



# Statement of Intent

## 2019/20

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## 1 INTRODUCTION

This Statement of Intent (Sol) is prepared in accordance with Section 64(1) of the Local Government Act 2002. The Sol specifies for City Care Limited (Citycare or the Company) the objectives, the nature and scope of the activities to be undertaken, and the performance targets and other measures by which the performance of the Company may be judged in relation to its objectives.

The Sol is a public and legally required document, reviewed and agreed annually with the Shareholder, Christchurch City Holdings Ltd (CCHL) and covers a three year period. This Sol covers the period from 1 July 2019 to 30 June 2022.

Contact details for both the Chairman and Chief Executive Officer are Citycare's registered office:

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PO Box 7669, Christchurch  
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Web: [www.citycare.co.nz](http://www.citycare.co.nz)  
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Citycare is a Council-Controlled Trading Organisation (CCTO) for the purposes of the Local Government Act 2002.

## 2 OBJECTIVES

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

### 2.1. Vision and Values

Citycare's vision is to drive:

**Better people. Better places. Better communities.**

To support this, Citycare has embedded a set of values that ensure:

**We Discover. We Deliver. We Care.**

### 2.2. Strategic Priorities

Citycare's key strategic priorities and objectives are to:

- Deliver profitable and sustainable growth across all areas of the Citycare business, operating the business in a way that generates strong financial returns and dividend streams for the Shareholder (see Section 7).
- Deliver operational excellence that meets or exceeds client expectations, driving greater customer loyalty and value and maximising opportunities to develop vibrant, prosperous and sustainable 21<sup>st</sup> century cities (see Section 7.1).
- Continue to actively develop and deploy ideas, innovation and new disruptive technologies that enhance the products, processes and services provided to our clients and connect the communities Citycare operates in (see Section 7.2).
- Further expand our sustainability agenda through support of social enterprises, active involvement in local communities and environmental change leadership, to help meet the needs of today without compromising needs of future generations. (see Section 7.3 and 7.4).

- Continue to be wholly committed to the safety and wellbeing of our employees and of the many subcontractors and suppliers we work with (see Section 7.5).
- Wear the 'first responder' badge with pride and respond passionately, responsibly and safely to any event or emergency, always displaying an innate empathy for the impacted communities (see Section 7.6).

### **3 NATURE AND SCOPE OF ACTIVITIES**

Citycare delivers infrastructure design, maintenance, asset management/optimisation and construction services. The Citycare sector-led, operational delivery model includes the:

- Design, maintenance and construction for water, wastewater and stormwater networks, with a focus on smarter management and optimisation of water sector infrastructure assets to ensure safe and sustainable water supply through Citycare Water;
- End-to-end construction and maintenance of public and private building and greenspace facilities through Citycare Property; and
- Roading, landscapes and subdivisions construction and maintenance through Citycare Civil.

Citycare has a 75% shareholding in Apex Environmental Limited and enjoys a range of collaborative working partnerships, including Joint Ventures and subsidiary company ownership models. The Company's current area of operations is New Zealand and it is open to investigating opportunities in Australia and the Pacific, in circumstances where there are synergies with the existing business.

### **4 GOVERNANCE**

Citycare's Board of Directors are responsible for the corporate governance of the Company. The Board and management are committed to ensuring the Company operates to the recognised principles of best practice governance and adheres to high ethical standards.

This statement presents an overview of the main corporate governance policies of the Company.

#### **4.1 Board Role and Responsibility**

Citycare's Board of Directors is appointed by the Shareholder and is responsible for the direction and control of the Company's activities. The primary objective of the Board is to build long-term Shareholder value with due regard to other stakeholder interests. The Board does this by setting strategic direction and context and focusing on issues critical for its successful execution.

The role and responsibilities of the Board are formalised in the Board Charter, which is reviewed periodically. The purpose of the Board Charter is to provide high standards of corporate governance and to clarify the Board's role and responsibilities. Some of the Board's responsibilities are delegated to Board Committees. The roles of the committees are described in Section 4.11.

The Board has delegated to the Chief Executive Officer the day-to-day leadership and management of the Company. The Chief Executive Officer has formally delegated certain authorities to direct reports and has established a formal delegated authority framework for those direct reports to sub-delegate as appropriate.

The Board endorses and adheres to the principles of the Institute of Directors of New Zealand and the Four Pillars of Governance Best Practice for New Zealand Directors.

## **4.2 Responsibility to Shareholder**

In accordance with Section 64 of the Local Government Act 2002, the Company will submit to the Shareholder a draft Sol by 28 February 2019, for the coming financial year. The Sol sets out the objectives, activities, intentions, financial and performance targets.

After due consideration and discussion with the Shareholder and completion of the annual business planning and budgeting, the final Sol is approved by the Board of Directors and delivered to the Shareholder in June 2019.

## **4.3 Board Composition**

The Company's Constitution provides that the Board will consist of a maximum of seven Directors. Currently the Board comprises six independent non-executive Directors and an Associate Director from the Shareholder. The Company fully supports the Shareholder's Associate Director Programme which aims to enhance the governance capability of senior leaders who are embarking on a governance career, offering emerging directors the opportunity to accelerate their boardroom experience through a 12-month period as an Associate Director on one of the CCHL group of companies' boards.

Directors retire and are eligible for re-election by rotation in accordance with CCHL Policy on Appointment and Remuneration of Directors September 2007. Retiring Directors are eligible for re-election.

The Shareholder has the right to appoint a Chairman and, if it considers appropriate, a Deputy Chairman for such periods as it sees fit. If the Shareholder does not exercise that right, then the Board may elect their own Chairman or Deputy Chairman. The Board currently does not have a Deputy Chairman.

The Chairman's role is to manage and provide leadership to the Board and to facilitate the Board's interface with the Chief Executive Officer, who is not a member of the Board.

## **4.4 Conflicts of Interest**

The Board is conscious of its obligations to ensure that Directors avoid conflicts of interest (both real and apparent) between the Company and their own interests. The Board Charter outlines the Board's policy on conflicts of interest. Where conflicts of interest do exist at law, then the Director/s concerned must disclose their interest, excuse themselves from any Board discussions and not receive any Board papers in respect of those interests.

The Company maintains a Board and Management Interests Register and reviews this register at each Board meeting. Citycare's Conflict of Interest Policy clearly outlines corporate and employee expectations related to actual and potential conflicts of interest and provides a substantive framework to manage this.

## **4.5 Nominations and Appointment of New Directors**

The procedures for appointing and removing Directors are governed by the Company's Constitution. When considering candidates to act as Director, the Shareholder considers such factors as it deems appropriate, including the experience, qualifications, availability and judgement of a candidate, and the candidate's ability to work alongside other Directors.

## **4.6 Board Meetings**

Each year there are 12 scheduled meetings of the Board. The Board also meets as required between the scheduled meetings.

The Chairman and Chief Executive Officer establish meeting agendas to ensure adequate coverage of all key issues. The Directors generally receive Board papers one week in advance of Board meetings, except in the case of special meetings for which the time period may be shorter.

The Board encourages scheduled presentations at Board meetings by managers who can furnish additional insight into items being discussed or who have future potential that could or should be demonstrated to the Board.

Directors are entitled to have access, at all reasonable times to all relevant Company information and to the Company's management team. Any Director is entitled to obtain independent professional advice relating to the affairs of the Company or to his or her other responsibilities as a Director. If a Director considers such advice necessary, the Director shall first gain the approval of the Chairman, and having done so, shall be free to proceed.

The Board meets regularly in Director-only sessions, without the Chief Executive Officer or other management present.

#### **4.7 Director Induction and Education**

Upon appointment to the Board, all new Directors undergo a tailored induction programme appropriate to their experience to familiarise them with Citycare's business and strategy. The programme includes one-on-one meetings with management and visits to key Company sites.

Directors are expected to keep themselves informed of changes and trends in the Company's business and in the environment and markets in which the Company operates.

All Directors undertake continuous development so that they may appropriately and effectively perform their duties.

#### **4.8 Board Performance Review**

The Board reviews its own performance and the performance of the Chief Executive Officer regularly. The process includes one-on-one meetings between the Chairman and each Director, as well as regular Board discussions on governance and performance issues.

#### **4.9 Chief Executive Officer Performance Review**

The Board reviews the performance of the Chief Executive Officer against key performance objectives at least once a year.

#### **4.10 Director & Officer Insurance**

The Company has arranged liability insurance for Directors and Officers. This insurance ensures that, generally, Directors will incur no monetary loss as a result of actions undertaken by them as Directors of the Company arising out of acts or omissions of Directors and employees in their capacity as such. Insurance is not provided for dishonest, fraudulent, malicious or wilful acts or omissions.

The Company indemnifies the Directors and holds them harmless, to the extent possible by law and as allowed under the Company's Constitution, against any proceedings incurred, suffered or expended by or threatened against the Directors with respect to any act or omission in their capacity as a Director. The indemnity excludes: gross negligence or wilful default, deliberate action outside the scope of the delegated authority, criminal liability, breaches of duty under section 131 of the Companies Act 1993 and any other liability for which giving an indemnity is prohibited by law.

#### **4.11 Board Committees**

The Board has three formally constituted committees, the Risk, Audit and Finance Committee, the Health & Safety Committee, and the People & Culture (previously *Remuneration*) Committee. These committees all have Board-approved Terms of Reference outlining the committees' authority, duties, responsibilities and relationship with the Board. Other committees may be established as and when required.

### ***Risk, Audit and Finance Committee***

The objective of the Risk, Audit & Finance Committee is to provide independent assurance and assistance to the Board on the Company's risk, control and compliance framework, and its external accountability and reporting responsibilities.

The Risk, Audit & Finance Committee is chaired by a Director who is not the Board Chairman. It comprises of non-executive members of the Board as appointed by the Board from time to time. The Chief Executive Officer and Chief Financial Officer also attend meetings but are not members of the committee. Any non-executive Directors who are not committee members may also attend meetings of the committee.

The Risk, Audit & Finance Committee shall assist the Board in discharging its responsibility to exercise due care, diligence and skill in relation to:

- Risk management and systems of internal control;
- General business practice assurance including compliance with applicable laws and regulations (health and safety matters specifically excluded) and protection of assets;
- Reporting of financial information and regulatory disclosure requirements (including all related audit matters);
- Financial management; and
- Any other matters as delegated by the Board.

Meetings are scheduled during the year to coincide with the timing of the various responsibilities of the committee. The committee has direct communication with and unrestricted access to the external and internal auditors.

In fulfilling its responsibilities, the Risk, Audit & Finance Committee receives regular reports from management as well as the internal and external auditors. The Risk, Audit & Finance Committee meets (at least) annually with the external auditor without the presence of management.

The committee makes recommendations to the Board for its consideration.

### ***Health & Safety Committee***

The objective of the Health & Safety Committee is to provide independent assurance and assistance to the Board and Chief Executive Officer on the Company's health and safety performance, systems and processes, compliance and reporting responsibilities.

The Health & Safety Committee comprises two non-executive Directors of the Board as appointed by the Board. The Citycare Chief Executive Officer, EGM People, Culture and Safety, operational EGMs and no less than three field staff are required to attend the Health & Safety Committee meetings but are not members of the committee. Any non-executive Directors who are not committee members may also attend Health & Safety Committee meetings.

The Health & Safety Committee's main responsibilities are to ensure that the Company has effective systems and processes to continue to provide the best practicable health and safety performance, and to assist the Board in fulfilling its strategy, policy, systems oversight, monitoring and corporate governance responsibilities in relation to health and safety matters arising out of Citycare's activities as they affect employees, contractors, visitors, customers and the communities in which Citycare operates.

Four meetings are held each year and members of the Committee will also undertake site visits.

In fulfilling its responsibilities, the Health & Safety Committee receives regular reports from management through the Board reporting process. It also receives incident information whenever significant events occur. The need for access to auditors, legal or independent professional advice is to be determined by the committee as and when required to fulfil its obligations.

The committee makes recommendations to the Board for its consideration if required.

### ***People & Culture Committee***

The objective of the People & Culture Committee is to provide independent assurance and assistance to the Board on the Company remuneration strategy, the Company's people related strategies and Chief Executive Officer's employment conditions.

The People & Culture Committee comprises two non-executive members of the Board as appointed by the Board – currently the committee Chair is the Board Chairman.

The frequency of meetings is determined by the committee Chair to align with the Company remuneration cycles.

The People & Culture Committee shall assist the Board in discharging its responsibility to exercise due care, diligence and skill in relation to:

- the remuneration strategy and any frameworks;
- the remuneration arrangements, including any incentive plans for the Chief Executive Officer and other Executive team members;
- the remuneration, recruitment, retention and termination policies and practices with regard to the Chief Executive Officer;
- the People & Culture strategy and high level initiatives;
- reviewing succession plans for the Executive team and providing assurance that there are robust succession planning processes in place;
- reviewing the training and development plans for the Executive Team; and
- the Company's disclosure obligations for executive remuneration reporting.

In fulfilling its responsibilities, the People & Culture Committee seeks and receives independent advice and timely evaluation reports on current market remuneration information.

The committee makes recommendations to the Board for its consideration.

## **4.12 Controlling and Managing Risk**

***Risk Management*** – The Company has a formal risk management framework which identifies the key risks and outlines the appropriate risk management and mitigation plans. The risk management framework is reported to and reviewed by the Board quarterly and delegated to the Risk, Audit & Finance and Health & Safety Committees where appropriate. Mitigation plans are controlled and administered by Management.

***Performance*** – The Board sets the strategic direction of the Company and participates in developing strategic plans, approves budgets and monitors Company performance monthly.

***Insurance*** – The Board satisfies itself that adequate insurance is in place for the Company's size and risk profile. External advice is received by the Board as appropriate.

**Health and Safety** – The Board reviews health and safety performance at every Board meeting. This is further supported by the Board Health & Safety Committee which reviews Company health and safety policies, hazard assessments, and regularly monitors the Company’s health and safety performance.

## 5 FINANCIAL

The financial performance targets as detailed in Table 1 show the revenue, profit and financial ratio expectations for the next three years.

**Table 1 – Medium-term Financial Targets**

\$000’s	2019/20	2020/21	2021/22
Revenue (Group)	299,830	308,469	320,942
Net Profit After Tax (Group)	2,859	4,328	5,352
Return on Average Equity (Group)	5%	7.3%	8.7%
Shareholder Funds to Total Assets (Group)	50.4%	51.4%	52.8%

**Table 2 – Medium-term Financial Targets – Apex Environmental Ltd**

\$000’s	2019/20	2020/21	2021/22
Net Profit After Tax	295	359	441

### 5.1 Revenue

The Company’s year-on-year forecasted revenue growth of 3-4% p.a. assumes a continuance of challenging market conditions. The heightened competition across all industry Sectors that Citycare operates in and a progressive downturn of the construction market since 2017 has contributed to a reduction of margin for new long-term maintenance and construction contracts.

No acquisitions have been forecast during the period and any potential acquisitions would be considered on their merits. Included in the Group financial targets are the Apex Environmental Limited financial targets.

### 5.2 Net Profit after Tax

This forecast is dependent on maintaining revenue growth, reducing costs and improving operating efficiency, whilst continuing to invest in its people, systems and innovation platform.

### 5.3 Return on Average Equity

During the three year forecast period, the Company’s financial gearing is expected to remain at an acceptable level, with close compliance management of banking covenants.

The balance sheet will allow for funding of future growth opportunities and appropriate investment in new technologies, plant and equipment.

## 6 DIVIDENDS

The Company is focused on revenue and profitable growth to create opportunities for shareholder value and dividend growth. Citycare's strategy, outlined in Section 7, is designed to deliver this profitable growth, driving sustainable value over the long-term, whilst supporting the Shareholder with a strong dividend stream.

The Directors have considered the current dividend policy and, having regard for the current financial position and the investment required for the business over the forecast period, consider that a dividend policy of 50% of NPAT is sustainable.

Ordinary dividends are paid in two instalments in March of each financial year and October of the following financial year. Any dividends will be paid to the Shareholder after taking into account the Company's profitability and future investment requirements. The Board will determine the dividends payable after considering the Company's funding requirements and the requirement to meet the solvency test under the provisions of the Companies Act 1993.

In line with the Christchurch City Council Capital Release, Citycare continues to review its dividend policies to ensure the sustained maximisation of dividend returns over the remainder of its capital release programme (through to 2020).

To assist the Shareholder with budgeting, the forecast ordinary dividends payable to the Shareholder are detailed in Table 3.

**Table 3 – Shareholder Dividend Distribution**

\$000's	2019/20	2020/21	2021/21
Ordinary Dividend Paid (Group)	715	1,797	2,420

## 7 STRATEGY

### 7.1 Strategic Focus

Citycare's strategic focus 2019-22 is to improve profitability, enhance customer relationships and to establish a more complete Sustainability footprint, through delivering against the strategic priorities laid out in Section 2.2. Aligned with this is a relentless commitment and drive to improve the Company's safety performance and to continue to prioritise the health, safety and general wellbeing of all Citycare employees and supply partners.

The sector-led business model the Company moved to in 2017 is now well-understood both by our existing and prospective customers. Citycare continues to drive safe operational excellence across each of these key sectors, in particular when it comes to the successful introduction of new ideas, innovation and relevant disruptive technologies that help the company to drive greater operational efficiencies and more customer value through our products and services.

### 7.2 Innovation and Disruptive Technologies

Citycare is wholly committed to exploiting the growing convergence between OT (Operational Technology) and IT (Information Technology) and to demonstrate thought leadership through stimulating and supporting relevant and practical disruption opportunities that optimise assets or drive maintenance productivity benefits. To this end, the Company has signed a partnership deal with a Christchurch-based IoT sensor device design and manufacturing business (PiP IoT), which includes exclusive NZ distribution

of their fit-for-purpose sensor devices, enabling Citycare to provide its customers with (near) real-time asset intelligence.

This is aligned to a growing wave of customer interest in Big Data and Artificial Intelligence (AI) technology and supports Citycare’s continued investment in its EventManager job management platform and in empowering our people to share, develop and drive their own productivity enhancing ideas.

Re-positioning Citycare as thought leaders and innovation adopters will in turn drive a virtuous circle opportunity that weaves value into Citycare’s service proposition, while also enhancing customer and industry perception of Citycare – as industry innovators.

**7.3 Sustainability and Environmental Leadership**

In 2018 Citycare updated its Sustainability Charter and Framework, aligning it with the UN Sustainable Development Goals and establishing a re-invigorated platform for future sustainability and environmental performance metrics and ambition. Focusing on the 7 of the 17 articulated UN Sustainable Development Goals where Citycare can drive the most positive sustainability leadership, the key to continued success is in maintaining close collaboration with key clients, subcontractors and suppliers, increasingly basing supplier and partner procurement decisions on aligned sustainability and environmental leadership goals.

This approach recognises, in a holistic way, the importance of the economic wellbeing of Citycare’s customer relationships, the engagement and diversity of our workforce in the same vein as Citycare’s commitment to climate action and responsible environmental consumption.



The framework continues to include rigour around initiatives that reinforce Citycare’s commitment to reducing Greenhouse Gas Emissions.

The Company’s commitment to creating healthy environments, prevention of pollution and sustainability of natural resources is reflected through ISO14001 environmental management certification.

Citycare has also committed to constantly challenge itself to promote workforce diversity, focusing in particular on retention and attraction strategies that stimulate more interest in areas our industry sectors have not typically been strong in attracting (e.g. the youth market, female field workers, etc.).

**7.4 Stronger Communities**

Under the Sustainable Development Goal related to *Sustainable Cities and Communities*, Citycare’s Community Guardians platform is an umbrella vehicle for all community initiatives being embarked on or supported by the Company nationwide. This enables Citycare to more clearly demonstrate the role of the Company in the achievement of sustainable and meaningful community outcomes aligned with client expectations.

The Community Guardians platform moves Citycare away from a more traditional community sponsorship space, into an arena where it is facilitating and enabling community partnerships and action, thereby driving social impact aligned with local government interest in community connection and positive social, cultural, environmental and economic outcomes.

## **7.5 Health & Safety**

To improve the Company's safety performance, Citycare continues to foster a behavioural-led competency culture supported by relevant and accessible tools. The focus has been on placing individuals at the centre of their own safety environment. Key to this journey has been the development of a new, singular Health and Safety Framework and a program of process simplification. This included a review of critical risks to ensure the primary focus of all Citycare teams is on identifying and mitigating the areas and activities with the most potential for harm.

To assist with this, the Company benchmarks its performance against similar organisations, through active participation in the Business Leaders' Health & Safety Forum. This includes the continued drive of a number of initiatives aimed at improving risk management and demonstrating visible health and safety leadership.

Citycare is also a tertiary level member of the ACC Accredited Employer Programme and complies with NZS4801 certification, which will be replaced by ISO45001 certification in the last quarter of 2019.

## **7.6 Emergency Response**

Citycare is proud of its track record as a first responder to natural disasters (earthquakes, fires and flooding) and it continues to invest in processes, systems, people and plant to meet the Company's contractual obligations to respond to emergency situations and call-outs. We have some 1250 trained field staff, administrative support, project support and management staff, along with associated plant and equipment available nationwide to respond or work on emergency related tasks.

This is underpinned by a comprehensive Business Continuity Plan able to be activated in the event of any significant incident, which draws on first-hand experience of a number of challenging emergency incidents and disaster response situations.

## **7.7 Investment**

Citycare will continue to drive innovation, its safety culture and business growth through the appropriate investment in people, systems and acquisitions. This investment is well-managed at all levels, through a robust delegated authority matrix and a comprehensive due diligence process that includes advice and guidance from both the leadership team and the Board.

Similarly, all new capital investment demands presentation of a sound business case, including the associated risk profile and projected ROI and NPV. This is further supported by a full investment review one year on for all investments, business acquisitions or new purchases that require Board approval.

Citycare also acknowledges that there may be commercial opportunities within, or in partnership with, other CCHL group companies and will work with them, where appropriate, to explore any opportunities that could be mutually beneficial. As a larger purchaser of materials and equipment around New Zealand, Citycare actively participates in the 'All of Government' procurement initiative to maximise the value from this spend.

## **7.8 Remuneration**

Citycare is conscious of its public accountability in the setting of remuneration which is closely managed by the Board.

The Company is taking positive steps towards achieving Living Wage for all direct employees, within a three-year period, recognising that training and staff development programmes that move an employee above the Living Wage during or at the end of their training period forms part of this achievement.

The key principles related to Citycare employee remuneration are to ensure that the remuneration level continues to provide the ability to attract, retain and motivate suitably competent employees whilst also being fair and equitable, flexible and transparent.

In support of this transparency, Citycare:

- delegates financial authorities for hiring of new employees and remuneration setting;
- undertakes an annual staff appraisal and remuneration review process;
- subscribes to and participates in the Strategic Pay market remuneration surveys; and
- participates in a scheme where a portion of the total remuneration of selected management is At Risk and paid on the achievement of Board-approved financial and non-financial targets.

## 7.9 Performance Targets

The performance targets outlined in Table 4 below act as specific progress metrics against the above articulated growth strategy for Citycare.

**Table 4 – Performance Targets**

Target	Performance Measure short term (2019/20)	Performance Measure mid term (2020/21)	Performance Measure long term (2021/22)
<b>Client Satisfaction</b>	<ul style="list-style-type: none"> <li>• Positive Net Promotor Score (NPS) year-on-year based on an annual survey of &gt;5 key customers.</li> </ul>	<ul style="list-style-type: none"> <li>• Positive Net Promotor Score (NPS) year-on-year based on an annual survey of &gt;5 key customers.</li> </ul>	<ul style="list-style-type: none"> <li>• Positive Net Promotor Score (NPS) year-on-year based on an annual survey of &gt;5 key customers.</li> </ul>
<b>Sustainability</b>	<ul style="list-style-type: none"> <li>• 20% of new (non-operational) passenger vehicles purchased or leased to be hybrid or EV (excludes vehicles procured through acquisitions)</li> <li>• Annual reduction of 2% Company-wide greenhouse gas emissions normalised against annual turnover</li> </ul>	<ul style="list-style-type: none"> <li>• 25% of new (non-operational) passenger vehicles purchased or leased to be hybrid or EV (excludes vehicles procured through acquisitions)</li> <li>• Annual reduction of 2% Company-wide greenhouse gas emissions normalised against annual turnover</li> </ul>	<ul style="list-style-type: none"> <li>• 30% of new (non-operational) passenger vehicles purchased or leased to be hybrid or EV (excludes vehicles procured through acquisitions)</li> <li>• Annual reduction of 2% Company-wide greenhouse gas emissions normalised against annual turnover Company</li> </ul>
<b>Health and Safety</b>	<ul style="list-style-type: none"> <li>• &lt;20 incidents requiring notification to WorkSafe</li> <li>• &lt;2 WorkSafe investigations</li> <li>• Maintain NZS4801 Health &amp; Safety Management accreditation</li> </ul>	<ul style="list-style-type: none"> <li>• &lt;15 incidents requiring notification to WorkSafe</li> <li>• &lt;1 WorkSafe investigations</li> <li>• Maintain ISO45001 Health &amp; Safety Management accreditation</li> </ul>	<ul style="list-style-type: none"> <li>• &lt;10 incidents requiring notification to WorkSafe</li> <li>• &lt;1 WorkSafe investigations</li> <li>• Maintain ISO45001 Health &amp; Safety Management accreditation</li> </ul>
<b>Employee Engagement</b>	<ul style="list-style-type: none"> <li>• &gt;16% of workforce to be female</li> <li>• Run an employee survey related to attitudes to</li> </ul>	<ul style="list-style-type: none"> <li>• &gt;18% of workforce to be female</li> <li>• Action items related to 3 primary findings from 2019 employee survey on</li> </ul>	<ul style="list-style-type: none"> <li>• Achieve Living Wage or higher for all direct CCL employees</li> <li>• &gt;20% of workforce to be</li> </ul>

	Diversity in the workforce	attitudes to Diversity in the workforce	female
<b>System Management</b>	<ul style="list-style-type: none"> <li>Maintain ISO-accredited systems</li> </ul>	<ul style="list-style-type: none"> <li>Maintain ISO-accredited systems</li> </ul>	<ul style="list-style-type: none"> <li>Maintain ISO-accredited systems</li> </ul>
<b>Innovation</b>	<ul style="list-style-type: none"> <li>Develop and implement &gt;3 new ideas that drive a significant productivity benefit for one of our key clients</li> </ul>	<ul style="list-style-type: none"> <li>Develop and implement &gt;4 new ideas that drive a significant productivity benefit for one of our key clients</li> </ul>	<ul style="list-style-type: none"> <li>Develop and implement &gt;5 new ideas that drive a significant productivity benefit for one of our key clients</li> </ul>
<b>Community</b>	<ul style="list-style-type: none"> <li>Establish 1 x Community Guardian client reference site</li> <li>Collaborate with &gt;1 Social Enterprises</li> <li>Coordinate safe delivery of &gt;10,000 volunteer hours</li> </ul>	<ul style="list-style-type: none"> <li>Collaborate with &gt;2 Social Enterprises</li> <li>Coordinate safe delivery of &gt;12,000 volunteer hours</li> </ul>	<ul style="list-style-type: none"> <li>Collaborate with &gt;3 Social Enterprises</li> <li>Coordinate safe delivery of &gt;15,000 volunteer hours</li> </ul>

**Table 5 – Performance Targets (Apex Environmental Ltd)**

Target	Performance Measure short term (2019/20)	Performance Measure mid term (2020/21)	Performance Measure long term (2021/22)
<b>Client Satisfaction</b>	<ul style="list-style-type: none"> <li>Positive Net Promotor Score (NPS)</li> </ul>	<ul style="list-style-type: none"> <li>Positive Net Promotor Score (NPS)</li> </ul>	<ul style="list-style-type: none"> <li>Positive Net Promotor Score (NPS)</li> </ul>
<b>Innovation</b>	<ul style="list-style-type: none"> <li>Identify two new products or technologies to bring to market</li> </ul>	<ul style="list-style-type: none"> <li>Identify two new products or technologies to bring to market</li> </ul>	<ul style="list-style-type: none"> <li>Identify two new products or technologies to bring to market</li> </ul>

## 8 INFORMATION TO BE PROVIDED TO THE SHAREHOLDER

### 8.1 No surprises

Noting that CCHL has a debt security listed on the NZX, Citycare acknowledges that, as a CCHL subsidiary, it is under continuous disclosure requirements as set out in Section 10.1 of the NZX rules, as it would apply to the CCHL group.

Further to this, the Company will continue to operate on a ‘no surprises’ basis in respect of significant Shareholder-related matters, notwithstanding context related to matters of commercial sensitivity and/or with confidentiality obligations. This is to include as much advance notification as possible pertaining to issues that may:

- have a material financial impact on Shareholders;
- have adverse implications on the Company or Shareholders’ reputation; or
- give rise to unsolicited or adverse media enquiries/content.

## **8.2 Statement of Intent**

The Sol will be submitted to the Shareholder annually, as required by the Local Government Act 2002. The Directors will include any other information they consider appropriate. Where appropriate revised forecasts and/or senior executive remuneration changes will be submitted to the Shareholder as required.

## **8.3 Annual Report**

An Annual Report will be submitted to the Shareholder and will include audited financial statements and such other information as necessary to permit an informed assessment of the Company's performance and financial position during the reporting period.

The reports will outline the Company's objectives and performance in terms of financial, environmental and social inputs, outputs and outcomes, as well as performance against the stated Sol targets.

Citycare will provide further information requested by the Shareholder in accordance with the requirements of the Local Government Act 2002.

## **8.4 Quarterly Reporting**

Quarterly Reports will be provided to the Shareholder. These reports will include financial results for the year to date, performance compared to Sol and an operational overview. It will also report on the management of health and safety risks, legislative compliance and risk management within the Company.

## **9 ACQUISITION/DIVESTMENT PROCEDURES**

The subscription or acquisition of securities in any company or organisation, or a divestment of part of the existing business, will only be considered where it is consistent with the long-term commercial objectives of Citycare. When the subscription, acquisition or divestment is considered by the Board to be significant to the Company's business operations, it will be subject to consultation with the Shareholder. Major transactions as defined by the Companies Act 1993, Section 129(2), will be subject to the Shareholder's approval by special resolution.

Where the Company decides to incorporate or subscribe for shares in subsidiaries to undertake its commercial activities, the Company will ensure effective management. Board control of any subsidiary is exercised by Citycare's Directors and staff.

## **10 SPECIAL SHAREHOLDER REQUESTS**

At the request of the Shareholder, the Company may undertake activities that are not consistent with normal commercial objectives. Specific financial arrangements will be entered into to meet the full commercial cost of providing such activities. Currently, no such activities are undertaken or contemplated.

## **11 ESTIMATE OF COMMERCIAL VALUE OF SHAREHOLDER'S INVESTMENT**

Citycare estimates the commercial value of our Shareholders' investment in the Citycare Group is at least that which is stated as Shareholders' equity in our audited financial statements. We reassess this value annually when we prepare our audited financial statements.

## **12 ACCOUNTING POLICIES**

Citycare has adopted accounting policies that are consistent with New Zealand International Financial Reporting Standards, generally accepted accounting practice and the policies adopted by the Christchurch City Council group. The detailed accounting policies are available in our most recent Annual Report, which is published on our Company website.

Citycare is committed to working with the Shareholder as it moves towards an 'Integrated Reporting' or 'ESG' (Environmental, Social and Governance) reporting framework to better focus on and clearly articulate what matters.