

PORT TARANAKI LIMITED



Statement of Corporate Intent

For the period from
1 July 2024 to 30 June 2027

Introduction

This statement is submitted by the Directors of Port Taranaki Limited ("**Port Taranaki**", "**Company**" or "**Port**") in accordance with the requirements of Section 9 of the Port Companies Act 1988. It sets out the Board's intentions, objectives and expectations of the Company for the period 1 July 2024 to 30 June 2027.

The purpose of this Statement of Corporate Intent is to:

- State publicly the activities and intentions of Port Taranaki and the objectives to which those activities will contribute; and
- Provide a basis for the accountability of Port Taranaki's Board of Directors to the Shareholder for the performance of the Company.

Port Taranaki's achievements against the objectives in this SCl will be reported in the Company's Annual Report for the year ending 30 June 2025.

Objectives

The Company's principal objective is to operate as a successful business. Port Taranaki therefore seeks to create long-term value for its Shareholder and ensure that the Company is seen as a responsible corporate citizen that is successful and sustainable and one that the region and community are proud of. The Company will:

- Deliver on the performance targets and measures set out in this SCl.
- Provide its Shareholder with a fair dividend flow, determined giving consideration to the Company's capital requirements, operating performance and financial position.
- Pursue sustainable business opportunities that seek to diversify revenue and are based upon our capabilities and expertise.
- Undertake activities designed to ensure the safe and effective utilisation of its assets, its people, contractors and other service providers.
- Provide customers with a safe, effective, efficient and competitive port operation.
- Focus on the health, safety, and wellbeing of its people by a culture of safety leadership that seeks to reduce risk and continuously improve safety in the work environment.
- Adopt a sustainable approach to the operation of all its activities and pursue a commitment to protecting the environment.
- Be a fair employer and provide a workplace that values people, supports the development of its people and builds teamwork, diversity and inclusion.
- Have regard to the issues that its stakeholders consider material.
- Manage its financial assets and liabilities prudently and in a manner which will provide an appropriate return on the Shareholder's investment, whilst ensuring the provision of long-term marine and port infrastructure assets for the region.

Nature and Scope of Activities

Port Taranaki is the only deep-water port on the west coast of New Zealand and services bulk liquids (serving the nation's energy industry), dry bulk (fertiliser, stock feed and cement), logs and general cargo. The Company creates long-term value by providing: (i) marine and cargo services; (ii) logistics services (including offshore support); and (iii) property and storage services.

In achieving its strategic objectives, the nature and scope of activities undertaken by the Company will be influenced by, and be responsive to, the competitive and regulatory environment. The Shareholder will be informed and consulted on any proposal for significant diversion from existing activities or expansion into new business areas.

To achieve our purpose, Port Taranaki's strategy has five key focus areas:

- People.
- Customers.
- Efficiency.
- Assets.
- Community.

The enablers of our strategy are: (1) People; (2) Connectivity; and (3) a Flexible Land Footprint.

Mission and Vision

Port Taranaki is an important economic and supply chain asset for Taranaki and beyond. The economy is transitioning, and we have a vision to play an important role in this transition and be the “The Pride of Taranaki”.

This vision involves us continuing to excel in our core activities and actively building and growing on these as we seek to provide additional services to customers.

Our target outcomes are:

- Enabling competitive trade for the region and beyond.
- Growing revenue, margins and our return on assets.
- Leveraging our strengths to grow hinterland trade.
- Developing new capabilities that can sustain the Port and region beyond oil and gas.
- Increasing shareholder value and paying stable dividends.

Sustainability

The Company’s vision is to be “The Pride of Taranaki”. Sustainability is a key component of this. Last financial year, the Company refreshed our materiality assessment through comprehensive stakeholder engagement.

A materiality assessment helps define the environmental, social, and governance topics that matter most to our business and stakeholders. 25 material topics were identified. The highest-ranked material topics were:

- Health, safety and well-being.
- Culture and values.
- Regional relevance and importance.
- Communication and relationship management.
- Internal communications.

Our Sustainability Strategy focuses our strategy on the material areas that have the greatest impact.

Its overarching goal is to create long-term value for all our stakeholders.

Performance Targets

1. Trade Volumes

The Company will pursue strategies aimed at maximising the opportunity for trade through the Port and growing the Port’s hinterland. Over the next three financial years the Company aims to expand its hinterland and achieve a trade volume of three (3) million freight tonnes of which one (1) million freight tonnes will be non-bulk liquids trade.

2. Financial

The Company will provide an assessment of its financial performance against several measures based on the value of its assets including:

- Profitability and growth;
- Return on assets and capital employed; and
- Gearing levels and capability to service that debt.

The key financial targets of the Company are as presented in the table below:

Year Ending 30 June 2025 - 2027	
EBITDA on Average Total Assets	> 9.5%
Return (NPAT) on Average Total Assets	> 3.9%
Return (NPAT) on Average Shareholder’s Funds	> 5.3%
Shareholder Equity Ratio (Shareholder Equity / Total Assets)	> 65%
Interest Coverage Ratio	> 5x

3. Supporting our People and Community

People and the Community are key focus areas of our strategy. The recently completed materiality assessment reinforced these as topics that matter to our stakeholders. Supporting our people and community and growing new capabilities are key to our strategy. Our commitment to ensuring that it provides a safe and healthy workplace for its employees, Port users, contractors, and the public reinforces this.

Safely home every day is a key goal. It is fundamental. We take the safety and wellbeing of our people seriously and we actively support our people in this space. Over the past 12 months we have focused on getting back to basics, and making sure our focus is on the frontline - where our safety and wellbeing actions really matter.

Over the next 12 months we will focus on:

- Rolling out a companywide safety leadership programme.
- Refreshing the health and safety representatives committee to improve engagement and information flow.
- Embedding the Just Culture framework into both the leadership and incident toolkits.
- Strengthen the critical control risk programme and develop an effective verification and assurance approach.

In supporting our people, we aim to develop a capable, agile workforce with an accountable culture through empowered teams.

The Company seeks to be a fair employer and provide a workplace that values people, supports the development of its people and builds teamwork, diversity and inclusion.

4. Environmental Enhancement

Over the course of the next three financial years, PTL will focus its environmental management attention on the following environmental topics that were identified in our materiality assessment as mattering most to stakeholders:

- Carbon reductions – We will seek to play our role in NZ’s transition to a low-carbon economy and will take action to reduce our emissions.
- Water quality - We are committed to controlling our operations to protect existing water quality and leading actions to improve it where practicable.
- Habitat - We will conserve and maintain habitat in the port area through our commitment to sustainability and environmental stewardship.

Our FY25 environmental objective is “Creating and seizing opportunities for our sustainable future”.

Over the next 12 months key focus areas are:

- Making a tangible improvement in sustainability using a collaborative team approach towards measuring, monitoring and managing carbon emissions.
- Maintaining leadership and support for the establishment and success of Biosecurity Taranaki.
- Installing and operating autosamplers designed to collect sufficient data on total suspended solids to enable a review of the Company’s stormwater consent conditions.
- Completing a stormwater treatment options study.
- Sharing harbour environmental monitoring information with community interest groups.
- Establishing a cross-cultural team charged with assessing the physical, chemical, biological and cultural quality of harbour water and the marine habitat.

5. Enduring Relationships

The Company recognises that its activities impact many stakeholders – our employees, the community, Iwi, hapū, our customers, our shareholder and others key stakeholders. Our materiality assessment identified our material topics to include:

- Regional relevance and importance.
- Communication and relationship management.

By focusing on our long-term business resilience, we aim to contribute to the economy and our customers and are focused on:

- Fostering enduring partnerships.
- Working collaboratively with Iwi and hapū.
- Enabling a strong customer-centric workplace culture.
- Engaging with the local community.

Over the next 12 months the Company will:

- Look to build on the work commenced in FY24 of renaming landmarks within the Port following consultation with Ngāti Te Whiti hapū.
- Continue to engage with Iwi and hapū through the Kaitiaki forum.
- Continue to support community initiatives each year through sponsorship and grants.

6. Resilience

We seek to create value over the long term. This means ensuring long-term business resilience and positioning ourselves to play an important role in the electrification of the economy.

We are focused on:

- Delivering strategically for the long-term.
- Sound and prudent operations.
- Sound financial performance and providing a return to our Shareholder.
- Managing risk, including that from climate change.
- Transparent ESG reporting.

Over the next 12 months the Company will:

- Expanding our scope of services.
- Seek to refine and implement continuous improvement in our project management processes.
- Refine our asset management processes and further focus on asset integrity.
- Progress consenting our maintenance dredging activities.

Governance

PTL's Board of Directors is accountable to its Shareholder on how it runs the business, manages risks, reviews and improves performance and delivers on its promise as set out in this SCI.

In discharging its duties, Port Taranaki's Directors are committed to high standards of corporate governance and have adopted the following governance objectives:

1. To lay solid foundations for management and oversight.
2. To structure itself to add value through its composition, size and commitment.
3. To promote ethical and responsible decision-making and act ethically and responsibly.
4. To safeguard the integrity of its corporate reporting.
5. To respect the rights of its Shareholder.
6. To recognise and manage risk.
7. To remunerate fairly and responsibly.
8. To ensure that PTL acts as a good corporate citizen.
9. To promote a Company culture that embraces diversity and inclusion

The Board conduct, responsibilities and commitments are guided by its Board Charter and key Company Policies.

PTL's Directors are appointed by the Shareholder and the role of the Board is to effectively represent and promote the interests of the Shareholder with a view to adding long-term value to the Company. Having regard to its role the Board directs and supervises the management of the business and affairs of the Company.

In accordance with its Board Charter, Board committees are formed when it is efficient or necessary to facilitate efficient decision-making. Each Board Committee has a written charter approved by the Board. The members of each Board Committee are appointed by the Board based upon the needs of the Company, relevant legislative and other requirements and the skills and experience of the individual Directors. The role, function, charter, performance, and membership of each Committee are reviewed by the Board on an annual basis.

Distribution of Profits to Shareholder

The Company's Capital Management Policy is to maintain a stable and strong capital base, defined as targeting a long-term Standard and Poor's shadow credit rating of BBB, to maintain investor and creditor confidence and to sustain the future business development of the Company. In accordance with its Capital Management Policy, the Company's annual dividend pay-out takes into consideration:

- Earnings, cashflow and performance in any given period;
- Working capital requirements;
- Capital expenditure requirements;
- Risks from predicted short and medium-term economic and market conditions;
- The Company's trade and financial outlook;
- The free cash flow available for distribution;
- The tax efficiency of distributions; and
- The interests of the Shareholder.

The Company forecasts, subject to the Directors' consideration of the above factors, that it will pay on average an annual dividend greater than or equal to \$8.00 million for each of the next three financial years.

The current operating environment is uncertain and developing forecasts is challenging. Dividend payments will reflect the circumstances at the time.

Year Ending 30 June 2025 - 2027	
Dividends \$m per annum	\$8.00

Accounting Policies

Policy application will be made consistent with and conform to:

- The legal requirements of the Companies Act 1993;
- Generally accepted accounting principles (NZ GAAP);
- Financial Reporting Act 2013;
- New Zealand equivalents to the International Financial Reporting Standards (NZIFRS); and
- Other applicable regulatory and statutory requirements.

Shareholder Information

The Company will provide the Shareholder with information (within two months of the relevant reporting period) that is normally provided to a controlling private Shareholder, and as required under the Port Companies Act 1988 as set out below.

- Quarterly reports on activities and results including health, safety and environmental performance.
- Half-yearly report including such information as the Directors consider necessary to enable an informed assessment to be made of the Company's performance in the reporting period.
- Annual Report containing audited financial statements for the year.
- Budget and Business Plan financial information for the first of the three-year period covered under the Statement of Corporate Intent.
- Details of any significant new developments which have not been covered in the Budget or Statement of Corporate Intent for the year.
- Any information which would normally be available to a Shareholder, thereby enabling the Shareholder to assess the value of its investment in the Company.
- Significant departure from the anticipated performance of the Company including industrial or other activities that may affect the operations or reputation of the Company.
- Details of any new developments which would involve a significant move away from the current activities of the business.

In addition, the Company will provide to the Shareholder, within one month of commencement of each financial year, its draft Statement of Corporate Intent for that year with the expectation that it will be completed before the end of the first quarter of the financial year.

Procedures for Major Transactions and Other Acquisitions and Disposals

The Company will only invest in the shares of another business when the shares acquired are considered likely to bring added value or will further enhance the objectives of the Company.

The Company will not enter into major transactions as defined in Section 129(2) of the Companies Act 1993 without the consent of the Shareholder.

The Company will not enter into any transaction of the nature of a major transaction where: (a) the acquisition is of assets equivalent in value to 20% or more of the assets of the Company before the acquisition; or (b) the disposition of assets equivalent in value to 20% or more of the assets of the Company, without giving written notice to the Shareholder of its intention and consulting with it.

The Company will always ensure that:

- Control of the affairs of every subsidiary of the Company is exercised by a majority of the Directors of that subsidiary; and
- A majority of the Directors of every subsidiary of the Company are persons who are also Directors or Executives of the Company, or who have been approved by the Shareholder for appointment as Directors of the subsidiary.

Procedures for Issues of Shares

In accordance with paragraph eight of the Company's constitution, the Company will not issue any shares unless the Shareholder has resolved by ordinary resolution to approve the issue.

Consent of the Shareholder must be granted prior to the Company entering into any transaction(s) that may have immediate or future potential to alter the current ownership structure of the Company.

Activities for Which Compensation is Sought

The Company, if requested by the Shareholder, will construct and maintain recreational facilities, for which the Company expects to be remunerated.

Estimate of Commercial Value of the Shareholder's Investment

The Directors' assessment of the value of the Shareholder's investment in the Company is the valuation of the worth of the net tangible assets at 30 June 2024 as shown in the audited financial statements as at that date. The market value of the Company may differ to that value.

A reassessment of the value of the Shareholder's investment in the Company will be undertaken as may be required from time to time by the Shareholder or Directors. In reassessing the value of the Company, following a specific request to do so, the Company is likely to determine the commercial value of the Company through a discounted cash flow approach.