

Statement of Intent

Year ending **30 June 2024**



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INTRODUCTION

This Statement of Intent ("SoI") is prepared by the Board of Directors of Christchurch International Airport Ltd ("CIAL") in accordance with Section 64(1) of the Local Government Act 2002.

CIAL has five wholly owned subsidiaries. These wholly owned subsidiaries are currently non-trading and are not holding any assets or liabilities.

This SoI sets out for CIAL (and subsidiary companies) 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.

CIAL's achievements against the objectives outlined in last year's Statement of Intent are referred to in this year's Annual Report.

The SoI is a public and legally required document, reviewed and agreed annually with its shareholders and covers a three-year period. This SoI covers the period from 1 July 2023 to 30 June 2026.

Contact details for both the Chair and Chief Executive are CIAL's registered office:

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Christchurch International Airport
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Telephone: +64 3 358 5029

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Christchurch International Airport Ltd is a council-controlled trading organisation ("CCTO") for the purposes of the Local Government Act 2002.

NATURE AND SCOPE OF ACTIVITIES

CIAL's core activity is the safe and efficient operation of airport facilities, facilitating air connectivity through the provision of appropriate landside and airside infrastructure, to meet the needs of all airport users (including both commercial and non-commercial aviation users), our customers, staff and the travelling public. This includes pursuing commercial opportunities with wider complementary products, services and business solutions where needed.

CIAL will also look to utilise the culture, skills, knowledge and experience gained from the series of major external events over the past decade, to continue to diversify its business by proactively investigating opportunities to expand our footprint into new geographies and disciplines, and partner our strengths – our knowledge, experience and expertise.

PRINCIPAL OBJECTIVES

CIAL's key objective is to operate as a successful commercial entity and through that deliver and balance sustainable benefits to customers, the travelling public, the regions it serves and its staff while delivering growth in dividends and long-term value to shareholders in line with our shareholders long-term investment horizon.

Consistent with this primary objective, CIAL will:

- provide well-designed and maintained airfield and terminal infrastructure that delivers the required outcomes for CIAL and existing/potential customers, with an emphasis on safe, resilient and efficient airside activities
- pursue initiatives to grow shareholder value and provide sustainable, diversified and profitable revenue streams, including continuation of an appropriate level of investment in, and development of, the company's property and land holdings. Inter-generational projects are handled on a project-by-project basis, separate to operational activity
- ensure the company adopts a sustainable approach to the operation of all its activities (including climate, water, circularity and energy) and pursue a commitment to protecting the environment, minimising use of natural resources where possible and improving the quality of life for our communities
- exhibit a good sense of social responsibility by having regard to the interests of the communities in which it operates
- recognise the importance of maintaining a strong and positive relationship with Iwi and mana whenua across all of the South Island
- focus on the health, safety and wellbeing of our people through fostering and facilitating a culture with strong safety values, a strategic approach to risk management and a robust safety management system

- utilise the culture, skills, knowledge and experience developed at the Christchurch campus to proactively investigate opportunities to build further depth, diversification and resilience through expanding our footprint into new geographies and disciplines and partnering our strengths, where they will enhance the provision of aviation services across regional New Zealand to the benefit of all stakeholders
- champion the economic, social and environmental wellbeing of the South Island and New Zealand
- recognise that disruption in many forms will be a constant over the coming years and hence adopt an open-minded, self-driven creative disruption process to our revenues and operating structures. Partnering and innovation will continue to be important components of how we will approach this
- be a fair employer in providing a workplace that values people, celebrates inclusiveness and diversity and supports people leading themselves and developing skills to lead others. Ensures all are fairly rewarded

STRATEGIC CONTEXT

Quick Recap

The 2014-2019 period was focused on the rebuild of aviation volumes and the re-engineering of CIAL as a diversified portfolio business. 50% of all shareholder value across CIAL's then 82-year history (circa \$680m) was created since 2014.

The 2020-2022 years were heavily characterised by the global pandemic and CIAL's approach over this period was to remain true to our core philosophy of stakeholder equity, balancing supporting the needs of customers, staff and shareholders.



During this period CIAL provided over \$50m in customer support, preserved employment of core staff, maintained shareholder value and paid just under \$30m in dividends, whilst preserving our balance sheet with current debt levels having been managed to a level essentially unchanged from where they were two years ago.

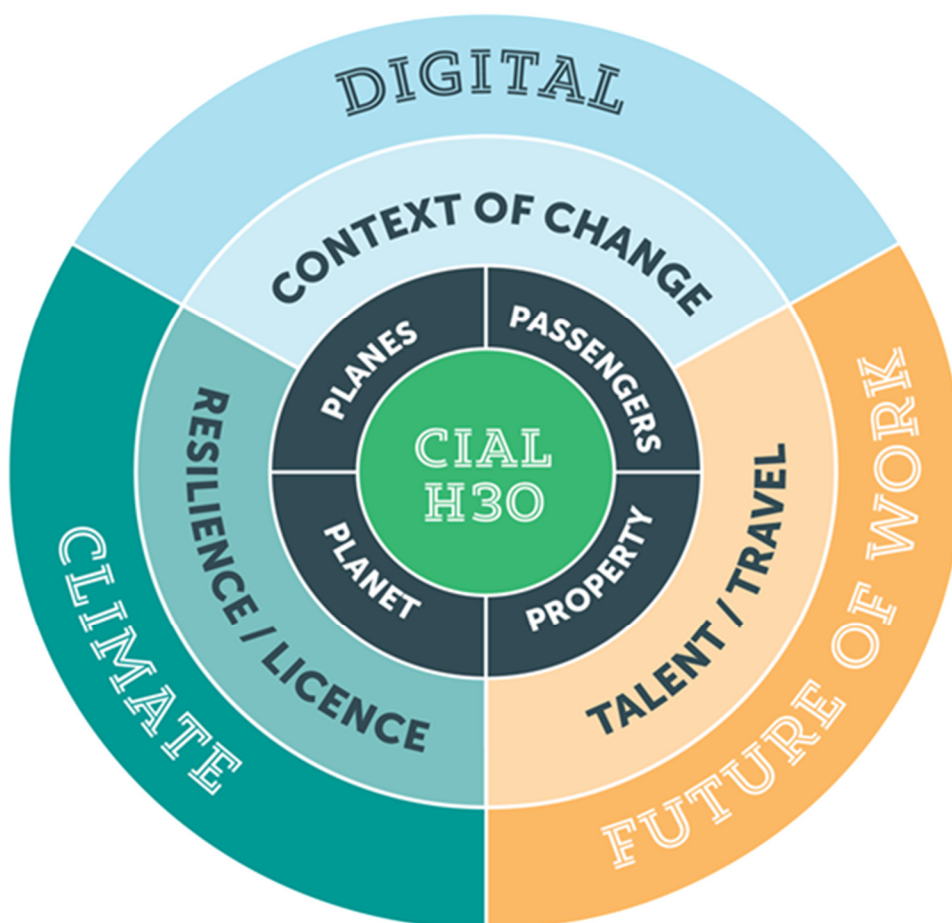
FY23 has triggered a transition to a post-pandemic environment with CIAL being in a strong position to restart and grow our engine room at our home base of Ōtautahi Christchurch.

Whilst the current tailwinds and headwinds within CIAL's operating environment are highlighted in the 'Financial Performance Targets' section of this SoI, it should be remembered that aviation is an inherently volatile sector.

This volatility coupled with the increasing frequency of high impact events that were once considered to occur with a very low likelihood (i.e. '1 in 100-year events'), means trading conditions can be materially and quickly impacted. Having a diverse, portfolio business is key to managing this risk.

Horizons 2030

In FY23, CIAL undertook a review of its long-term strategy out to 2030 and developed an updated enterprise strategy, referred to as Horizons 2030 ('H30').



H30 looked at three time periods, long-term (FY30 and beyond), medium term (FY26-FY29) and short term (FY23-FY25).

Long Term: the long-term macro trends present in 2019 remain relevant in 2023. These are Digital Transition, Climate Change and the Future of Work. The pandemic has accelerated aspects of these macro trends and it is these trends that will shape the environment for CIAL over the next decade and beyond. These trends will create disruption in many sectors, presenting as many opportunities as risks.

Medium Term: these global trends will interface with CIAL through two primary filters, the New Zealand context (including national and local economic and social influences) and Aviation context (including international and national aviation influences). A scan of these beyond CIAL influences, will shape the risks and opportunities for CIAL over the next 2-3 years.

Short Term: these macro trends will be relevant however the short term is primarily shaped by the continued restarting of two of our four Ps – Planes & Passengers (Aviation and Terminal Commercial). Short term aeronautical outcomes will be heavily influenced by airline partner strategies which currently face supply side challenges - whilst operational costs will face the current challenges of inflation, higher interest rates and continued pressure on labour supply. The development of renewable energy, energy network capacity and the infrastructure for low emissions aircraft will directly, and positively, impact on climate, resilience, licence to operate and talent attraction and will open opportunities across all parts of the business.

Macro Shaping Forces of Current Decade

Digital Transition: data, processing capacity and artificial intelligence combine to hypercharge digitalisation of commercial and social life. Mixed reality will change the perception of real and virtual worlds in a way that impacts the driver for people to physically move around the planet and social cohesion in many societies and democracies. It will also expand the boundaries of new asset classes, and value and wealth will evolve with those new asset classes. Underpinning this will be key infrastructure for energy, data and e-commerce. There will be a continued convergence of physical and digital platforms that will reshape the way people interact with the world.

Climate Change: We know that climate change is a significant shaping force for how we live and adapt to our changing planet, with key aspects of adaptation, mitigation and transition including:

- businesses will be fully engaged in climate adaptation and emerging asset redundancy challenges
- consumer and future workforce expectations that businesses will be proactive
- markets will be pricing carbon and climate change into decision making
- new technology and new generation close to point of consumption will be essential to society scale energy transition
- aviation will provide the highest foreign exchange to CO² emissions outcomes of any transport network

Future of Work: the working world separates into 'somewhere's' and 'anywhere's'. Somewhere's need employment that is physical in nature, close to where they live and competing primarily against automation for value. Anywhere's embrace real and virtual mobility, delivering specialised service inputs anywhere on the planet to teams of their choice, and competing globally for value. The concept of community is structurally different for these two groups and social inequality separates along these lines.

HORIZONS 2030

In FY23 CIAL implemented a new strategy, Horizons 2030 ("H30"). The strategy focuses on what is needed to navigate the three big macro shaping forces noted above over the remainder of the current decade.

Great Foresight, For this Generation and the Next

- H30 shows our plan for how we will continue to make foresightful decisions that have multi-stakeholder benefits for today and tomorrow. Our success is built on over 85 years of mostly good decisions that have benefited the generations ahead. When we position ourselves ahead of the trends that will shape us, we create value for Ōtautahi Christchurch and Te Wai Pounamu South Island now and for the future
- Our focus remains on meeting the needs of Ōtautahi Christchurch. Post-recovery Christchurch is an exciting place to be. With Te Pae, Metro Sports, a new CBD and other new infrastructure Christchurch will re-establish itself as a premier destination for conferences, events and tourism. Ōtautahi Christchurch, with Te Wai Pounamu South Island supporting it, will be a growth engine for the next decade
- When we look to the future it is one with a transition to lower carbon aviation and continued growth in demand to live, work and visit Te Wai Pounamu South Island

Belief & Purpose

H30 is founded on our core beliefs, namely:

- Aotearoa New Zealand is the best place in the world and Te Wai Pounamu South Island is the best place in New Zealand
- CIAL wants Te Wai Pounamu South Island specifically and Aotearoa New Zealand generally to prosper, to be improved for everyone lucky enough to live or visit here and for future generations
- CIAL has the skills, knowledge and experience to deliver sustainable, long-term success at our home in Ōtautahi Christchurch and to share with others across Aotearoa New Zealand
- Our belief gives us a clear purpose and provides reasons for CIAL to focus on doing things that provide outcomes that are bigger than CIAL and its own financial performance.

Our Purpose

We are a purpose driven organisation and our team have decided our purpose is best described as follows:

*Championing Te Wai Pounamu the South Island
and Aotearoa New Zealand, for today and tomorrow*

It will achieve an ambitious Mission:



The key being the '+' – it is not 'either-or', it is 'and'.

Horizons 2030 – Extend and Expand

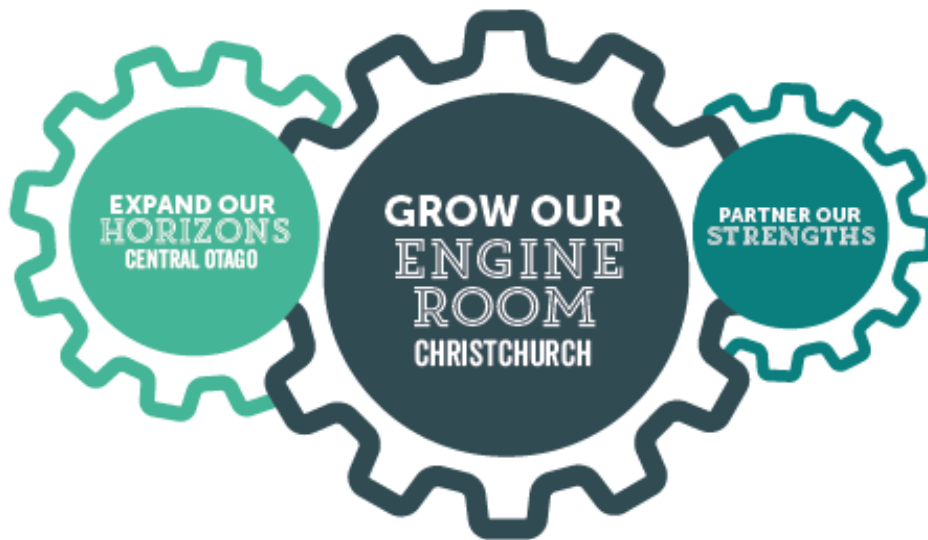
Horizons 2030 acknowledges the strong position of CIAL currently, gives context to the importance of our engine room at our home base of Ōtautahi Christchurch, while also recognising that CIAL is an organisation that has opportunities to extend and expand to build further depth, diversification and resilience whilst adding value to a wider group of stakeholders.

H30 is built on growing our engine room at our home base here in Ōtautahi Christchurch, expanding our horizons into new geographies (e.g. Central Otago) and disciplines and partnering our strengths with others (e.g. Future Aviation Energy Infrastructure).



STRATEGIC PRIORITIES & ACTIVATION FRAMEWORK

The main priority under H30 will be on growing our engine room at our home base here in Ōtautahi Christchurch.



Our 4P's framework will drive our activation.



CIAL's **PLANES**, **PASSENGERS**, **PROPERTY** and **PLANET** framework has proven to be a successful approach to thinking about our core operations and is well understood and embraced across the organisation. It will continue to be used to organise the activity to be undertaken under each strategic priority.

Grow our Engine Room

Planes

- The aeronautical strategy remains focused on 'finding planes' and 'filling planes'. A key focus area is ensuring that we re-establish the network we had before the pandemic, whilst continuing to develop targeted high-quality long-haul routes that can sustainably grow over time
- CIAL's role as a Tasman/domestic hub and spoke airport and as a gateway for passengers and freight into and out of Te Wai Pounamu South Island will continue to be the primary focus
- Destination Christchurch provides a unique window of opportunity over the next two to three years. CIAL will partner with Tourism NZ and ChristchurchNZ to promote and reposition Destination Christchurch

Passengers

- CIAL's 'Park to Plane' ('P2P') strategy is the strategic priority for the passenger portfolio which includes the customer and commercial activity associated with the terminal and ground transport assets. The Christchurch terminal (including ground transport) is our largest centre of aeronautical activity
- In the short term, the core focus will continue to be on working with our commercial partners to transition them successfully from restart, to thriving
- In conjunction with the campus wide Masterplan process, investigate options to consider how Christchurch Airport could re-configure the terminal layout to build flexibility for appropriate safe border pathways and future security requirements
- Explore opportunities to improve our retail offerings, widen the customer base and offer new goods & services
- Continue to invest in digital technology solutions across ground transport, terminal offerings and harnessing customer data

Property

- CIAL's property investment strategy remains to invest in its bare land holdings in order to 'be a Landlord'. CIAL is a long-term investor in land and buildings. As a landlord CIAL enables businesses to transport goods to distant markets and increase commerce in the city and regions of New Zealand. Whilst growth remains a focus, a heightened focus on value reflects the maturity of the property portfolio
- CIAL will update its 30-year master plan in FY24/25. A new updated, Airport Master Plan will consider, and bring together, a wide range of converging aspects across the airport campus including CIAL's terminal and ground transport strategy, CIAL's investment property strategy, capacity and resilience of energy supply, climate adaptation requirements and infrastructure needs as aviation looks forward to options to de-carbonise, biodiversity and finally operational resilience
- CIAL will look to develop products and pursue opportunities for our tenants/partners to realise the full extent of their sustainability ambitions and improve environmental outcomes across the portfolio
- Focus remains on a detailed investigation of the opportunities in respect to freight and e-commerce networks and the identification of where CIAL is best placed to invest
- Asset planning and maintenance remains a priority, with the objective being to create a strategic and planned approach to asset management targeting an outcome of productive and resilient assets that are aligned to CIAL's business needs and strategic direction

Planet

- Refer to later section on Sustainability (Planet) which discusses our approach
- CIAL's commercial pillars are supported by enabling activity within the business. Refer to later sections in this document for discussion around People and Health, Safety & Wellbeing

Expand our Horizons

Central Otago

Since 2018, CIAL has been investigating opportunities beyond a single site that protects and enhances shareholder value, support regional social and economic development and support airlines to use their optimal aircraft on routes as well as accessing more emission efficient operating opportunities to transition New Zealand’s aviation network to a low carbon future.

The siting of airports in the Central Otago region has been a topic of discussion over the past 30 years. Queenstown Airport has served the region’s air travel needs well for decades, but infrastructure and noise constraints on capacity prevent it from scaling to accommodate long-term demand.

Those concerns were identified by QAC in 2017 with airlines publicly calling for a new Central Otago Airport to be considered in response.

QAC has recently acknowledged it is approaching its current operational constraint of around 2.5 million passenger movements. Even if Queenstown Airport is able to manage the various risks and implement its expansion plan, QAC projects that it will reach its new operational capacity of around 3.2 million passengers by 2032.

This project is the first to closely explore a new (greenfield) airport option to meet the long-term needs of Central Otago and the lower South Island with associated facilities and infrastructure.

Developing new airport infrastructure in Central Otago is an inter-generational project that will play out over a long-term period. It seeks to fully explore and carefully develop a long-term solution to the aviation capacity needs and related wider transportation needs of the lower South Island for the next 50-plus years, that fits Aotearoa New Zealand’s low carbon future. Getting this right is critical for future decisions about where the region develops its key infrastructure assets in the long-term future.

Adopting a phased approach means the project must pass through a series of gateways before the airport development begins. This includes obtaining the approvals required to enable development.



Decision Gateway 1: CIAL assesses readiness for approval process.

Decision Gateway 2: CIAL determines whether it wishes to proceed through a detailed Investment Case, developed in consultation with its shareholders

Having in place the necessary approvals will enable a decision to be taken whether to proceed through Decision Gateway 2 to the most financially significant phase of the project. No decision can be made to commit the level of capital required to commence the development until then

The project consists of a series of interconnected workstreams which need to be sufficiently advanced to enable the project to advance through the key phases of operational validation, consenting, investment case development and ultimately construction.

The priorities for the current Validation and Planning phase of the project, that is expected to take up most of the period covered by this Statement of Intent (FY24-FY26), are:

- continued proactive and respectful engagement with local communities, iwi mana whenua and stakeholders;
- undertaking the validation and planning work packages that will be required; and
- shaping a proposal so the project can move to its next critical milestone of obtaining the approvals required

Engagement: Whilst the need for new airport infrastructure could be a long way into the future, we want to explore it as an option. We are clear that any development will not proceed unless the climate, environmental, social and technological rationale for it is clear and it works for airlines and passengers alike.

CIAL understands that there is a range of perspectives on the project – from concern to support. The project is still very much in its discovery phase meaning there are many unanswered questions. This is why CIAL remains focused on working with a range of experts to gather a strong base of quality information on which future decisions can be made.

CIAL will continue to engage with local communities and iwi mana whenua to hear their views and will remain present in the community. We are committed to keeping our shareholders well informed as we work through the discovery process and will do so.

Renewable Energy – Kowhai Park

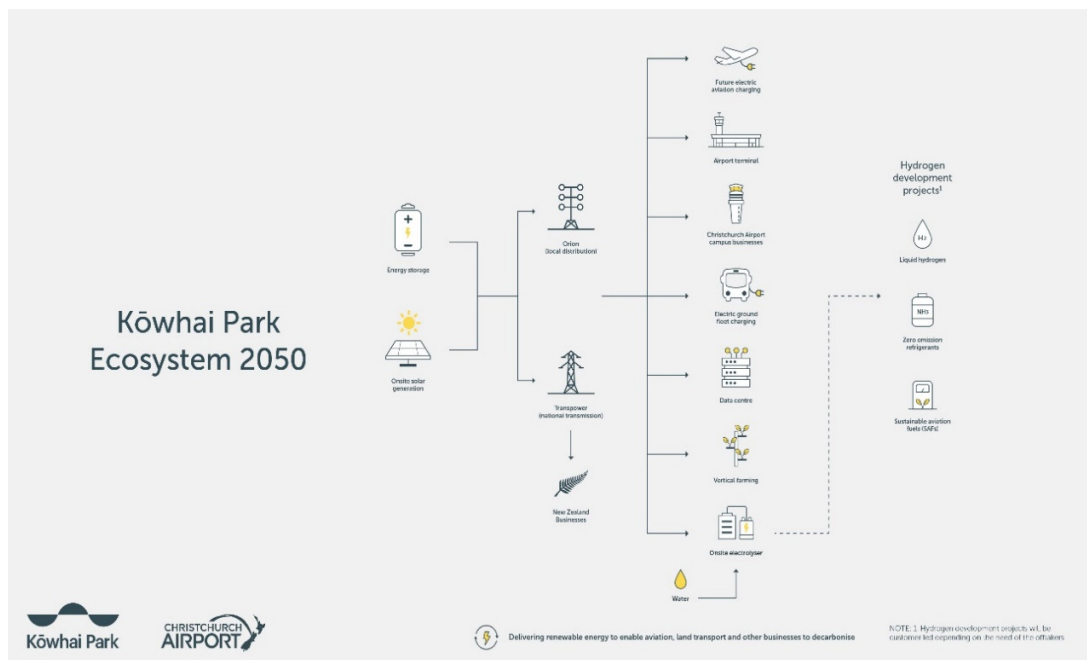
CIAL is acutely aware of our leadership role in meeting the climate challenge. With Kowhai Park, CIAL is looking beyond our own 'Scope 1' emissions to helping others decarbonise. CIAL can use our advantages to help create and accelerate the renewable, low carbon transport systems and infrastructure that will be required to meet global goals to keep temperature rise within 1.5 degrees, decarbonise our region and have an impact far beyond our site.

Kowhai Park is a 400-hectare block of land to the south-west of the airfield and is ideally situated for renewable energy generation. It is inside the airport campus, adjacent to main transmission infrastructure and accessible to the local lines network. Kōwhai Park is developed under an ecosystem approach where the system, rather than a single development, enables energy transition opportunities for the future of aviation across planes, passengers, planet and property for Ōtautahi Christchurch, Canterbury and Te Wai Pounamu South Island.

Our plans for the initial phase will deliver a 300-hectare solar array capable of generating 180 megawatts of solar energy. In February 2023, CIAL announced publicly their preferred development partner, a Joint Venture between Contact Energy and international solar business Lightsource bp. The purpose of the solar component of the ecosystem is to deliver the grid connection infrastructure to enable CIAL to participate in the opportunities in the right-hand side of the ecosystem (i.e. to provide electricity infrastructure network capacity to property development, terminal and car parking facilities and new generation aircraft such as electric and hydrogen aircraft as well as the production of synthetic aviation fuel.

Commencement of project delivery and operations is currently planned for late 2023 onwards.

With room to grow, Kowhai Park can enable a range of future technology and commercial opportunities across solar generation, battery storage, national transmission and local distribution, future aviation charging and hydrogen production and liquefaction. As an example of this, in 2023 CIAL announced it was forming a hydrogen consortium with Airbus, Air New Zealand, Fabrum, Fortescue Future Industries and Hirlinga to explore the commercial deployment of green hydrogen-powered aircraft. This ecosystem is summarised below.



Whilst Kowhai Park will enable a localised grid connection/sub-station to ensure CIAL has future energy resilience and supply for its campus as well as increasing the supply of renewable energy to the national grid, it will not connect existing tenants directly to the solar farm or sub-station who will still be required to undertake commercial negotiations with the preferred developer for their electricity supply.

Energy Resilience

A major emerging focus for CIAL as a part of our master planning process will be on energy resilience. Resilience of energy supply and the ability to enable growth of high electricity use on campus will become a key focus over the next 1-2 years.

All businesses are searching for energy resilience including physical, price and climate change resilience. CIAL expects the electricity supply needs of our campus to triple by the end of this decade to service initial deployment of battery electric aircraft, production of hydrogen for land and air transport, and expansion of the property portfolio.

The initial phase of CIAL's Kowhai Park project will be fundamental to addressing the risk of a constraint to development through a lack of energy supply through the core objectives of obtaining an appropriate grid connection developing renewable and cost-effective energy and improving physical and financial energy resilience. In addition to the grid connection, it is envisioned that there will be additional investment required to connect the relevant parts of the campus to the grid.

Partner Our Strengths

CIAL already does a significant amount of partnering activity both domestically and internationally and will continue to explore such opportunities to utilise its people talent, operating systems and intellectual property in a way that creates benefit for customers, staff, shareholders and the environment.

Opportunities have emerged post pandemic for long-term property development partnerships that have the potential to diversify our property portfolio and benefit the airport and the region around freight and e-commerce. Focus during the period of this SoI will be on further detailed investigation of these opportunities and the identification of where CIAL is best placed to facilitate their conversion, whether through capital, our well tested and proven approach, or our existing relationships. CIAL will remain open minded around this and assess opportunities on their long-term merit.

Also, CIAL is already leading several international initiatives and mentoring of airports, around aviation development, climate change and sustainability. Kowhai Park and renewables gives us another opportunity to take a leadership role with other airports which could be in the form of knowledge sharing, consulting or even a partnership approach.

Resilience, Adaptation & Master Planning

It is worth noting the significant role CIAL played in handling displaced aircraft and passengers from the Jan/Feb 2023 weather events in and around the top of the north Island. Aviation is a network so impacts at one on the nodes most often have flow on effects for the other nodes. As CIAL is the only truly wide body capable airport behind Auckland (including the divert airport for most international airlines), we will continue to play an active role in helping with national resilience.

CIAL recognises that we serve as an essential piece of regional and national infrastructure supporting our communities' mobility and economic growth. Our operations deliver high levels of availability, reliability and resilience however we recognise physical impacts of climate change may present risks to our assets into the future. Asset adaptation and future proofing can lower our exposure to climate hazards and extreme weather.

Given the existing constraints, increasingly frequent and severe weather events, and ongoing fragility within the New Zealand Inc. aeronautical system, CIAL will look to develop Christchurch Airport as an alternative fully capable all-weather airfield to provide additional resilience to the country's long-haul capable airport infrastructure.

As part of its Master Plan update in FY24, CIAL will develop our physical risk adaptation plan which will identify key adaptation actions required for the most material physical climate risks together with timeframes and investment needs.

BEYOND CIAL

CIAL is aware of and acknowledges that Christchurch City Council has objectives regarding Community Outcomes under its Long-Term Plan and that the Crown also has objectives regarding accelerating economic recovery and laying the foundations for a better future.

CIAL's strategy is focused on more than just being an airport in Christchurch. CIAL has previously played a significant role in supporting the post-earthquake tourism recovery of Christchurch, Kaikoura and the Upper South Island (in conjunction with the City and MBIE).

CIAL also played a very active role for the City and the Region during the pandemic through providing vaccination and testing facilities, MIQ hotel, separated arrivals pathway through the terminal for international quarantine passengers and supporting the local vaccination campaign. CIAL was also instrumental in quickly working with the government to establish the international air freight support scheme which kept air freight services open. This ensured more than 60,000 jobs across the South Island's many exporting and importing businesses were able to be maintained.

In addition, CIAL also recognises the key role it plays in supporting the Christchurch Antarctic Gateway Strategy, and actively supports Antarctic entities at Christchurch Airport, most notably Antarctica New Zealand and the Antarctic Heritage Trust.

Christchurch City

CIAL has made significant contributions to the promotion of Christchurch and the South Island through its partnering with Christchurch NZ, Tourism New Zealand and investment in the South initiative (all 15 regions of the South Island) and New Horizons (small business mentoring program).

Recently completed infrastructure including Te Pae convention centre, the Lyttleton cruise berth, the soon to open Taiwhanga Rehia (Metro Sports centre), and a renewed and revitalised CBD has allowed Christchurch city to relaunch nationally and globally, with Ōtautahi Christchurch now being able to participate in several segments that it has been unable to since the earthquakes.

CIAL is passionate about maintaining the momentum already achieved in this area, acknowledging how this also supports CIAL growing our engine room. As such we continue to be committed to supporting ChristchurchNZ and city stakeholders to further capture this opportunity.

Shareholder Objectives

CIAL recognises that both of its shareholders have several non-commercial objectives as outlined in their respective Letters of Expectation.

As a commercial entity CIAL will always act and operate as a responsible corporate citizen, noting CIAL must compete for its outcomes, especially in aviation, in a highly competitive environment with several very strong commercial entities that have a purely commercial focus.

Supported by our shareholders long-term investment horizon, CIAL believes that the best way it can support both shareholders' strategies in these areas is by successfully executing its strategy, which will not only deliver wide ranging social and economic benefits to the City and the regions of the South Island, but also grow both the value of CIAL and increase shareholder cash flows which will then be available for each shareholder for investment in specific areas of interest as they see fit.

CIAL will continue to contribute to shareholder projects and focuses, from within its available resources, using an approach of demonstrable value outcomes and benefits to both shareholders equally.

Sustainability Initiatives

CIAL is committed to world class outcomes on sustainability, benchmarks itself globally within the airport sector and is committed to ongoing investment in being a world leader in airport decarbonisation and supporting the airline sector to pursue a pathway to net zero. Targets and reporting that contributes to both shareholders objectives in this area are covered in CIAL's SoI and Annual Report. CIAL believes its outcomes in this area contribute to the objectives of both shareholders equally and will continue to involve itself in activities that helps other companies in this area, including the wider CCHL work program in the sustainability and emissions reduction areas.

Diversity & Inclusion

We want to be a fair organisation, an inclusive team, one that embraces and reflects diversity and inclusion in all its forms. Diversity & Inclusion has many dimensions, and for CIAL it is important that diversity is embraced and we provide an inclusive work environment for our people to thrive within and be their authentic true selves.

Our aspiration is that we reflect the communities we serve and are an organisation that has the capability and understanding to embrace diversity and be inclusive. CIAL will continue to prioritise talent strategies that ensure we retain and attract the right talent whilst balancing a move to improving diversity across the organisation.

Target outcomes and activations that contribute to both shareholders objectives in this area are covered under the People section, in CIAL's SoI and Annual Report. CIAL believes its outcomes in this area contribute to the objectives of both shareholders equally and will involve itself in activities that helps other companies in this area.

Mana whenua

CIAL recognises the need for and is building cultural competence and is actively engaged with iwi in various ways across a number of areas of its activities.

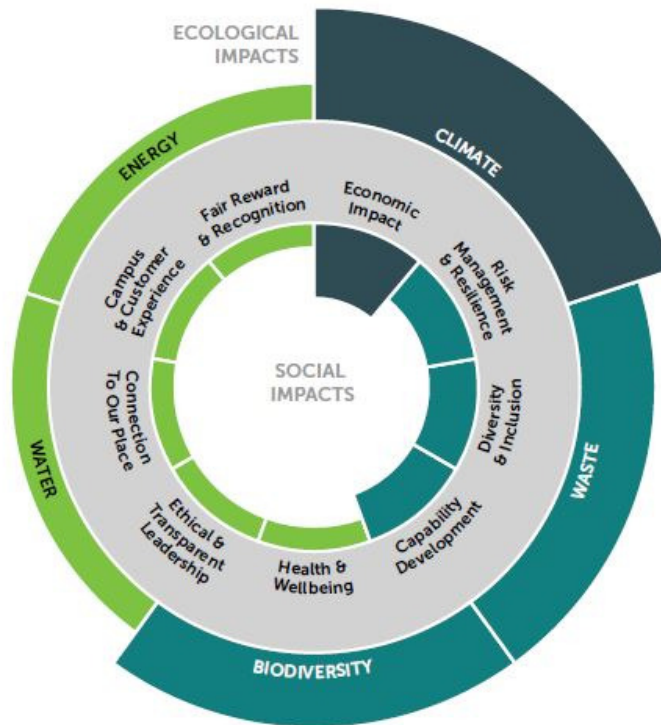
CIAL is focused on an ongoing programme of work designed to embed Mātauranga Māori, Te Aō Māori, Tikanga Māori and Te Reo Māori in ways that are appropriate for our people, iwi, business and visitors. CIAL will be a supportive participant in the He Huanui rōpū with regard to Te Titiri o Waitangi and enhanced partnerships with mana whenua in line with the aspirations of both its shareholders and will continue to leverage off the wider CCHL He Huanui work program.

CIAL will work to improve the cultural fluency and competency of our people through the provision of regular development programs, coaching and exposure to opportunities.

SUSTAINABILITY

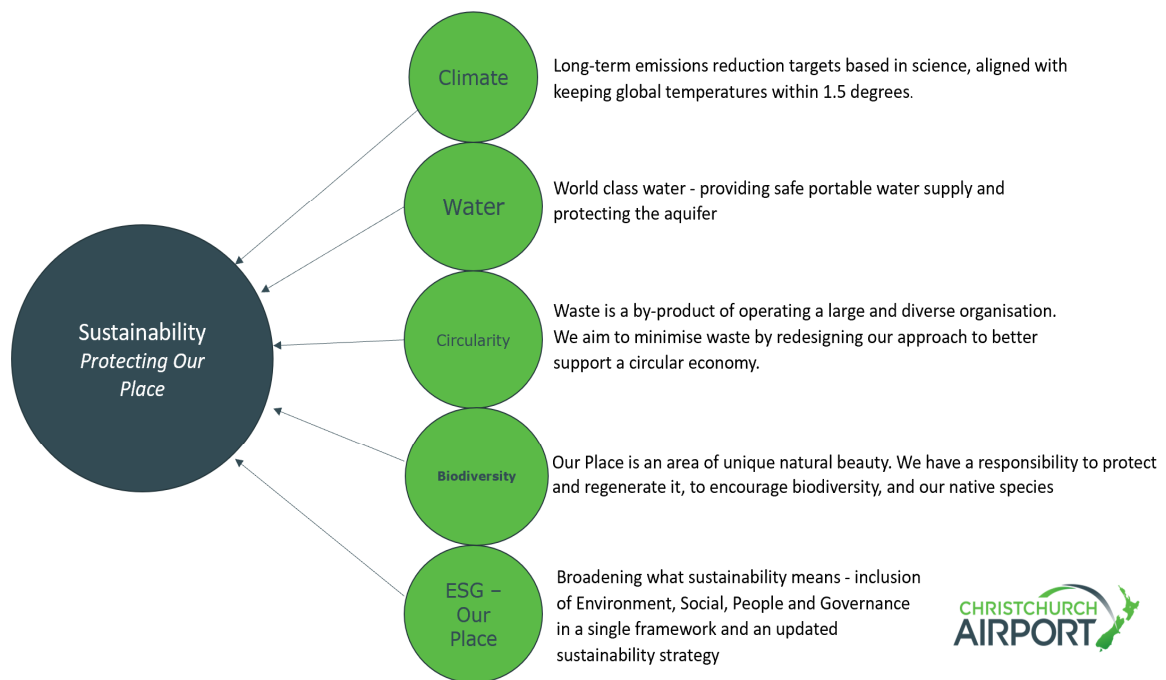
Kaitiakitanga and Intergenerational Wellbeing

At the heart of our sustainability approach at CIAL is a dedication to kaitiakitanga, both from an environmental and intergenerational wellbeing approach. 'Ko ngā pae tawhiti whāia kia tata, ko ngā pae tata whakamaua kia tina; The potential for tomorrow depends upon what we do today.'



Looking ahead, we will be more inclusive of a broader approach towards sustainability that will include targets within the social and governance areas, alongside continuing our work in the environmental sustainability space. This will include a global benchmarking refresh to support the setting of new targets across broader sustainability outcomes.

Our commitment to climate action and accelerating the de-carbonisation of our sector ahead of our science-based targets will remain at the forefront – with the focus moving from scope 1 reductions towards impacting our scope 2 and 3, exploring emerging technologies for the remaining scope 1 challenges, building climate risk resilience into our operational processes and development of our physical climate risk adaptation plan.



Biodiversity

Biodiversity is a key planetary boundary that is currently being exceeded and requires global action to address. CIAL has a growing interest in understanding our ability to positively impact biodiversity – initially through our climate positive carbon removals that have the dual benefit of sequestering carbon and regenerating Aotearoa New Zealand native biodiversity.

We will work through a similar process to our climate work with biodiversity - including setting science-based targets, developing a biodiversity regeneration plan that will outline the projects we need to undertake to achieve our goals, and then embedding this in practice across the organization.

Climate – Reduction, Adaptation and Just Transition

Our Part: Looking ahead we will continue our independently audited long-term emissions reductions aligned with our science-based targets to keep global temperatures within 1.5 degrees. This will reflect the continuation of our fleet transition, energy efficiency improvements and renewable energy development to address our Scope 2 and 3 emissions. We will be expanding our scope to align with GHG protocol best practice (categories 1-15) which pushes more into our supply chains.

Another important part of this journey will be working with our airline and industry partners and suppliers to collaborate on opportunities to further reduce emissions, and ensure we have the infrastructure ready to support decarbonisation.

Beyond Us: We will continue to challenge ourselves to expand our thinking and leadership on decarbonisation beyond just ourselves and into supporting stakeholders with the transition to a low carbon future and to renewable energy resilience. The challenge we have set ourselves is to play a positive role in Christchurch Airport becoming the leading centre for net zero aviation in Aotearoa New Zealand.

Adaptation: Over the next two years, we will also be undertaking a significant climate adaptation piece which will demonstrate best practice with climate risk disclosures, and adaptation planning going forward. This will focus on the future impacts of climate change such as damage to infrastructure and property assets of CIAL, business interruption and operational delays – caused by the outcomes of climate change including flooding, higher temperatures, increasing frequency and severity of storm events and high winds.

Christchurch International Airport will fall within the scope of the Government’s proposed climate related financial disclosures reporting regime, and although mandatory reporting will not come into effect until the financial year ending 30 June 2024, we are eager to begin the process with transparency. Our reporting has begun and will continue to evolve now that the standards have been finalized.

Transition: Critical to both reduction and adaptation, is ensuring that we are transitioning in an equitable fashion. This means making space for the interests of future generations and considering the needs of those most vulnerable within our community. We will continue to use the CIAL principled approach to guide our transition work.

Whilst CIAL’s most material sources of climate transition risk are outside of its direct control, we believe that transition to a de-carbonised aviation sector is a shared challenge that requires action from all. CIAL will therefore use its sphere of influence and available mechanisms to support the industry to decarbonise and participate in advocacy efforts around investment in future decarbonised aviation fuels and overall policy response needs to support the wider airport network’s transition to new energy and aircraft technology.

Circularity

In recent years Aotearoa New Zealand has come to accept there is an overdue transition required from a linear – take, make, waste mentality, to one of a circular economy. A circular economy is designed around taking single use items out of production, and instead designing products for continued reuse or to be biodegradable without detrimental impact on our oceans or soil health.

CIAL has the long-term goal of becoming a zero-waste organization but understands this is a complex journey that will involve support from across the organization, alongside multiple stakeholders, and at a national level where investment in support infrastructure needs to occur.

CIAL will look to continue to implement a waste minimization strategy in FY24 focused on projects to reduce emissions and minimize waste.

Performance Measures	Performance Targets	
	2024	2025 & 2026
Climate We set long-term emissions reduction targets based in science, aligned with keeping global temperatures within 1.5 degrees. Our goals are as follows; <ul style="list-style-type: none"> to be net zero by 2030 to be absolute zero emissions for our Scope 1 and 2 by 2050 to influence reductions in our Scope 3 stakeholder's emissions where possible. 	<ul style="list-style-type: none"> Maintain trend with our milestone emissions reduction goal of 84% reduction in Scope 1 & 2 by 2035 (using FY2015 carbon baseline) Renew ACA Level 4/4+ or above, and look for opportunities to demonstrate continued climate leadership Demonstrate continued responsibility and leadership in aviation transition Actively seek to influence airport Scope 3 emissions reductions Develop physical climate risk adaptation plan and timeline for investment Continue project to prepare for public Climate Risk Disclosures in FY24 	<ul style="list-style-type: none"> Achieve or surpass 2025/2026 science-based target for S1 & S2 emissions reductions Look for opportunities to demonstrate continued climate leadership Actively seek to influence airport Scope 3 emissions reductions Demonstrate continued responsibility and leadership in aviation transition Finalise physical climate risk adaptation plan and investment needs
Circularity Waste is a by-product of operating a large and diverse organisation. We aim to minimise waste by redesigning our approach to better support a circular economy.	<ul style="list-style-type: none"> Continue to implement CIAL waste minimisation strategy Create separated waste streams with known waste stream destinations. Undertake waste minimisation projects to reduce emissions and minimise waste 	<ul style="list-style-type: none"> Continued implementation of CIAL waste minimisation strategy Develop 2-4 key circular waste streams with known life cycle re-purposing Undertake waste minimisation projects to reduce emissions and minimise waste
Energy Energy efficiency has multiple benefits for CIAL; we reduce our carbon footprint, reduce our operating costs, and minimise our demand on the national grid. Beyond this, we understand the importance of clean renewable electricity generation and resilience, and the role critical infrastructure assets play in supporting the national energy transition.	<ul style="list-style-type: none"> Actively pursue energy transition from fossil fuel to clean energy sources Expand understanding of the infrastructure requirements to cater for a renewable energy transition within aviation Make an impact beyond Christchurch Airport terminal boundaries to create partnerships, and demonstrate leadership to encourage faster energy transition uptake Continue to seek further energy efficiency projects, including completion of LED lighting upgrade 	<ul style="list-style-type: none"> Actively pursue energy transition from fossil fuel to clean energy sources Implement energy transition project Complete LED lighting upgrade and seek further energy efficiency projects Undertake further energy efficiency projects

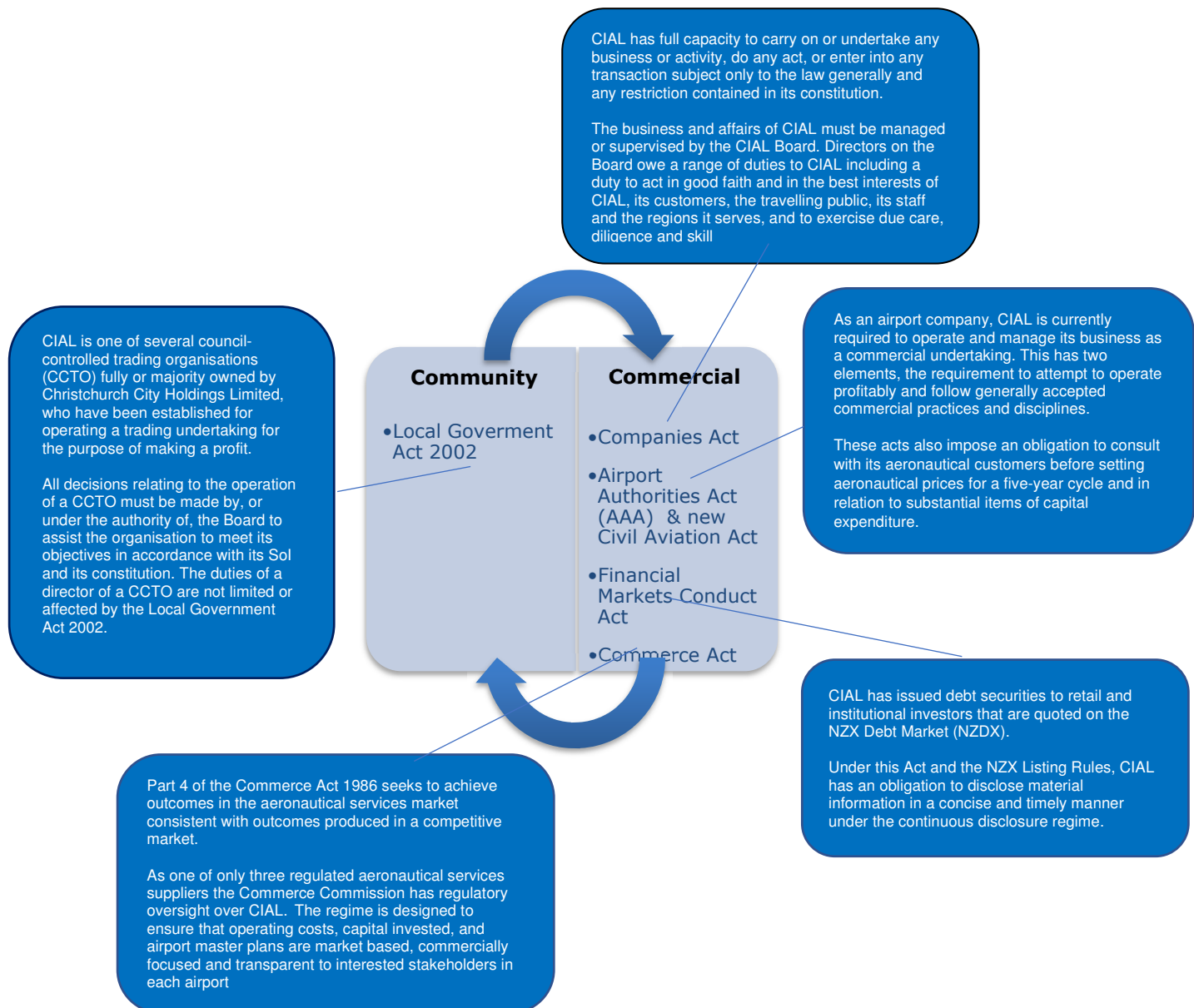
<p>Noise</p> <p>Historically, noise has been the environmental issue of greatest focus at airports around the world.</p> <p>Our responsibility and preference are to collaborate with all stakeholders, especially residents and businesses close to Christchurch Airport and its flight paths in relation to noise impacts.</p>	<ul style="list-style-type: none"> ▪ Noise complaints are limited to 10 per 10,000 aircraft movements per annum ▪ Actively participate in the public consultation across Canterbury on how the latest noise contours are integrated into the Regional Policy Statement ▪ Offers of acoustic mitigation to noise impacted properties currently eligible ▪ Long term and ongoing program to protect CIAL from noise reverse sensitivity affects 	<ul style="list-style-type: none"> ▪ Noise complaints are limited to 10 per 10,000 aircraft movements per annum ▪ Actively participate in the public consultation across Canterbury on how the latest noise contours are integrated into the Regional Policy Statement ▪ Offers of acoustic mitigation to noise impacted properties currently eligible ▪ Long term and ongoing program to protect CIAL from noise reverse sensitivity affects
<p>Biodiversity</p> <p>Our Place is an area of unique natural beauty. We have a responsibility to protect it, to encourage biodiversity, and our native species.</p> <p>We aim to maintain improve our land and remediate contaminated land.</p> <p>We also have a responsibility to our wider stakeholders to understand climate risks and mitigation, as well as airport hazards such as bird strike.</p>	<ul style="list-style-type: none"> ▪ Understand our unique dryland habitat ▪ Undertake Campus landscape planning to celebrate native species and include plant succession planning. ▪ Monitor and understand bird migration patterns to mitigate bird strike risk ▪ Insert bird strike management areas in the regional and district planning framework 	<ul style="list-style-type: none"> ▪ Develop and implement protection plan for CIAL dryland and wetland habitats ▪ Continue Campus landscape planning to celebrate native species and include plant succession planning. ▪ Monitor and understand bird migration patterns to mitigate bird strike risk ▪ Promote and protect CIAL dryland habitat to broader community

COMMERCIAL & REGULATORY CONTEXT

Christchurch International Airport Limited ("CIAL") is one of three named airports in New Zealand within the Airport Authorities Act 1966 ("AAA"), meaning it is infrastructure of national significance and has economic impacts into regions beyond Christchurch City. The AAA and the new Civil Aviation Act 2023 require CIAL to operate its business as a commercial undertaking with specific operational and long-term management obligations.

CIAL operates in a commercially competitive environment both domestically and internationally, overlaid by a complex layered legal and regulatory environment with a wide stakeholder group.

The chart below demonstrates various aspects of commercial and non-commercial demands on CIAL, which the Board endeavours to balance.



INTERNAL GOVERNANCE FRAMEWORK

Commitment

The Board and management are committed to undertaking their governance role in accordance with accepted best practice appropriate to the company's business, as well as taking account of the company's listing on the NZX Debt Market. As with safety and quality, governance includes a set of systems and processes, supported by people with the appropriate competencies and principles.

Governance by its very nature is on-going; it does not have a finite end. Changing commercial circumstances require regular review and continually evolving systems that implement newly developed techniques and industry best practice.

Regulatory Framework

The company operates solely in New Zealand and is governed by a range of New Zealand legislation and regulation including the Civil Aviation Act 1990 and the Airport Authorities Act 1966. The Civil Aviation Act 1990 establishes the framework for civil aviation safety, security and economic regulation in New Zealand and ensures that New Zealand's obligations under international civil aviation agreements are implemented.

CIAL is one of three named airports in New Zealand within the Airport Authorities Act 1966, meaning it is infrastructure of national significance and has economic impacts into regions beyond Christchurch City. The Airport Authorities Act gives a range of functions and powers to airport authorities to establish and operate airports.

The Civil Aviation Bill was introduced into parliament in September 2021 and is currently awaiting its second reading in the House following the Select Committee review. This bill once passed, repeals and replaces the Civil Aviation Act 1990 and the Airport Authorities Act 1966 with a single, new statute covering safety, security and economic regulation of civil aviation into the future.

Since 2011, New Zealand's three largest airports including Christchurch have been subject to Information Disclosure regulation under Part 4 of the Commerce Act 1986, administered by the Commerce Commission. Under this framework, the Commission does not set prices for airport services but instead the focus is on monitoring airport performance, ensuring there is transparency in pricing decisions, as well as the effectiveness of the information disclosure regime.

See also Regulatory Context section above.

Governance Objectives

The Board has adopted the following governance objectives:

- Approve Corporate Strategy and direction, laying down solid foundations for management and oversight
- Structure itself to utilize the expertise of Directors to add value at a governance level
- Promote ethical and responsible decision-making
- Safeguard the integrity of its financial reporting and make timely and balanced disclosure

- Recognise and manage risk and encourage enhanced performance
- Ensure the occupational health, safety and wellbeing of the company's people and contractors working for CIAL across the Christchurch International Airport campus
- Remunerate fairly and responsibly
- Respect the rights, and recognise the legitimate interests, of all stakeholders.

These objectives are reflected in the Board's management of Board and Committee activities, CIAL's policies and governance practices.

Role of the Board of Directors

The Board is ultimately responsible for approving CIAL's strategic direction; supervision of the management of the company and achievement of its business strategy, with the aim being to increase long term shareholder value while sustaining and ensuring the obligations of the company are properly met.

The Board's charter recognises the respective roles of the Board and management. In carrying out its principal function, the Board's primary governance roles include:

- Working with executive leadership to ensure that the company's strategic goals are clearly established and communicated, and that strategies are in place to achieve them;
- Hold to account management performance in strategy implementation;
- Appointing the Chief Executive Officer (CEO), approving his or her contracted terms, monitoring his or her performance and, where necessary, terminating the CEO's employment;
- Approving and monitoring the company's financial statements, climate risk disclosures and other reporting, including reporting to shareholders, and ensuring the company's disclosure obligations are met;
- Adopting appropriate procedures to ensure compliance with all laws, governmental regulations, applicable codes and accounting standards;
- Approving key performance criteria for CIAL and monitoring the performance of the CEO against these;
- Ensuring that the company adheres to high ethical and corporate behaviour standards, including leveraging our procurement capability and influence to ensure ethical sourcing decision making, alongside influencing positive social impact on our Christchurch campus and across our core projects of Kowhai Park and Central Otago;
- Establishing procedures and systems to ensure the occupational health, safety and wellbeing of people working at, or visiting the Christchurch Airport precinct;
- Promotion of the long-term sustainable success of the company with regard to ESG matters by ensuring that the right strategies and action plans are in place to help underpin long-term shareholder and stakeholder value
- Set specific limits on management's delegated authority for entry into new expenditure, contracts and acquisition of assets and approve commitments outside those limits;
- Ensuring that CIAL has appropriate risk management and regulatory compliance policies in place and monitoring the appropriateness and implementation of these policies.

The Board delegates day-to-day operations of the company to management under the control of the CEO. Such day-to-day operations are required to be conducted in accordance with strategies set by the Board.

All directors are required to comply with a formal code of conduct, which is based on the New Zealand Institute of Directors Code of Proper Practice for Directors.

The Board annually critically evaluates its performance, its processes and procedures to ensure that they are not unduly complex and that they assist the Board in effectively fulfilling its role and performing its duties. The Board and Committees and each director have the right to seek independent professional advice to assist them to carry out their responsibilities.

Responsibility to Shareholders

Shareholders articulate their key focuses to the Board in an annual Letter of Expectation. Having received and considered that Letter of Expectation from shareholders, and in accordance with Section 64 of the Local Government Act 2002, the company submits a draft SoI for the coming financial year to Shareholders. The SoI sets out the company's overall objectives, intentions and financial and performance targets.

After due consultation and discussion with the Shareholders and completion of the annual business planning and budgeting, the final SoI is approved by the Board of Directors and delivered to the Shareholders before the end of June.

Board Composition, Appointment and Fees

The composition of the Board reflects an appropriate mix of skills, experience and attributes required to discharge the duties and responsibilities of the Board and aligns to the interests of the shareholders as a whole, establishing the company's strategy and ensuring that it is effectively implemented.

A fully constituted Board consists of six directors; four appointed by majority shareholder, Christchurch City Holdings Ltd (CCHL), and two appointed by the Minister of Finance and the Minister for State Owned Enterprises (on behalf of the New Zealand Government). From 1 July 2014, CCHL has also been appointing an intern director for a period of twelve to eighteen months in order to enable prospective directors to gain an insight into good governance practice and to observe the dynamics of sitting on a board.

Directors' appointments are for such period as determined by the relevant shareholder but each term shall not exceed three years. Retiring directors may be reappointed by the relevant shareholder for further terms of three years as circumstances warrant, taking into account the unique characteristics of the aviation and regulatory environment in which CIAL operates, the long-term investment horizon for critical infrastructure such as airports, and the need to minimise succession risks for both shareholders and bond holders considering the overall composition and tenure of the existing Board.

The Board has a broad range of commercial, financial, marketing, tourism and other relevant experience and expertise required to meet its objectives. Fees for the Board are reviewed by the shareholders using independent advice.

The Board has four formally constituted committees; the Risk, Audit and Finance Committee, the People, Culture and Safety Committee, the Property and Commercial Committee and the Aeronautical Committee. All committees have Board-approved terms of reference outlining the committee's authority, duties and responsibilities and relationship with the Board. Additional committees may be established based on need. Each committee must include a representative of each shareholder.

FINANCIAL PERFORMANCE TARGETS

For the purposes of the FY24 SoI, CIAL has continued to adopt a mid-point passenger demand scenario for FY24-26 in line with forecasts used during its airline pricing consultation process in 2022.

A balanced approach to forecasting passenger demand is taken to factor in future risk factors including ongoing capacity constraints in the aviation industry globally, soft economic performance in New Zealand and abroad or further escalation of geo-political conflicts. The current high inflation and high interest rate environments in New Zealand and globally, also add further risk to growth assumptions, particularly over the next 6-12 months.

\$m	2023 Forecast	2024 Forecast	2025 Forecast	2026 Forecast
Total Revenue	197.0	219.4	231.2	239.5
EBITDAF¹	117.9	130.7	143.2	149.4
EBITF²	74.8	86.0	97.6	102.9
Interest Expense	29.9	31.2	29.6	29.4
Net Profit (Loss) After Tax	32.3	41.0	50.9	54.8
EBITDAF as % of Revenue	59.8%	59.6%	61.9%	62.4%
Return on Invested Capital ³	3.8%	4.3%	4.8%	5.1%

N.B. the forecast statement of financial performance outlined above excludes:

- any non-cash investment property revaluation gains/losses (*given amounts are non-cash related*)
- any other asset impairment assessments
- any non-cash deferred tax adjustments

Passengers	2023 Forecast	2024 Forecast	2025 Forecast	2026 Forecast
Domestic	4,630,920	5,031,405	5,185,485	5,229,060
International	1,082,625	1,414,070	1,585,715	1,721,486
Total Passengers	5,713,545	6,445,475	6,771,199	6,950,547

¹ Earnings before interest, tax, depreciation, amortisation and fair value movements.

² Earnings before interest, tax, and fair value movements.

³ Earnings before interest & tax / (debt + equity)

Notes & Assumptions

Revenue

- **Aeronautical:** the updated passenger forecast reflects the current recovery phase post pandemic and the trends that are being seen in domestic and international demand. Forecast also considers:
 - domestic and international seat capacity filed by airlines up to March 2023; and
 - latest projections from the industry
- **Lease Rental:** Underlying lease rental will continue to grow through FY24-26, predominantly reflecting a market rate rental return from the forecast property development program and ongoing market annual rent review arrangements.
- **Terminal & Commercial Concessions and Ground Transport:** Intention remains that all operators will be on a pathway to return to commercial arrangements that correlate to passenger growth trajectories, including both Minimum Annual Guarantees (MAG) and concession revenue elements

Parking taxis and rideshare revenue will follow a similar rebound path to domestic and international passenger numbers
- **Hotel:** During FY23, Novotel Christchurch Airport progressively reopened and scaled up to a full-service offering. Following a period of regaining market share and managing industry wide labour shortage constraints, the hotel's performance is expected to align to the recovery trajectory of the local accommodation market and specific Christchurch comparator set for FY24-FY26

Operating Costs

CIAL has a relatively fixed nature operating cost base, particularly in respect to its major terminal and airfield assets even when the level of passenger throughput varies.

As we move into FY24, expectations are that terminal and airfield operating costs will return to levels reflective of rebuilt passenger activity and reflective of likely new focuses on related health, safety, security and resilience requirements, whilst also incorporating efficiencies achieved over the last few years coupled with the need to accelerate any deferred maintenance of other essential activities.

CIAL has forecast the bulk of its operating costs to increase from the current base at the rate of long-term inflation each year. Staff costs are forecast to increase at a rate which matches the current wage market in FY24 and then compound at long-term wage growth levels as assessed by Treasury from FY25 onwards

- Insurance & Rates – these costs are outside of CIAL control and rising at rates much higher than average annual CPI
- Electricity – CIAL has recently had to renegotiate its electricity supply agreement, with overall prices increasing significantly in FY24 (circa 40%)
- Baggage Handling – CIAL outsources its baggage handling service. Under the current contracted arrangements, it has been agreed that the underlying rates will increase significantly with the service provider to match their increased people costs
- Cleaning – CIAL outsources its cleaning services. Under the current contracted arrangements, it has been agreed that underlying rates will continue to increase in line with living wage increases

Ratio of Shareholders' Funds to Total Assets

The forecast Capital Structure, ratio of shareholders' funds to total assets and gearing ratios for the next three years are:

\$m	2023 Forecast	2024 Forecast	2025 Forecast	2026 Forecast
Debt	570.6	588.0	591.0	598.0
Equity	1,408.3	1,416.2	1,425.8	1,433.0
Shareholder Funds/Total Assets %	64.6%	64.3%	64.3%	64.3%
Gearing (debt/(debt + equity)) %	28.8%	29.3%	29.3%	29.4%
EBITDAF Interest Cover x	3.9	4.2	4.8	5.1

DISTRIBUTIONS

CIAL aims to distribute funds surplus to its on-going and forecast investment and operating requirements, subject to meeting the solvency requirements of the Companies Act 1993.

The Directors will review dividend policy annually and recommend such dividend payments as are consistent with CIAL's earnings, capital expenditure and future investment requirements, subject to targeting a gearing ratio which does not exceed 40% and maintaining CIAL's targeted stand-alone credit rating of BBB+. Noting that CIAL benefits from a core endowment of the wider CCHL group through receiving a further credit rating upgrade (with resulting lower credit margins) due to the strong expectation of shareholder support.

In addition, CIAL remains cognisant of Shareholders' expectations regarding dividends and understands that certainty of dividend stream is a key requirement.

Moving forward, subject to trading conditions at the time, it remains the Board's intention to consider dividend payments in line with existing dividend policy (90% of distributable profit).

On the assumption that CIAL's dividend policy remains in place, forecast dividend flows would be as follows:

\$m	2023 Forecast	2024 Forecast	2025 Forecast	2026 Forecast
Dividend Forecast	29.1	36.9	45.9	49.3
<u>Dividend Pay-outs (Cash Flows)</u>				
Current Year Interim Dividend	14.5	18.5	22.9	24.7
Prior Year Final Dividend	2.8	14.6	18.5	22.9
Forecast Dividend Cash Flow	17.3	33.0	41.4	47.6

As has recently been highlighted, it should be cautioned that aviation is an inherently volatile sector. This volatility coupled with other market sector variables means trading conditions can be materially and quickly impacted.

HEALTH, SAFETY AND WELLBEING

The Protection of *Our People* is at the core of our Health, Safety and Wellbeing Strategy and we remain committed to bringing this strategy to life through:

- Fostering and facilitating a culture with strong safety values
- Visible and authentic safety leadership
- Integration and refinement of our safety management systems to enable our mission; and
- Activation of a Wellbeing Strategy supported by good work design

Our people are the key to achieving success across all activation frameworks so enabling an environment and work that supports them to thrive is a priority. As the primary interface between our strategy and our teams, our People Leaders are the key. So developing capability and supporting them with coaching and training is an overarching focus.

Supported by best practice guidance, our wellbeing strategy will be evolved to include a more proactive approach to preventing harm through improving work design, culture and psychosocial risk management alongside the individually focused supportive measures.

Performance Measures	Performance Targets	
	2024	2025 & 2026
Culture - continue to develop a positive culture that enables the health, safety and wellbeing of our people	<ul style="list-style-type: none"> ▪ Achieve 75% or more in our annual culture and engagement survey. ▪ Delivery of bespoke safety leadership training to all people leaders ▪ Embedding safety leadership conversations throughout all areas 	<ul style="list-style-type: none"> ▪ Achieve 80% or more in our annual culture and engagement survey. ▪ Delivery of bespoke safety leadership training to all people leaders ▪ Embedding safety leadership conversations throughout all areas
Safety Management – continuous improvement in systems to manage safety and wellbeing	<ul style="list-style-type: none"> ▪ Utilisation of new HSW management software for risk management, auditing and assurance functions ▪ Delivery of updated induction/refresher SMS training to all staff and relevant stakeholders 	<ul style="list-style-type: none"> ▪ CIAL Health, Safety & Wellbeing workplan delivered on schedule. ▪ External audit of combined SMS/HSMS
Wellbeing – refocusing and activating our strategy to support our people to thrive at work	<ul style="list-style-type: none"> ▪ Creating a shared understanding of Wellbeing at CIAL ▪ Mental health protection framework implementation continues 	<ul style="list-style-type: none"> ▪ Maintain or increase the wellbeing, psychosocial safety and work/life blend scores in our annual culture and engagement survey. ▪ Incorporate ISO45003:2021 Psychological Health & Safety at Work into our Health & Safety Management System

COMMUNITY ENGAGEMENT

CIAL is a proud member of the Christchurch, Canterbury and South Island community. CIAL will continue to work to broaden and deepen its support and links with its communities.

Performance Measures	Performance Targets	
	2024	2025 & 2026
To make a positive contribution to the social and community outcomes of our City and the South Island	<ul style="list-style-type: none"> ▪ Demonstrate support for the city, its image and activities. Provide promotional space at the airport to showcase events and activities across the region. ▪ Offer community groups and projects support through the Community Fund. ▪ Senior leaders participate in and address events and functions, sharing expertise and skills across the city, region and country in person, plus wider online. ▪ Support local and national charities by hosting collections within the terminal, and active engagement by staff in charity events. ▪ Respectfully engage with local communities, iwi mana whenua and stakeholders in respect of our project to explore the potential for a new airport in Central Otago. ▪ Engagement and communication with stakeholders led by the Chief Executive and GMs initiating and accepting invitations to meetings, speeches, panels, addresses and workshops, both in person and online as required. 	<ul style="list-style-type: none"> ▪ Demonstrate support for the city, its image and activities. Provide promotional space at the airport to showcase events and activities across the region. ▪ Offer community groups and projects support through the Community Fund. ▪ Senior leaders participate in and address events and functions, sharing expertise and skills across the city, region and country in person, plus wider online. ▪ Support local and national charities by hosting collections within the terminal, and active engagement by staff in charity events. ▪ Respectfully engage with local communities, iwi mana whenua and stakeholders in respect of our project to explore the potential for a new airport in Central Otago. ▪ Engagement and communication with stakeholders led by the Chief Executive and GMs initiating and accepting invitations to meetings, speeches, panels, addresses and workshops, both in person and online as required.

OUR PEOPLE

Our People Strategy is designed to continue building a collaborative, connected and engaged culture that enables every member of our Champion Team to deliver our purpose, mission and strategic priorities both individually and collectively. Our people are at the heart of everything we do and it's their great contributions that underlies all our successes, innovations and reputation.

Future of Work

Continuing to embed and evolve what flexible work means for CIAL moving forward is a key piece of work and how all of our team can access whatever opportunities are available to them based upon the nature of work they perform. Balancing engagement, talent retention, productivity and culture will be central to our thinking.

Talent, Learning & Development

The CIAL Board remains committed to be an employer of choice and will deploy policies to support this ambition in the interests of our staff and both shareholders.

Our approach to talent was updated in mid-2020, which defined the critical attributes/capabilities we want our talent to have and which roles are critical in driving value or managing risk across the organisation. This has provided a foundation for recruiting and managing our key talent and creating a framework for succession planning across the organisation.

We will also strive to offer our people equal access to broad development opportunities which enable personal and professional development growth.

Diversity & Inclusion

We want to be a fair organisation, an inclusive team, one that embraces and reflects diversity and inclusion in all its forms. Diversity & Inclusion has many dimensions, and for CIAL it is important that diversity is embraced and we provide an inclusive work environment for our people to thrive within and be their authentic true selves.

Our aspiration is that we reflect the communities we serve and are an organisation that has the capability and understanding to embrace diversity and be inclusive. CIAL will continue to prioritise talent strategies that ensure we retain and attract the right talent whilst balancing a move to improving diversity across the organisation.

CIAL also continues to be involved in several initiatives that progress and celebrate our role as a diverse and inclusive airport. These include our visible support of Christchurch Pride Week, Māori language week, Chinese New Year and our cultural competency program as noted below.

Performance Measures	Performance Targets	
	2024	2025 & 2026
Talent Execute the talent Management Strategy - specifically workforce planning under H30, strategic value talent mapping and succession planning Update Development approach - documented pathways, study assistance, future of work Reward & recognition framework linked to values & purpose	<ul style="list-style-type: none"> Identification of CIAL's future H30 talent requirements and pipeline of emerging leaders developed Improved retention of critical talent Increase of baseline capability with visible links to Talent Strategy Succession plans confirmed and pathways actioned 	<ul style="list-style-type: none"> Continued improved retention of critical talent
Leadership Review tiered leadership development framework aligned to skills and attributes Development opportunities through H30, Te Whariki, mentoring Investigate appropriate 180/360 feedback mechanism for leaders	<ul style="list-style-type: none"> Improved Leadership measures in engagement survey Incremental improvement in leadership performance in personal development and performance reviews 	<ul style="list-style-type: none"> Incremental improvement in leadership performance, in personal development and performance reviews Incremental improvement in leadership measures in culture and engagement survey
Build a workforce of the future Unlock capacity through agility and digital transformation Build people's resilience capabilities	<ul style="list-style-type: none"> Future oriented talent planning is embedded into operational and strategic planning There is enhanced understanding of the skills we have today and the skills we will need in the future We attract, recruit and develop a diverse and highly skilled workforce 	<ul style="list-style-type: none"> Flexible work fully embedded across the organisation Incremental improvement in Innovation measures in culture and engagement survey
Diversity, Equity & Inclusion Establishment of Diversity Framework, policy and measurements Raise the understanding and profile of D&I across the business including training and workshops Ongoing gender pay reviews and audits to be completed Cultural Capability program delivered for all employees Flexible Work practices are well defined and supported throughout CIAL where possible	<ul style="list-style-type: none"> Diversity metrics and targets to be developed D&I audit to be completed annually and continued delivery of training and workshops Gender Pay Gap is understood, reported and actions to reduce are underway Flexible work guidelines embedded, to become a normalized way of working Our people will have an understanding of the principles of Te Tiriti and how they can be honoured through CIAL's work 	<ul style="list-style-type: none"> Measurement against pathway to achievement of future D&I goals Continued delivery of training and workshops across D&I and cultural competency Incremental improvements in participation and inclusion measures in culture and engagement survey

REMUNERATION APPROACH

CIAL, like all successful companies, recognises that to create real shareholder value you need both capital AND talent. The ability to retain and attract key capability and talent continues to be challenging in the currently constrained labour market.

CIAL will look to attract, retain, develop and motivate high calibre employees at all levels – to support our principal objective, to operate as a successful business. CIAL is a socially responsible and equal opportunities employer.

CIAL has policies and procedures in place to ensure remuneration levels are set at market rates that are able to attract and retain the key talent we need to manage, operate and create real shareholder value in the business.

We regularly compare our employee remuneration against market data and in general will meet the market, subject to employee performance.

The company is especially conscious of its public responsibilities in the setting of remuneration for senior executives, which is closely managed by the Board and made publicly available via the Annual Report. CIAL will take on board feedback from shareholders in their letters of expectation around enhanced reporting in this area.

CIAL is aware of the national living wage and have no employees impacted. CIAL has no contractors with employees working on CIAL contracts impacted by the national average living wage or without an agreed pathway for addressing contractor staff impacted.

COMMUNICATION WITH SHAREHOLDERS

No Surprises

CIAL is committed to keeping its shareholders informed and places a high degree of importance on open communication and transparent reporting. The company will operate on a “no surprises” basis in respect of material shareholder-related matters, to the extent possible in the context of commercial sensitivity and confidentiality obligations. Any sensitive issues that could result in media attention or issues will be communicated to the Shareholders as soon as possible.

Shareholder Engagement

The Board aims to ensure Shareholders are informed of all major developments, including future strategic investments, affecting the company’s state of affairs, while at the same time recognising commercial sensitivity and New Zealand Stock Exchange (“NZX”) continuous disclosure obligations (due to CIAL’s listed debt), may preclude certain information from being made public.

Within this constraint, information is communicated to the Shareholders through periodic updates, briefings as required, both the annual report and the half-yearly report, and “no surprises” updates on issues of importance as they may arise. CIAL will continue to work with our shareholders to ensure an appropriate level and scope of engagement occurs.

Within this constraint, information is communicated to the shareholders through:

- quarterly updates on the ongoing performance of the company which may include financial, strategic, risk and operational updates
- six monthly briefings
- both the annual report and the half-yearly report; and
- “no surprises” updates

CIAL will ensure that the company’s shareholder reporting meets the requirements of the Owners Expectation Manual which can be found on the Treasury’s website. CIAL are also engaging with Treasury to ensure that we understand and align with Treasury’s Performance Assessment Framework.

Statement of Intent

The Statement of Intent will be submitted to the shareholders for consultation annually, as required by the Local Government Act 2002. The directors will include any other information they consider appropriate. Where appropriate revised forecasts will be submitted to shareholders.

Annual & Half Year Report

An annual report will be submitted to the shareholders. The annual report will include audited financial statements and other details which permit an informed assessment of the company’s performance and financial position during the reporting period provided to the shareholders.

Half-yearly reports will also be provided to the shareholders. These reports will contain unaudited information and comply with NZ IAS 34.

Annual reports will be produced, consistent with the company’s objective to be a long-term sustainable and responsible business. The reports will outline the company’s objectives and performance in terms of its economic, environmental and social outcomes.

Annual General Meeting

CIAL recognises that the annual meeting is an important forum at which shareholders can meet with the Board and it encourages shareholders to use the forum to ask questions and make comments on the performance of the company. CIAL will work with shareholders to agree on the form of the Annual General Meeting each year.

Other Reporting & Stakeholder Engagement

CIAL is subject to the disclosure regime under Part 4 of the Commerce Act. Under this regime CIAL is required to disclose publicly detailed information after each price setting event and annually after each financial year within the relevant 5-year period.

CIAL will also look for more proactive engagement with our aligned stakeholders (including other CCO’s, CCTO’s and ChristchurchNZ), and other parties (including Ngai Tahu and the wider communities).

ACQUISITION/DIVESTMENT PROCEDURES

CIAL will continually assess the best way to maximise its contribution to New Zealand's sustainable aviation growth and its contribution to the social and economic value added to the regions. CIAL's business development activity may include direct investment or partnership activities with appropriate organisations.

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 CIAL.

When the subscription, acquisition or divestment is considered by directors to be significant to the company's business operations, it will be subject to consultation with the shareholders.

Major transactions as defined in the Companies Act 1993, s129 (2), will be subject to shareholders' approval by special resolution.

Notwithstanding the above, if CIAL is considering a significant acquisition or disposal of assets or securities, the shareholders will be consulted with as much lead-time as is commercially practicable in the prevailing circumstances.

Where the company decides to incorporate, or subscribe to, shares in subsidiaries to undertake its commercial activities, the company will ensure effective management, with Board control of any subsidiary being exercised by CIAL's directors and staff.

As a part of its ongoing master planning approach, CIAL will continue to regularly engage in the acquisition of property and land assets which support the company's commercial, renewable energy, biodiversity and operational and financial resilience strategies over that long-term master planning horizon. As noted above, major transactions as defined in the Companies Act 1993 will be subject to shareholders' approval, and other transactions will be advised in accordance with CIAL's "No Surprises" approach.

ESTIMATE OF VALUE

The directors note the commercial value a shareholder may realise on any sale of its investment in CIAL will almost certainly differ from the value estimated in this SoI, depending on the circumstances of sale, the identity of the buyer, and market conditions applicable or forecast at the time.

The most recent estimate of the equity value of Christchurch International Airport is \$1,568 million.

The primary approach for this assessment is a discounted future cash flow (DCF) approach related to the airport operations, plus investment properties and surplus land at independent market value assessments.

The current investment property and land market value assessments are based on independent valuations performed as at 30 June 2022. More recent valuations are currently being prepared but were not finalised as at 30 June 2023.

The current equity value of the Shareholders' investment of \$1,568 million, was calculated by taking the midpoint range of the enterprise value of \$2,139 million and deducting net debt of \$571 million.

The directors note that the estimation of the commercial value of CIAL each year is somewhat of an "academic" exercise. In particular, the approach used for the purposes of this SoI would almost certainly come up with a different estimate to:

- A valuation for financial statement purposes – prepared in accordance with the rules set out in the relevant accounting standards; or
- An earnings multiplier approach – used predominantly for transactional purposes.

This value is re-estimated annually.

ACCOUNTING POLICIES

CIAL 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 company's current detailed accounting policies are available in our most recent annual report for the year ended 30 June 2022, as published on our company website <https://www.christchurchairport.co.nz/globalassets/about-us/who-we-are/financial-reports/2022-financial-statements>