
CENTREPORT LIMITED AND SUBSIDIARIES

STATEMENT OF CORPORATE INTENT

FOR FINANCIAL YEARS ENDED 30 JUNE 2023 TO 2025

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1 INTRODUCTION

This Statement of Corporate Intent (SCI) sets out the Board’s objectives for CentrePort and its subsidiaries (the CentrePort Group) for the year commencing 1 July 2022 and the following two financial years.

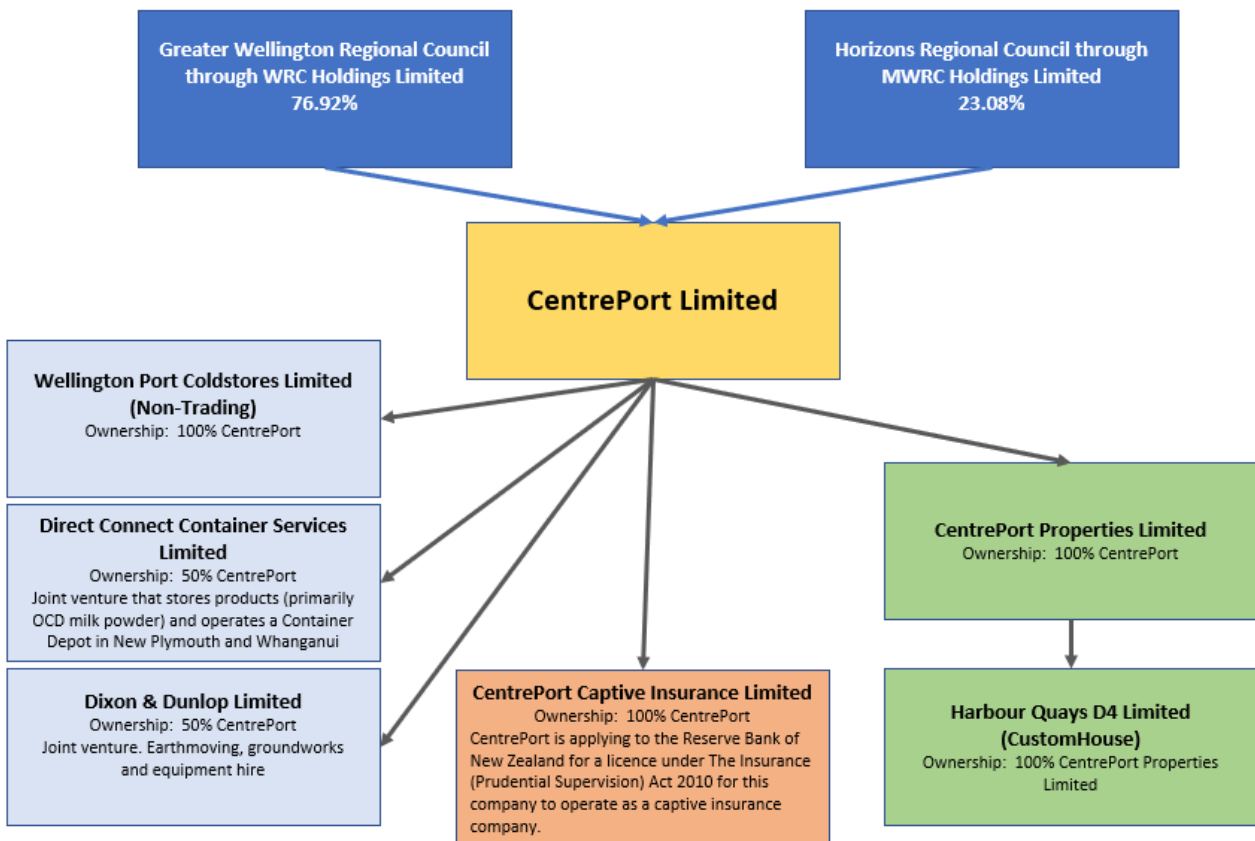
The SCI reflects the expectations set out by WRC Holdings, notably our accountability to shareholders and associated KPIs and the progress of our Regeneration.

About CentrePort

CentrePort Limited (CentrePort or the Company) is a port company that operates under the Port Companies Act 1988 and incorporated under the Companies Act 1993. This SCI has been prepared in accordance with the requirements of section 9 of the Port Companies Act 1988.

CentrePort Limited is 76.92 percent owned by Greater Wellington Regional Council (via WRC Holdings Limited) and 23.08 percent by Horizons Regional Council (via MWRC Holdings Limited).

The structure of CentrePort Group as at 31 May 2022 is as follows:



2 PURPOSE

CentrePort’s purpose is to facilitate economic growth and trade throughout the central region of New Zealand. We are driven by ensuring our business is sustainable and resilient in the long term and recognising our part in the regional and local communities, including guardianship of Wellington Harbour.

3 NATURE & SCOPE OF ACTIVITIES

CentrePort provides the following services:

- container handling services, including a container repair and storage depot
- breakbulk and bulk cargo handling services
- marine services including pilotage and towage
- freight hubs in the lower North Island and upper South Island
- services to support the cruise industry
- other port related services required to manage and operate an efficient port

4 ACCOUNTABILITY

CentrePort will proactively report to shareholders on strategic issues and will operate on a “no surprises” basis.

5 STRATEGIC RELATIONSHIPS

The Board and Management of CentrePort will continue to develop its relationships with Iwi and mana whenua consistent with the principles of the shareholders’ Māori Outcomes Framework, which includes partnering for prosperous Māori communities and engaging for equitable outcomes.

6 STRATEGIC OBJECTIVES

CentrePort's strategic objectives are designed to regenerate the port, ensure resilience is built into the business, and facilitate growth to ensure CentrePort reaches its full potential as a regionally strategic asset for the communities of central New Zealand.

CentrePort's strategic objectives are to:

1. Strengthen relationships
2. Build a long term sustainable and resilient business
3. Grow freight capacity
4. Optimise land use and enable city and regional integration.

These objectives form the basis of CentrePort's Regeneration – a framework that is central to the way we conduct our business.

6.1 Responding to COVID-19

As an essential service provider, CentrePort will continue to play a key role in the provision of goods and services as New Zealand emerges from the coronavirus pandemic.

CentrePort will maintain its focus on employee wellbeing, customer communications, improving ICT and operational efficiency.

We expect the impacts of COVID-19 to continue for several years with ongoing disruption to global supply chains, with flow on effects to businesses and the prices of goods and services.

6.2 Dividends and future investments

We have updated the investments required for our Regeneration programme and are forecasting to provide dividends to shareholders of between 40% and 80% of underlying net profit after tax.

Investment

Our infrastructure, services and connectivity will enable CentrePort to continue meeting growing demands and enhance our port operations.

The Port will prioritise projects that enable cargo growth and improve operating efficiency, which includes the following areas:

- i. Plan for growth to maximise capacity**
 - Continuing Inland Strategy with hub developments, and stormwater and yard regeneration
 - Develop Log Precinct, including enhanced entrance, fit-for-purpose Stevedore facilities, and other maintenance facilities to grow log cargo.
 - Preparing to respond to market opportunities swiftly by increasing flexibility
- ii. Infrastructure**
 - Progressing development of the Single User Ferry Terminal at Kaiwharawhara
 - Focus on delivering our committed investments including the Seaview Wharf renewal works and ground resilience programme

- Completing enabling infrastructure works, e.g. finishing demolition works leading to the creation of more port operational land, and completing traffic improvements
- Partnering with Dixon & Dunlop to secure resources for land side works (paving and installing underground services)

iii. Operational efficiency and performance

- Continued ICT investment
- Continued staff upskilling and training
- Focus on continued improvement in operational productivity measures, including berth productivity and dwell times

iv. Social and Environment

- Shift focus from initial emission reduction initiatives to long term emission reduction initiatives and renewable forms of embedded energy.
- Commencing detailed planning for the Inner Harbour Precinct and ensuring regulatory pathway in place for identified interim opportunities.

6.3 CentrePort Captive Insurance Limited

CentrePort Captive Insurance Limited was established to more effectively manage risks and insurance costs. CentrePort Captive Insurance Limited was incorporated on 27 May 2021 with \$1m of capital. CentrePort is in the process of applying to the Reserve Bank of New Zealand for a licence under The Insurance (Prudential Supervision) Act 2010 for this entity to operate as a captive insurance company. CentrePort is hopeful the licence to operate the captive insurance company will be granted before 1 July 2022.

CentrePort Captive Insurance Limited’s objectives are:

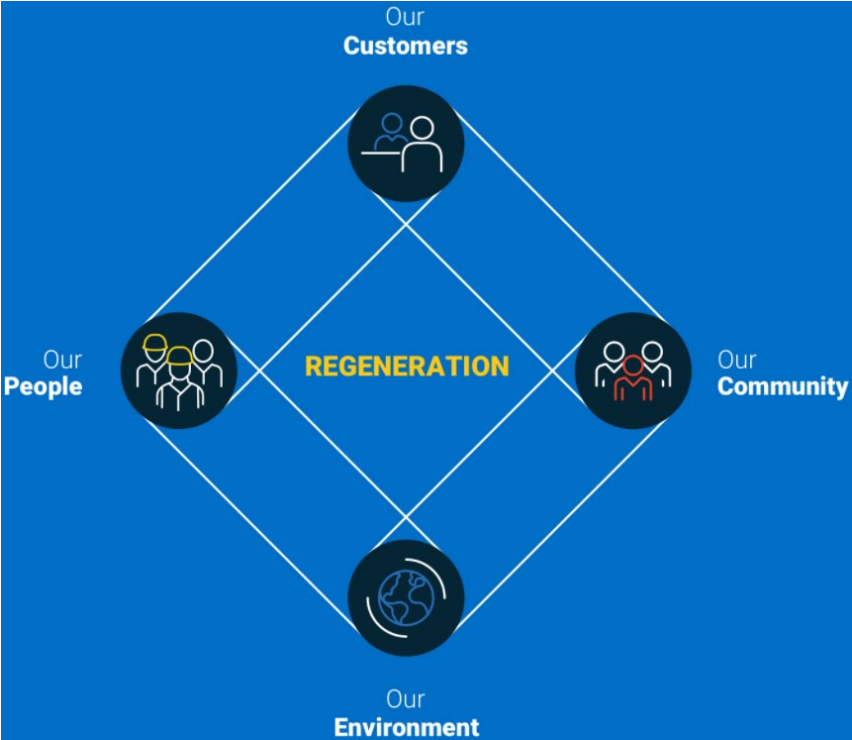
- reduce the insurance premium expense for FY23 and beyond to affordable levels
- create a sustainable insurance programme
- to provide flexibility to the insurance programme deductible levels
- to provide a vehicle for insuring large capital projects with transparency on insurance cost for the purposes of on-charging

CentrePort Captive Insurance Limited will use insurance proceeds of \$20m received from the 2016 Kaikoura insurance settlement for the purpose of providing insurance cover over Port assets.

6.4 Regeneration

Our Regeneration to meet our strategic objectives and support the economic and social wellbeing of the central region is underpinned by four key pillars, as shown below.

Our Statement of Corporate Intent is structured around these pillars of Regeneration. We will invest in each of these pillars to achieve our strategic objectives.



OUR COMMUNITY



6.5 Our Community

CentrePort recognises it is part of the wider region and has a role in working with stakeholders and the community.

Our priority areas will be:

- **Relationships and engagement**
 - Formal relationships with mana whenua iwi to strengthen knowledge sharing, active collaboration and engagement
 - Continuing cultural competence training for CentrePort to enable effective Māori engagement.
 - Sponsorship initiatives with a range of organisations and events within the region with connections to our values – including business awards (customers), environment regeneration programmes (environment), harbour focused youth sports associations or events (community) and health (people)
 - Increase community and stakeholder knowledge of port operations through upgrades and development of knowledge platforms, such as the CentrePort website and engaging with community groups (i.e. community boards)
- **Lifelines**
 - Continue on-going investment to drive resilience into infrastructure to support Wellington’s response and recovery to natural hazards. Infrastructure investments include improving infrastructure associated with both Cook Strait Ferry operators, regional fuel supply at Seaview and main port ground resilience
- **Harbour**
 - Finalise a partnership with Department of Conservation
 - Support recreational use of harbour
 - Participate in and support harbour management events and activities
- **Heritage and culture**
 - Support community interest in historic heritage conservation e.g. Waterloo Quay Wharf development opportunities and Hikitia historic floating crane restoration project as part of Inner Harbour Precinct
- **City and Regional integration**
 - Detailed planning and collaboration with Shareholders and key stakeholders to develop Master Plan related to the Inner Harbour Precinct and the integration with wider city programmes
 - Continue to implement city and regional integration design initiatives, where practicable, into current works.

OUR PEOPLE



6.6 Our People

People are central to the success of our business. Our focus is on a diverse and inclusive workforce and the health, safety and wellbeing of our people and building their capacity, culture, performance and capability, and providing staff with a rewarding career.

Our priority areas will be:

- **Diverse and inclusive workforce**
 - Continue to attract, develop and maintain a diverse and inclusive workforce
 - Incorporating values of te ao Māori, including regular engagement with Iwi at all levels
 - Increase Māori language lessons to CentrePort staff
- **Health and Safety**
 - Continue our safety culture journey towards a 'zero harm' workplace. This will be achieved through management of critical risks, with measures including managing contractors on port, reporting ongoing incidents and unsafe action, effectively managing multiple activities with different parties in shared areas, human/machine interface, mitigating human factors and recognising the physical environment
 - Provide safe working areas for all CentrePort staff and contractors
- **Wellbeing**
 - Continue to develop our Health and Wellbeing framework and specific wellbeing initiatives and activities across our five core wellbeing principles of Connect, Give, Take Notice, Keep Learning and Be Active
 - Continue initiatives to support staff wellbeing such as the on-site gym, health monitoring, mental health prevention and first aid training, cultural awareness training (Wairuatanga Wananga) and nutritional advice
- **Leadership**
 - Continue driving our Leadership Approach and Golden Rules
 - Integrate Future Leaders into the Port's Wider Leadership as part of succession planning and growth
- **Talent and capability**
 - Proactive training, including NZQA National Qualification in Port Operations heavy machinery for our frontline employees and stevedore training programmes linked to NZQA unit standards
 - Ongoing training refreshers, including Cargo Handlers internal and external training to ensure they hold a current licence or compliance certification

OUR CUSTOMERS



6.7 Our Customers

We value our customers and strive to always enhance existing services we provide them. COVID-19 and global supply chain issues has changed the way the world operates and has been an opportunity for CentrePort to look at how we can be more agile and responsive – through our ongoing response to COVID-19 and beyond.

Our priority areas will be:

- **Trade growth and diversity**
 - Focus on ensuring we support our Cook Strait Ferry operators with their business plans, including enabling and/or delivering infrastructure to support the realisation of their proposed benefits
 - Development and expansion of inland hubs to support trade growth including understanding investments in upper South Island
 - ICT and operational improvements, including exploring opportunities to automate processes
- **Supporting regional economic development and employment**
 - Ensure on-going engagement and relationship with regional and local councils.
 - Focus on supporting the development of the Wellington Regional Growth Framework, with specific focus on opportunities to enhance supply chains.
- **Operational efficiency and performance**
 - Optimise spatial and operating model for capacity increase in current Port location
 - Continued focus on productivity measures, including crane rates, dwell times and berth performance
 - Compliance with the Port and Harbour Marine Safety Code to ensure the safe management of ships navigating in Wellington harbour, including the prevention of injury to people, loss of life and damage to the marine environment (including property).
- **Supply chain efficiency**
 - Increase the Container Berth productivity
 - Continued development of our partnership with Ali Arc Logistics.
 - Integrated supply chain network through hubs and transport links

OUR ENVIRONMENT



6.8 Our Environment

We are committed to environmental sustainability and CentrePort will ensure all investment decisions consider environmental impacts.

Our priority areas will be:

- **Climate and energy**

Implementing our Carbon Reduction Plan towards zero emissions by 2040 by;

- continuing our relationship with New Zealand Green Investment Finance to support carbon-reduction initiatives, including our investment in fully electric truck and trailer units, improving energy efficiency through the implementation of a Lighting Programme to convert port lighting to LED, and enhancing rail onto Port
- Investigating alternative embedded energy sources and off-setting opportunities, including fostering partnerships
- Replacing end of life assets with the best available green technology
- Completing our initial emission reduction initiatives to achieve a minimum of a 30% reduction, excluding growth, by 2030 and investigating additional long term measures which may align to the Intergovernmental Panel on Climate Change target of 50% by 2030.
- Improving the management of carbon by introducing 'Everlink' fuel data management system to track consumption by asset, and integrating emission monitoring and reporting into our financial forecasting system
- Supporting KiwiRail with their Single User Terminal development for the Interislander ferry operation at Kaiwharawhara which supports their new vessels and their business objective of reducing carbon emissions

- **Harbour biodiversity**

- Reducing contaminants in stormwater discharges
- Promoting opportunities for enhance marine mammal (e.g. penguin) habitat
- Enhance current partnership with Zealandia to regenerating Inanga habitat at Kaiwharawhara Stream/Estuary as part of Sanctuary to Sea project

- **Port impacts and city and regional integration**

- Further develop and implement our Environmental Management System to achieve ISO14001 compliance by FY23
- Reviewing our approach to port noise management

- **Resource efficiency**

- Create sustainability measures, including reuse of recycled materials into regeneration investments.

7 PERFORMANCE TARGETS/OBJECTIVES

Our performance targets and objectives are aligned with our regeneration as outlined above and the expectations from WRC Holdings.

	Objective	Performance Measure	FY21 Target	FY21 Result	FY21 Result Status	Performance targets		
						FY23	FY24	FY25
Our People	A zero-harm workplace	Lost Time Injury Frequency (per 200,000 hours worked)	3.2	2.18	Achieved	≤ 2.5	≤ 2.4	≤ 2.3
		Lost Time Injury Severity (per 200,000 hours worked)	≤ 8	17.75	Not Achieved	≤ 7.75	≤ 7.5	≤ 7.25
		bSafe reports (incidents and near miss reports)	>1,000 p.a.	875	Not Achieved	>1,100	>1,150	>1,200
		Standard operating procedures (SOPs) reviewed and updated		91	New Measure	120	125	130
	Improve health and safety, staff wellbeing and engagement at work	Health & Safety and employee engagement culture surveys – score improving every survey (18 months)		70%	New Measure	Improvement on FY21 result	No survey	Improvement on FY23 result
	Increase gender diversity ¹	Overall gender balance (F/M); ELT gender balance (F/M); Board gender balance (F/M)		17%/83% overall; 0%/100% ELT; 50%/50% Board.	New Measure	Improve on 2022	Improve on 2023	Improve on 2024

¹ A breakdown of CentrePort's gender balance by function is provided in Appendix 2

	Objective	Performance Measure	FY21 Target	FY21 Result	FY21 Result Status	Performance targets		
						FY23	FY24	FY25
Our Customers	Improved productivity across port	Gross crane rate (as measured by Ministry of Transport)		23.7	New Measure	30.0	32.0	33.0
	Manage the safety of marine activities	Marine activities conducted in accordance with the current Port and Harbour Marine Safety Code (PHSC)	100% compliance	100% compliance	Achieved	100% compliance	100% compliance	100% compliance
		100% of new tasks or newly identified hazards risk assessed in collaboration with the Wellington Harbourmaster team	100% compliance	100% compliance	Achieved	100% compliance	100% compliance	100% compliance
Our Environment	Operate in a sustainable manner ²	Net zero emissions by 2040. 30% emission reduction by 2030 relative to 2019 (excluding growth)	FY19 base year 4,435 CO2 tonnes	3.3% reduction	New Measure	20% reduction on base year, excluding growth	22% reduction on base year excluding growth	24% reduction on base year excluding growth
Investments	Financial performance ³	Group EBITDA	\$16.1m	\$13.7m	Not Achieved	\$22.5m	\$29.4m	\$36.9m
		Underlying Net Profit After Tax	\$9.5m	\$8.6m	Not Achieved	\$10.7m	\$13.6m	\$16.5m
		Underlying NPAT Return on Group Equity	2.2%	1.9%	Not Achieved	2.3%	2.9%	3.5%
		Dividend	\$5.0m	\$5.0m (excl. \$15.0m special dividend)	Achieved	\$6.0m	\$6.5m	\$7.0m

² The emission reduction target including cargo growth but excluding scope three emission activities which have shifted to scope one or two is 24% by 2030.

³ A description of the key terms used in the financial performance targets is included in appendix 1.

	Objective	Performance Measure	FY21 Target	FY21 Result	FY21 Result Status	Performance targets		
						FY23	FY24	FY25
Investments	Major Regeneration Investments	Investment Execution Performance		<p>Physical works continues to progress for the <u>Container Berth Reinstatement</u> with the project currently on programme and budget. <u>Seaview Wharf Renewal</u> resource consent application lodged just after the end of Q3 and expecting consent from regulators in July 2021. Site works targeted to commence end of 2021. Overall budget continues to be under pressure due to market conditions and constraints. <u>KiwiRail SUT</u>: concept design for wharf and seawall complete. Progressing to next detailed stage following announcement of ship purchase by KiwiRail at the end of June 2021. KiwiRail driving consenting process. <u>Multi-User Ferry Precinct</u>: Master Planning process underway. CPL leading on behalf of Future Ports Forum. <u>Inner Harbour Precinct</u>: developing brief for Master Plan development with key stakeholders.</p>	New Measure	<p>Business Case approved for Inner Harbour Precinct – Stage 1 Business Case for KiwiRail Single User Terminal Development approved. Business Case for Log Yard Regeneration complete</p>	<p>Completion of Ground Resilience programme Commence Inner Harbour Precinct – Stage 1 Commenced Log yard re-development</p>	<p>Completion of Seaview Wharf Renewal Completion of CPL Infrastructure for KiwiRail SUT</p>

8 GOVERNANCE

The Board generally meets monthly and at other times as required.

It currently comprises six Directors appointed by the Shareholders. No more than two directors can be members or employees of the Shareholding Local Authorities. Two Directors retire at each annual general meeting by rotation.

Director	Appointed
Lachie Johnstone (Chair)	1 February 2016
Sophie Haslem (Deputy Chair)	1 February 2016
Martin Lewington	8 December 2019
Nicki Crauford	8 December 2019
Chris Day	26 November 2021
Warwick Tauwhare-George	26 November 2021

The Board undertakes regular assessments of its performance including the effectiveness of the board, assessment of the necessary skills and experience, and succession planning.

Shareholders will be represented on or engaged by the selection committee responsible for recommendations for Director roles.

There are four formally constituted committees: the Health, Safety and Environment Committee; Audit & Risk Committee; Remuneration Committee; and the Captive Insurance Committee. These formally constituted committees can only make recommendations to the Board for the Board to confirm.

Health, Safety and Environment Committee

Members as at 1 December 2021: L Johnstone (Chair), S Haslem and W Tauwhare-George.

Purpose: to assist the Board in discharging its responsibilities with respect to Health, Safety and Environment practices of CentrePort Limited.

Outcomes:

- Governance and compliance with Health, Safety and Environmental Legislation, Regional Council plans and internal policies and procedures
- Critically enquiring about, challenging, evaluating and assessing health, safety and environment related risks and exposures
- Alignment of action plans with officer and Director responsibilities, legislative requirements and company goals
- Director exposure and input to the action plans and implementation
- Encouraging the adoption of new systems and procedures as part of continuous improvement.

Audit & Risk Committee

Members as at 1 December 2021: S Haslem (Chair), L Johnstone, M Lewington and C Day.

Purpose: to provide oversight on company financial and legislative compliance practices, agree and monitor the action plans for the management of financial and non-financial risks.

Outcomes:

- Alignment of action plans with officer and Director responsibilities, legislative requirements and company goals
- Director exposure and input to the action plans and implementation
- Governance of all company risks
- Obtain assurance from external auditors on the integrity of the annual financial report.

Remuneration Committee

Members as at 1 December 2021: N Crauford (Chair), L Johnstone, C Day and W Tauwhare-George.

Purpose: to assist the Board in the establishment of remuneration policies and practices for the Company and in discharging the Board's responsibilities relative to remuneration setting and/or review of Directors, CEO and direct reports.

Outcomes:

- Reviewing and ratifying the remuneration policies and practices of the Company overseeing the establishment of annual performance objectives and monitoring the completion of the performance and talent management process
- Setting and reviewing, as appropriate, the terms and conditions of the employment agreement, remuneration and performance for the Chief Executive Officer and direct reports

Captive Insurance Committee

Members as at 1 December 2021: C Day (Chair), S Haslem, L Johnstone, and M Lewington.

Purpose: to direct and supervise the management of the captive insurance company, CentrePort Captive Insurance Limited.

Outcomes:

- Minimise the cost of insurance by utilising a captive to find the optimal balance between the risk retained within the captive and the risk transferred into the insurance market.
- Enabling the direct access to the wholesale reinsurance market which captures, for the captive, the exchange commission inherent in traditional retail insurer/reinsurer transactions.
- Stabilising the cost of risk over time to provide budget certainty.
- Providing for balance sheet protection by creating a reserve for anticipated future claims.

9 LEADERSHIP

The Executive Leadership Team of CentrePort Wellington is made up of a team responsible for day-to-day operations and future planning at the port.

- Anthony Delaney, Chief Executive (BEng (Civil), BCom (Mgmt))
- Jason Sadler, Chief Financial Officer (CA, BCA)
- Megan Elmiger, General Manager People, Safety and Culture (MIntl. Security)
- Andrew Locke, General Manager Commercial, General Manager Break Bulk Services, (BBS)
- Andrew Steele, General Manager Ferries and Bulk (MMS, CA)
- Stefan Reynolds, General Manager Container Services (Ag. Business Dip, Finance Ag. Production Dip)
- Paul Terry, General Manager Infrastructure (MBA)

10 RATIO OF SHAREHOLDERS FUNDS TO TOTAL ASSETS

Shareholders' Funds (or equity) is defined as the total issued capital plus the balance of undistributed profits and all revenue and capital reserves less any minority interests of the CentrePort Group.

Total Assets comprises the carrying value of all assets recognised on the CentrePort Group balance sheet.

The table below presents the forecast ratio of shareholders' funds to total assets.

Measure		SCI Forecast FY23	SCI Forecast FY24	SCI Forecast FY25
Shareholders' Funds	\$m	463.1	468.7	476.6
Total Assets	\$m	547.9	627.9	677.8
Shareholders' Funds / Total Assets	%	84.5%	74.6%	70.3%

11 ACCOUNTING POLICIES

The detailed Accounting Policies of the Group are consistent with the legal requirements of the Companies Act 1993, the Financial Reporting Act 1993 and International Financial Reporting Standards (IFRS). The Group's accounting policies are detailed in the most recent annual financial statements which may be found using the following web link:

<http://2021annualreport.centreport.co.nz/>

12 DISTRIBUTION OF PROFITS TO SHAREHOLDERS

CentrePort's dividend policy provides for dividends to be between 40 percent and 80 percent of Underlying Net Profit After Tax (defined in Appendix 1), while also taking into account:

- free cash flow available for distribution;
- funds required for capital investment; and
- ensuring long-term gearing targets are met.

The dividend paid will be the maximum practicable amount payable consistent with the above criteria and ensuring that the solvency requirements of the Companies Act 1993 continue to be met.

The Company will impute dividends to the extent that imputation credits are available.

Dividends are normally paid to shareholders on or prior to:

- 28 February – 1st interim dividend following consideration of the half-year interim results
- 30 June – 2nd interim dividend after considering the financial year outlook
- 30 September – final dividend following consideration of the final annual results

The Company's dividend policy is reviewed annually by the Directors after considering the capital needs and commercial performance of the Company.

12.1 Subvention Payments

CentrePort and its majority shareholder WRC Holdings Limited can enter into a subvention agreement because there is a greater than 66% commonality of ownership.

Under a subvention agreement, CentrePort can effectively purchase tax losses from WRC Holdings Limited to utilise against CentrePort's taxable income.

Unlike making income tax payments to Inland Revenue, CentrePort would not earn any imputation credits from making subvention payments. So that CentrePort's minority shareholder is not disadvantaged, CentrePort will make income tax payments to Inland Revenue to ensure that there are sufficient imputation credits to fully impute interim and final dividends paid or forecast to be paid. When there are sufficient imputation credits to fully impute interim and final dividends, CentrePort will make subvention payments to WRC Holdings Limited.

13 INFORMATION TO BE REPORTED

The Company will report to the shareholders in accordance with statutory requirements and will also provide shareholders with health and safety reporting comparing CentrePort with available benchmarking data from the Business Leaders' Health & Safety Forum (<https://www.zeroharm.org.nz/resources/benchmarking/>). The following three lag measures will be reported:

- Lost time injury frequency rate per 200,000 hours worked
- Lost time injury severity rate per 200,000 hours worked
- Total recordable injury frequency rate per 200,000 hours worked

The Board will also provide to the shareholders:

- an audited set of annual financial statements applying accounting policies consistent with IFRS within two months of balance date. The Directors will also report on:
 - i. a review of operations; and
 - ii. a summary of achievements measured against key SCI performance targets; and
 - iii. the maximum dividend (if any) recommended.
- a half yearly report within two months of the half year balance date comprising:
 - iv. An un-audited condensed set of financial statements applying accounting policies consistent with IFRS.
 - v. A brief report from the Directors on the Company's operations for the half year and the outlook for the second half year, which includes the below quarterly report information.
- a quarterly report, which will be presented in quarterly meetings, and comprising a summary of financial performance for the quarter and progress against key SCI performance targets and the following specific information.
 - The overall and segmented performance of the Company, including progress measured against the then current Budget and the outlook for the current year;
 - The progress of the Company in meeting its financial, environmental and social performance targets;
 - The performance of the Company in optimising the operational effectiveness;
 - Update on strategic direction, capital expenditure plans, debt position and dividend expectations;
 - Updates on progress of the Regeneration program and overall investment strategy, including major projects and transactions over \$30 million, per the Company's constitution;
 - Progress on the Company's collaborative approach with key stakeholders;
- a high-level operational and financial overview of CentrePort compared to other Ports. The comparison will be completed biannually for listed Port companies, otherwise annually for non-listed Ports.
- a draft Statement of Corporate Intent by February each year for the consideration of shareholders to be finalised by 31 May each year;
- an annual risk report including an overview of CentrePort's risk management framework and identification of critical risks along with current risk treatments. A summarised risk report will also be provided on a quarterly basis;
- CentrePort's carbon reduction commitment will be supported by annual measurement and reporting of Scope 1 and 2 emissions. Annual carbon reporting will be based on international reporting standards (ISO 14064-1 or similar) and will be independently verified. Scope 3 emissions will be integrated into annual measurement and reporting as we continue to identify these emission sources and obtain accurate information.
- quarterly reporting on the financial position of the Captive Insurance Company;
- further financial information that meets shareholder expectations.

Board Performance Reporting

- The Remuneration Committee is responsible for ensuring there is a formal process for annually assessing and reporting on the performance of the Board, the Board Chair and the Board Committees.
- The objective of this review is to contribute to a process of continuous improvement in the Board's execution of its responsibilities.
- The Board evaluation process may change from year to year on the recommendation of the Remuneration Committee. It may not be appropriate to do a full independent Board evaluation every year, however a full independent evaluation will be completed, as a minimum, every second year.

The Company will consult with the shareholders when developing strategy and will provide the shareholders with strategic updates. The Company will meet shareholders at least once a year for a strategic overview.

14 PROCEDURES FOR ACQUISITION OF SHARES

The Company will only invest in the shares of another business when the shares acquired are considered by the Directors to bring added value to the business of the Company providing an acceptable return on the cost of capital employed, or will further the objectives set out herein of the business of the Company.

The Company will consult with shareholders prior to any material departure from the objectives outlined in the SCI.

15 COMPENSATORY ACTIVITIES

CentrePort will seek compensation by agreement from Greater Wellington Regional Council and/or Horizons Regional Council or the appropriate local authority for:

- Marine pollution control services;
- Any other statutory function, duty or power which they may wish the Company to carry out on their behalf and which involves the supply of goods or services.

16 VALUE OF SHAREHOLDER INVESTMENT

The Board's assessment of the commercial value of shareholders' equity in the Company as at 31 December 2021 is \$460 million. The Board's assessment is based on the value of the Company's net assets recognised in the financial statements at that time. The net asset value includes an assessment of the fair value of operational port land, investment property interests, and the historic cost less depreciation and adjusted for any impairment of the Company's other assets.

APPENDIX 1 FINANCIAL TARGET KEY TERMS

A description of the key terms used in the financial performance targets is set out below:

EBITDA

Earnings before interest, tax, depreciation and amortization

Underlying Net Profit After Tax ('Underlying NPAT')

Underlying net profit after tax excludes (i) fair value movements, and (ii) earthquake items.

Return on Equity

Underlying net profit after tax divided by average equity.

Throughout this document references to FY are to Financial Years ended 30 June. For example, FY23 means financial year ended 30 June 2023.

APPENDIX 2 GENDER BALANCE BY FUNCTION

	Gender Balance (number of females : number of males)	Gender Balance (female % of total)
Container Services	6 : 94	6%
Break Bulk Services & Commercial	8 : 8	50%
Ferries and Bulk	1 : 2	33%
Marine	2 : 27	7%
Security	1 : 12	8%
CEO Office	1 : 1	50%
People Safety and Culture	10 : 4	71%
ICT	0 : 6	0%
Infrastructure	3 : 10	23%
Regeneration and Environment	1 : 3	25%
Finance	7 : 2	78%
Board	2 : 4	33%
Executive Leadership Team ⁴	1 : 7	13%
Overall	42 : 173	20%

⁴ ELT members are included twice in the table, as part of their respective team, and as a combined ELT group