

STATEMENT OF INTENT

For the period ending 30 June 2025

Tihei Mauri ora

Me mihi ki te Rūnga Rawa nāna
nei ngā mea katoa

Ngā mate, pupu ake te mahara i
o mātou hinengaro, hāere koutou kua
wehe atu ki te pō, ki te okiokinga, hāere,
hāere, hāere

Ngā mate o te mate korona kei
waengānui Aotearoa me te ao nei, haere,
haere, haere

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

Kā nui te mihi hoki ki ngā kaimahi
hei mahi nui i a rā, i a pō, i LPC

Kei runga i tō tātou huarahi, i hāere mai
tātou i Ōhinehou. I kimihiā e tātou ngā
mahi me te mātauranga hei oranga mō
ngā whānau me ngā tāngata o Waitaha

Tae mai ki tenei rā, kei te mahi tahi te
Poari me ngā Kaimahi o Te Kamupene
o Ōhinehou ki te whakatinana i ngā
moemoea me ngā wawata o ngā tangata
e noho ana i konei

Ko to mātau kāinga tēnei

He rere ke, he tangata auaha

He angitu, he mea pai mo
Te Waipounamu

Kia toitū te taiao mo ake tonu atu

Whakaraupō! He wāhi mo te katoa

Give praise to that which is above us
for all things are from that source

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

To those who have passed on from around
New Zealand and the world because of
COVID-19, farewell, farewell, farewell

To the living, greetings to the sacred
mountains, marae and all the people
living throughout the South Island

Much acknowledgement to our staff
working every day and night at LPC

On our journeys, we have come to
Lyttelton seeking work and knowledge for
the future well-being of our families and
the people of Canterbury

Today, the Board and Staff of Lyttelton
Port Company are working together
to support the visions and aspirations
of all those who live here

This is our homeland

We are its diverse and innovative people

Driving opportunity, enterprise and
prosperity for the South Island

Building a legacy of sustainability
for the environment and the future

Lyttelton Harbour a place for everyone

Introduction

The Statement of Intent (SOI) sets out for 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 2022 to 30 June 2025.

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 principal obligation under s.5 of 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.

This SOI also draws on key aspects of integrated reporting, presenting our business strategy, business model and value chain. Each section of this report is linked to the various forms of capital we depend on for our success: financial, manufactured, people, social and relationship and natural.

We believe this framework lines up with the priorities that Local Government Act 2002 lays out for Council-Controlled Organisations (noting that LPC is a Port Company under the Port Companies Act 1988 and not a CCO). We also believe it lines up with the Christchurch City Council's strategic priorities of:

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

In 2019, LPC set a firm future direction with the adoption of our sustainability strategy and clear targets to improve our performance in three key focus areas: prosperity, people and the planet.

A significant part of our 2019 Sustainability Strategy is moving towards an integrated reporting model. Integrated reporting is about promoting a more cohesive and efficient approach to corporate reporting that draws on different reporting strands and communicates the full range of factors that materially affect the ability of an organisation over time.

UN Global Sustainable Development Goals (SDGs)

The UN's 17 SDGs provide a valuable blueprint for a better and more sustainable future for all by addressing the global challenges we face.

While all 17 SDG's are important, some are more relevant than others for our business, especially when we get down to the level of setting specific targets. These are the main SDGs our work has a relationship to:



Our business strategy

Our mission

We will support the sustainable growth of Canterbury and the upper South Island by ensuring we are:



5-year vision

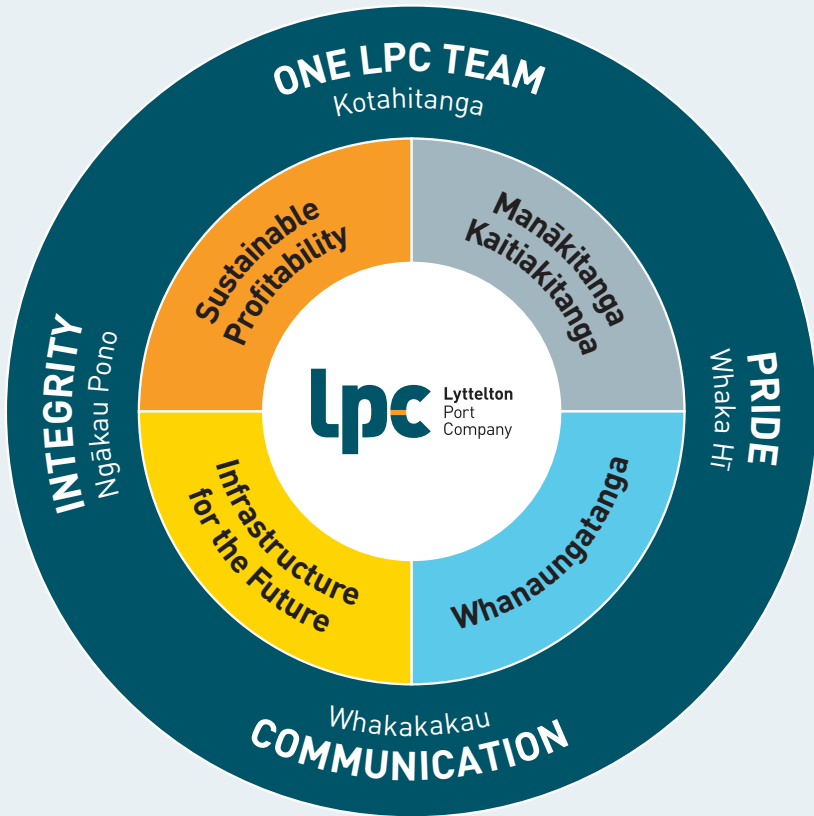
LPC will be a port that is sustainably profitable, delivering a fair return to CCHL while playing a critical role as a vital link of our customers (South Island importers and exporters, transport companies and shippers) and supply chains.

30-year vision

We will be Canterbury 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 of our customers and of 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 guardianship of our environment and of the Port of Lyttelton). We will have earned mana from our community and our customers.

Our values and priorities



Sustainable profitability

We will deliver sustainable profitability that enables LPC to deliver customer, cultural and commercial excellence while providing a fair return to our shareholders.

Whanaungatanga

We will build relationships at LPC through shared experiences, working as one LPC team where everyone feels they belong and can contribute to building a stronger LPC whānau together. We will achieve this through improved safety, a cooperative approach to high performance and high 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.

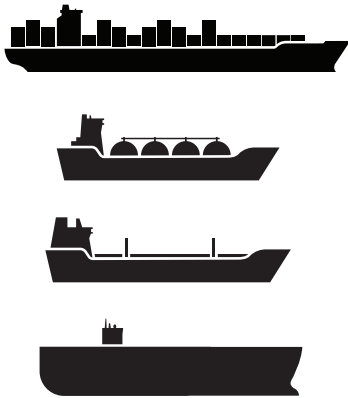
Manākitanga and Kaitiakitanga

We are committed to contributing positively to our communities, and working in partnerships to value and protect the natural environment. We are focused on addressing climate change, delivering a net positive effect on biodiversity, and waste minimisation and avoidance.

Our value chain








The largest port in the South Island of New Zealand. We are the gateway for the goods that keep our region moving. Connecting the South Island with the rest of the world.

World



We service ships from:
94 international ports
39 countries
15 container shipping lines
9 shipping services

Import and Export

Containers 		• 438,343 TEU imported and exported in FY21
Import		
Fuel 		• LPG • Petroleum • Aviation gas • Bitumen • Methanol
Bulk Cargo 		• Animal feed • Bananas • Cement • Fertiliser • Gypsum
Vehicles 		• 45,614 vehicles imported in FY21
Fish 		• Home port to four major fishing companies, two mussel farm companies and other small operators
Export		
Coal 		• Export over 1.2 million tonnes of coal each year • Can receive up to seven trains per day
Logs 		• 500,129 JAS in FY21
Other services		
Cruise ships		• New Zealand's only purpose-built cruise berth
Recreational vessels		• 172 berths at Te Ana Marina
Other vessels		• Antarctic research vessels • Military vessels
Dry dock		• Only civilian dry dock in New Zealand

CityDepot



MidlandPort



NZ



Facilitating \$10 billion two-way trade



Supporting thousands of jobs in Canterbury

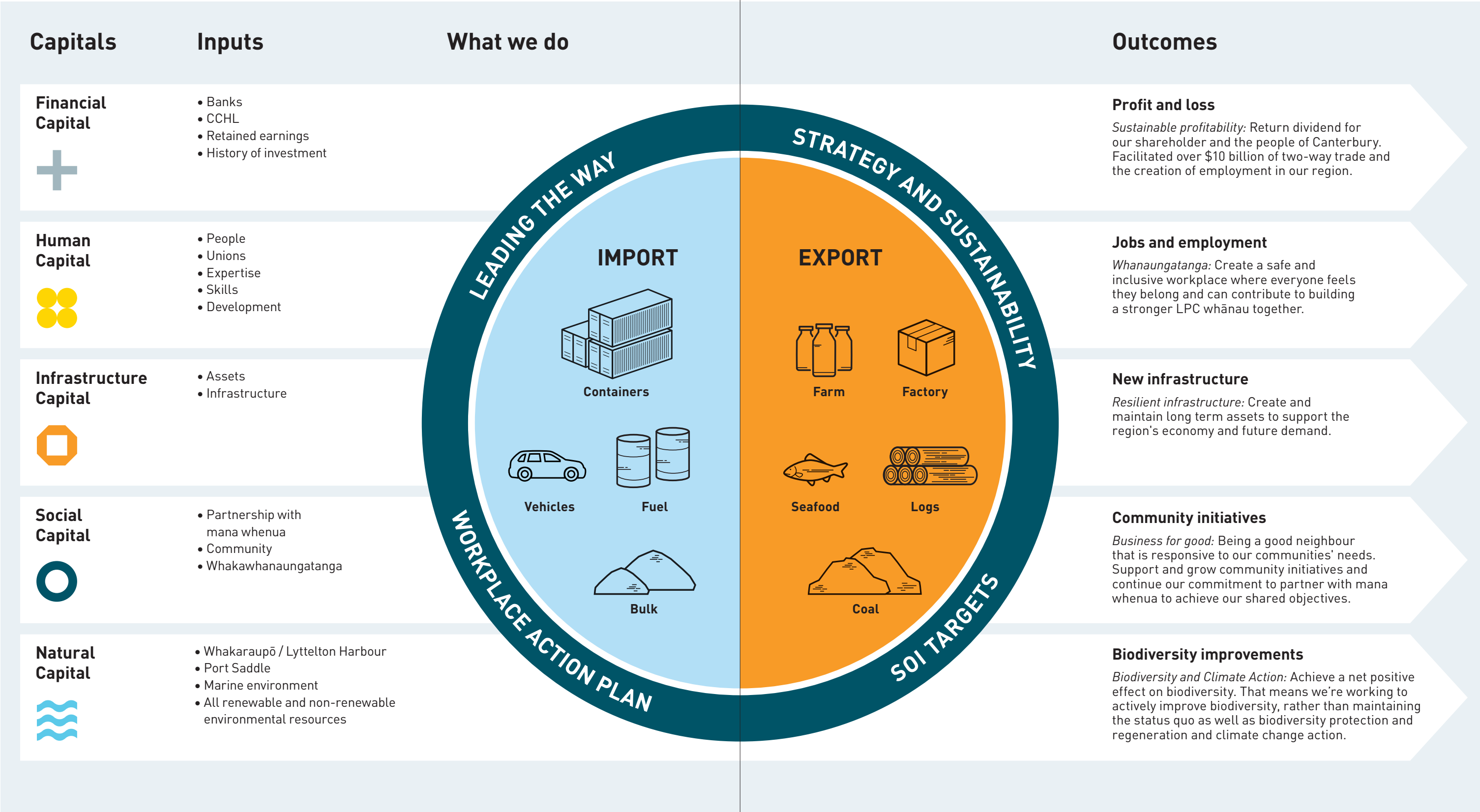


Keeping essential supplies like food, medicine and fuel moving



Supporting importers and exporters to do business

Our value creation model



Sustainable profitability

Our purpose is to facilitate the sustainable growth of trade for Canterbury and the Upper South Island.

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. This would be unlikely to cover an extensive destructive event to our infrastructure such as a large earthquake or a tsunami.
- We will continue to target debt levels in line with what has been previously signalled.
- We have expanded our non-financial reporting through the recognised standards of integrated reporting.

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.

Objectives	Key Performance Measures	Targets		
		FY23	FY24	FY25
Financial	Revenue (\$m)	179	201	210
	Operating Margin	13%	17%	17%
	EBIT	33	46	48
	EBITDA	50	67	71
	Net profit after tax (\$m)	21	28	30
	Interest cover ratio	8	7	7
	Dividend proposed (\$m)	10	12	14
	Debt (\$m)	240	239	232
	Equity	384	400	415
	Shareholder funds to total assets	57%	58%	60%
	Net gearing	38%	37%	35%
	Net debt to EBITDA	4.6	3.5	3.2
	Dividend yield	2.7%	3.0%	3.5%
	Return on equity	5.5%	7.1%	7.2%
	Return on invested capital	8.8%	11.6%	11.8%

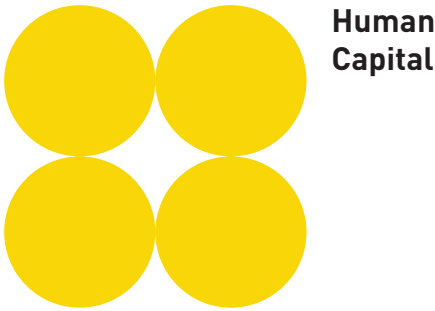
Note that the dividends proposed above relate to the respective financial years. Cash payment differs as LPC has typically paid an interim dividend during each financial year, and a final dividend after the end of each financial year.

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.



Whanaungatanga

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.

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.

Following an independent review into our workplace culture in 2020, LPC developed a Workplace Culture Action Plan to address the recommendation of that review. A major focus over the period of this SOI will be the continuing implementation of the recommendations and public reporting of our progress.

We will maintain our focus on the continual development of our people, increasing our attractiveness as an employer and delivering on our people and safety strategy. We will also work in collaboration with CCHL and its subsidiaries to ensure our strategies help to develop the wider human capabilities of the group.

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

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 have developed a Workplace Culture Action Plan to implement all 32 of the recommendations of 2020’s independent 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, and addressed in the Action Plan, are:

- **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.

In addition to these five focus areas, LPC has also identified four engagement priorities through surveys with staff. These are:

- Build LPC Leadership capability
- Build managerial capability
- Reinvent and reimagine LPC’s approach to managing performance
- Deliver the Culture Transformation workplan

LPC publicly releases six-monthly Workplace Culture Action Plan updates on progress made towards implementation of the recommendations, as well as further measures we’ve taken to support change at LPC.

We will also continue to invest 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. 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 is 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		
	2023	2024	2025
Organisational culture change	Deliver Culture of Respect Programme to all LPC staff Six-monthly reporting on Workplace Culture Action Plan implementation progress.	Workplace Culture Action Plan implementation continues. Six-monthly reporting on Workplace Culture Action Plan implementation progress.	Workplace Culture Action Plan implementation continues. Six-monthly reporting on Workplace Culture Action Plan implementation progress.
Leadership and development	Deliver Leadership Development Programme		
Gender balance male/female	85/15	83/17	82/18
Engagement Pulse Survey conducted per financial year	>3	>4	>5

Effective workforce

LPC’s people and safety 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 safety strategy are:

- Health, Safety and Wellbeing
- Culture and Engagement
- Employee Relations
- CCHL group initiatives
- Change Management
- Learning and Development
- Technology and Process

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

The implementation of the High-Performance High-Engagement Charter signed with three of our four unions in FY2022 will be a major focus over the period. Joint Leadership Teams will be established across the business, working through identified projects using the principles of interest-based problem solving. This is part of the continuing development of a more cooperative partnership model at LPC to find solutions for specific issues and projects.

Health, safety and wellbeing

Our approach to health, safety and wellbeing 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.

We have reviewed our critical risks and expanded them to cover the range of specific risks that we face in the Port environment. We will be working over the period to roll-out and embed these critical risks.

We have worked with staff and Unions to develop a set of life-saving commitments which will be introduced in FY23, which will be embedded over the period.

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 PCBUs 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.
- Continued expansion of the Permit to Work and Authority to Work system established in FY22.


Critical Risks



Cranes and lifting




People vs plant



Working at height



Shiplines




Pressurised and hydraulic systems




Working on or near water



Excavation and surface penetration



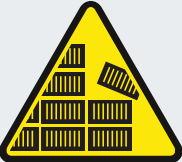
Dropped objects



Conveyor entanglement




Confined space



Container stacks

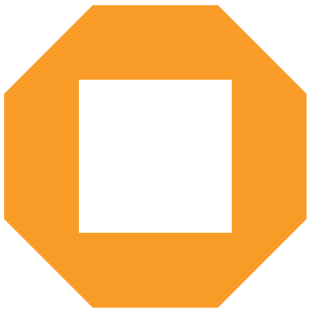


Stockpile and engulfment



Electrical services

Key Performance Measures	Targets		
	2023	2024	2025
Reportable injuries/incidents	0	0	0
Total recordable injury frequency rate	<5.4	<5.0	<4.8
Lost-time injury frequency rate	<2.66	<2.39	<2.15
Health and safety interactions per year	800	800	1000
Senior Leaders Critical Control Checks	500	500	>500



Infrastructure for the Future

LPC’s infrastructure is ultimately a shared asset for the entire region.

Strategic maintenance, management and development is essential to meeting the needs of Christchurch and Canterbury, today and beyond.

Thanks to the range of consents that came out of the Port Recovery Plan process, LPC remains in an excellent position with regards to future infrastructure development. We have all the consents in place needed to meet projected volume growth over the next few decades, including reclamation consent.

Over the period, our focus will be on completing the new Eastern container terminal, upgrading selected asset classes and forging a centralised asset management plan so that we can continue to invest strategically. We will also develop a plan and make decisions around the next stages of container berth expansion.

Infrastructure to meet demand

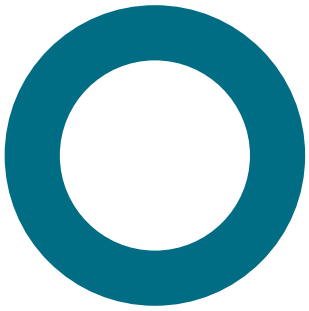
Optimise the use of land and infrastructure assets

- 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 will embed asset management principles at the core of our approach to business, to ensure we are planning and maintaining our assets to maximise asset life.
- We have an asset maintenance and replacement programme to maintain our assets.

Deliver infrastructure to meet capacity needs in a timely way

- 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.
- The programme includes digital systems upgrades to ensure we are able to meet customer and planning needs and run our business efficiently.
- Scope will be continually monitored to ensure projects remain on scope, on programme and on budget.
- Sustainability and environmental management remain at the core of all development projects.

Key Performance Measures	Targets		
	2023	2024	2025
Programme delivery – percentage of programme delivered more than one week over operational requirement	<20%	<15%	<10%
Asset Management Plans development and implementation	Overall strategy and plan for centralised LPC asset management developed Implementation tool developed	50% of critical assets under asset management plans with actions	75% of critical assets under asset management plans with actions
Programmes with full Sustainability Analysis and Plans	100%	100%	100%



Manākitanga

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

Being a good citizen is a responsibility LPC takes very seriously. We act on this duty through a balance of activation, monitoring and transparent communication. Activation means contributing to our communities through sponsorships and programmes that create long-term, meaningful value. Monitoring means being conscious of how port operations can affect local communities and working to minimise those effects such as noise, light, and air emissions to the extent possible.

Threading through all of this is a focus on communication. By having open, candid conversations with people around us we are building trust. By understanding what our communities need we are creating lasting value.

Whether receiving honest feedback or making a real difference, positive relationships are good for us all.

We will continue to place importance on our partnership with iwi in Whakaraupō. LPC takes seriously the obligation to reflect the partnership created by Te Tiriti o Waitangi in our day-to-day work, and we have increasing incorporated matauranga Māori, particularly in environmental management. Part of our Workplace Culture Action Plan is to better integrate Tikanga into our employment practices.

We will continue to take a leading role in CCHL’s He Huanui Ropu, and will work to help deliver CCHL’s FY23 KPIs developed by the Ropu.

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 our principal sponsorship of the Banks Peninsula Conservation Trust and our ongoing support for the construction of Te Ūaka The Lyttelton Museum. We currently support a number of local sporting clubs,

community groups, projects and other local organisations, with a particular focus on youth development and support.

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 SOI.

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.
- We have a monthly community email update, Harbourwatch, which has doubled in readership numbers in its first year.
- 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.

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.

Key Performance Measures	Targets		
	2022	2023	2024
Port Liaison Committee Meetings per year	>3	>3	>3
MAG Meetings per year	>6	>6	>6

Kaitiakitanga

LPC is 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.

Our sustainability strategy, developed in 2019, 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, and will continue to play a leadership role in the CCHL Sustainability Working Group.

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
 - In FY23 we will set science-based targets for our emissions reduction pathway to align with government policy around a 1.5 C warming scenario.
 - Reviewing and updating our 2019 Sustainability Strategy and targets.
 - Complete our risk assessment against the Task Force on Climate-related Financial Disclosures criteria, working alongside CCHL.
 - Reporting our materiality assessment, highlighting 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.
 - 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.
 - Continuing the development of our 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	Targets		
	2023	2024	2025
Carbon reduction	10% reduction in scope 1 and 2 operational emissions from baseline year 2018. Conduct Biodiesel trial in LPC plant.	15% reduction in scope 1 and 2 operational emissions from baseline year 2018	20% reduction in scope 1 and 2 operational emissions from baseline year 2018
Waste	Conduct comprehensive waste audits to identify a new baseline for waste. Commence waste dashboard reporting for operational areas.	Develop operational area specific waste targets to support increasing diversion from landfill .	Ongoing implementation of waste reduction programmes based on targets across all specific operational areas.
Biodiversity positive	Publish our biodiversity impacts and dependencies analysis 75% of all LPC Lyttelton non-operational land is actively managed for key predators. Develop penguin habitat biodiversity positive enhancement programme.	Deliver penguin habitat enhancement programme. Continue ecological enhancement work of 17ha Port Saddle site.	
Responsible sourcing	100% of operational product suppliers >\$50k/ annum evaluated against responsible sourcing criteria via updated Ethical Procurement Declaration.	Initiate audits of LPC supply chain against the ethical procurement declaration.	
Reporting	Publish first full integrated report	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 continue to report to CCHL on wage relativities for employees annually, and will provide reporting on the average remuneration for the highest paid 10% of employees compared to the average remuneration for the lowest paid 10% of employees.

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 their 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 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

LPC uses a long-term discounted cash flow model to estimate the fair market value of its assets. This model is updated each financial year, including review of the key assumptions around trading performance and capital expenditure. As at 30 June 2021 this assessment placed the company’s equity at \$364 million.

Inherently, there is uncertainty about LPC’s current value, due to assumptions around the ongoing evolution of import and export volumes, and the large capital expenditure forecasted over the next 10 years. The valuation is sensitive to assumed growth rates and forecast margins for key cargos, and the timing and quantum of capital expenditure. LPC uses an independent review process to provide a degree of assurance regarding the reasonableness of assumptions used in the model.

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. The objective is to identify learnings from projects, and the results are presented to the Board.

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).

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.

LPC has taken leadership roles in the CCHL He Huanui and Sustainability Groups, and has been an active participant across all other Group initiatives.

We will actively engage in CCHL’s 2022 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 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.

The responsibility to maintain critical supply chains are also reflected in our careful approach to COVID-19 management on our sites. LPC takes the responsibility to maintain levels of critical service seriously, and this means we have introduced a wide range of controls and measures to minimise the risk of widespread service disruption due to an outbreak on the Port or at our inland facilities.

Lyttelton Port Company Ltd

registered office:

Waterfront House
37–39 Gladstone Quay
Lyttelton 8082

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

Private Bag 501, Lyttelton 8841
Telephone: (03) 328 8198
www.lpc.co.nz

