets or liabilities and are non-trading but have the potential to be activated in the future subject to prior consultation with the Council.





GOVERNANCE CAPITAL

Kaitiakitanga

Our role as intergenerational guardians, reflective of the broader purpose of the CCHL Group and the duty of care that comes with our scale and financial strength in the context of protecting our environment and our ability to positively impact our community

KEY MEASURES

- Best practice governance standards
- Independent and diverse boards
- Shareholder alignment
- Values-based leadership



OBJECTIVE

CCHL maintains an effective relationship with its Shareholder.

KEY PERFORMANCE INDICATORS

Enable effective engagement between Council and CCHL board/management.

Provide key financial information, including key risks, to a standard which meet Council's expectations.

Review quarterly reporting framework to ensure alignment with Council requirements, subsidiary engagement, and CCHL statutory obligations.

CCHL maintains effective relationships with subsidiary company boards.

Ensure regular and effective engagement between CCHL and subsidiary board/management.

All subsidiaries provide six-monthly strategic update briefings to Council.

Annual Chairs Forum.

CCHL Board operates as one-team with values-driven approach.

CCHL Board values and approach communicated to CCHL Management.

Directors will discharge their duties in line with best practice governance standards.

The board will undertake biennial board effectiveness/performance reviews.

Deliver a best practice governance framework for CCHL and its subsidiaries.

Deliver the annual Letter of Expectations and Statement of Intent process to meet statutory obligations of the Local Government Act.

Complete a review of CCHL governance process and procedures, including implementation of the recommendations of the review.

Report annually on board diversity of CCHL Group.

STRATEGIC REVIEW

The Council develops a clear Value Strategy in relation to building and utilising income or value from CCHL, primarily informed by Council's long term requirements.

Working closely with the Council, CCHL scopes and develops a detailed business case which fully considers the costs and benefits of adopting a more active approach to managing the portfolio.

CCHL will actively engage with and support Council in the development of its Value Strategy.

CCHL will develop a Detailed Business Case (DBC), which responds to Council's long-term requirements, and a high-level implementation plan to provide assurance on its ability to deliver on a new strategy.

CCHL will develop a stakeholder engagement plan to help guide any consultation and decision frameworks.



INFRASTRUCTURE CAPITAL

Kaitiakitanga

Our role as intergenerational guardians, reflective of the broader purpose of the CCHL Group and the duty of care that comes with our scale and financial strength in the context of protecting our environment and our ability to positively impact our community

KEY MEASURES

- Diversified portfolio
- Impact-focused investment objectives
- Strong credit rating
- Prudent risk management



OBJECTIVE

KEY PERFORMANCE INDICATORS

Integrate Council's Value Strategy into Portfolio Investment Objectives.

Investment Policy Statement.

Understand the future capital intentions of the companies within CCHL's portfolio.

Annual investment pipeline.

Enhanced Risk Management Framework.

Develop and implement an enhanced risk management framework which captures all risks and opportunities across CCHL's portfolio of assets. Reporting on the framework and risk registers to ARMC and the Board (six monthly).

CCHL assessment of the resilience of critical infrastructure assets will adopt an all-hazards approach .

Assessment of Asset Resilience risks will expand beyond natural hazards to include consideration of broader risks to operational security, including cyber risks. Capital Investment decisions will take a whole-of-life approach.

CCHL Group will assess and disclose climate change risks standards.

Assess the risk and impact of the effects of climate change on physical assets and the services they provide.

CCHL will publish its first CCHL Group Climate Risk Report in FY24.



SOCIAL CAPITAL

Mana

Recognising that we earn the trust of our community as a 'leader' through what we do and how we do it, being transparent and accountable and through driving meaningful collaboration

KEY MEASURES

- Collaboration and partnerships
- Communication and relationship management
- External engagement
- Community impacts



OBJECTIVE

The CCHL Group will work together to ensure well-aligned leadership and effective collaboration.

CCHL will strengthen existing partnerships and create new opportunities to develop new partnerships.

CCHL will strengthen stakeholder and community awareness of its role as an owner of critical infrastructure assets.

KEY PERFORMANCE INDICATORS

CCHL will lead group collaboration initiatives.

CCHL will strengthen engagement with aligned stakeholders by developing and implementing a comprehensive Stakeholder Engagement Plan.

CCHL will develop a set of Partnership Principles to inform its approach to seeking partnership opportunities.

CCHL will develop an iwi engagement strategy:

- CCHL's partnership principles will underpin an approach to developing partnership arrangements with Iwi.
- CCHL will encourage Group companies to develop a partnership-based engagement strategy with iwi to realise their shared aspiration to honour Te Titiri o Waitangi and engagement with mana whenua to support improved Māori participation, career progression, leadership, and equitable success.
- CCHL will establish a cross-company leadership team (CCHL Group rūpū) to oversee the development of a programme of work designed to accelerate and embed Mātauranga Māori, Te Aō Māori, Tikanga Māori and Te Reo Māori in ways that are appropriate for each business.

CCHL will develop and implement a strategic communications plan.

CCHL will be relevant, accurate, consistent and timely when communicating with its stakeholders, partners and communities.

CCHL will meet all its statutory reporting requirements.



FINANCIAL CAPITAL

Financial

A financially prudent approach to driving strong commercial returns and responsible stewardship of our commercial assets, enabling positive impact investments to support innovation, community and environmental outcomes

KEY MEASURES

- Sustainable financial performance
- Dividends to Shareholder
- Prudent investment approach



The Local Government Act requires that Statement of Intent forecasts are provided for a three year period. The forecasts for 2025 and 2026 are based on a number of assumptions with considerable uncertainty attached to them and may change as a result of the outcomes of the Strategic Review.

1. STANDARDISED PERFORMANCE TARGETS FOR CCHL GROUP AND PARENT:

GROUP	2024	2025	2026
Net profit after tax (NPAT) (\$m)	84	108	129
Net debt/net debt plus equity (%)	48%	49%	49%
Interest cover (times)	2.1	2.4	2.5
Return on equity (%)	3.3%	4.2%	5.0%
Return on assets (%)	1.5%	1.9%	2.2%
Shareholders' funds/total assets (%) ¹	44%	44%	44%

PARENT Y/E 30 JUNE	2024	2025	2026
Shareholder returns			
Dividends (\$m)	50.7	57.2	51.1
Dividend yield (%)	1.9%	2.1%	1.9%
Return on equity (%)	2.0%	2.0%	2.4%
Return on assets (%)	1.3%	1.3%	1.6%
Shareholders' funds/total assets (%) ¹	67%	67%	68%
Profitability/efficiency			
Net profit after tax (NPAT)(\$m)	53	54	64
Return on invested capital (%)	2.0%	2.0%	2.2%
Leverage/solvency			
Net debt to EBITDA (times)	16.1	16.0	14.5
Net debt/net debt plus equity (%)	32%	32%	31%
Interest cover (times)	1.9	1.9	2.3
Growth			
Revenue growth (%)	123%	98%	107%

OBJECTIVE	KEY PERFORMANCE INDICATORS
An optimal approach to capital structure.	CCHL remains compliant with key financial ratios. CCHL remains compliant with Treasury policies and provides subsidiaries with access to IGFF, within existing capacity limits ² .
Analysis of key performance indicators against strategic objectives for CCHL and subsidiaries.	Provide reporting to CCHL Board and Council in line with expectations.
Identify areas where there may be opportunities to improve operational performance or total shareholder returns across CCHL's portfolio of assets.	Undertake a biennial benchmarking review of the Group's assets against relevant benchmarks. Consider new investments which meet CCHL investment objectives.

¹ "Shareholders' funds" are defined as the sum of paid up capital, capital reserves and revenue reserves of the group.

² "Total assets" are defined as the total book value of all assets of the group as disclosed in the statement of financial position.

² Note: the need to maintain CCHL's position within key financial ratios means that no further IGFF growth will be possible for the foreseeable future.



NATURAL CAPITAL

Sustainability

Identifying the CCHL Group as a leader in social responsibility (Business for Good) and as a partner in addressing the impact of climate change through proactive, responsible and tangible environmental management

KEY MEASURES

- Environmental impact
- Address impact of climate change
- Reduce resource consumption



OBJECTIVE

CCHL Group companies demonstrate commitment to tangible climate action through Greenhouse Gas (GHG) emissions measurement and reduction targets in line with Council's aim to reach net zero by 2030.

KEY PERFORMANCE INDICATORS

CCHL Group (and each subsidiary) will publish annual independently verified GHG emission inventory according to ISO 14064 best practice.

CCHL Group (and each subsidiary) will commit to reduce emissions, ahead of, or in alignment with, science-based reduction targets to limit warming to 1.5 degrees.

CCHL Group (and subsidiaries) will implement the recommendations of the Group GHG emissions reduction management plan to agreed timeline.

Demonstrate commitment to broader planetary boundaries including biodiversity.

Investigate and determine the most appropriate framework/s to measure baseline data and determine the most appropriate frameworks (SBTn, TNFD, or planetary boundaries).



HUMAN CAPITAL

People

Facilitating equality, diversity and fair remuneration, while building strong leadership and a dynamic and appropriately skilled workforce, while always ensuring the health, safety and wellbeing of our people remains front of mind

KEY MEASURES

- Health, Safety and Wellbeing, Culture and Values
- Diversity and inclusion



OBJECTIVE

CCHL will facilitate Group collaboration to develop and adopt strategies to attract and develop the human capabilities it needs for the future and to be known as an employer of choice for all employees within each of the sectors it operates.

CCHL requires subsidiaries to adopt and implement appropriate policies to ensure the health, safety and wellbeing of all people across the Group.

CCHL will actively endorse the expectation of its shareholder that restraint is exercised in relation to the level of senior executive remuneration at CCHL and CCTOs.

CCHL is committed to fair and equitable pay for all people and roles across the Group.

KEY PERFORMANCE INDICATORS

CCHL will lead Group collaboration to develop and report on market leading capability development, diversity and inclusion, and talent management strategies and policies.

CCHL Group will maintain the living wage for all direct employees.

CCHL Group will work towards implementing the living wage for all regular and ongoing suppliers.

CCHL will review the impact of becoming a living wage employer to ensure the anticipated benefits are being realised.

CCHL will capture and report key metrics (lead/lag indicators) for health and safety across the Group.

CCHL will capture and report key metrics for wellbeing, including diversity and inclusion.

CCHL will ensure subsidiaries report annually the highest and lowest remuneration in each company.

Conduct an analysis of the drivers of the gender pay gap, tools and leavers (including action plans in place) to close the gap across the CCHL Group.

OTHER IMPORTANT INFORMATION





CORPORATE GOVERNANCE

This statement contains an overview of the company's main corporate governance policies, practices and processes adopted or followed by the CCHL board.

Role of the Board of Directors

The CCHL board is responsible for the strategic direction and control of the company's activities. The board guides and monitors the business and affairs of CCHL on behalf of the shareholder, Christchurch City Council ('the Council'), within the strategic framework and objectives that are set out in this Statement of Intent.

The Chief Executive is responsible for the day to day management of the company.

All directors are required to comply with a formal Code of Conduct, which is based on the New Zealand Institute of Directors' Principles of Best Practice.

The Chair will conduct a board effectiveness review with the board biennially.



RESPONSIBILITY TO SHAREHOLDER

STATEMENT OF INTENT

In accordance with the Local Government Act 2002, the company submits a draft Statement of Intent (Sol) for the coming financial year for consideration by CCHL's shareholder, the Council. The Sol sets out the company's overall objectives, intentions and financial and performance targets.

INFORMATION FLOWS

The board aims to keep the Council informed of all major developments affecting the company's and group's state of affairs, while at the same time recognising that commercial sensitivity may preclude certain information from being made public.

CCHL will provide a quarterly update to Council on Sol performance.

BOARD COMPOSITION AND FEES

The board comprises not more than eight directors – two Councillors and six independent directors.

All Councillor directors are required to retire by rotation within three months following the triennial local government elections, but are eligible to be re-appointed. Where there are four or more independent directors, two of those directors must retire by rotation annually, but may offer themselves for re-appointment. Appointments to CCHL are made in accordance with the Council policy on Appointment and Remuneration of Directors.

Fees for the CCHL board and all subsidiary boards are set triennially. In relation to the CCHL board fees, CCHL recommends fee levels to the Council, based on commercial norms, but reflecting a public service element. In relation to subsidiary board fees, CCHL will approve the board fees, based on commercial norms, but discounted to reflect a public service element.

The board generally meets on a monthly basis.

BOARD COMMITTEES

Audit and Risk Management Committee (ARMC)

The responsibilities of the ARMC include reviewing the company's accounting policies, treasury policy, reporting practices, financial statements, managing the debt capital market programme and oversight of CCHL's sustainable Finance programme. The committee will also consider external audit reports, audit relationship matters and fees, and risk management issues. The CCHL Chair cannot be the Chair of the ARMC.

Governance and Appointments Committee (GAC)

The GAC is responsible for recommending Chair, director appointments and reappointments to its subsidiaries.

Impact Committee

The Impact Committee has been established in 2023 to advise the board on CCHL's strategies, policies and practices in relation to the Impact Programme which encompasses the Group's approach to ESG issues, including external reporting in relation to those areas.

OTHER COMMITTEES

The board establishes other committees on an as needed basis to deal with issues as they arise.

REMUNERATION POLICY

Remuneration is closely managed by the board and made publicly available via the annual report.

The company has policies and procedures in place to ensure remuneration levels are set at responsible limits that are able to attract and retain the people we need to manage and operate the business. These include:

- Delegated financial authorities for hiring of new employees and remuneration setting
- An annual staff appraisal and pay review process
- Market appraisal of remuneration levels of key staff.

SUBSIDIARY COMPANIES

Monitoring

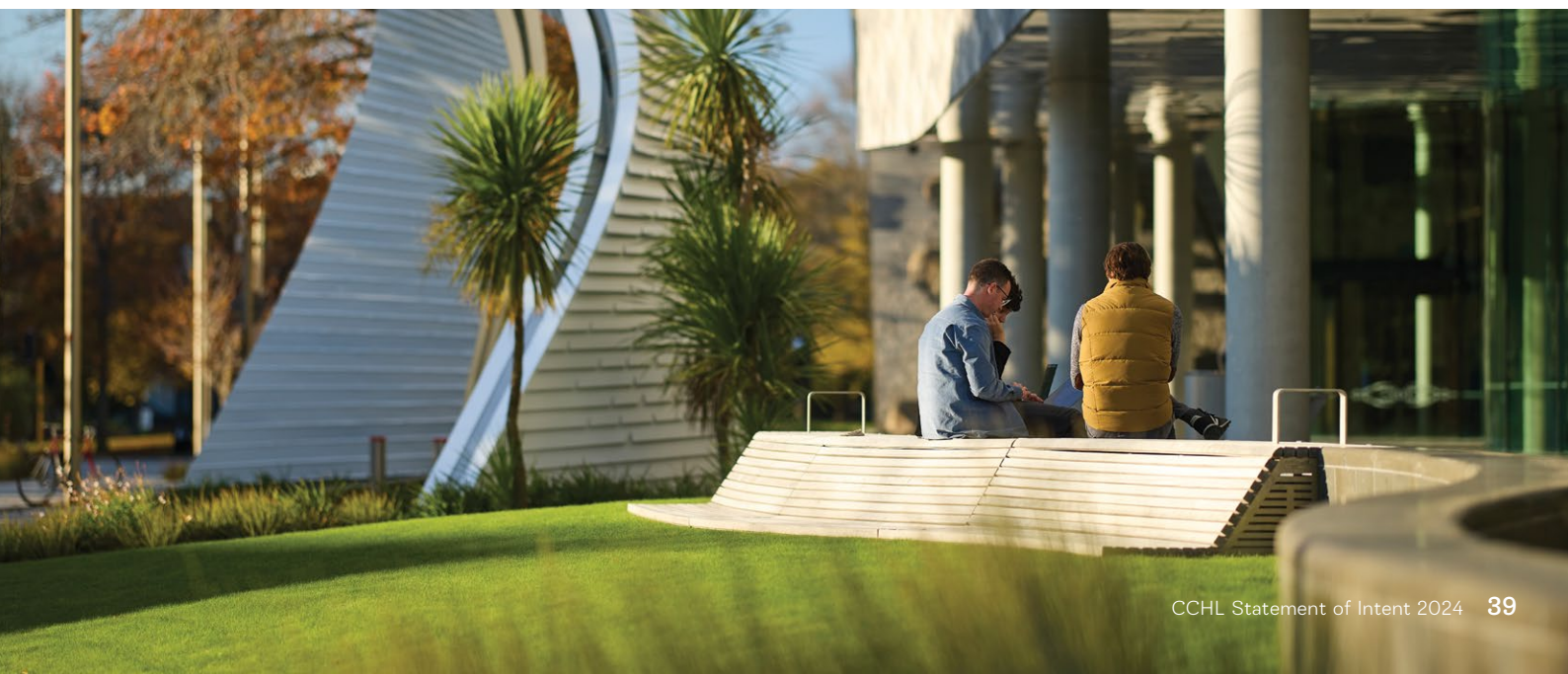
Each subsidiary submits a draft Sol annually, CCHL reviews the Sol, suggests any changes that may be considered appropriate, and then forwards the draft Sol to the Council for consideration.

Representatives of the subsidiary board and management meet with CCHL at least twice each year, to discuss the company's strategic direction and any significant issues that arise. The board also receives such other reports as are necessary to perform its monitoring function.

Board appointments

All directors of subsidiary companies are selected for their commercial expertise and aptitude in accordance with the Council's appointments policy, with specific consideration to supporting CCHL's diversity and inclusion policy.

When identifying the skills, knowledge, and experience required of directors of a subsidiary, CCHL will consider how knowledge of tikanga Māori may be relevant to governance of the entity.



NZX LISTING RULES

CCHL has listed Bonds on the NZX Debt Market. With this comes additional reporting requirements including:

- Continuous Disclosure requirements including material information in relation to CCHL that a reasonable person would expect, if it were generally available to the market, to have a material effect on the price of the Bonds.
- Compliance with Financial Reporting Act 2013 and Part 7 of the Financial Markets Conduct Act.

ACCOUNTING POLICIES

CCHL has adopted accounting policies that are consistent with New Zealand International Financial Reporting Standards, and generally accepted accounting practice.

The detailed accounting policies are available in our most recent annual report as published on our company website.

Refer <https://www.cchl.co.nz/annual-reports>

DISTRIBUTIONS TO SHAREHOLDER

The CCHL board will pay dividends to the shareholder after taking into account its profitability, debt levels, future investment requirements and the requirement to meet the solvency test under the provisions of the Companies Act 1993.

Forecast Dividend Payments

	FY24 \$m	FY25 \$m	FY26 \$m
ORDINARY DIVIDEND	50.7	57.2	51.1

The Board will declare and pay a dividend to its shareholder in June of the financial year in which it relates.

CCHL will continue to monitor the impact of macro-economic factors on the financial results of our subsidiaries and will continue to update regularly with its shareholder the impact on future dividends.

STATUTORY INFORMATION REQUIREMENTS

The company will provide an annual Statement of Intent in accordance with Section 64(1) of the Local Government Act 2002.

CCHL will submit an annual report within three months of each year end to the market and its shareholder, noting the five business day allowance provided by NZX listing rule 3.5.3. The annual report will include audited financial statements and commentary to permit an informed assessment of the company's performance and financial position during the reporting period, and to comply with the requirements of the Companies Act, Financial Reporting Act, Financial Markets Authority and the NZX listing rules.

CCHL Group will also prepare audited consolidated financial results within 60 days of each year end, noting the five business day allowance provided by NZX listing rule 3.5.3.

CCHL Group will also prepare an unaudited consolidated interim report to 31 December, which complies with NZ IAS 34 "Interim Financial Reporting". This will be prepared and released to the market within two months of each half year end, subject to the five business day allowance provided by NZX listing rule 3.5.3.

The company will provide regular updates to the Council on its activities and that of its subsidiary companies. It will operate on a "no surprises" basis in respect of significant shareholder-related matters, to the fullest extent possible in the context of commercial sensitivity, confidentiality agreements and NZX listing continuous disclosure requirements.

ACQUISITION/ DIVESTMENT POLICY

CCHL

In relation to the potential acquisition or divestment of assets/ investments (i.e. equity interests, shares, or equivalent) held directly by CCHL (parent entity), CCHL will seek Council approval of any transaction which results in a significant change to the ownership interest held by CCHL.

Subsidiary of CCHL

In relation to the potential acquisition or divestment of assets/ investments (i.e. equity interests, shares, or equivalent) by a subsidiary of CCHL (subsidiary entity), CCHL will adopt the following approach:

- If the transaction is a major transaction (as defined by the Companies Act), CCHL will consider the proposal, and as the shareholder of the subsidiary, CCHL is required to either approve or not approve the transaction. CCHL will consult with Council, prior to determining whether or not to approve the proposed transaction.
- If the transaction is material, but not a major transaction, CCHL will request that the subsidiary companies consult with CCHL prior to entering into the proposed transaction, and CCHL will inform Council under the “no surprises” policy.
- If the transaction otherwise requires shareholder approval from CCHL, CCHL will assess the transaction and determine whether or not to approve it, and CCHL will keep Council informed under the “no surprises” policy.
- Before a council-controlled organisation makes a decision that may significantly affect land or a body of water, it must take into account the relationship of Māori and their culture and traditions with their ancestral land, water, sites, wāhi tapu, valued flora and fauna, and other taonga.

ACTIVITIES FOR WHICH COMPENSATION IS SOUGHT FROM ANY LOCAL AUTHORITY

Currently there are no activities for which compensation will be sought from any local authority. The Council has a contingent liability up to \$1.5 billion in respect of uncalled issued capital in CCHL. There is no current intention to make a call on any uncalled capital.

COMMERCIAL VALUE OF SHAREHOLDER'S INVESTMENT

The Council's investment in CCHL as at 30 June 2022 was independently valued at \$2.6 billion. This valuation is updated annually based on independent advice.



CHRISTCHURCH CITY HOLDINGS LTD

Level 1, 151 Cambridge Terrace,
PO Box 1151,
Christchurch 8140,
New Zealand

