

For the period ending
30 June 2023



Statement of Intent A Sustainable Port



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Mihi

Tihēi Mauriora

Me mihi ki te Rūnga Rawa nāna nei ngā mea katoa. Give praise to that which is above us for all things are from that source.

Ngā mate, pupu ake te mahara i o mātou hinengaro, hāere koutou kua wehe atu ki te pō, ki te okiokinga, hāere, hāere, hāere. To those passed on, memories well up in our thoughts because you have departed from here to the night, to your resting place, farewell, farewell, farewell.

Ki te hunga ora, he mihi tenei ki ngā maunga tapu me ngā marae maha o Te Waipounamu huri noa i ngā tangata katoa e noho ana. To the living, greetings to the sacred mountains, marae and all the people living throughout the South Island.

Kei roto i tō tātou hitori i hāere mai ō tātou Tipuna ki te whenua nei ko Horomaka. I kimihiā e rātou te ao hou me te mātauranga hei oranga mo te iwi. Within our history, our ancestors came to Banks Peninsula seeking a new world and knowledge for their future well being.

Tae mai ki tenei rā, kei te mahi tahi te Poari me ngā Kaimahi o Te Kamupene o Ohinehou ki te whakatinana i ngā moemoea me ngā wawata o ngā tangata e noho ana i konei. Today, the Board and Staff of Lyttelton Port Company are working together to support the visions and aspirations of all those who live here.

Ko to mātau kāinga tēnei. This is our homeland.

He rere ke, he tangata auaha. We are its diverse and innovative people.

He angitu, he mea pai mo Te Waipounamu. Driving opportunity, enterprise and prosperity for the South Island.

Kia toitū te taiao mo ake tonu atu. Building a legacy of sustainability for the environment and the future.

Whakaraupō! He wāhi mo te katoa. Lyttelton Harbour a place for everyone.

Introduction

The Statement of Intent (SOI) specifies for Lyttelton Port Company Ltd (LPC) and its subsidiaries the objectives, nature and scope of the activities to be undertaken. It also specifies performance targets and other measures by which the performance of LPC may be judged in relation to its objectives and other requirements.

The process of determining an acceptable SOI is a public expression of the accountability relationship between the Company and its Shareholder.

This SOI covers the three-year period from 1 July 2020 to 30 June 2023.

LPC is a Port Company governed by the Port Companies Act 1988. This SOI is prepared in accordance with LPC's obligations under the Act. LPC incorporates Lyttelton Port, as well as two Inland Ports: CityDepot in Woolston and MidlandPort at Rolleston.

Our Purpose

Our purpose: we sustainably facilitate trade for Canterbury.

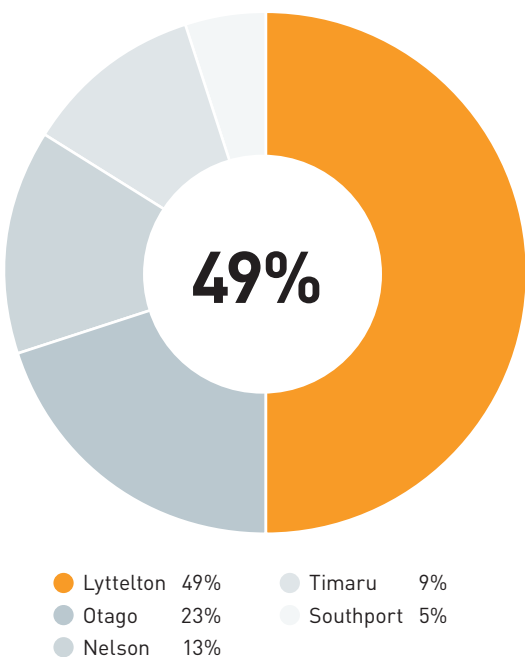
LPC is the South Island’s largest international trade gateway, facilitating the movement of \$5.6 billion of exports and \$4.8 billion of imports last financial year. We are New Zealand’s second-largest export hub, taking Canterbury’s goods to the world.

That’s why we take our role in the economic sustainability of Christchurch and Canterbury so seriously. We are committed to making sure we develop a profitable Port to ensure that it is able to handle the projected growth in volumes and is sustainable in the long-term, while delivering value to both our shareholder and the people of our region.

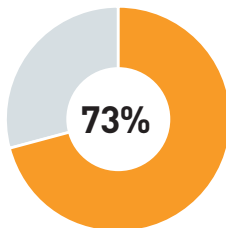
This requires us to operate safely, efficiently and sustainably. Our services are critical to the success of a diverse range of exporters and importers, and consequently the lifestyle and prosperity of all people living in Canterbury. The Port supports thousands of jobs, and the creation of billions of dollars of wealth.

Here’s a snapshot of our impact on the region and New Zealand:

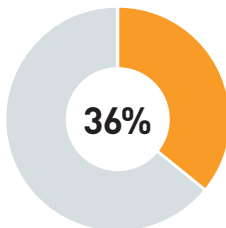
Total South Island Market Share – Containers



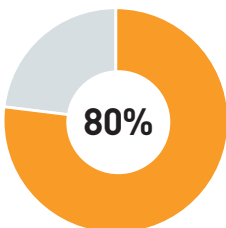
Imports



Exports



Domestic



South Island Port TEU volumes

TEU October 2018 – September 2019



Key Facts

We provide services to the fishing industry, and our General Cargo facilities handle fertiliser, gypsum, cement, non-containerised cargo and imported vehicles.



We have two Inland Ports – MidlandPort (Rolleston) and CityDepot (Woolston) which enable a growing use of rail



We keep businesses running with supply of aviation fuel, diesel and other petroleum products



We are in the process of constructing a dedicated Cruise Berth which will significantly increase our ability to service Cruise vessels



We manage nearly half the South Island's container volume including more than 70% of imports



We have over

600 staff

Resilient and committed

24/7

We service ships from 94 international ports, 39 countries and are connected to 13 container shipping lines and 8 shipping services



We are New Zealand's largest coal facility



We load and unload more than

430,000

TEUs of container cargo each year

Prosperity, People, Planet

Over the last year, LPC has built on our previous sustainability commitments by developing a business-wide Sustainability Strategy. We have set key targets across our three key focus areas: Prosperity, People and the Planet.

Our Prosperity commitment is about creating and maintaining an efficient, economically viable business that supports the region's economy and community. We will grow connectivity, deliver operational excellence and be profitable and financially sustainable.

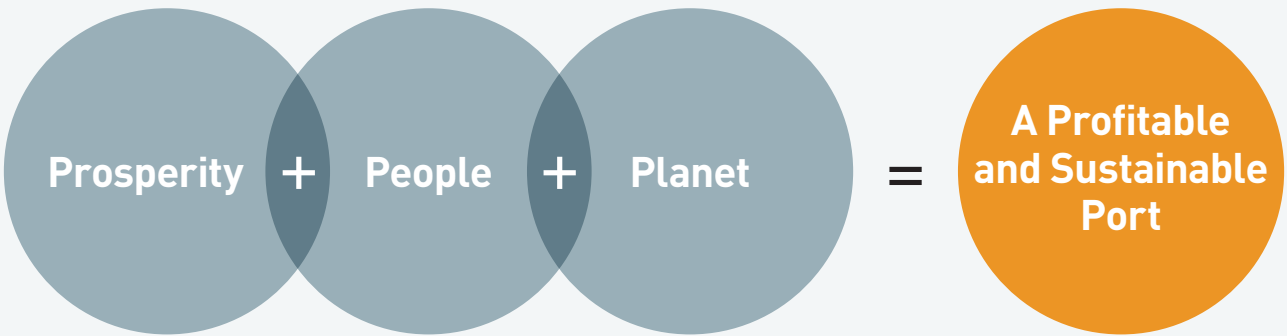
The importance of our people means we are committed to creating quality employment opportunities, attracting and developing talented people, and maintaining the health and well-being of everyone in our workplace. It also means LPC is committed to building and growing a diverse and inclusive workforce, where the unique strengths of individuals are valued.

As part of the role we play as a citizen of Lyttelton Harbour, we work hard to be a responsible and supportive part of the community delivering real value, while understanding and minimising the impact of our operations.

We are also committed to the protection and enhancement of our natural environment. As a port, LPC has a special responsibility for the Harbour environment, and we are proud to be a part of Whaka-Ora, the Whakaraupō/Lyttelton Harbour Catchment Management Plan. We are committed to being Carbon Neutral by 2050, Zero-waste by 2040 and have set an ambitious goal of seeing a net gain in the biodiversity and ecological health of the harbour.

Our commitment is to continue to grow the profitability and economic sustainability of Lyttelton Port, continue our strong focus on health and safety, the wellbeing of our workforce, and mutual benefits for our communities, and do our part in addressing the significant global challenges of climate change and biodiversity loss.

We will deliver these objectives through our sustainability strategy, and develop our non-financial reporting through the staged adoption of Integrated Reporting, in line with CCHL's move to Integrated Reporting.



Our Sustainability Strategy

Strategic Ambitions	Our Targets
1. Financial Performance	<ul style="list-style-type: none"> • Sustainably increase profitability • Maintain and grow connectivity for Canterbury to key markets • Maintain efficient and reliable Port operations
2. Healthy Harbour / Biodiversity	<ul style="list-style-type: none"> • Net gain in biodiversity and ecological health of the harbour
3. Carbon Reduction <ul style="list-style-type: none"> • Scope 1 direct emissions (fuel) • Scope 2 indirect emissions (electricity) • Scope 3 (mandatory) indirect emissions (waste, air travel, freight) • Targets are against the FY2018 baseline 	<ul style="list-style-type: none"> • Net carbon zero by 2050 (For scope 1, 2 and mandatory scope 3 operational emissions) • Draft Interim targets: <ul style="list-style-type: none"> FY2020 – A detailed carbon emission reduction plan for first 5 year period FY2030 – 30% reduction in scope 1, 2 and mandatory scope 3 emissions FY2040 – 40% reduction in scope 1, 2 and mandatory scope 3 emissions FY2050 – Net carbon zero
4. Eliminate Waste	<ul style="list-style-type: none"> • Zero solid waste to landfill by 2040 • Interim targets: <ul style="list-style-type: none"> FY2023 – 10% decrease in landfill waste (operational waste) FY2025 – 20% decrease in landfill waste (operational waste) FY2030 – 50% decrease in landfill waste (operational waste) FY2040 – Zero solid waste to landfill
5. Supply Chain and Purchasing / Responsible	<ul style="list-style-type: none"> • 100% Responsible sourcing against a defined policy by 2030. • Interim targets: <ul style="list-style-type: none"> FY2020 – Purchasing policy updated to include non financial / responsible sourcing parameters FY2022 – 50% operational product suppliers > \$50k / annum evaluated against responsible sourcing criteria. FY2030 – 100% of operational suppliers > \$50k / annum evaluated against responsible sourcing parameters
6. Our People	<ul style="list-style-type: none"> • Improve our staff engagement scores over time • Improve and maintain our performance against our Health and Safety targets • Collect and report on gender and ethnicity, and develop key initiatives to address trends
7. Relationships with Mana Whenua and our communities	<ul style="list-style-type: none"> • Improve our rating in community surveys • Implement a long-term focus for our relationships
8. Transparency and Reporting	<ul style="list-style-type: none"> • FY2020 – Move towards Integrated Reporting using the integrated reporting principles • FY2022 – Integrated Reporting from the end of 2022

1. Prosperity

Our purpose is to sustainably facilitate trade for Canterbury.

To do this, we must increase the profitability of the Port, guarantee long-term trade connections for Canterbury and ensure that LPC remains economically sustainable.

We are committed to ensuring that the Port is able to handle strong projected growth in volumes, delivers good returns, and is sustainable in the long-term. We need to provide the infrastructure, services and connectivity that our customers require while ensuring good shareholder returns.

This requires us to operate safely, efficiently, and sustainably. It requires us to focus on our efficiency and reliability to ensure Port operations provide customers with the service they need, delivered cost-effectively. Over the period, we will be developing key metrics to benchmark our performance against other key competitors in the ports sector.

We are dedicated to delivering operational excellence, optimising the use of LPC's infrastructure assets and developing infrastructure to meet capacity in a timely and economically viable way.

Financially sustainable and profitable

- We will have an emphasis on revenue optimisation and cost-reduction.
- LPC continues to develop initiatives to increase our profitability. We will have a strong focus on financial performance, increased returns and delivering prosperity to our region.
- Over the SOI period we will complete a number of capex projects including a new international cruise berth, the establishment of additional land for Container Terminal use, and finishing the repair of our oil berth.
- We have facilities of \$230M in place to fund our capital investment. LPC management is focused on ensuring that debt levels and costs are well-managed to ensure that the Port's finances are sustainable.
- We will expand our non-financial reporting through the recognised standards of Integrated Reporting.

Great connectivity to Canterbury and global markets

- LPC will continue to invest appropriately in new equipment, technology and infrastructure.

- LPC owns two Inland Ports which give importers and exporters a range of options for transporting cargo within the region. We are focusing on increasing volumes and profitability through our Inland Ports.

Maintain efficient and reliable Port operations

- Our customers care about their cargo moving through our Port and Inland Ports in an efficient way. We are focused on constantly improving the performance of our operations while ensuring:
 - all operations are focused on meeting customer needs,
 - we use our labour as efficiently as possible, and
 - we develop and utilise innovative and disruptive technology where appropriate.

Infrastructure to Meet Demand

Optimise the use of land and infrastructure assets

- LPC has significant land holdings at Lyttelton Port and at our two Inland Ports: CityDepot in Woolston and MidlandPort in Rolleston. These will be developed to meet increased demand in a timely and affordable manner.
- We have resource consent to extensively reclaim additional land over the next 30 years. Our intention is to turn this area into our primary Container Terminal facility as demand requires it.
- We have an asset maintenance and replacement programme to maintain our assets.

Deliver infrastructure to meet capacity needs in a timely way

- Given the projected growth of the Canterbury economy, the volumes at the Port are forecast to grow to well beyond its current capacity. Work undertaken for LPC by Hamburg Port Consulting has told us we need to expand our facilities progressively in line with the growth in demand to handle this extra volume.
- This growth will be particularly significant in the Lyttelton Container Terminal and MidlandPort. At times now we are near capacity, and with demand forecast to continue to grow we will need to develop more land as required. In 2019, we began the reclamation of more land in Te Awaparahi Bay to deliver another six hectares of terminal space which will be completed over the period.
- This work will be driven by demand, and the programme will be developed in a way that is affordable and delivers an appropriate level of returns.

Notes:

Forecast Volatility

LPC operates in a dynamic commercial environment and is continually enhancing our long-term plan. While LPC makes every attempt to provide accurate forecasts, volatility is unavoidable. The current situation of the global COVID-19 pandemic adds to this volatility at the present time.

It is the Board's intention to use any surplus funds which are not in the forecast to manage debt levels.

Revaluation Risk

The Board is currently going through a process to value the Company's assets and equity. This may lead to material changes in the value of assets and equity.

Operational Targets

Gross Crane Rate shows the total containers handled during the allocated crane time for a ship. The Lyttelton Container Terminal is working to maximise this rate for all vessel visits.

Ship Rate combines the Gross Crane Rate with the number of cranes used on a vessel and the time labour is active on the vessel. This indicates how many containers are moved per hour over the whole vessel, rather than a particular crane. It is the key customer measure of the length of time it takes us to unload and load a vessel at the Port.

Further Work

LPC is developing our approach to disruptive technology and we will be working on both policy and target setting over the coming financial year.

Objectives	Key Performance Measures	Targets		
		2021	2022	2023
Financial	Revenue (\$m)	137	149	153
	Net Profit After Tax (\$m)	8.5	12.7	11.5
	Shareholder Funds to Total Assets	72	66	63
	Interest cover ratio	5	4	5
	Debt (\$m)	193	216	210
	Dividend Proposed (\$m)	10	10	11
Operational	Gross Working Crane Rate	25	25	25
	Ship Rate (as measured by Ministry of Transport)	65.0	65.0	65.0
	Coal load out rate (tonnes per day)	25,000	25,000	25,000

2. People

LPC is committed to playing our role as a responsible employer, and being a supportive and collaborative member of the community.

We have a workforce of 600 dedicated and committed staff who are focused on delivering the highest levels of service and performance to the people and businesses of Canterbury who depend on the Port. Our focus for the future is on the continual development of our people, increasing our attractiveness as an employer and delivering on our People and Performance Strategy.

We have implemented a diversity and inclusion policy, the delivery of which will form an important part of our work over the period.

LPC has developed a range of initiatives to support the health, safety and wellbeing of our people, and we see health and safety as an enabler of great business performance. We have identified five critical risks, established baseline systems, and implemented a PCBU framework. We have launched our new Health, Safety and Wellbeing Policy and Framework.

As part of the role we play as a citizen of Lyttelton Harbour, we work hard to be a responsible and supportive part of the community.



Our People

Effective Workforce

LPC is focused on attracting great people, developing a collaborative and stable workplace environment and creating a diverse and inclusive workforce. In 2019 we developed a People and Performance Strategy that covered these areas. 2020 will focus on delivery of the People and Performance Strategy over a three-year horizon.

The key areas of focus for our People and Performance Strategy are:

- Talent Management
- Engagement, Participation, Diversity and Inclusion
- Leadership Development
- Learning and Development

We are developing the systems, processes and analytics to implement and deliver this strategy, and have established a People and Performance Board sub-committee to oversee our performance.

The Board in 2019 approved a Diversity and Inclusion Policy for LPC, which will also form an important part of our work over the period. The purpose of the policy is to build and grow a diverse and inclusive workforce, which is essential to driving sustainable commercial success and creating a high-performance culture.

In order to deliver this goal, LPC will:

- Monitor and report on agreed diversity statistics to the CEO and Board
- Establish and monitor recruitment, selection and promotion processes to ensure LPC's diversity and inclusion principles are being followed
- Ensure that remuneration and other benefits are only influenced by factors pertinent to the job itself
- Establish and maintain mechanisms for employees to provide feedback about their inclusion experiences
- Ensure there is support in place for those employees who feel that their diversity factors are not acknowledged and respected

The Board will be responsible for conducting an annual assessment of this policy, its objectives and the progress made towards achieving them. All staff will have an awareness of LPC's commitment to diversity and inclusion.

Key Performance Measures	Targets		
	2021	2022	2023
Diversity and Inclusion	Collect and report on gender and ethnicity statistics	Identify trends and develop key initiatives	Deliver initiatives
High-performance Culture – Leadership and Development	All people leadership roles have individual development plans Design a LPC leadership programme	Deliver leadership programme	Deliver leadership programme
An Engaged Workforce	Measure staff engagement Develop a plan for targeted improvement	Deliver initiatives to improve engagement	Report on initiatives

Health, Safety and Wellbeing

Engaging our people is at the heart of Health, Safety and Wellbeing (HSW) at LPC. Our HSW Policy has been developed with our staff at the centre of the process. Our priorities are directed by the three key areas of people, systems and workplace.

Our approach to Health and Safety focuses on both the elimination and mitigation of risks, but also on how we learn and respond to incidents to ensure we capture information and develop resilience.

1. People

- LPC recognises that our people are our most important asset.
- We have moved to a more consultative approach to HSW. Working with our people on the front line is a priority; we value their feedback and use this to make meaningful improvements to controls. One example of this is how we moved to a learning teams approach to understanding significant incidents and identifying both successful control and implementing learnings.
- Enhancing the wellbeing of our employees is a strategic driver. Various initiatives support this, including the Pain and Discomfort Programme that enables people to get treatment for non-injury pain and discomfort that keeps people fit for work.
- We have reviewed our Employee Assistance model, and we will be engaging a new provider and developing an internal support network over the period.

2. Systems

- We take a risk-based approach to managing HSW.
- New processes have been developed for managing contractors and PCBU's working at the Port.
- Our HSW System has been benchmarked against ISO45001 standards and it is internally and externally audited.
- Critical Risks form the most important focus for our Health and Safety programme. We have completed our bowties and identified our Critical Controls. We are developing a Critical Control Assurance programme to monitor the effectiveness of these controls.

3. Workplace

- Safe equipment and work environments are key to managing risk. We constantly review our equipment and workplace to identify safer alternatives, for example, we are aiming to use reefer towers to reduce man vs machine interface and working at heights risks.

Critical Risks



Falling Objects



Man vs Machine



Uncontrolled
Energy Release



Working at Height



Working on
or Near Water

Key Performance Measures	Targets		
	2021	2022	2023
Notifiable Injuries/Incidents	0	0	0
Total Recordable Injury Frequency Rate	10% reduction in actual TRIFR	10% reduction in actual TRIFR	10% reduction in actual TRIFR
Safety Culture	Measure safety culture and develop a targeted improvement plan	Deliver targeted safety culture improvement plan	Re-evaluate safety culture and reset plan as appropriate
Critical Risk	Embed Critical Risk Assurance programme	Monitor, Review and Improve the effectiveness of Critical risk assurance programme	Monitor, Review and Improve the effectiveness of Critical risk assurance programme
Assurance - Through robust systems, risk and monitoring	Develop internal assurance process based on ISO 45001 Finalise integration of Safety II principles into LPC Safety Management system	Incorporate Safety II principles into assurance programme	Continue to Safety II principles into assurance programme

Our Community

Our ambition is to grow social capital by creating long term meaningful value for our communities across a range of parameters.

We want to continue to grow trust by effectively engaging our communities. We will review our sponsorship programme to deliver meaningful long-term value and encourage programmes that link our staff with community programmes. We will deliver on the community aspiration of more focus on youth and schools in local areas.

We will continue to place importance on our partnership with Iwi in Whakaraupō. The Mana Whenua Advisory Group (MAG) has been an important engagement forum for LPC and Te Hapū o Ngāti Wheke since 2014. The purpose of MAG is to provide a regular forum for conversations between LPC and Te Hapū o Ngāti Wheke to recognise and provide the shared vision for Lyttelton Harbour / Whakaraupō.

Our sponsorships range from one-off donations to ongoing partnerships with leading organisations, such as the Māia Health Foundation, the Canterbury-Westland Air Rescue Trust, and the Banks Peninsula Conservation Trust. We currently support a number of local sporting clubs, community groups, projects and other local organisations.

LPC also continues to support the Christchurch Antarctic Gateway Strategy with particular focus on two of the four priorities of the strategy. We provide world class logistics for Antarctic vessels and have a clear focus on sustainability as demonstrated in this SOL.

We will continue our regular community engagement, including:

- Free monthly Port boat tours
- Our quarterly community newspaper, LPC Update, delivered to nearly 10,000 homes
- The Port Liaison Committee will continue to meet to discuss community issues. The Committee includes representatives from the local community, Port users, Environment Canterbury and the Christchurch City Council.

As we outlined in the Port Lyttelton Plan, we are committed to moving the Port's operations East over the long term, to free up land and provide increased public access to the waterfront. A great example of this objective becoming a reality is the establishment of Te Ana Marina, Canterbury's first walk-on floating marina providing public access to the waterfront.

3. Planet

Our Sustainability Strategy recognises three key priorities for LPC: climate change, waste and biodiversity.

Our climate change target is to positively contribute to addressing climate change and achieve zero net carbon emissions for our operations by 2050.

We recognise that collaboration and partnering with our peers, including the Christchurch City Holdings Ltd (CCHL) companies. We are committed to working with the group to determine an effective CCHL Group carbon energy management plan.

We will also continue our involvement in the Sustainable Business Council, the New Zealand Climate Leaders Coalition, World Ports Sustainability Programme and New Zealand Port's network.

We will also work with suppliers of our plant and machinery to understand their future plans, and work to inform them of our requirements as a customer.

LPC's goal is to transition to zero waste by 2040, by focusing on making better purchasing decisions, collaborating with suppliers and considering how we deal with products at end of life. Our goal is for LPC's net biodiversity impact to be positive for the environment. We will have a net restorative and regenerative approach on our harbour environment.

This is an extremely ambitious goal, and we know of no Port that has such a bold target – that is, to have a net regenerative effect.

Within the next three years we'll be focusing on the following:

- Ongoing implementation of the Whaka-Ora / Healthy Harbour Plan aimed at restoration of the ecological and cultural health of Lyttelton Harbour / Whakaraupō.
- Map out our route to net-zero carbon by 2050 in detailed carbon reduction plans, in five-yearly periods to enable appropriate planning and budgeting.
- Completing the on-going updating of LPC's Environmental Management System to support continued improvement in environmental performance.
- Continue ecological enhancement of the Port Saddle Restoration Project.
- Ensure energy efficient operations by transitioning our straddle fleet to hybrid (electric/diesel) machines and maximising container freight movements by rail.
- Implement a framework for valuing and enhancing biodiversity values in Port operations and developments
- Update our purchasing policy and processes to address waste and resource use.
- Conduct waste assessments for all the operational areas, and set areas specific goals for waste reduction that can be owned by the operational teams.

Key Performance Measures	Targets		
	2021	2022	2023
Carbon Reduction	Detailed Carbon Reduction Plan in place for first 5 year Period	3% reduction in scope 1 & 2 operational emissions or carbon intensity from baseline year 2018	5% reduction in scope 1 & 2 operational emissions or carbon intensity from baseline year 2018
Waste	5% increase in diversion rates (operational waste) from baseline FY18	7% increase in diversion rates (operational waste) from baseline FY18	10% decrease in landfill waste (operational) from FY18
Biodiversity Positive	Biodiversity Positive road map in place.	Evaluate and report on biodiversity as part of Natural Capital in the Integrated Report	Publish our Biodiversity Impacts and Dependencies Analysis
Responsible Sourcing	Purchasing policy updated to include non-financial / responsible sourcing parameters	50% operational product suppliers > \$50k / annum evaluated against responsible sourcing criteria.	75% operational product suppliers > \$50k / annum evaluated against responsible sourcing criteria.
Reporting	Transition towards Integrated Reporting	Publish first full Integrated Report	Integrated reporting ongoing

Council's Strategic Priorities

We acknowledge the Christchurch City Council's six strategic priorities, which are outlined below along with how LPC proposes to show leadership in, or contribute to them.

Enabling active citizenship and connected communities

We connect with our local community and wider Canterbury region in a number of ways, which include:

- Our LPC Update newsletter.
- Our monthly free boat tours of Lyttelton Port.
- Providing public access to the Lyttelton waterfront and electric car charging stations at Te Ana Marina.
- The Mana Whenua Advisory Group.
- The Port Liaison Group.
- Ecological restoration, recreational access and schools' enviro-schools programmes at the 17 ha Port Saddle site in Lyttelton.
- Community sponsorships.

Maximising opportunities to help ensure Christchurch becomes a vibrant, prosperous and sustainable city

- We are facilitating the growth of the Canterbury economy to ensure its continued prosperity by investing in the infrastructure throughout Canterbury that exporters and importers need.
- We are developing a vibrant waterfront area and retail precinct at Te Ana Marina.
- We are building New Zealand's first custom-designed cruise berth that will allow the city to tap into an estimated \$700 million industry.
- We have developed a comprehensive sustainability strategy that sets targets across economic, social and environmental areas.

Climate change leadership

- We have measured our baseline and set targets to reach a goal of net-zero emissions by 2050. We will report on progress regarding our energy consumption, waste, water, noise and air quality.
- We will improve our Environmental Management Systems.
- We will further develop our understanding of the wider environment by continuing to invest in comprehensive scientific research programmes.

Informed and proactive approaches to natural hazard risks

- All of our structures are built with natural hazard risks front of mind.
- Our main container wharf was built to international best practice earthquake codes and were successfully peer-reviewed.
- As part of our annual insurance renewal process, we review and adjust models showing the impact of natural hazard risks on our assets and operations.

Increasing active, public and shared transport opportunities in use

- We facilitate and encourage the use of ferries and buses on our wharves.
- We have provided publically available electric car charging stations at Te Ana Marina.
- We successfully upgraded the Diamond Harbour Ferry Terminal to provide the community with superior facilities in terms of amenity and safety. We also retained two bus stops that meet the Diamond Harbour Ferry service so there would be no change for people using public transport.

Improving our waterways and ensuring a safe and sustainable water supply

- We manage an industry-leading marine water quality monitoring programme in Lyttelton Harbour / Whakaraupō and the wider coastal environment.
- During the 2018 channel dredging, experts monitored water conditions in real-time and were able to modify dredging operations in response. All information was publically available on our website, www.lpcharbourwatch.co.nz.
- The website also provides information on the environmental effects of the cruise berth construction. We have collaborated with experts to produce our Marine Mammal Management Plan. This sets out how we will manage potential noise effects on marine mammals, monitoring and reporting requirements. This information is publically available on our website.
- Our environmental management system includes environmental design considerations for all Port infrastructure so that improvements to our stormwater systems are incorporated in major developments.

Other Important Information

Corporate Governance

LPC is committed to having best practice governance. LPC'S Code of Corporate Governance has adopted eight key principles:

1. Ethical Standards
2. Board Composition and Performance
3. Board Committees
4. Reporting and Disclosure
5. Remuneration
6. Strategy and Risk Management
7. Auditors
8. Shareholder Relations and Stakeholder Interests

Remuneration and Shareholder Relations and Stakeholder Interests are detailed below, as they are required to be included in this document. Our full Code of Corporate Governance can be found on our website (www.lpc.co.nz).

Remuneration

The LPC Board has a clear policy for setting Executive remuneration. Remuneration is fair and reasonable, and competitive in the market for the skills, knowledge and experience required. The Company believes all employees should have the opportunity to reach their potential and thrive in an inclusive and diverse workplace. The Board monitors established reporting and trend analysis on age profile, gender profile and employment tenure.

The Board is committed to a policy that the remuneration of Directors and Senior Management be transparent, fair and reasonable. The Company is conscious of its public responsibilities in the setting of remuneration for senior executives, which is closely managed and monitored by the Board and made publically available via the annual report. No Executives decide their own remuneration.

The Board recognises the importance of full, fair and transparent disclosure of the Chief Executive Officer's (CEO) salary. The CEO's remuneration is made up of a base salary and incentive related payments. A full analysis of the CEO's salary is disclosed in the annual financial statements.

The Executive Management team remuneration is made up of a base salary and usually comprises a performance incentive related payment which is dependent on the performance of the Company and attainment of agreed individual objectives.

The Shareholder by ordinary resolution from time to time sets a total maximum aggregate annual amount payable to the Directors in their capacity as Directors. That aggregate sum is divided among the Directors as they consider appropriate. The fees paid to each of the Directors in the previous financial year are detailed in the Directors' interests section of the Company's Annual Report.

LPC discloses its remuneration policy to shareholders via the annual Statement of Intent (SOI).

LPC pays all staff at least the living wage, unless they are involved in a training scheme.

Shareholder Relations and Stakeholder Interest

LPC maintains a positive and proactive relationship with CCHL. As part of our annual SOI, the Board includes clear policies for our communications and interactions with CCHL. The Board endeavours to ensure CCHL is informed of all major developments affecting the Company's state of affairs, while at the same time recognising commercial sensitivity may preclude certain information from being made public. Information is communicated to CCHL through a "no surprises" policy on issues of importance as they may arise, as well as through formal communications discussed further below.

Formal communication with CCHL includes:

Annual Report

The Annual Report is provided direct to shareholders and it will include audited financial statements and other details which are required to permit an informed assessment of LPC's performance and financial position during the reporting period.

Half Year and Quarterly Reporting

The half-year and quarterly reporting will contain unaudited information.

Statement of Intent

The SOI is prepared based on the requirements within the Port Companies Act 1988 and the Company's Constitution. The Directors include any other information they consider appropriate.

Briefings

The Company provides briefings to CCHL and its Board, and others as required.

CCHL Bonds

LPC acknowledges its responsibilities under the continuous disclosure regime in relation to CCHL's bonds and has implemented a policy to manage those disclosure requirements.

LPC publishes up-to-date information, on the LPC website providing:

- A comprehensive description of its business and structure
- Commentary on its goals, strategies and performance
- Key corporate governance documents

LPC has a clear focus on the needs of our key stakeholders (including customers, employees, the public, the Council and Government) and recognises it is critical to meet their needs to ensure we have a successful business.

LPC takes account of stakeholder interests by:

- Having clear policies for LPC's relationships with significant stakeholders
- Regularly assesses compliance with these policies to ensure conduct towards stakeholders complies with its code of ethics and the law
- Check conduct towards stakeholders aligns with current accepted social, environmental, and ethical norms.

Shareholder Returns

LPC will work closely with CCHL to provide assurance that the remaining Port Development Programme, together with other business initiatives, will add shareholder value.

LPC continues to focus on creating long-term shareholder value by:

- keeping a continuing focus on improvement in underlying business performance,
- our commitment to sustainable operations and policies,
- investing in infrastructure to meet future demand, and
- ensuring all business investment decisions are subject to rigorous commercial scrutiny.

In discussion with CCHL, LPC intends to:

- Continue to strengthen our position as a leading and highly competitive New Zealand port servicing the South Island's importers and exporters.
- Seek feedback from CCHL on major capital development spend.

Dividend Policy

LPC is seeking to maximise shareholder value through investing available cash resources at the highest and best use, while balancing the needs of its shareholder for cash dividends.

A key consideration of the dividend policy is the timing and scale of funding required for the Port's Development Plan.

The Board will continue to assess distributions on the following basis, subject to meeting the solvency requirements of the Companies Act 1993:

- the interests of shareholders,
- working capital,
- capital expenditure,
- the timing of reinstatement and development projects, and
- free cash flow available for distribution.

The Company's current dividend policy is to pay 50 per cent of normalised Net Profit After Tax to the Shareholder each year.

Estimate of Commercial Value of Shareholder's Investment

LPC is currently going through a process of fair valuing its assets and equity. This will be completed before 30 June 2020.

Acquisition and Divestment Policy

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 LPC. 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.

Post Investment Review Process

All capital investments over \$250k are eligible for a post-investment review. The Board is presented with a list from which significant capital investments are chosen for review.

Innovation, Disruption and New Technology

LPC is in the process of adopting and investigating in a range of new technologies. We have implemented a new vehicle booking system which improves the flow of road traffic to and from the Port. This technology has delivered operational efficiencies and improved customer experience.

As part of the channel deepening project, LPC introduced Dynamic Under Keel (DUKC) e-Navigation system. This is an advanced navigation system that optimises vessel draughts and sailing times. The implementation of this system and the designing of the project won a Port Innovation Award for OMC International at the Dredging and Port Construction Awards 2018.

LPC is also an active member of the CCHL Emerging Technology & Innovation (ETI) group.

Scope of Activities

LPC is the fully-integrated operator of Lyttelton Port, which includes the South Island's largest coal export facility, and two Inland Ports including MidlandPort and CityDepot. Our activities include:

- Container Terminal handling services – receipt, delivery, transit storage and stevedoring of a wide range of import and export cargoes.
- The receipt, delivery and loading of coal.
- Marine services – pilotage, towage and lines.
- Providing wharves, land, facilities, plant and labour for the receiving, delivery, stockpiling, stacking and shipment of a wide range of products.
- The maintenance of wharves, plant and machinery.
- The ownership of land and facilities necessary to maintain LPC's commercial assets.
- The provision of dry dock facilities associated with the repair and servicing of vessels.
- The ownership and operation of walk-on marina facilities at Lyttelton.
- The operation of two Inland Ports which involve the storage, receipt and delivery, repair and washing of containerised cargo.

Accounting Policies

LPC has adopted accounting policies that are consistent with New Zealand International Financial Reporting Standards, generally accepted accounting practice and in accordance with the Companies Act 1993 and the Financial Reporting Act 1993 and any amendments thereto.

A full statement of LPC's accounting policies is included in LPC's Annual Report for 30 June 2019 (available on LPC's website at www.lpc.co.nz).

Engagement with Stakeholders

Intra-group co-operation and procurement

LPC recognises the importance CCHL places on intra-group cooperation. LPC continues to utilise “All of Government” contracts.

We are committed to the CCHL Group Emerging Technology & Innovation (ETI) group, the Sustainability action team and the Human Capital collaboration meetings.

LPC has commercial relationships within the following CCC group entities:

- **Orion and Connetics** – electricity suppliers to the Port and Maintenance Contractors on High Voltage systems; and
- **City Care** – facilities management, and civil construction works.

Role in the growth of the regional economy

The substantial investment resulting from the Development Plan will deliver Christchurch world-class Port facilities. There are significant and substantial opportunities for Cantabrians to participate in these projects.

LPC has responsibilities under the Civil Defence Act to build and maintain resilient infrastructure. This has been demonstrated by the performance of the assets after the seismic events. LPC will rebuild the Port to appropriate standards to ensure its assets are resilient to possible future events.

Contact Details

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