

For the period ending
30 June 2024

Statement of Intent

A Profitable and Sustainable Port



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Mihimihi

Tihei mauri ora

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 tīpuna ki te whenua nei ko Horomaka. I kimiha 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 wellbeing.

Tae mai ki tenei rā, kei te mahi tahi te Poari me ngā kaimahi o te Kamupene Whakaraupō 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) sets out Lyttelton Port Company Ltd (LPC) and its subsidiaries the objectives, nature and scope of its activities. It also sets out performance targets and other measures by which the performance of LPC may be judged in relation to its objectives and other requirements.

LPC incorporates Lyttelton Port, as well as two inland ports: CityDepot at Woolston and MidlandPort at Rolleston.

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

This draft SOI covers the 3-year period from 1 July 2021 to 30 June 2024.

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 remains committed to meeting its principle obligation under the Port Companies Act to be a successful business, while ensuring we are a good employer, environmentally responsible and take into account our impact on the community.

Our 5-year plan: Leading the Way

LPC has come out of a long period of rebuild following the devastating earthquake sequence of 2010/11. This programme was the most ambitious ever undertaken by a port in New Zealand and has delivered an extraordinary asset for the people of the Canterbury region.

This period of rebuild is now over. This financial year, we have focused on a new agenda: transforming LPC into a port for the 21st century and delivering a strong and sustainable profit and a fair return to our shareholders.

LPC has developed a new 5-year plan, called Leading the Way, which keeps LPC's purpose clear: to facilitate the sustainable growth of trade for Canterbury. We will become sustainably profitable, delivering a fair return to our shareholders, the people of Christchurch, whilst remaining the preferred choice for Canterbury's importers and exporters.

To do this, we will ensure we are:

- a safe and secure port
- providing a consistent and seamless customer experience
- efficient, sustainable and innovative
- a committed, collaborative and engaged team
- respected within our community

The priorities we will focus on for FY22–24 are:



Sustainable profitability: We must deliver sustainable profitability that enables LPC to deliver customer, cultural and commercial excellence, whilst providing a fair return to Christchurch City Holdings Ltd (CCHL)



Whanaungatanga: We will build relationships at LPC through shared experiences, working as one team where everyone feels they belong and can contribute to building a stronger LPC whānau together. We will achieve this through improved safety, collaborative approaches to high performance and engagement (HPHE), staff development and the management of talent.



Infrastructure for the future: We will ensure LPC has the right infrastructure it needs at the right time and at the right cost to deliver sustained profitability and growth.

Our vision

5-year vision

LPC will be a port that is sustainably profitable, delivering a fair return to our shareholders while remaining the preferred choice for Canterbury's importers and exporters.

30-year vision

- We will be Canterbury's and the South Island's port of choice, consistently delivering innovative, progressive and collaborative solutions for exporters and importers.
- We will have invested in the infrastructure needed to meet the growth needs of our customers and our region.
- We will be New Zealand's leading port, excelling in mahi hou (innovation), whanaketanga (development), whanaungatanga (one team working together) and kaitiakitanga (responsible environmental guardianship).
- We will have earned mana from our community and our customers.
- We will be actively playing a strong role in addressing global challenges such as climate change and biodiversity loss.

Our goals

LPC's organisational goals

- Increased profitability of the port, which ensures LPC remains economically sustainable. By doing this, we will deliver a 6% return on equity by FY24.
- A collaborative and stable workplace environment with a diverse and inclusive workforce that attracts great people.
- A radically simplified and optimised operation.
- Optimised use of land and infrastructure assets through delivering a 'once in a generation' capital works programme that facilitates sustainable profitable growth.
- Continued investment in new equipment and technology as required.
- Growth of our social capital by creating long-term meaningful value for our communities by developing trust through effective engagement, targeted sponsorship programmes that link our staff with their community and a continued partnership with iwi in Whakaraupō.
- Net-zero carbon emissions by 2050, transitioning to zero waste to landfill by 2040 and to pursue our biodiversity positive strategy, which aims to value natural capital inputs in our value chain and have a net positive effect on biodiversity and ecological health of Lyttelton Harbour/Whakaraupō by 2050.

What we do

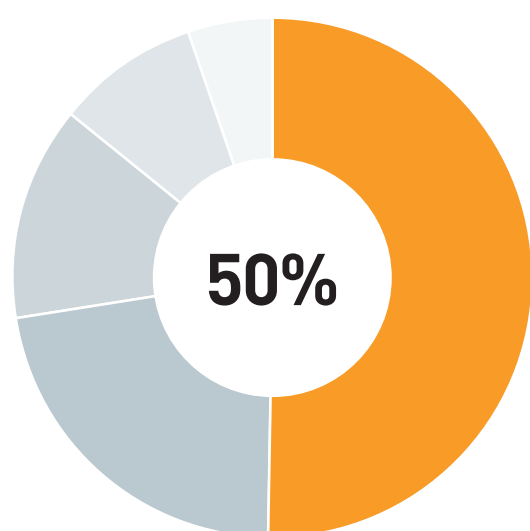
LPC is the South Island's largest international shipping trade gateway, facilitating the movement of \$6.2 billion of exports and \$3.97 billion of imports last financial year. We are New Zealand's third-largest export hub, taking the South Island's goods to the world.

That's why we take our role in the economic sustainability of Christchurch, Canterbury and the wider South Island so seriously. We are committed to making sure we develop a sustainably 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 efficiently, safely 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 the South Island. The port supports thousands of jobs and the creation of billions of dollars of wealth.

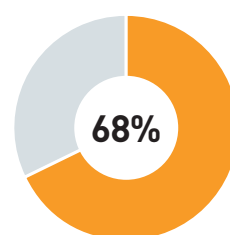
Here's a snapshot of what we do and our impact on the region and New Zealand:

Total South Island Market Share – Containers

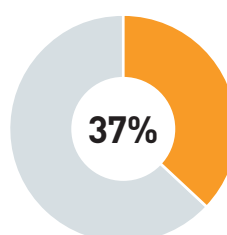


Lyttelton	50%	Timaru	9%
Otago	23%	Southport	5%
Nelson	13%		

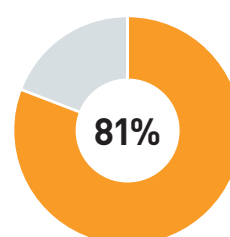
Imports



Exports



Domestic



South Island Port TEU volumes

For the year ended 30 June 2020



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 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 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



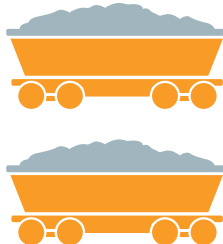
We service ships from 94 international ports and 39 countries and are connected to 13 container shipping lines and 9 shipping services



We have constructed a new dedicated cruise berth, which will significantly increase our ability to service cruise vessels



We are New Zealand's largest coal facility



We load and unload more than **440,000** TEUs of container cargo each year

Our sustainability strategy: Prosperity, People, Planet



In 2019, LPC launched a business-wide sustainability strategy that 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 wellbeing 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 and celebrated.

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 Programme for the ecological restoration of the harbour environment.

We are committed to achieving net-zero carbon emissions by 2050 and zero waste to landfill by 2040 and have set an ambitious goal of seeing a net gain in the biodiversity and ecological health of the harbour with respect to our biodiversity footprint.

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.

In FY22, we will build on these commitments through a full materiality assessment to identify the key issues and the United Nations Sustainable Developments Goals that matter most to our business and our community, workforce, partners and customers. This will inform the development of our integrated reporting model and shape our assessment of value creation and how we deliver it across the spectrum.

Our sustainability strategy

Strategic Ambitions	Our Targets
1. Financial Performance	<ul style="list-style-type: none"> • Increase profitability. • Maintain and grow connectivity for the South Island 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 FY18 baseline 	<ul style="list-style-type: none"> • Net-zero carbon emissions by 2050 (for scope 1, 2 and mandatory scope 3 operational emissions) • Draft Interim targets: <ul style="list-style-type: none"> FY20 – a detailed carbon emission reduction plan for first 5-year period. FY25 – 20% reduction in scope 1 and 2 operational emissions. FY30 – 30% reduction in scope 1, 2 and mandatory scope 3 emissions. FY40 – 40% reduction in scope 1, 2 and mandatory scope 3 emissions. FY50 – net-zero carbon emissions.
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

Delivering a profitable and sustainable port

1. Prosperity

Our purpose is to facilitate the sustainable growth of trade for Canterbury.

To do this, we must increase the profitability of the port, guarantee long-term trade connections for the South Island 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 a fair return to its shareholder and is sustainably profitable 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 efficiently, safely 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. Continued evolution and innovation in both the delivery of services and in product pricing will form a core part of our work over the period.

We are dedicated to delivering operational excellence, optimising the use of LPC's infrastructure assets and developing infrastructure at the right time and at the right cost to deliver sustained profitability and growth.

Profitable and financially sustainable

- LPC continues to develop initiatives to increase our profitability. We will have a strong focus on sustainable financial performance, increased returns and delivering prosperity to our region.
- We will have an emphasis on effective cost control and revenue optimisation.
- LPC monitors its current and forecasted debt levels on a regular basis. LPC ensures that it has enough debt headroom to meet all of its financial obligations and enable capital investment back into the company. This is balanced against shareholder requirements for dividend certainty over the short and medium term. We also maintain an approved facility to provide a contingency in case of a one-off business continuity threat such as foot and mouth.
- We will expand our non-financial reporting through the recognised standards of integrated reporting. To do this, we will work on the development of metrics to reflect the value creation that LPC delivers across the values recognised in integrated reporting (financial, manufactured, intellectual, human, social and relationship, and natural).

Great connectivity to the South Island and global markets

- LPC will continue to invest in new equipment, technology and infrastructure to meet the evolving needs of our customers. We will focus on innovative methods of service delivery.
- LPC owns two inland ports, which gives 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, as well as delivering increasingly sustainable services through the modal movement of freight from roads to rail.

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
 - we develop and utilise innovative and disruptive technology.

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 at Woolston and MidlandPort at 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 in the future. With this demand forecast to grow, we will need to invest in new infrastructure in the future.
- 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 return.

Objectives	Key Performance Measures	Draft Targets		
		2022	2023	2024
Financial	Revenue (\$m)	156	166	184
	Net Profit After Tax (\$m)	17	18	25
	Shareholder Funds to Total Assets	62	59	62
	Interest cover ratio	12	5	6
	Debt (\$m)	217	249	230
	Dividend Proposed (\$m)	10	10	12
Operational	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

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 situation of an on-going COVID-19 global pandemic greatly increases the uncertainty at this time.

We will continue to provide forecast updates to our shareholder to ensure there is a clear picture for them of the group financial position.

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

Operational targets

The 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.

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 the South Island who depend on the port.

During 2020, we engaged Maria Dew QC to conduct an independent review into our workplace culture, following internal feedback and media comments by staff. The review clearly laid out the need for cultural change at LPC. The review terms of reference covered allegations relating to bullying, racial and sexual discrimination, harassment and unfair selection of family members for roles. The review covered the 3-year period from 2017 to 2020.

As a result, our major focus over the period of this SOI will be the implementation of the recommendations of the review and publicly reporting on our progress.

We will also maintain our focus on the continual development of our people, increasing our attractiveness as an employer and delivering on our people and performance strategy.

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.

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.

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

Cultural change

As part of the Leading the Way priority of whanaungatanga and as a result of the findings of the independent review into workplace culture at LPC, cultural change will be a major focus for us over the period. We will develop a plan to implement all 32 of the recommendations of the review and build on the foundation provided by our diversity and inclusion policy.

These are the five focus areas covered by the review's recommendations:

- **Persistent dignity and respect:** Employees repeatedly said it is important that LPC leaders consistently demonstrate dignity and respect.
- **Address diversity and inclusion:** Improve diversity and inclusion, recognising the review has identified diversity as central to improving workplace culture at LPC.
- **People accountability and investment:** Improve accountability for poor conduct and, at the same time, invest in the performance and development of people.
- **Immediate conduct concerns:** Investigations into immediate conduct concerns raised in the report are now under way.
- **Reduce 'them and us' barriers:** Provide structured opportunities for LPC staff to work together to break down barriers that exist between teams.

LPC will be publicly releasing regular 6-monthly updates on progress on the implementation of the recommendations as well as further measures taken to support organisational cultural change at LPC.

We will also be investing in the resources required to deliver this change and the specialist training that will be required.

We will also continue our work to implement LPC's diversity and inclusion policy for. 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, LPC will:

- monitor and report on agreed diversity statistics to the Board and CEO
- 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.

Our people

Effective workforce

LPC's people and performance strategy is focused on attracting great people, developing a collaborative and stable workplace environment and creating a diverse and inclusive workforce.

The key areas of focus for our people and performance strategy are:

- talent management
- engagement, participation, diversity and inclusion
- leadership development
- learning and development.

This work over the period will be heavily guided and informed by the recommendations from the review of workplace culture.

We have also commenced the development of a High Performance High Engagement Charter with the four unions that represent staff at LPC and aim to have it in place before FY23. This is part of the development of a more collaborative partnership model at LPC and builds upon various working groups developed during FY21 to collaborate on solutions for specific issues and projects.

Key Performance Measures	Draft Targets		
	2022	2023	2024
Organisational culture change	Establish Culture and Transformation Team Develop plan for implementation of workplace culture review findings	Deliver initiatives	Deliver initiatives
Leadership and development	Redesign LPC leadership programme to reflect workplace culture review findings	Deliver leadership programme	Deliver leadership programme
Gender balance male/female	85/15	80/20	75/25
Engagement score	72	73	74

Health, safety and wellbeing

Our approach to health and safety focuses on visible safety leadership at all levels of the organisation, fundamental risk management and simplified systems and processes.

We care for our people, and we are committed to working safely. We protect the environment and our assets, and we act when we observe hazards or unsafe behaviours.

1. Visible safety leadership from LPC leaders:

- Lead by example and ensure that safety has a high status and is prioritised.
- Actively and collaboratively engage with LPC’s employees, health and safety representatives and union partners to ensure we are preventing and controlling hazards and risks.
- Involve employees by allowing the contribution of ideas for health and safety improvement.
- Encourage employees to look out for each other, working as one LPC team to ensure we all go home safe every day.
- Value feedback and use this to make meaningful improvements.
- Adopt a learning teams approach to understanding significant incidents, identifying successful control and implementing learnings.
- Work with LPC’s employees to enhance their wellbeing at work and at home.


2. Simplified systems and processes


- Continually improve the way our systems support our safe operations.
- Constantly focus on simplifying our systems.
- Continue to influence the safety performance of our contractors and other PCBU’s working at the port.
- Aligned to ISO 45001 standards and internally and externally audited.


3. Fundamental risk management


- A critical control assurance programme is in place to monitor the effectiveness our critical risks.
- Strong reporting is in place for hazard identification and incidents/events.
- Effective incident investigations are in place.
- Safe equipment and work environments are fundamental to how we manage risk.
- Constant review of our equipment and workplace to identify safer alternatives.


Critical Risks


Falling Objects


People vs Plant


Uncontrolled Energy Release


Working at Height


Working on or Near Water

Key Performance Measures	Draft Targets		
	2022	2023	2024
Reportable Injuries/Incidents	0	0	0
Total recordable injury frequency rate	5.4	5.4	5.4
Lost-time injury frequency rate	<2.66	<2.39	<2.15
Health and safety interactions per calendar month	>30	>40	>50

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 with 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.

LPC also continues to support Christchurch's 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 to place importance on our partnership with iwi in Whakaraupō. The Manawhenua 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 Canterbury West Coast 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.

We will continue our regular community engagement, including:

- free monthly port boat tours
- our community newspaper, LPC Update, delivered to nearly 10,000 homes and regular monthly email newsletters to the community and key stakeholders
- the Port Liaison Committee will continue to meet to discuss community issues and includes representatives from the local community, port users, Environment Canterbury and Christchurch City Council.

As 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. We are now focused on opening up this area further, with increased public pedestrian access and future plans around direct vehicle access from Norwich Quay.

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 net-zero carbon emissions for our operations by 2050.

We recognise the importance of collaboration and partnering with our peers, including CCHL companies. We are committed to working with the CCHL Group to determine appropriate carbon emissions reduction targets at a group level.

We will also continue our involvement in the Sustainable Business Council, the New Zealand Climate Leaders Coalition, World Ports Sustainability Programme and New Zealand ports 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 to landfill by 2040 by avoiding waste, 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.

Within the next 3 years, we will focus on:

- implementing the carbon reduction plan developed in FY21 to start the transition to net-zero carbon emissions
- setting science-based targets for our emissions reduction pathway to align with government policy around a 1.5°C warming scenario
- work with CCHL on conducting a risk assessment against the Task Force on Climate-related Financial Disclosures criteria
- conducting a materiality assessment to ascertain our material issues relevant for future sustainability reporting and monitoring
- developing a carbon offsetting strategy and actively contributing to the CCHL Group reduction strategy in line with the Christchurch City Council's carbon reduction strategy.
- setting up our energy efficiency team focused on identifying saving through energy efficiency opportunities
- ongoing implementation of the Whaka-Ora/Healthy Harbour Plan aimed at restoration of the ecological and cultural health of Lyttelton Harbour/Whakaraupō
- completing the ongoing updating of LPC's environmental management system and having it certified with Toitū Envirocare
- preparing a natural capital evaluation outlining LPC's impacts and dependencies on nature from our operations
- investigating the use of incentive schemes to promote the use of more-sustainable vessels by customers
- implementing the action plan for the biodiversity positive strategy to move LPC towards having a net positive effect on biodiversity
- continuing ecological enhancement of LPC land including the 17 ha Port Saddle site in Lyttelton in partnership with Banks Peninsula Conservation Trust
- developing a strategic partnership with Banks Peninsula Conservation Trust to help further our biodiversity ambitions
- implementing a framework for valuing and enhancing biodiversity values in port operations and developments
- developing a sustainable procurement process/plan including updating our purchasing policy and associated guidance for suppliers
- conducting waste assessments for all the operational areas and setting area-specific goals for waste reduction that can be owned by the operational teams
- conducting a trial of biodiesel use in major plant or vessels.

Key Performance Measures	Draft Targets		
	2022	2023	2024
Carbon Reduction	3% reduction in scope 1 and 2 operational emissions or carbon intensity from baseline year 2018	5% reduction in scope 1 and 2 operational emissions or carbon intensity from baseline year 2018 Electrify >50% of the LPC light vehicle fleet	Electrify >70% of the light vehicle fleet
Waste	7% increase in diversion rates (operational waste) from landfill from base-line FY18	10% increase in diversion rates (operational waste) from landfill from baseline year of FY18	12% increase in diversion rates (operational waste) from landfill from baseline year of FY18
Biodiversity Positive	Evaluate and report on biodiversity as part of natural capital in the integrated report 50% of all LPC Lyttelton non-operational land is actively managed for key predators Increase in area of non-operational land actively managed for terrestrial weeds	Publish our biodiversity impacts and dependencies analysis 75% of all LPC Lyttelton non-operational land is actively managed for key predators	–
Responsible Sourcing	50% of operational product suppliers >\$50k/annum evaluated against responsible sourcing criteria	75% of operational product suppliers >\$50k/annum evaluated against responsible sourcing criteria	–
Reporting	Publish first full integrated report Conduct risk assessment against the Task Force on Climate-related Financial Disclosures criteria	Integrated reporting ongoing	–

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 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 by the Board and made publicly available via the Annual Report. No executives decide their own remuneration.

LPC will report to CCHL on wage relativities for employees annually.

The Board recognises the importance of full, fair and transparent disclosure of the Chief Executive Officer's (CEO's) salary. The CEO receives a total remuneration that reflects his skills, experience and contribution to the company and is referenced to the market. It does not include any incentive-related payments. Full disclosure of the CEO's remuneration is made in the annual financial statements.

The executive leadership team receive total remuneration that reflects their skills, experience and contribution to the company and is referenced to the market. Their remuneration does not include any incentive-related payments.

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 SOI.

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

Shareholder relations and stakeholder interests

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.

Annual Report

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

Half-year and quarterly reporting

Half-year and quarterly reporting contains 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 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 its key stakeholders (including customers, employees, the public, the Council and government) and recognises it is critical to meet their needs to ensure LPC has a successful business.

LPC takes account of stakeholder interests by:

- having clear policies for LPC's relationships with significant stakeholders
- regularly assessing compliance with these policies to ensure conduct towards stakeholders complies with its code of ethics and the law
- checking that 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
- 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 LPC cash resources at the highest and best use, while balancing the needs of its shareholder for cash dividends.

Subject to meeting the solvency requirements of the Companies Act 1993, the Board will continue to assess distributions based on:

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

The company's current dividend policy is to pay 50% of normalised net profit after tax to the shareholder each year.

Estimate of commercial value of shareholder's investment

An independent assessment of the value of the company's fixed assets was conducted for the year ended 30 June 2020. This valuation placed the company's equity at \$356 million. The valuation method for assets used a discounted cash flow model to estimate the fair market value of LPC's assets.

Inherently, there is uncertainty about LPC's current value, due to the large capital expenditure forecasted over the next 10 years. The valuation is sensitive to the timing and quantum of capital expenditure.

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. This review is completed by an external professional services firm, and the results are presented to the Board.

Innovation, disruption and new technology

LPC is continually investigating a range of new technologies. In recent times, we have adopted a number of new technologies, including:

- A new vehicle booking system that improves the flow of road traffic to and from the port. This technology has delivered operational efficiencies and improved customer experience.
- A dynamic under keel clearance (DUKC) e-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.
- The seawall armouring of our new Cruise features the use of 2,000 rock bags holding over 8,000 tonnes of stone. This is the first time this innovative technology has been used in New Zealand. The rock bags are made from 100% recycled polyester (PET). This is very similar material to geotextile fabric, which is used in most construction and infrastructure projects, and accelerated testing confirms they have a 50-year plus lifespan with 100% of strength remaining.
- Our four new state-of-the-art reefer towers highlight our significant investment and support of the South Island's refrigerated freight market. Each tower is 60 metres long and stands at 10 metres high and includes the world's most advanced reefer monitoring system, providing real time data on temperature and energy consumption. The towers introduce hard engineered separation between our Reefer Care team, and the straddles operating in the Container Terminal.

LPC is also an active member of the CCHL Emerging Technology and Innovation (ETI) group, and we are committed to intra-group innovation work.

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
- maintenance of wharves, plant and machinery
- ownership of land and facilities necessary to maintain LPC's commercial assets
- provision of dry dock facilities associated with the repair and servicing of vessels
- ownership and operation of walk-on marina facilities at Lyttelton
- 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 and 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 2020 (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 co-operation. LPC continues to utilise all-of-government contracts.

We are committed to the CCHL Emerging Technology and Innovation (ETI) group, the sustainability action team and the human capital collaboration meetings.

We will actively engage in CCHL's 2021 Group programme of work which will include Group-wide initiatives with respect to:

- optimising performance
- accelerating innovation
- enhancing community impact
- expanding and leveraging capability.

We are actively involved in the Te Whāriki digital platform, which is aimed at sharing cross-company expertise and experience across the Group. LPC intends to work with CCHL and the rest of the group to strengthen the use of the platform and drive greater inter-group collaboration.

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.
- **Citycare** – facilities management and civil construction works.

Role in the growth of the regional economy

The substantial investment resulting from the Development Plan has delivered 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 Emergency Management Act to build and maintain resilient infrastructure. This has been demonstrated by the performance of the assets after seismic events. LPC will rebuild the port to appropriate standards to ensure its assets are resilient to possible future events.

Contact details

Lyttelton Port Company Ltd

registered office is at:

Waterfront House
37-39 Gladstone Quay
Lyttelton

Contact details for both the Chairperson and Chief Executive Officer are:

Address

Private Bag 501, Lyttelton, 8841

Telephone

(03) 328 8198

Website

www.lpc.co.nz