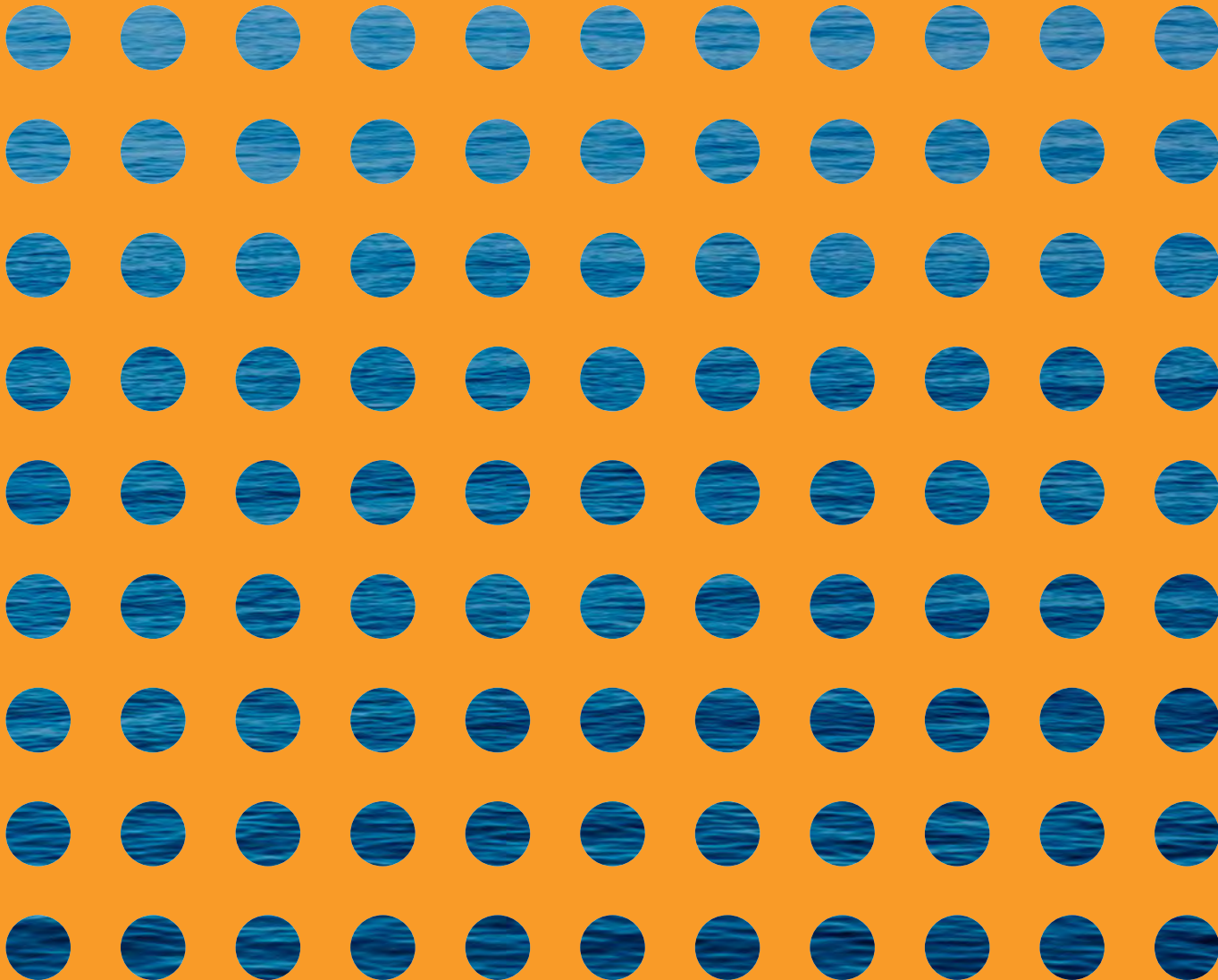
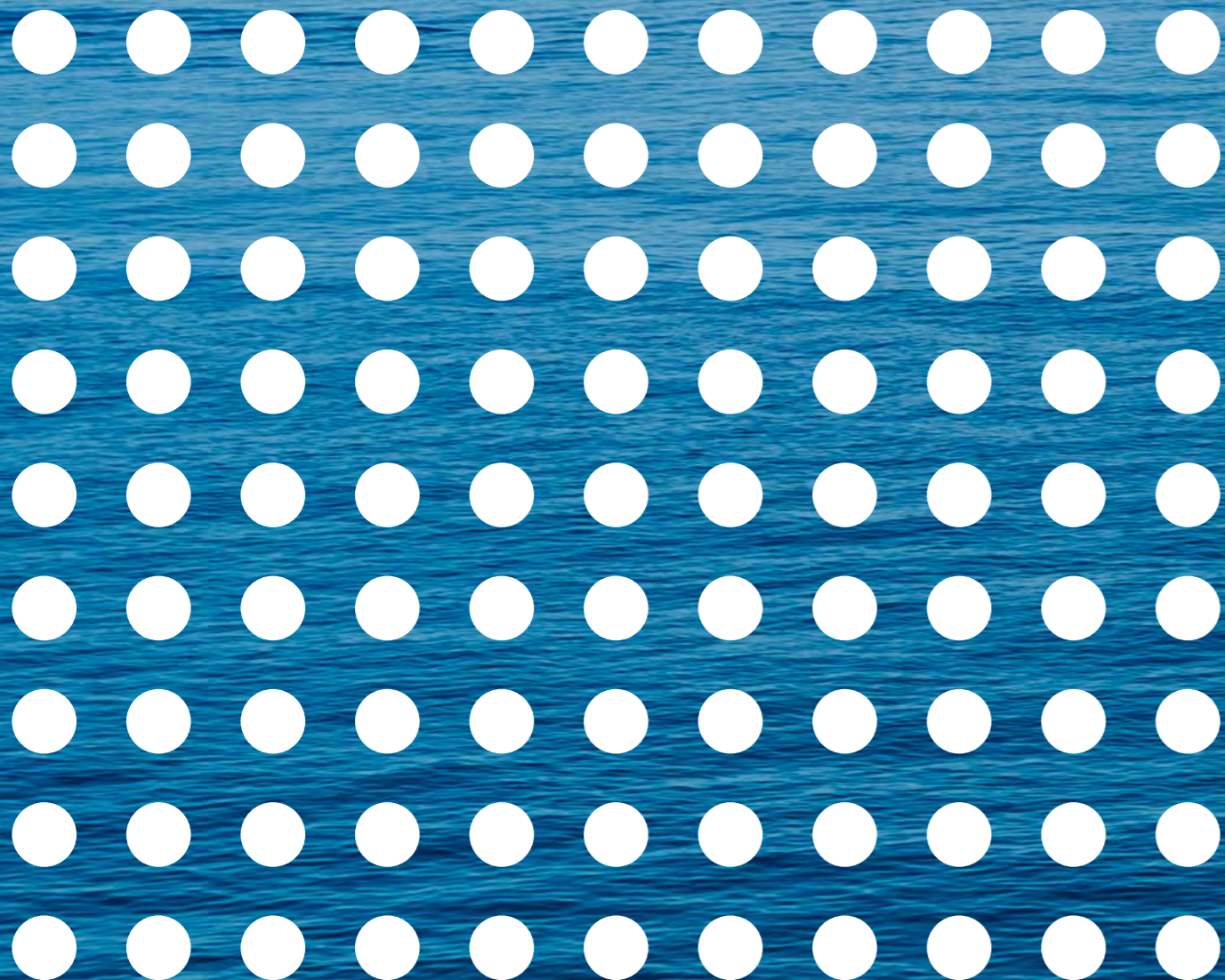


# 2022 ANNUAL REPORT



# LOOKING BACKWARDS LOOKING FORWARDS

LPC Integrated Annual Report 2022



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## DON GRANT

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On Monday 25 April 2022 LPC Cargo Handler Don Grant was tragically killed while carrying out hatch duties aboard the coal vessel *ETG Aquarius*.

Don joined the LPC family in 2013 as a Permanent Relief Pool (PRP) before moving to a full-time cargo handler a few years later. Starting in his 60s, Don was here because he loved his job and the people at LPC.

Coming from a farming background, he was a classic Kiwi bloke. Through all weather conditions and events, Don would always turn up to work to get the job done.

Don was part of the C Group cargo handlers, and regularly joined in with the group's social activities. Sport was also a big part of Don's life, playing rugby, tennis and golf throughout his years. When he wasn't busy doing that, he was spending quality time with his wife, children and many grandchildren.

Don's loss is felt by us all, but of course most acutely by his family. No one should go to work and fail to come home. His loss has thrown the spotlight on the safety of those who work at LPC, and we are committed to ensuring that Don's memory is maintained and that the safety of the whole port industry is lifted through what we learn from this tragedy.

---



# MIHI WHAKATAU

Tihei Mauri ora  
Me mihi ki te Rūnga Rawa nāna nei ngā mea katoa

---

Tēnei te karanga  
Tēnei te tangi  
Kia tūwhera ngāi tatou i te whai-ao  
Ki te Ao Marama  
Me haere koe ki reira  
Tihei mauri ora  
E te Rakatira a Donald,  
haere ki te Putahi nui a Rehua,  
Haere koe ki tua o Paerau  
Takoto i roto i te rika kaha o te Ruka Rawa,  
nana nei i huka ka mea katoa  
Haere ki te po, haere ki te taha o tou tipuna  
Haere, haere, haere

---

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

Te hunga mate ki te hunga mate, te hunga ora ki te hunga  
ora, apiti hono, tatai hono

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 te Kamupene Whakaraupō

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 Whakaraupō 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  
Whakaraupo! He wāhi mo te katoa

I sneeze it is life  
Give praise to that which is above us for all things are from that source

---

This is the calling  
This is the cry  
Open the spiritual world  
To the physical world  
So that you may pass through  
Tis the breath of creation  
To our esteemed leader Donald  
Go to the constellation of the stars  
Go to the place beyond  
Rest in the hands of that above us all  
who is the source of all things  
Go to the night, to be with your ancestors  
Farewell, farewell, farewell

---

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.

The dead to the dead, the living to the living,  
the lines are joined.

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

Big acknowledgements to all our staff working  
day and night at Lyttelton Port Company

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.



# OUR APPROACH TO INTEGRATED REPORTING

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 was 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.

This report is the first full report that LPC has produced under the integrated reporting framework. It follows our 2021 Annual Report, which began to apply the principles of the integrated reporting model but was still limited as we began to develop our approach and undertake the processes required to openly and transparently report on our activities.

We chose the integrated reporting framework in 2019 because it focuses on and communicates the ability of an organisation to create value in the short, medium and long term and includes the transparent reporting on the preservation and/or erosion of this value.

We believe the framework will drive integrated thinking within our organisation, with the creation of value across all five of our capitals leading to better decision making and long-term sustainable development for both LPC and our local community and region.




This year, we have undertaken and included our materiality assessment with the help of sustainability consultants thinkstep-anz. We have also detailed the way we manage

risk at both a governance and management level and outlined what those risks are. We have begun the process of a climate risk assessment as part of the process to produce disclosures under the Task Force on Climate-related Financial Disclosures (TCFD) framework. This work has been undertaken with the assistance of AECOM.

We have also taken a step towards biodiversity reporting, introducing the framework of the Taskforce on Nature-related Financial Disclosures (TNFD). LPC is well positioned to participate in testing the TNFD framework because we have already put significant work into understanding our place in nature as a business. As part of our sustainability programme, LPC has committed to being biodiversity positive, meaning that, over time, LPC's operations and development will leave biodiversity in a better state than it was before.

Our reporting will continue to mature over time as we improve our data collection to enable the quantification of our value creation and erosion over time. However, as this report shows, there are a wide range of challenges that we face as a business, and we take the reporting of those challenges, and our commitment to face them, very seriously.

## Our five capitals

	<b>Sustainable Profitability</b>	Financial Capital
	<b>Whanaungatanga</b>	Human and Intellectual Capital
	<b>Infrastructure for the Future</b>	Manufactured Capital
	<b>Manakitanga</b>	Social and Relationship Capital
	<b>Kaitiakitanga</b>	Natural Capital

## 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 SDGs 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:



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**LPC IS THE SOUTH ISLAND'S LARGEST INTERNATIONAL TRADE GATEWAY, FACILITATING THE MOVEMENT OF BILLIONS OF DOLLARS' WORTH OF IMPORTS AND EXPORTS EACH YEAR. WE ARE PROUD TO TAKE CANTERBURY'S GOODS TO THE WORLD.**

## ABOUT US

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

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

LPC is the largest Port by container volume in the South Island and sits at the nexus of a key supply chain. We sit at the heart of a growing hub and spoke model, with cargo arriving via both coastal shipping and rail for transshipment to larger vessels for international export.

LPC has a natural two way flow of imports and exports, and is the hub for imports into the South Island, handling 70% of all imports.

This system is built on the following:

- Inland facilities such as MidlandPort and CityDepot, facilitating rail and conglomeration of cargo
- VBS, smoothing the flow of cargo and reducing congestion on arterial routes
- A channel, berths and terminal space for 520,000 TEU per year, currently being expanded to 620,000 TEU.
- Consents in place for expansion of facilities to 1.5m TEU per year and increased vessel sizes.



# CEO AND CHAIR'S REPORT

This has been a year of tragedy for the Lyttelton Port Company whānau, with the loss of Cargo Handler Don Grant on ANZAC Day 2022. Don's passing was a deeply shocking event for the Port, bringing sadness and loss to his family, colleagues and friends.

While external investigations into this tragic event continue with LPC's full cooperation, we have also been focused on supporting our staff who have been affected. We are determined to learn all we can from this event and to work to ensure the port industry is as safe as it can be for workers.

As part of that commitment, we are actively involved in the work the Minister of Transport and Minister for Workplace Relations and Safety Hon Michael Wood has launched to strengthen port industry safety. We are focused on helping to develop new standards for the industry that cover the critical risks that workers face every day.

## Health, safety and wellbeing focus

Don's death came after years of hard work at LPC to improve health and safety. It reinforced that health, safety and wellbeing is a continuous improvement process. As part of that work, we have launched a Safety Reset at LPC, rolled out our Life-Saving Commitments and carry out Critical Control Verification Audits to audit the controls we have in place for our critical risks.

In FY22, we also introduced a comprehensive Permit to Work system, supported by a Permit Office, which introduced visibility and controls over contractors and others carrying out work around the Port. This has allowed us to coach and guide PCBUs and Port users on good work practice and has given us increased visibility that allows us to intervene when we are aware work practices need to be altered.

We are also focused on visible leadership. This is about ensuring that our leaders are on the ground, involved with those completing the work. It's also about having conversations about safety at the ground level between staff, leaders and unions. The process is intense and relentless but ultimately rewarding for both staff and leaders.

Engineering and infrastructure improvements are also an important part of how we continue to improve the way we manage critical risks at LPC. All our infrastructure upgrades focus on engineering risk out, with projects like the Dry Dock upgrade, the construction of new reefer towers and the new straddle workshop all delivering outcomes that are safety positive.

## Our integrated reporting journey, Leading the Way and our next steps in strategy

As outlined at the beginning of our Annual Report, this report builds on the first steps we took last year and introduces a full <IR> structure to our report. We will continue to develop our reporting, especially identifying key metrics to measure the creation of value across our five capitals.

We believe <IR> offers the most transparent reporting model for LPC, and we will drive better decision making through integrated thinking as we move to consider how we create value across capitals.

Our Leading the Way strategy was introduced in FY21 to guide the following five years of LPC's journey. It was firmly focused on transformation of financial performance, people and safety and ensuring we deliver the right infrastructure at the right time.

In FY22, we updated Leading the Way by adding a new pillar: Manākitanga and Kaitiakitanga. This was done to reflect our integrated reporting and thinking model, and you can read more about it in the Governance, Leadership and Strategy section of this report. We also discuss the next steps in LPC's future strategy work, which is now under way.

## Sustained growth, solid results

LPC's financial performance continued to improve in FY22, with net profit after tax growing to \$18.9 million, up 18% over FY21 and 7% ahead of our Statement of Intent target. This came on the back of strong revenue growth driven by large volume growth and the first full year of our infrastructure levy.

We paid a dividend of \$10 million in line with our Statement of Intent commitment and lifted return on equity to 5%. However, productivity, profitability and return on equity remain an area of focus for us.

Debt also grew in FY22 as we continued to invest in infrastructure to support the South Island economy. As this programme of investment continues in FY23, it is expected to peak in line with budget expectations and forecast as we continue to invest and maintain our infrastructure to support the South Island economy.

## Trades: LPC reaches 500,000 TEU for the first time

In the last week of June 2022, we exchanged the 500,000th TEU for FY22 – the first time the half-million TEU mark has been broken at LPC. The final TEU total for FY22 was 502,210 – a 15% increase on FY21.

This milestone was only possible because of the hard work, dedication and innovation from our teams at Lyttelton Port, CityDepot and MidlandPort as well as our customers.

The increasing trend towards a hub and spoke model, the arrival of two new container services and recently announced growth in dedicated coastal shipping services mean that TEU volume increases will be with us for some time yet. This trend is a key driver of our capital investment programme as we look to build infrastructure to support the continued growth of the South Island economy.

Reinforcing this trend, we saw a 37.5% increase in the value of exports through our Port, leaping to a massive \$8.61 billion, up over \$2 billion on FY21. This was coupled with a 44.5% jump in the value of imports into Lyttelton to nearly \$6 billion.

We also managed the growth in the ongoing environment of disrupted vessel calls and uncertain patterns of arrivals. Through the hard work of our staff and good cooperation with the landside supply chain, congestion has been kept to a minimum. Export dwell times have continued to be variable throughout FY22, while import dwell times remained stable.

We are now working with supply chain partners to manage the gradual return to more-normal patterns of shipping over the next 12–18 months. It is likely that we will still see disruption for a time, and it is important that we work collaboratively in order to manage the impact and avoid large-scale congestion.

Cars and dry bulk again grew in FY22, with cars growing 30% and bulk 9.5%. These trades continue to be strong contributors to LPC's profitability. Coal volumes remained steady with a very slight decline, with West Coast coking coal export volume remaining a sizeable part of LPC's business, with 1.2 million tonnes exported in FY22.

FY23 will see the return of cruise to Lyttelton and the first cruise vessels berthing at the new dedicated cruise terminal. LPC has been conducting extensive operational preparations for the arrival of these vessels, and we are confident that it will be handled smoothly. We have more than 80 bookings for the summer 2022/23 season – a massive increase on the 25 visits of small vessels in the 2019/20 season.



## Continued investment in infrastructure to support the South Island economy

The growth in TEU volume underlined the need for the \$85 million Eastern Development Project in particular. This work, which sees Lyttelton Container Terminal expand on the Te Awaparahi Bay reclamation, lifts capacity from 500,000 to 620,000 TEUs per annum.

Comprising of a new container yard, four new reefer towers, new truck receipt and dispatch lanes and a new straddle workshop facility, this development remains an important part of the Leading the Way strategy. It comes on top of the work in FY21 doubling rail capacity through the investment in a new second rail siding, the construction of the first tranche of four reefer towers and the ongoing purchase of a fleet of Noell 1-over-3 straddles.

FY22 also saw major investment in facilities at the Dry Dock – the only civilian dry dock in New Zealand. These upgrades included the electrical network, lighting and crew and contractor amenities and came on top of the edge protection upgrades that were carried out in FY21. Adding to the complexity of the projects was the status of the dock as a historic site, first opened in 1883. These upgrades mean that this facility will continue to support local jobs and continued business for the Canterbury region for decades to come.

The decision was also made in FY22 to invest in a new Liebherr ship-to-shore crane to replace our oldest crane. Dating from 1993, Crane 1 had reached the end of its serviceable life and is due for demolition in September 2022. The new crane is being manufactured in Ireland and is expected to be operational in July 2023.

## Changing senior leadership

FY22 saw substantial change at the executive level at LPC. It began in December when CEO Roger Gray resigned to move to Ports of Auckland as CEO.

Roger joined LPC in February 2020, just before the beginning of the COVID-19 pandemic. Roger first confronted the COVID-19 lockdowns and restrictions of the first half of 2020 and then embarked on developing and introducing the Leading the Way strategy, which still remains the key part of the transformation journey at LPC.

Roger also led the cultural change at LPC, commissioning the review of LPC's culture by Maria Dew KC and introducing the subsequent Workplace Culture Action Plan that guides our cultural work today.



We wish Roger all the best at Ports of Auckland and are proud that he has chosen to stay in the port industry.

In May, the Board announced that acting CEO Kirstie Gardener would be LPC's new CEO, effective immediately. Kirstie had been part of the executive team at LPC since February 2019, after first moving to the Port from ANZCO Foods Ltd, where she was General Manager Human Resources. Kirstie's role prior to taking on the mantle as CEO at LPC was General Manager People and Safety.

Kirstie's appointment was made after a thorough two-stage recruitment process with external consultants, which began in January following Roger's resignation. Kirstie is committed to leading LPC and is proud of the LPC family and what we can achieve together in the future.

In May, General Manager Bulk Cargo and Marine Services Paul Monk announced his retirement. Paul had been a part of the family at Lyttelton Port on and off since 1975, starting as a regular general hand (RGH) for the Lyttelton Harbour Board during the holidays while he was at university.

He then worked full-time as an RGH while completing his law professional qualification in 1979, before becoming the first full-time Secretary of the Lyttelton Harbour Workers' Union between 1980 and 1986. During this time, Paul helped to set up medical benefits and a superannuation scheme that are still running today.

Paul returned to the Port as Operations Manager for LPC in 2011. This was a challenging time, with the aftermath of the earthquakes and operating around the rebuild of the Port. In 2020, Paul assumed the new role of General Manager Bulk Cargo and Marine Services, establishing a whole new team and raising the profile of our bulk cargoes and the contribution they make to LPC and the wider Canterbury economy. Paul has also been instrumental in the Port's response to COVID-19 over this period, with the Marine team being heavily impacted by government regulations.

We wish Paul all the best for his retirement after many years of service to LPC.

In June, Chief Financial Officer Andrew Clark announced his resignation. Andrew leaves LPC to join Ports of Auckland as their CFO. Andrew has been part of the Lyttelton Port Company whānau since April 2021, and we wish him all the best in his new role.

### **Culture, workplace relations and wellbeing**

Our work on the Workplace Culture Action Plan, released last year following an independent review of workplace culture at LPC, continued to be led by our Culture and Transformation team and overseen by our Board Workplace Culture Subcommittee. This committee is made up of Board members, independent external advisors and our union partners.

We have released the latest 6-monthly update on progress against the Workplace Culture Action Plan alongside this Annual Report, and it can be viewed on our website, on the Workplace Culture page.

FY22 also saw further progress on building a collaborative workplace environment at LPC with the signing of the High Performance High Engagement Charter between LPC and three workplace unions – the Maritime Union of New Zealand, the Rail and Maritime Transport Union and the Amalgamated Workers Union of New Zealand. The agreement was signed in October 2021, and the union signatories represent 95% of LPC's workforce.

In FY21, following the successful delivery of the first year of the Leading the Way strategy, the Board agreed to pay a one-off bonus to all staff to reflect our success across all three of the pillars that were in place at that time. This was the only bonus to be paid as the Board had previously agreed to remove performance bonus schemes for all staff. In FY22, while financial performance has been excellent and the team has worked hard to produce the results we have delivered, the Board and management felt it was inappropriate to pay a bonus in light of the loss of Don Grant, given health and safety is a key part of our Whanaungatanga strategy pillar.

### **Manākitanga and Kaitiakitanga**

In FY22, our carbon-reduction journey has been challenged by increased volumes, but we worked hard to reduce our carbon intensity per TEU by over 7%. We are also reviewing our existing Carbon Reduction Plan, and in FY23, the Board will look at the adoption of science-based targets as an update to our sustainability strategy.

Work also began on our risk assessments and disclosures plan under the Task Force on Climate-related Financial Disclosures framework. We have completed our initial risk assessment identifying our core assets most at risk. We have made an initial disclosure in this report and will provide a full disclosure next year.

We are proud to be a tester for the beta release of the Taskforce on Nature-related Financial Disclosures. LPC is a perfect test bed for trial as we carry out significant work to understand the natural environment we operate in, and we have made a commitment to becoming biodiversity positive as part of our sustainability strategy in 2019.

Kirstie has also taken on the role of Co-Chair of Whaka-Ora, our partnership with Te Hapū o Ngāti Wheke, ECan, Christchurch City Council and Te Rūnanga o Ngāi Tahu to enhance biodiversity and mahinga kai in Whakaraupō.

We also remain conscious of our role as a responsible part of our community, and we continue to support the harbour community through our sponsorship and partnership programmes. We are also conscious of the impact our operations can have and note that there is still progress to be made on issues like vessel noise. However, we are committed to working to find solutions, and we use partnerships with ports in New Zealand and Australia to try to find solutions.

### **Leading the Way – two years on**

We launched Leading the Way two years ago as a strategy of transformation to make LPC a sustainably profitable, diverse, inclusive and safe port. Progress has been strong, although we are resolutely focused on health, safety and wellbeing being at the centre of our journey of continuous improvement.

While we are focused on continual growth, we know that our turnaround is not just financial. We continue to be committed on returning a fair return to our shareholder and playing our part as a responsible part of the community and a protector and custodian of our environment.

We remain steadfast in our commitment to taking LPC to the next level and ensuring we are the port of choice for South Island exporters and importers. This continued focus on delivering customer excellence, while being a safe, sustainable and profitable port, will remain at the core of our strategy into FY23 and beyond.

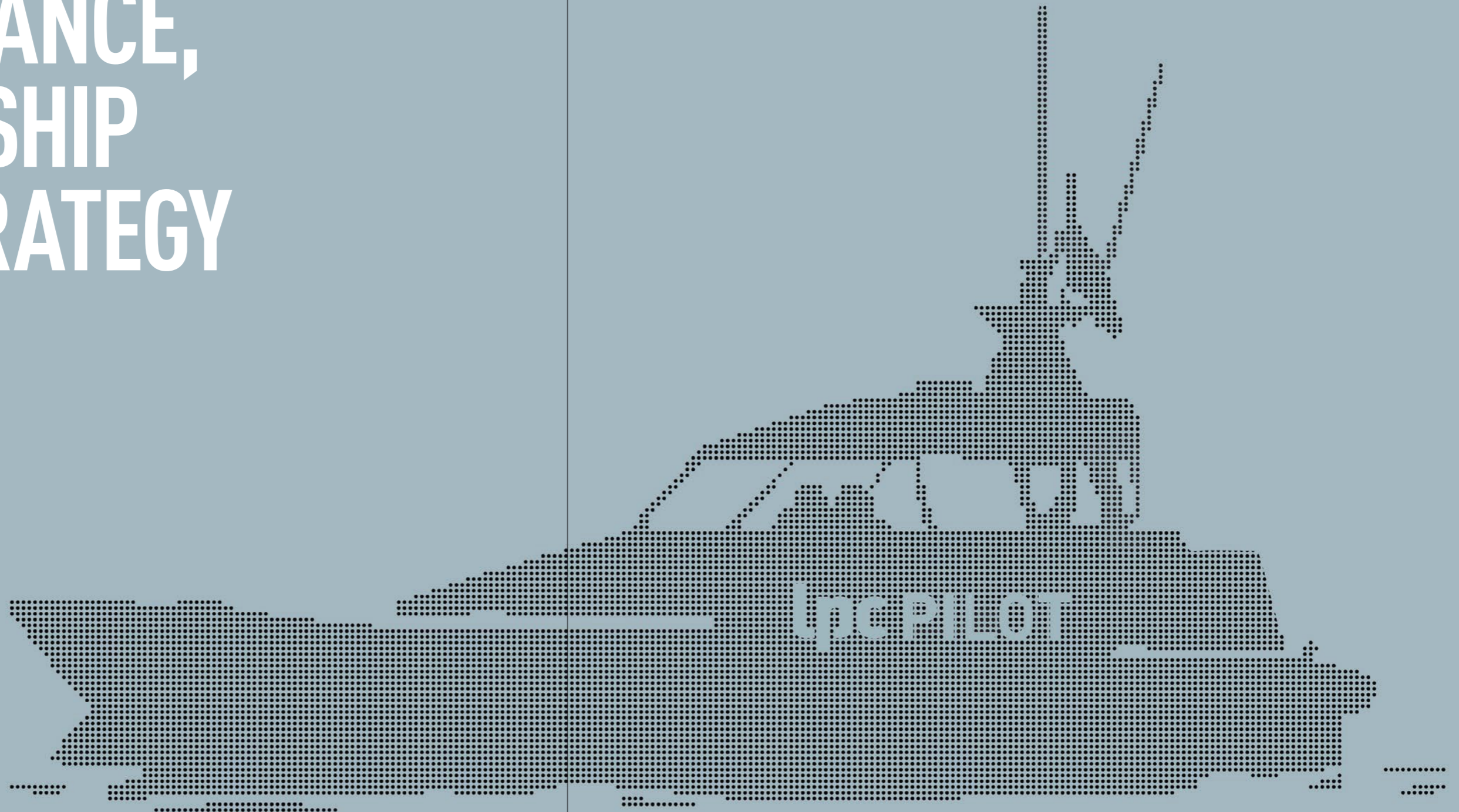


**Margaret Devlin**  
Board Chair



**Kirstie Gardener**  
Chief Executive Officer

# GOVERNANCE, LEADERSHIP AND STRATEGY



# INTRODUCTION TO OUR GOVERNANCE

The Board is committed to its role to add to the long-term value of LPC. This year, there has been much focus on delivering on our existing strategy of Leading the Way and beginning the development of our strategy for beyond Leading the Way. A focus on strategic issues and policy is a hallmark of the way the Board conducts itself as we begin our integrated reporting and integrated thinking journey.

The Board operates in a way that is open and constructive, and in accordance with their guiding principles, it recognises that genuinely held differences of opinion can bring greater clarity and lead to better decisions. This, combined with a commitment by Directors to participate fully, frankly and constructively, means that all bring the benefit of their particular knowledge, skills and abilities to the Board.

The tragic loss of Don Grant, uncertainty around COVID-19 restrictions and alert levels and supply chain congestion has led to a challenging year at LPC. The Board has taken a key role in helping the Executive Leadership Team in these difficult times and continues to support the drive to change as a result.

The roll-out of our eight Life-Saving Commitments over the month of June, combined with our Safety Reset conversations held by staff and their managers, are strides in the right direction in terms of our overarching health and safety strategy.

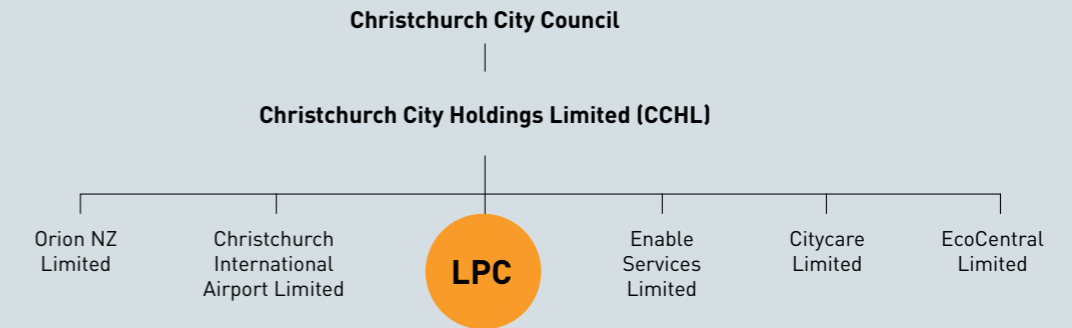
Board member Dr Don Elder, who heads up the Health and Safety Committee, speaks about the importance of those conversations in his interview on page 23. Together with our union partners, we are determined to eliminate or reduce situations where accidents could occur as best as practicably possible.

The relationship between our Executive Leadership Team and Directors continues to grow, and we are all committed to delivering on our Leading the Way strategy. This journey of change is supported by our Board committee structure, which continues to perform strongly. We have three Board committees – Audit and Risk, People and Performance, and Health and Safety. We also utilise advisory groups to the Board committees with specialist perspectives, including iwi and our unions.

The Board is now focused on bringing the <IR> model actively into the decision-making process, and new decisions particularly around capital expenditure will reflect value creation and our material issues from now on. Working with the Executive Leadership Team, we will ensure that processes reflect all of the responsibilities that LPC has to our shareholder, our iwi partners, our community and our customers.

To read more about our Board and read our Board Charter and the terms of reference for our Board committees, please visit [www.lpc.co.nz/about-us/board-of-directors](http://www.lpc.co.nz/about-us/board-of-directors).

## Shareholder



## Board of Directors



**Margaret Devlin**  
Chair



**Bill Dwyer**



**Dr Don Elder**

Health and Safety Committee Chair,  
People and Performance Committee Chair



**Malcolm Johns**



**Fiona Mules**

Audit and Risk Committee Chair



**Nick Easy**

## Executive Leadership Team



**Kirstie Gardener**  
Chief Executive Officer



**Andrew Clark**

Chief Financial Officer

- Finance
- Digital
- Audit and Risk



**Simon Munt**

General Manager Container Operations

- Container Operations
- Inland Depots
- Coal
- Mechanical Maintenance



**Paul Monk**

General Manager Bulk Cargo and Marine Services

- Bulk Cargo
- Marine Services
- Te Ana Marina
- Port Services
- Dry Dock



**Mike Simmers**

General Manager Infrastructure and Property

- Infrastructure
- Infrastructure Services
- Engineering
- Property
- Security



**Lesley Fleming**

Acting GM People and Safety

- People
- Safety
- Health and Wellbeing
- Culture and Transformation



**Phil de Joux**

General Manager Engagement and Sustainability

- Communications
- Environmental Management and Planning
- Sustainability
- Māori Development

# THE BOARD



## Margaret Devlin

### Chair

Margaret is a professional director with extensive experience in governance and executive management. She operates primarily in the infrastructure and services sectors and is a director of a range of companies, with a particular focus on audit and risk.

Margaret is currently chair of Watercare Services Ltd, Hospice Waikato, Infrastructure New Zealand and the Women in Infrastructure Network. She is also the deputy chair of Wintec.

She is the director of Aurora Energy, Titanium Park Ltd, Waimea Water, Waikato Regional Airport Ltd and IT Partners Group. Margaret also serves on the Institute of Directors as a Chartered Fellow and Waikato Branch Committee member.



## Bill Dwyer

Bill is a commercial and corporate lawyer with a career spanning over 25 years. Joining the LPC Board of Directors in June 2016, Bill also currently operates his own legal practice.

Before starting sole practice in 2015, Bill was Managing Partner at Lane Neave. Prior to this, he held the position of General Counsel and Company Secretary at Solid Energy New Zealand Ltd.

Bill has retired as a director of Christchurch City Holdings Ltd (CCHL) where he sat on a number of committees and established an intern programme for CCHL whereby aspirants to governance roles sit on the board of each company in the group.

He is currently director of Premium Foods Export Ltd and Turley Farms Ltd and is a trustee for the Ohinetahi Charitable Trust.



## Dr Don Elder

### Health and Safety Committee Chair, People and Performance Committee Chair

Don has 30 years' experience as a professional director in New Zealand and internationally across many sectors, including primary industries, engineering, technology, health, education, research, banking, insurance and NGOs.

He began his career as a civil engineer with a PhD in geotechnical and environmental engineering and worked internationally in these areas up to senior executive level.

Don joined the LPC Board in 2016, bringing broad expertise with a particular focus on people and performance, major development projects and safety. He has served on the Board's Audit and Risk Committee and is chair of the Health and Safety Committee and the People and Performance Committee. He is currently also a director of Pioneer Energy, Wenita Forest Products, Canterbury Clinical Network and CSI, trustee of The Loft and chair of the Family Help Trust.



## Malcolm Johns

Malcolm has been the Chief Executive of Christchurch International Airport since January 2014. He has also served on the Board of the Tourism Industry Association, was Deputy Chair of Tourism New Zealand for seven years and has experience as a business mentor for start-ups in the technology sector.

Malcolm is currently director of Kiwiaka Trustees Ltd and Kiwiaka Properties. He is a member of the APEC Business Advisory Council, St Andrew's College Board of Governors and the Prime Minister's Advisory Group, specifically on the COVID-19 vaccine roll-out and border reopening.

Christchurch Airport has a balance sheet of around \$1.2 billion and passenger numbers of around 7 million per annum and is landlord to more than 250 businesses and their 6,000 employees.



## Fiona Mules

### Audit and Risk Committee Chair

Fiona commenced her career as an investment banker specialising in transactions and valuations. After over a decade in the private sector, Fiona was brought in by the New Zealand Treasury to help establish a public-private partnership programme in New Zealand. Since then, Fiona has consulted to the New Zealand Government on large-scale infrastructure projects and programmes across funding, financing, structuring and procurement.

Fiona is a former director of the Reserve Bank of New Zealand and KiwiRail and is a current director of Rural Livestock Ltd. She is also currently a member of the Southern Response Earthquake Services Independent Oversight Committee and the Department of Internal Affairs Three Waters National Transition Unit Board.

Fiona's finance and infrastructure background is valuable in ensuring LPC's focus on our strategy pillars of Sustainable Profitability and Infrastructure for the Future.



## Nick Easy

Nick has more than three decades of leadership experience in complex organisations across the transport, logistics and emergency services industries.

Nick is the CEO of Infranexus Management, having been CEO of Queensland Rail for the past four years. He is also a member of the Australasian Railway Association Remuneration Committee.

Prior to commencing at Queensland Rail, Nick was CEO of the Port of Melbourne, Australia's largest container and general cargo port.

**"WE KNOW WHERE WE'RE GOING AND OUR PURPOSE IS CLEAR. WE WANT THE SOUTH ISLAND ECONOMY AND BUSINESSES TO THRIVE, SUPPORTED BY OUR HIGHLY PRODUCTIVE PORT."**

**Dr Don Elder**

## BOARD INTERVIEWS

### **Dr Don Elder**

#### **What value do you bring to the LPC Board?**

I've been involved with ports internationally for 25 years. They're the gateway to trade and play a key role in ensuring supply chains work efficiently. But they're usually near cities where land is at a premium, hemmed in geographically and by other activities. Lyttelton has some great advantages in that respect. My background is in civil, earthquake and resource engineering and risk management on major projects around the world working with stakeholders to maximise value while minimising impacts on the environment.

#### **How well do you think LPC has dealt with the tumultuous nature of shipping and COVID-19 in the past year?**

The past 24 months have been extremely challenging with COVID-19 and global supply chain issues. One of my other roles is in health, including the Canterbury vaccination programme. LPC's COVID-19 response was exceptional. LPC was a national leader in achieving the earliest and highest vaccination rates. That meant we were safer and more productive and could continue to support Cantabrians and the economy when they needed us most.

#### **What excites you most about LPC's Leading the Way strategy?**

We know where we're going and our purpose is clear. We want the South Island economy and businesses to thrive, supported by our highly productive port, and we know how to achieve and sustain this. All our people are working together as a team through our commitment to High Performance High Engagement (HPHE). And with our resource consent to extend the reclamation by up to 18 hectares, we need never be constrained by land.

#### **What is one thing you'd like to see LPC do better at in 2023?**

Losing a member of our team, Don Grant, in an accident in April hit every one of us hard. We're determined to eliminate and reduce situations where accidents could occur. We're progressively engineering them out or putting hard barriers in place so that we don't have to rely primarily on systems and processes, which can never be fail-safe. Ports have a challenging mix of vehicles: straddles, forklifts, trucks, buses (when cruise ships return), light vehicles and cars. We have several bottlenecks where many of these vehicles interact. I'd like to see these interactions reduced substantially and eliminated where possible. This means redesigning traffic flow and having more hard barriers. This work is already under way. When we achieve this, we'll see a significant reduction in safety risk but we'll also see major improvements in productivity. It's a win-win. This is an exciting time to be part of the exceptional LPC team of 650.

### **Fiona Mules**

#### **What value do you bring to the LPC Board?**

I think my previous experience in large-scale public infrastructure capital expenditure and my banking background gives me a good perspective on stakeholder expectations and best practice in terms of getting it right. I tend to ask the 'Why?' and 'What value will this add?' questions with a longer-term strategic view of things.

#### **How well do you think LPC has dealt with the tumultuous nature of shipping and COVID-19 in the past year?**

I think we have all been surprised at how well we have done financially. It is of no surprise however that the team has weathered the storm well. We have an exceptional group of people at LPC who are truly dedicated to the cause and know how important it is for us to keep the economy moving to the extent we can. The flexibility, resilience and innovation shown by all staff, alongside our union partners, has been second to none.

#### **What excites you most about LPC's Leading the Way strategy?**

What excites me the most is where we go after the Leading the Way strategy. Leading the Way is only the tip of the iceberg. We needed to put our heads down and just get back to doing the basics well for a while, following the long period of regrouping and rebuilding (physically and psychologically) after the earthquakes. With our current growth levels, we are now well on the path to being the eminent South Island port and the most important gateway for trade in the South Island.

#### **What is one thing you'd like to see LPC do better at in 2023?**

I would like to see the further breaking down of silo mentality within the business. This has started, but we have some way to go to operate with one voice and one mind, utilising a holistic approach. We are working on embedding integrated thinking into the business such that every individual and area of the business understands the role they play in adding value to LPC and in ultimately achieving LPC's strategy. We all need to move forward together with the same goal in mind and work closely together to achieve it. This will unlock significant efficiencies and productivity gains for us and set us up well for future growth and success.

# MATERIALITY ASSESSMENT

## Our materiality assessment

We engaged thinkstep-anz to work with us to confirm and prioritise the topics that matter most to our stakeholders and our business. To do this, thinkstep-anz carried out a materiality assessment. The assessment involved interviewing 19 of our stakeholders including Christchurch City Holdings, community representatives, residents, unions, customers and business partners.

The interviews yielded a number of material topics. Our leadership team were asked to rank the importance of these topics to our business. The thinkstep-anz team then surveyed a wider cross-section of our stakeholders online to understand which topics matter to them most. This data was used to complete our materiality matrix.

### The material topics

<b>1</b> <b>Health, safety and wellbeing</b> Ensuring the health, safety, and well-being of our people	<b>2</b> <b>Sustainable financial performance</b> Ensuring sustainable financial growth and performance and a return for our shareholder	<b>3</b> <b>Social licence to operate</b> Recognising and responding to the need for continued community support for the port's operations into the future
<b>4</b> <b>Infrastructure investment</b> Investing to expand Port facilities to create long-term value	<b>5</b> <b>Policy engagement</b> Being involved in developing policies, initiatives, and programmes that tangibly increase understanding of our industry's risks and opportunities	<b>6</b> <b>Culture and values</b> Fostering a long-term sustainability mindset in our culture and values across the entire company so it becomes part of our DNA
<b>7</b> <b>Engagement with mana whenua partners</b> Being culturally aware and partnering with mana whenua in an authentic manner	<b>8</b> <b>Communication and relationship management</b> Ensuring genuine, transparent, timely communication and maintaining positive, enduring relationships with stakeholders	<b>9</b> <b>Employee attraction, development and retention</b> Empowering our people through professional development, providing career pathways, and creating an environment where they can thrive
<b>10</b> <b>Industry engagement</b> Fostering engagement and forging partnerships across the industry to progress joint objectives for sustainable growth	<b>11</b> <b>Biodiversity</b> Identifying and managing the company's impact on biodiversity due to the Port and its operations	<b>12</b> <b>Corporate governance</b> Having systems in place to advance sustainability-related activities in an accountable, transparent and credible way
<b>13</b> <b>Business continuity planning (global supply chain risks)</b> Being aware of global supply chain risks and building resilience into the supply chains we serve	<b>14</b> <b>Environmental and community impacts</b> Managing environmental impacts, particularly the reverse sensitivities associated with Port operations	<b>15</b> <b>Diversity and inclusion</b> Actively building a workplace that mirrors the diverse communities we work in and for

## What is a materiality assessment?

Materiality assessment is widely used in business to identify and prioritise the sustainability topics (environmental, social and governance) that matter most to an organisation and its stakeholders. The tool helps organisations confirm, review and future-proof their business strategy. By strengthening relationships with stakeholders, identifying material risks and opportunities, and providing a framework to assess

future decisions against, it helps them deliver that strategy too. Both major frameworks for sustainability reporting, Integrated Reporting <IR> and the Global Reporting Initiative (GRI), require a materiality assessment.

## Materiality matrix



# LEADING THE WAY

## Our strategy

LPC's Leading the Way strategy was developed in 2020 as a 5-year change plan. It laid out how LPC's cultural and commercial turnaround would occur over the period FY21–FY25 and consisted of three key pillars: Sustainable Profitability, Whanaungatanga and Infrastructure for the Future.

Now nearly halfway through the Leading the Way period, we commenced a small review of the strategy in the last quarter of FY22. This review was focused on better reflecting the value creation model and the capitals we had adopted as we set out on the integrated reporting journey in FY21 to drive integrated thinking within the organisation. This will lead to consideration of the value creation across our five identified capitals in the decision-making process.

The review led to the adoption of a fourth pillar, Manākitanga and Kaitiakitanga. This reflects our commitment to value creation in the Social and Relationship Capital and Natural Capital.

We have also now overlaid our material issues onto the Leading the Way framework. These highlight how each of these pillars contributes to our value creation for stakeholders as well as pointing to the challenges we may have in delivering on our strategic objectives.

In the second half of FY22, the Board and Executive Leadership Team also began the process of developing our long-term strategy for beyond the end of Leading the Way. This process is still under way, and we look forward to sharing it with stakeholders in the second half of FY23. The process is being informed by the materiality work undertaken by thinkstep-anz and has also involved our senior managers and subject matter experts.

The process has looked at the long-term freight growth for the Canterbury and South Island regions and considered the impact of climate change and the beginning of the work by AECOM on our climate risk assessment and the

opportunities presented by change and adaptation. These have fed into our assessments of infrastructure needs for the future as well as our ambitions around our environmental performance and our impact on biodiversity.

The strategy work also recognises the shift now under way towards a hub and spoke model for shipping in New Zealand. As one of New Zealand's three major international trade gateways, LPC has a responsibility to ensure that we deliver the infrastructure necessary to facilitate the future international shipping needs of the South Island and the lower North Island. We will be in a position to share this work on our future long-term strategy in next year's report. In the meantime, our purpose remains the same: to facilitate the sustainable growth of trade for Canterbury and the South Island.

## 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.



Financial Capital

### Material issues

- Sustainable Financial Performance
- Business Continuity Planning
- Corporate Governance

### SDGs



## 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 high engagement (HPHE), staff development and the management of talent.



Human and Intellectual Capital

### Material issues

- Health, Safety and Wellbeing
- Culture and Values
- Future of Work
- Employee Attraction Development and Retention

### SDGs



## 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.



Manufactured Capital

### Material issues

- Infrastructure Investment
- Efficient Allocation of Port Space

### SDGs



## 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.



Natural Capital

Social and Relationship Capital

### Material issues

- Communication and Relationship Management
- Collaboration and Partnerships
- Industry Engagement
- Social License to Operate
- Biodiversity
- Environmental and Community Impacts

### SDGs



# OUR VALUES

## One LPC Team

- We all go Home Safe, every day.
- Embracing individuality and difference, while working as one toward our common goal.
- Acknowledging the importance of our people, our customers and our partners.

## Pride

- Making the LPC team something that people want to be a part of.
- Taking pride in how we lead the way, and how we work together.
- Acknowledging the support we give to our whānau.

## Integrity

- Treating each other with respect.
- Trust in ourselves, and in our colleagues, to do what is right.
- Following through on the commitments we make.

## Communication

- Openness, honesty, truth and transparency.
- Our messages are heard when they're constructive, and when they're respectful.
- Knowledge is shared not just when we speak, but when we listen.

“THE TEAM ENVIRONMENT MAKES EVERYBODY PROUD TO GET THE JOB DONE AND GET IT DONE SAFELY AND EFFICIENTLY. WHEN WE'RE ALL ONE BIG TEAM AND ALL GOOD FRIENDS, WE ALL BIND TOGETHER TO GET THE JOB DONE.”

Shannon Bell  
Forkhoist Driver



# HOW WE MANAGE RISK

LPC is committed to its vision, employees, shareholder, customers and communities and recognises that the nature of our activities and operating environments exposes us to risk.

For LPC to achieve its strategic Leading the Way objectives and priorities and achieve sustainable profitability, its operations and facilities are subject to a range of risks. While it may be possible to manage and mitigate some of the risks that are within LPC's control, there are a number of risks that fall outside our influence or control that require attention to ensure they are manageable and have safe outcomes and our response is effective.

The nature and physical scale of Port operations mean that safety-related exposures are LPC's highest risk mitigation priority. Safety failures and incidents are the Board and management's number one concern and will continue to be a key focus of attention.

At LPC, managing risk spans all levels of governance, leadership and operations and falls under the LPC risk management framework, which provides overall guidance and methodology. The Board has also approved the appropriate risk appetite statement for LPC, which is summarised in the following table. This statement sets out the areas with little or no appetite for risk and provides guidance as to the expected mitigation responses from management when responding to and managing identified risks.

While risks are actively managed in the various business units, functions and departments across LPC, the Board and senior management has established, with independent facilitation to ensure appropriate rigour, the top strategic risks requiring ongoing monitoring by the Board and the Audit and Risk Committee and mitigation by LPC management and staff. The current top 10 strategic risks are set out on the following pages.



## Risk Appetite (Tolerance) Summary

Areas/Categories	Zero to Low	Moderate	High
	Accept little or zero risk, exercising extreme caution, conservative approach to taking risk	Adopting a balanced and considered approach to risk, exercising caution, accepting of moderate risk	Adopting a more assertive or aggressive approach to risk, strong alignment to strategic objectives and benefits
Health and Safety	██████████		
Reputation	██████████		
Stakeholder Alignment	██████████		
Social Licence	██████████		
Ethics	██████████		
Compliance	██████████		
Financial Sustainability	██████████		
Organisation Culture and Employee Relations	██		
Environmental Sustainability	██		
Strategic Growth		██	
Operating Efficiency and Effectiveness		██	
Financial Profitability		██	
Innovation			██




[1] Some risk areas cover a broad range of issues or potential outcomes, where some have little or no appetite for risk (e.g. workplace harassment, environmental incidents), while other areas may warrant a higher risk appetite (e.g. mitigation innovation to solve problems).



## Top 10 strategic risks

	01 Health and safety	02 Financial
<b>Risks</b>	Our employees or partners are harmed and/or work in unsafe environments that impact their long-term health and safety.	An event (natural disaster: alpine fault, tsunami, terrorism or other) impacts our financial viability through reduced operations (including Port access or damaged Port assets) and/or prohibitive costs to restore uninsurable assets and/or other contractual exposures arising from an event.
<b>Mitigations</b>	Refresh health and safety strategy, focusing on: <ul style="list-style-type: none"> <li>• People – capability, leadership, fit for work, engagement.</li> <li>• Systems – records, incident and risk management.</li> <li>• Workplace – safe equipment, PPE, safety inspections.</li> <li>• Incident response – investigations, safety improvements, standards and Port liaison.</li> </ul>	<ul style="list-style-type: none"> <li>• Insurance programme.</li> <li>• Probable loss modelling.</li> <li>• Project planning for extreme events and threats.</li> <li>• Financial resilience and funding headroom.</li> <li>• Asset management strategy, condition monitoring and maintenance.</li> <li>• Essential services risk and resilience review.</li> <li>• Emergency readiness preparation and training.</li> <li>• Site security assessments.</li> <li>• Commercial contract exposure assessments.</li> </ul>
<b>Primary related capital</b>	 Whanaungatanga	 Sustainable Profitability
<b>Priorities and issues</b>	<ul style="list-style-type: none"> <li>• Employees and contractors go home safe each day.</li> <li>• Supportive health and safety culture.</li> <li>• Simplified and aligned Health and Safety systems and processes.</li> <li>• Visible safety leadership.</li> <li>• Prioritising safety in the workplace.</li> </ul>	<ul style="list-style-type: none"> <li>• Emergency readiness and response.</li> <li>• CIMS documentation and standards.</li> <li>• Financial sustainability – insurance and funding.</li> <li>• Planning and monitoring for extreme events.</li> <li>• Culture of care and resilience.</li> </ul>

03 Workplace culture	04 Asset management	05 Environment and community
Our culture does not change, leading to staff turnover, low sense of belonging, poor engagement, challenges in attracting, developing and maintaining talent, individual wellbeing challenges, resistance to change and a loss in stakeholder confidence.	Our asset management (AM) strategy is not optimised – we under-invest (poor asset performance and/or missed growth opportunities) in some asset classes or we over-invest (poor return on investment and missed alternative asset opportunities) in other asset classes.	We are issued an abatement notice, infringement notice or lose our resource consents from Environment Canterbury impeding our ability to operate. We lose our social license to operate from iwi and/or the Whakaraupō communities, resulting in limitations to our operations and future investments.
<ul style="list-style-type: none"> <li>• Culture and transformation communication, resourcing and training.</li> <li>• High Performance High Engagement programme.</li> <li>• Workplace Culture Action Plan, including diversity and mental awareness training, positive engagement with unions and staff on eliminating bullying and harassment, diversity goals and reporting, agreement with unions on recruiting and complaints handling processes.</li> <li>• Employee culture surveys.</li> <li>• Workplace Culture Governance Committee established.</li> </ul>	AM strategy refresh with whole-of-life focus to include: <ul style="list-style-type: none"> <li>• Asset management plans.</li> <li>• Life cycle investment plans.</li> <li>• Preventive maintenance.</li> <li>• Condition assessments.</li> <li>• AM structures, functions, roles and responsibilities.</li> <li>• Project business cases and due diligence to focus on returns and supporting contractual arrangements.</li> </ul>	<p><b>Compliance:</b></p> <ul style="list-style-type: none"> <li>• Environmental management system.</li> <li>• Environmental monitoring and controls.</li> </ul> <p><b>Community:</b></p> <ul style="list-style-type: none"> <li>• Regular community stakeholder engagements.</li> <li>• Mana whenua advisory group with Ngāti Wheke.</li> <li>• Sponsorships for Lyttelton Harbour community.</li> <li>• Port developments access to facilities to include community considerations.</li> </ul> <p><b>Shareholder:</b></p> <ul style="list-style-type: none"> <li>• Shareholder engagements and communications in development of Statement of Intent, sustainability strategy and Port developments.</li> </ul>
 Whanaungatanga	 Infrastructure for the Future	 Manākitanga  Kaitiakitanga
<ul style="list-style-type: none"> <li>• Effective culture transformation through Workplace Culture Action Plan.</li> <li>• Union engagement and participation.</li> <li>• Leadership team commitment to culture transformation.</li> <li>• Tikanga a key part of workplace culture change.</li> <li>• Re-energise performance management tools, processes and deliverables.</li> <li>• Promote 'one team' culture.</li> </ul>	<ul style="list-style-type: none"> <li>• Complexity of asset portfolio and ownership responsibility.</li> <li>• Asset condition and health.</li> <li>• Aging critical infrastructure.</li> <li>• Asset utilisation and availability.</li> <li>• Optimising asset operating cost and ownership.</li> </ul>	<ul style="list-style-type: none"> <li>• Identifying and actioning environmental improvement plans across the business</li> <li>• Achieving a net gain in biodiversity over time</li> <li>• Close community relationship where concerns are heard and effectively addressed.</li> <li>• Active support for initiatives that are important to the community.</li> <li>• Effective relationships with and support for all our key stakeholders.</li> </ul>

	06 Capability	07 Change and investment
<b>Risks</b>	We do not have the capability or capacity (loss of talent, change fatigue/burnout) to change and realise our strategic priorities (Sustainable Profitability, Whanaungatanga, Infrastructure for the Future and Manākitanga and Kaitiakitanga).	Our change portfolio scope and/or timeframes are too conservative. Capital is not well prioritised to higher-return investments. Investment prioritised for long-term resilience not adequately motivated and supported.
<b>Mitigations</b>	Workplace Culture Action Plan and mitigations: <ul style="list-style-type: none"> <li>• Annual talent mapping and reviews.</li> <li>• Succession planning.</li> <li>• Secondment and mentorship programmes.</li> <li>• Performance management.</li> <li>• Ensure alignment with improved leadership capability and capacity, improved profitability and commercial returns and better functional performance outcomes.</li> </ul>	Clear focus on Leading the Way strategy: <ul style="list-style-type: none"> <li>• Keep objectives simple and clear.</li> <li>• Business cases for all projects.</li> <li>• Investment hurdle rate applied.</li> <li>• Include due diligence on commercial and contracting revenues.</li> <li>• Conduct post-investment reviews.</li> <li>• Build required stakeholder support.</li> </ul>
<b>Primary related capital</b>	 Whanaungatanga	 Sustainable Profitability  Infrastructure for the Future
<b>Priorities and issues</b>	<ul style="list-style-type: none"> <li>• Effective and responsive leadership team.</li> <li>• Clear strategic alignment and accountabilities.</li> <li>• Promote effective performance management.</li> <li>• Programmes for succession planning, secondments and mentoring.</li> </ul>	<ul style="list-style-type: none"> <li>• Prioritising, motivating and securing funding and support required for large-scale infrastructure projects.</li> <li>• Clarifying returns required for capital projects.</li> <li>• Building capability to manage and deliver infrastructure projects.</li> </ul>

08 Business and digital continuity	09 Corporate strategy	10 Climate change
A cyber risk vulnerability is exploited leading to the disclosure or loss of sensitive information or unavailability of key Port systems and data.	We do not proactively navigate local, regional, national and international political change and engage in regional and national port strategy and policy setting, leading to a loss in revenue, commercial opportunity or autonomy and uncertain long-term support for major initiatives and infrastructure projects.	We do not proactively manage risks associated with climate change, leading to: <ul style="list-style-type: none"> <li>• Gradual adverse asset exposures to sea-level rise and more-frequent and worsening impacts of adverse weather events</li> <li>• Adverse transition risk exposures due to increasing cost of compliance, changes to trading volumes and the industry and required emissions reduction measures.</li> </ul>
<ul style="list-style-type: none"> <li>• Information Security Governance in place including detailed Digital Risk Register management.</li> <li>• Regular review of cyber security, resilience and response readiness.</li> <li>• Cyber protection tools implemented and in operation.</li> <li>• Cyber threat alerts monitoring and communication.</li> <li>• Business continuity plans.</li> </ul>	<p>Local and regional:</p> <ul style="list-style-type: none"> <li>• Strong personal relationships with local community leaders.</li> <li>• Regular meetings with council and shareholder.</li> <li>• Continuous engagement with Lyttelton communities.</li> </ul> <p>National:</p> <ul style="list-style-type: none"> <li>• Active participation in Port CEO Group.</li> <li>• Participation in advocacy groups to promote key LPC strategies.</li> <li>• Active membership of and meetings with Ministry of Transport, Port Industry Association and Maritime NZ.</li> <li>• Establish regional and national support for major infrastructure projects.</li> </ul> <p>International:</p> <ul style="list-style-type: none"> <li>• Keep a watching brief on world events and risk trends.</li> </ul>	<p>Climate risk assessment, adaptations and mitigations:</p> <ul style="list-style-type: none"> <li>• Identify infrastructure assets at risk due to climate change (direct impact).</li> <li>• Assess transition risks for LPC resulting from compliance, changes in trading volumes and the industry (indirect) and required emission reduction measures (direct).</li> </ul> <p>Assess risk severity and develop adaptation plans:</p> <ul style="list-style-type: none"> <li>• Agree and fund the adaptation plans and approaches for mitigating climate risk.</li> <li>• Align integrated reporting disclosures with Task Force on Climate-related Financial Disclosures guidelines and New Zealand External Reporting Board (XRB) standards.</li> </ul>
 Infrastructure for the Future	 Manākitanga	 Manākitanga  Kaitiakitanga  Sustainable Profitability
<ul style="list-style-type: none"> <li>• Prevent unauthorised access to systems and data.</li> <li>• Maintain systems functionality and access as required.</li> <li>• Implement best-in-class systems, processes and protections.</li> </ul>	<ul style="list-style-type: none"> <li>• Build strong regional and national political support for major Port initiatives and infrastructure projects.</li> <li>• Monitor changes in policy settings that impact trade volumes and opportunities.</li> <li>• Build industry alliances that help promote and achieve key strategic objectives.</li> </ul>	<ul style="list-style-type: none"> <li>• Emissions reduction to meet targets.</li> <li>• Equipment replacement and conversion to low-carbon/zero-carbon operations.</li> <li>• Cost of carbon credits and carbon emissions reduction compliance.</li> <li>• Impact on trade volumes and revenues resulting from climate change measures and developments.</li> <li>• Cost of mitigating infrastructure impacts resulting from climate change actions.</li> </ul>

# TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

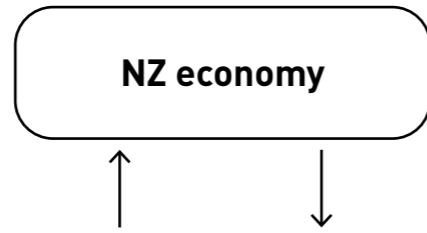
LPC has completed an initial climate risk assessment focused on identifying its core assets most at risk due to climate change and identifying and prioritising transition risks and opportunities associated with New Zealand's transition to a low-carbon economy. Climate change scenarios used in the assessment incorporated World Bank modelling and National Institute of Water and Atmospheric Research (NIWA) projections for Canterbury for the selected timeframes 2040, 2050 and 2090. Adaptation plans are still in development, which are expected to prepare LPC for climate change risks and opportunities.

The government has introduced legislation to make climate-related disclosures mandatory for some organisations for financial years commencing in 2023. LPC's reporting obligation arises through its shareholding by CCHL. The reporting will follow the standards to be issued by the XRB, which will be developed in line with recommendations of the TCFD.

LPC is committed to meeting its climate-related disclosures with initial progress as follows. The TCFD recommends disclosures across four main categories: governance, strategy, risk management, and metrics and targets. LPC has adopted a phased implementation, with comprehensive metrics and targets and disclosures still under development.

Disclosure category	Recommended disclosure	Progress
<b>Governance</b>	Describe the Board and management's roles in assessing and managing climate-related risks and opportunities.	The LPC Board provides governance oversight regarding climate risk and related disclosures.  LPC's senior leadership and management has actively participated in a climate change risk assessment, including involvement in identifying, analysing and prioritising climate-related risks. Senior leadership and management are also identifying mitigation and adaptation options to manage priority climate-related risks.
<b>Strategy</b>	Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term.	LPC has undertaken a climate change risk assessment that considered three time horizons: 2040, 2050 and 2090. LPC operations at the coast and at sea level naturally increase LPC's susceptibility to climate-related risk events such as storms and sea surge flooding and damage, which are likely to get worse over time.
	Describe the impact of physical and transitional risks and opportunities on the organisation's businesses, strategy and financial planning.	LPC has assessed climate-related risks and opportunities as a key element of its strategic and infrastructure planning. This included considering risks to business, strategy and financial planning through investigating consequence dimensions related to all identified physical and transitional risks.
	Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios and the transition to a low-emissions future.	LPC has adopted a worst-case scenario for its initial climate risk assessments and mitigation responses.  For physical risks to assets, an RCP8.5 has been assumed where warming will as likely as not exceed 4°C, which presents the worst outcomes for LPC's assets at risk of climate change.  For transition risks, an RCP2.6 is assumed where warming will not likely exceed 2°C due to the most aggressive authoritative mitigation response, which will likely place the highest compliance burden on LPC.  Representative concentration pathway (RCP) is the concentration of carbon that delivers global warming across the planet at an average of watts per square metre.
<b>Risk management</b>	Describe the organisation's processes for identifying and assessing climate-related risks.	LPC has undertaken a climate change risk assessment that considered climate change impacts to physical assets and the cascading impacts to operations. This assessment included likelihood, where the probability of climate hazards occurring was considered, and consequence dimensions applied to the anticipated impacts resulting from the risk occurring.
	Describe the organisation's processes for managing climate-related risks.	LPC has undertaken a climate change risk assessment that includes developing an adaptation plan and actions to address identified priority climate-related risks.  We held a series of workshops addressing physical and transitional risks and adaptation planning to involve people from throughout the business and ensure we had diverse thinking and expertise.
	Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management.	The climate-related risks are assessed and managed in accordance with LPC's overall risk management framework and processes. Identified risks are assessed in accordance with the risk matrix, which considers both the likelihood and severity of the risks in prioritising and resourcing the adaptation plans.

# VALUE CREATION



## Capitals Inputs

<b>Sustainable Profitability</b> <ul style="list-style-type: none"> <li>Banks</li> <li>CCHL</li> <li>Retained earnings</li> <li>History of investment</li> </ul>
<b>Whanaungatanga</b> <ul style="list-style-type: none"> <li>People</li> <li>Unions</li> <li>Expertise</li> <li>Skills</li> <li>Development</li> </ul>
<b>Infrastructure for the Future</b> <ul style="list-style-type: none"> <li>Assets</li> <li>Infrastructure</li> </ul>
<b>Manākitanga</b> <ul style="list-style-type: none"> <li>Partnership with mana whenua</li> <li>Community</li> <li>Whakawhauangatanga</li> </ul>
<b>Kaitiakitanga</b> <ul style="list-style-type: none"> <li>Whakaraupō / Lyttelton Harbour</li> <li>Port Saddle</li> <li>Marine environment</li> <li>All renewable and non-renewable environmental resources</li> </ul>

## Outputs

**NPAT**  
**\$18.9m** ▲ 23%

---

**Imports** **\$5.97b** ▲ 44.5%      **Exports** **\$8.61b** ▲ 37.5%

---

**Containers**  
**502,210** TEU ▲ 14.5%

---

<b>Imports</b> <b>Fuel</b> <b>967,887t</b> ▼ 8% <b>Cars</b> <b>59,485</b> ▲ 30% <b>Bulk</b> <b>832,350t</b> ▲ 9.5%	<b>Exports</b> <b>Logs</b> <b>439,100 JAS</b> ▼ 12% <b>Coal</b> <b>1,181,231t</b> ▼ 0.5%
--	--

---

**Other services**

<b>Cruise</b> New Zealand's only purpose-built cruise berth <b>Recreational vessels</b> 172 berths at Te Ana Marina	<b>Other vessels</b> Antarctic research vessels Military vessels <b>Dry dock</b> Only civilian dry dock in New Zealand
--	--

## Material issues

- Sustainable Financial Performance
  - Business Continuity Planning
  - Corporate Governance
- 
- Health, Safety and Wellbeing
  - Culture and Values
  - Future of Work
  - Employee Attraction, Development and Retention
- 
- Infrastructure Investment
  - Efficient Allocation of Port Space
- 
- Communication and Relationship Management
  - Collaboration and Partnerships
  - Industry Engagement
  - Licence to Operate
- 
- Biodiversity
  - Environmental and Community Impacts

## Outcomes

**Profit and loss**  
*Sustainable profitability:* Return dividend for our shareholder and the people of Canterbury. Facilitated over \$10 billion of two-way trade and the creation of employment in our region.

---

**Jobs and employment**  
*Whanaungatanga:* Create a safe and inclusive workplace where everyone feels they belong and can contribute to building a stronger LPC whānau together.

---

**New infrastructure**  
*Resilient infrastructure:* Create and maintain long term assets to support the region's economy and future demand.

---

**Community initiatives**  
*Business for good:* Being a good neighbour that is responsive to our communities' needs. Support and grow community initiatives and continue our commitment to partner with mana whenua to achieve our shared objectives.

---

**Biodiversity improvements**  
*Biodiversity and Climate Action:* Achieve a net positive effect on biodiversity. That means we're working to actively improve biodiversity, rather than maintaining the status quo as well as biodiversity protection and regeneration and climate change action.

## Work ons

- Return on Equity
  - Profitability
- 
- Health and Safety Culture
  - Workplace Culture
  - Diversity
- 
- Digital Systems
  - Asset Management
- 
- Noise Mitigation
- 
- Bulk Loading Processes
  - Carbon Reduction
  - Net Biodiversity Positive



## OUR COVID-19 JOURNEY

From lockdowns and bubbles to vaccinations and supply chain congestion, COVID-19 has impacted LPC in almost every facet of our business.

But even though COVID-19 has thrown us all many challenges, what remains is our team's commitment to their mahi. Their unwavering dedication has meant that we were still able to operate throughout the pandemic with minimal congestion and closures.

For LPC, safety was always at the forefront of our response, protecting ourselves, our workmates, our whānau and our communities. It was that messaging that helped us have a strong response to continuous challenges we faced.

In November, we announced new vaccine requirements, mandating vaccines for all staff and extending the government's requirements that only affected our border-facing staff.

In January, we extended this requirement to all port users from truck drivers to contractors. Every person who entered the Port needed to be fully vaccinated.

LPC's COVID-19 response team have met frequently throughout the pandemic and continued to measure our risks, leading with decisions to protect our teams.

Our quick responses also helped us to adapt as New Zealand moved to a new normal – COVID-19 in the community whilst moving to the traffic light system. With a focus on separated working groups, physical distancing and increased PPE, LPC worked through this new stage.

Although we have taken the journey to living with COVID-19, its impacts on our industry will be lasting.

The major issue facing supply chains is still surety (or lack thereof), mainly due to strain on resources (labour), lack of capacity and service uncertainty – all creating surging on the supply chain and congestion at ports, depots and warehouses.

While we remain unsure of what is on the horizon for 2023, we are a resilient team in an ever-changing industry that successfully continues to steer through challenges.

Foreman Stevedore Steve Thompson was seen in a campaign by the Ministry of Health across New Zealand to promote the vaccine. Featured on social media, radio, television and even in malls, Steve's message was heard by thousands of Kiwis.



## Material issues

- 1 Sustainable Financial Performance
- 2 Business Continuity Planning
- 3 Corporate Governance

## Key metrics

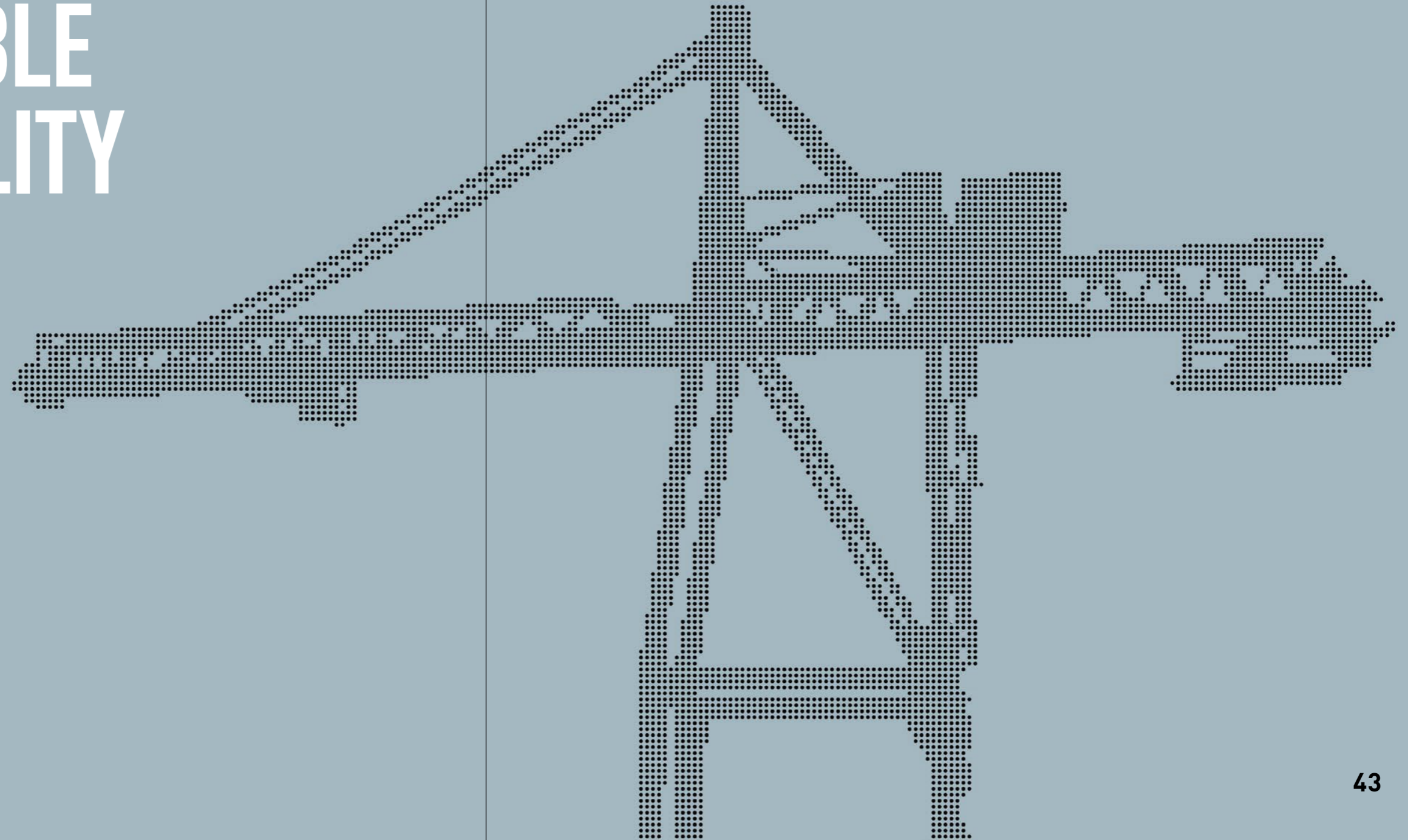
TEU  
**502,210** <sup>↑</sup>  
FY20-21: 438,343

NPAT  
**\$18.9m** <sup>↑</sup>  
FY20-21: \$15.9m

## Work ons

- >> Return on Equity
- >> Profitability

# SUSTAINABLE PROFITABILITY



# INTRODUCTION

Sustainable profitability continues to be a key pillar of our Leading the Way strategy. LPC's purpose is to facilitate trade for the South Island and beyond, providing a vital gateway for goods in and out of our region. A profitable LPC ensures this gateway remains strong, and that we can invest in infrastructure that supports the continued growth of our region and the thousands of jobs it brings, as well as ensuring continued efficient and reliable port operations.

LPC is also focused on delivering a fair return to our shareholder. Over the last two years, we have begun the journey to ensuring LPC delivers value for the people of Christchurch, generates returns on its infrastructure that supports future investment, and maintains prudent levels of debt in line with best practice amongst large infrastructure businesses.

When Leading the Way was developed in 2020, LPC set key targets for the next five years focused most specifically on growing shareholder returns and delivering increased net profit after tax. Two years in, we are ahead of our original targets, delivering an NPAT in FY22 of \$18.9m and a return on equity (ROE) of 5%.

In 2020, we set targets of \$13m NPAT and 3.7% ROE for FY22; and when we set our budget last year for FY21, our NPAT target was \$17.6m and an ROE of 4.7%.

Revenue for FY22 grew \$19.5m to \$162m, driven by increased container volumes and the first full year of our infrastructure levy, which had been implemented in January 2021. Operating costs were \$13.9m higher than FY21, with employee costs \$6.7m higher and materials \$3.6m higher. These mostly relate to the increased volumes LPC is handling. Administration costs were also \$3.6m higher, in part due to our ongoing commitment to improving culture and strengthening digital infrastructure.

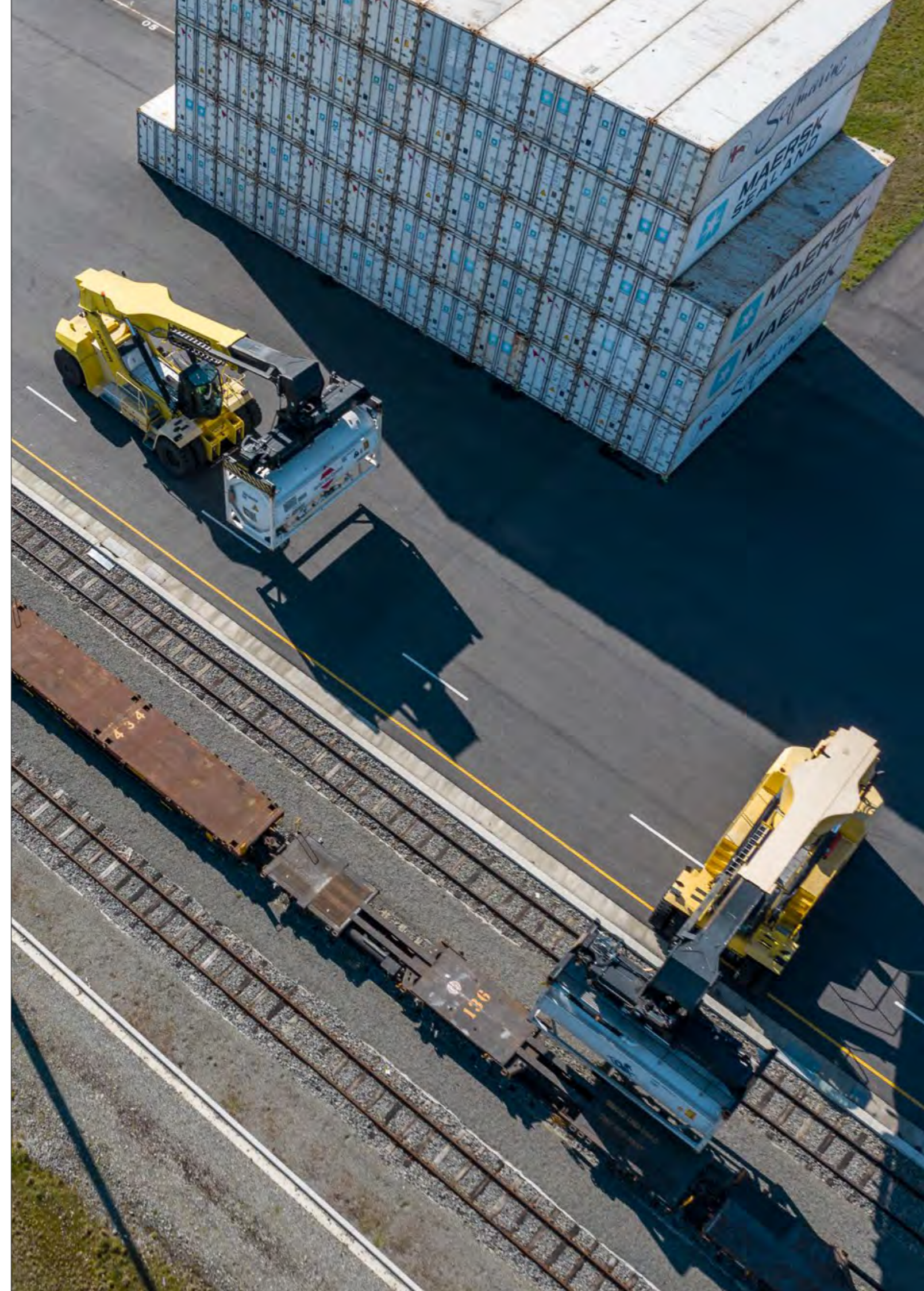
Borrowings increased by \$15m to \$165m as LPC continues to invest heavily in infrastructure to support the South Island economy.

LPC handled 502,000 TEU in FY22, the first time we have broken the half-million TEU barrier. This was a dramatic increase on FY21, with growth of more than 15%. This growth was driven by increased transshipment volume, as New Zealand increasingly moves towards a hub and spoke model with volume from smaller ports conglomerating at larger deep-water ports for transfer to larger international vessels.

Fuel volumes were down 8%, mainly due to the impact of COVID-19 on aviation fuel, while logs were down 13%, and coal was relatively flat with a 0.5% fall.

Cars saw a dramatic increase, up 30% to 59,485. Dry bulk cargo was also up 9.5% to 832,350 tonnes.

LPC will continue to drive productivity, profitability and shareholder returns as we continue the Leading the Way journey. These three factors continue to be at the core of ensuring we build a strong, sustainable business and remain a vital enabler of jobs, incomes and the South Island economy.

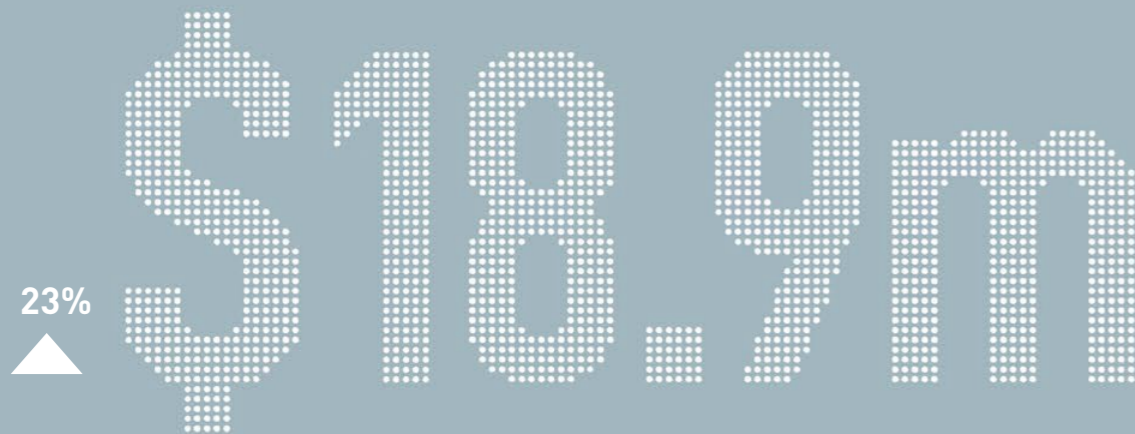


**Container exchange record broken**

In the last week of June 2022, Lyttelton Port Company exchanged its 500,000th TEU for FY22, the first time the half-million TEU mark has been broken at LPC.



**NPAT**



**Exports**

2021

Increase

\$6.26b

\$2.35b



**Imports**

2021

Increase

\$4.13b

\$1.84b

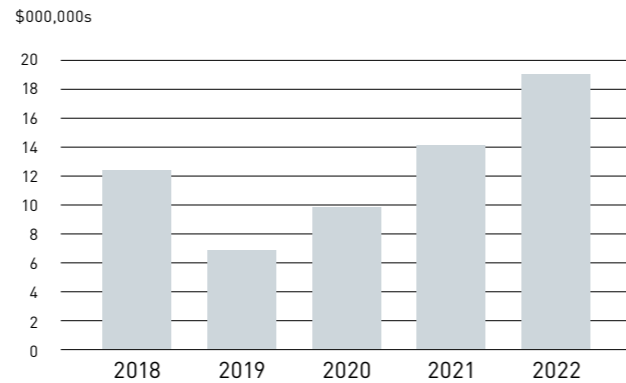




# FINANCIAL SUMMARY 2022

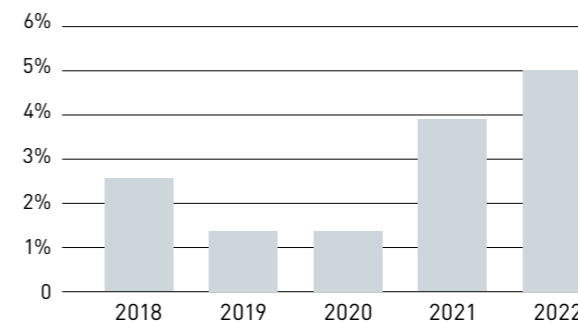
## Net Operating Profit

LPC's Net Operating Profit has improved over the last two years and is well ahead of the targets we set in the original Leading the Way strategy in FY20. The infrastructure levy has played a large role in improving our NPAT margin since it was introduced in FY21, as has the increase in volumes we have seen in key trades.



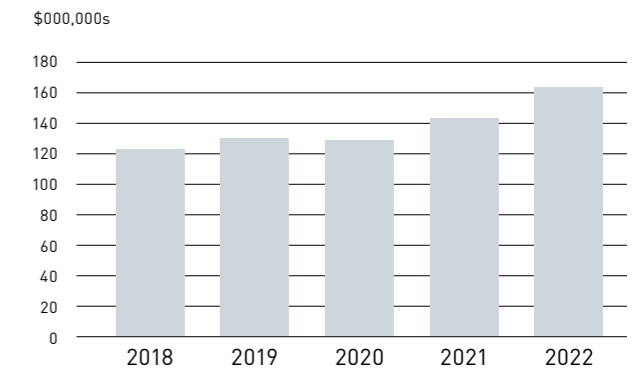
## Return on Equity

Return on equity (ROE) has improved over the past 2 years, due to a \$190m writedown in FY20, increased revenue and increasing NPAT. In order to continue to improve our ROE, we must work on improving our productivity and our pricing model.



## Operating Revenue

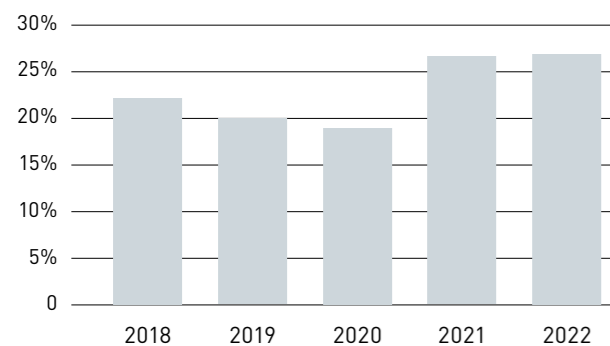
Operating Revenue has grown hugely over the last five years. FY22 revenue was \$162m, up \$19.5m from FY21, largely due to increased container volumes and the impact of a full year of LPC's infrastructure levy which was implemented in January 2021.



## EBITDA Margin

LPC's Earnings Before Interest Tax Depreciation and Amortisation margin (EBITDA margin) has improved since our historic low of 19% in FY20. However, it is still well below our long-term average of 35%.

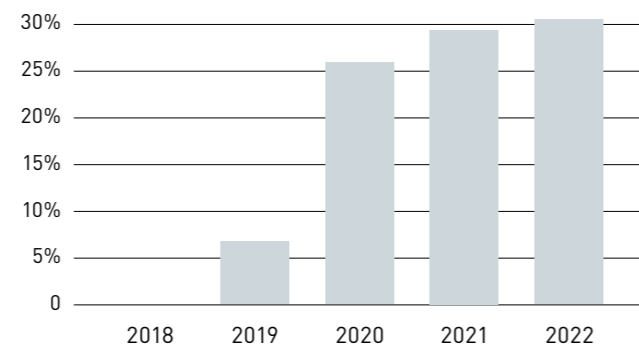
As our revenue has grown over the past two years, so have our costs. In a high inflationary environment like we're currently in, this is likely to only be exacerbated as we have limited way to pass on our additional costs to customers due to their current contractual terms.



## Leverage

Borrowings have increased to fund new infrastructure to keep up with the substantial growth LPC has experienced over the last 5 years. This figure will continue to increase as we invest in more infrastructure for the future, such as the Eastern Development providing additional container yard capacity.

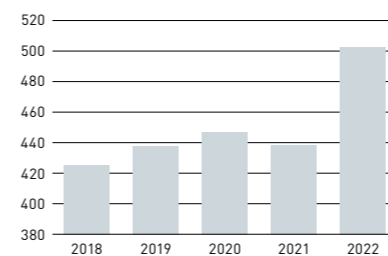
LPC's infrastructure is intergenerational. Therefore payback is over the long term. This means our debt to debt plus equity ratio is likely to increase as we continue to invest and stay there for the medium term, as the costs are not solely borne by current users.



## KEY TRADES

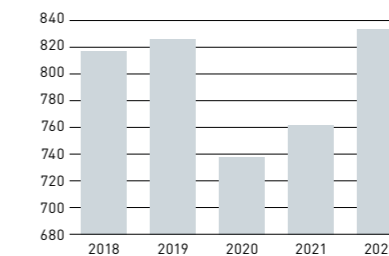
### Containers

TEU '000s



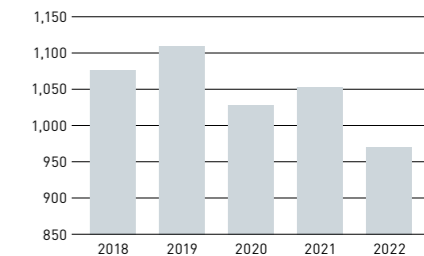
### Dry Bulk

Tonnes '000s



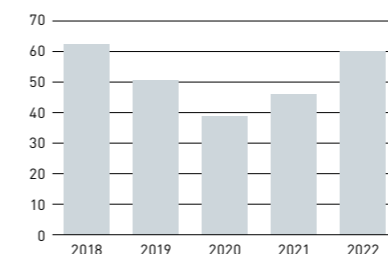
### Fuel

Tonnes '000s



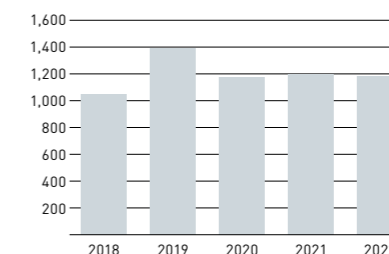
### Cars

Vehicles



### Coal

Tonnes '000s



## Material issues

- 1 Health, Safety and Wellbeing
- 2 Culture and Values
- 3 Future of Work
- 4 Employee Attraction, Development and Retention

## Key metrics

TRIFR  
**2.59** ↓ 48% reduction  
FY20-21: 5.4

LTIFR  
**1.62** ↓ 47% reduction  
FY20-21: 3.46

Gender Split

**88%** Male    **12%** Female  
FY20-21: 87% Male, 13% Female

## Work ons

- » Health and Safety Culture
- » Workplace Culture
- » Diversity

# WHANAUNGATANGA

## INTRODUCTION

At LPC, it's been another 12 months with a lack of cruise ships, disruptions to the global supply chain, COVID-19 challenges and alert level changes. We want to acknowledge the fantastic work of our frontline staff throughout this time, as they have continued to keep cargo moving through our Port while remaining safe from COVID-19.

The safety of our team remains our top priority. The unpredictable nature of the global pandemic has caused challenges for our staff. We are now coming out the other side of that particular turbulence and look forward to more stable interactions with our industry partners over the coming 12 months.

In July 2022, we held a company-wide Health and Safety Reset. This was launched after the tragic death of Don Grant and a handful of near miss incidents in the month preceding. In the month of Reset conversations held by staff, we launched LPC's eight Life-Saving Commitments. These Life-Saving Commitments are the non-negotiables of safety at LPC. The responsibility for safety is now shouldered by anyone entering a LPC facility, a shift in approach that requires active leadership and involvement from all of us.

We are proud to report another year of significant headway in our many Workplace Culture Action Plan (WCAP) projects and initiatives. We are nearing the end of the Maria Dew KC report recommendations and are beginning to think of what an aspirational workplace culture looks like for our business. Our WCAP six-monthly report is summarised in this Annual Report, and it can be viewed on the Workplace Culture page of our website at [www.lpc.co.nz](http://www.lpc.co.nz).

This year, we took our first steps on the long road towards a diverse, equitable and inclusive workplace. After a stocktake audit and a piece of research conducted into gender balance across CCHL companies, Te Whakarooopu/The Collective was formed by LPC staff. This group will now begin to focus on developing a strategy and initiatives to promote diversity, equity, inclusion and belonging (DEIB) at LPC.



# SAFETY OVERVIEW

The tragic loss of Don Grant has reinforced the need for us to focus on continuous improvement in health and safety at LPC. LPC maintains a sustained programme of work to improve safety performance across all its operations.

Key to this is visible leadership, seeing our management teams spending time along those completing the work.

This includes the use of safety interactions and focusing on critical control checks. Further work to refine and focus our critical risks and activities has occurred, including development of a robust Critical Control Verification Assessment tool. This is part of our work with an independent consultant to establish a critical control assurance programme, that sees each of LPC's critical risks go into an independent deep-dive review over a 12-month cycle.

Fundamental to the success of safety is the management of risk. This is reinforced with the launch of our Life-Saving Commitments as part of our Safety Reset programme.

With the introduction of Authority to Work processes, we have more visibility of Port User and PCBU activities on our work sites, and an opportunity to help in the improvement of work planning and task execution.

This year, we have also worked to further empower the Health and Safety Representatives to take ownership of safety improvement projects, utilising our committee structure to consult, collaborate and communicate.

As part of the wider cultural transformation, health and safety is also challenging our operational leadership, our workforce and our union partners to start each conversation with safety in mind – recognising good safety performance and stopping work that is unsafe.

The port industry is undergoing unprecedented change regarding health and safety. LPC is responding to this challenge and has created a Homesafe Response team to enhance our resource and capability. We want to be recognised as a leader in safety and part of the nationwide conversation.

Improvements have also been made in our operating environment with significant investment into our infrastructure. This includes DryDock safety upgrades, slot drain road improvements, construction of the new straddle workshop, Oil Berth fire suppression system installation and the strengthening of container terminal access controls.

## The eight Life-Saving Commitments

### Working at Height

Always use correct, certified equipment when working at height.



### Ships Lines

Always stay clear of snapback zones of ship lines under tension.



### People vs Plant

Always establish positive communication. Stay clear of exclusion zones. Keep to designated walkways.



### Working on or Near Water

Always stay clear of the water's edge, use walkways, gangways and PFDs as required.



### Isolation

Always isolate and verify energy is controlled.



### Container Stacks

Always maintain a safe distance as required from stacked containers.



### Cranes and Lifting

Always look for and stay clear of suspended loads. Follow safe work procedures.



### PPE Personal Protective Equipment

Always use the correct PPE for the task. Ensure that PPE is correctly fitted and in good condition.



# STOP, PAUSE, REFLECT: OUR HEALTH AND SAFETY RESET

In July, a company-wide Health and Safety Reset was launched at LPC.

The Health and Safety Reset is a suite of initiatives and focuses for the business spanning a year-long period. It also presented a chance to launch LPC's eight Life-Saving Commitments.

The Safety Reset was the first of those initiatives. Led by CEO Kirstie Gardener and backed by our union partners, face-to-face meetings were held with leadership teams plus leaders on the ground such as unions and forepersons.

Team meetings were then run by our people leaders across the business, ensuring every member of the LPC whānau understood the key messages and the importance of the Safety Reset.

Over the course of a fortnight, workgroups paused work for a period of time to discuss safety. Staff also received publications outlining the eight Life-Saving Commitments that all LPC staff must make to ensure that we all go home safe every day.

"In April, we lost Don Grant. It was a harrowing moment for everyone at LPC and starkly highlighted the risks that are present in the work we do here every day. It also took from us a member of our whānau, our family, who was both a friend and colleague to many," Kirstie says.

Kirstie says the responsibility for safety is shouldered by everyone who enters any LPC facility. That shift, she says, will require active leadership and involvement from all of us.

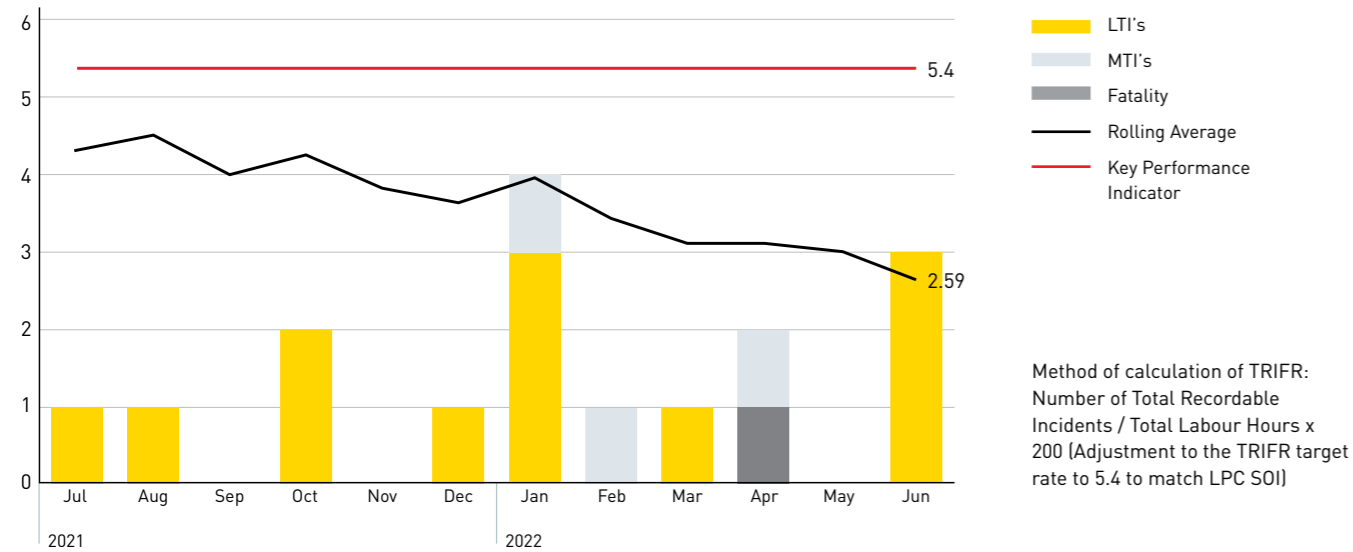
The eight Life-Saving Commitments are simple and cover LPC's critical risks areas – people vs plant, suspended loads, container stacks, ships' lines, working at height, isolation, working near water, and PPE.

These are the key messages:

- If you believe it is unsafe to continue work, stop.
- If you believe it's not safe to start, don't.
- If you see something that's unsafe, report it.

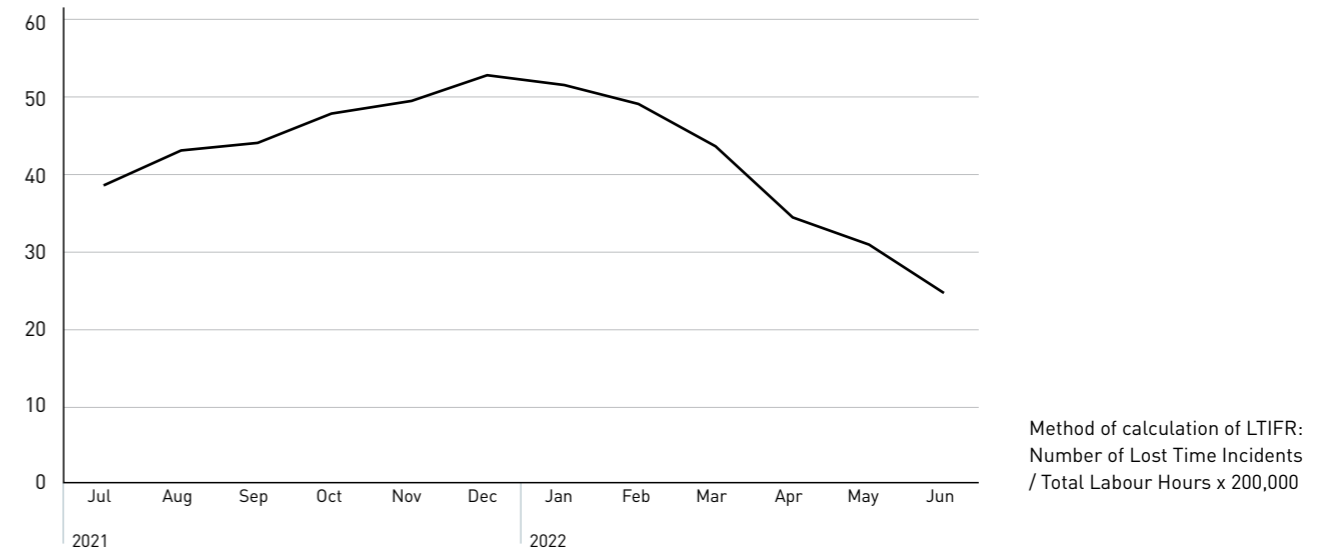
### Total Recordable Injury Frequency Rate (TRIFR)

MTI/LTI Cases per month



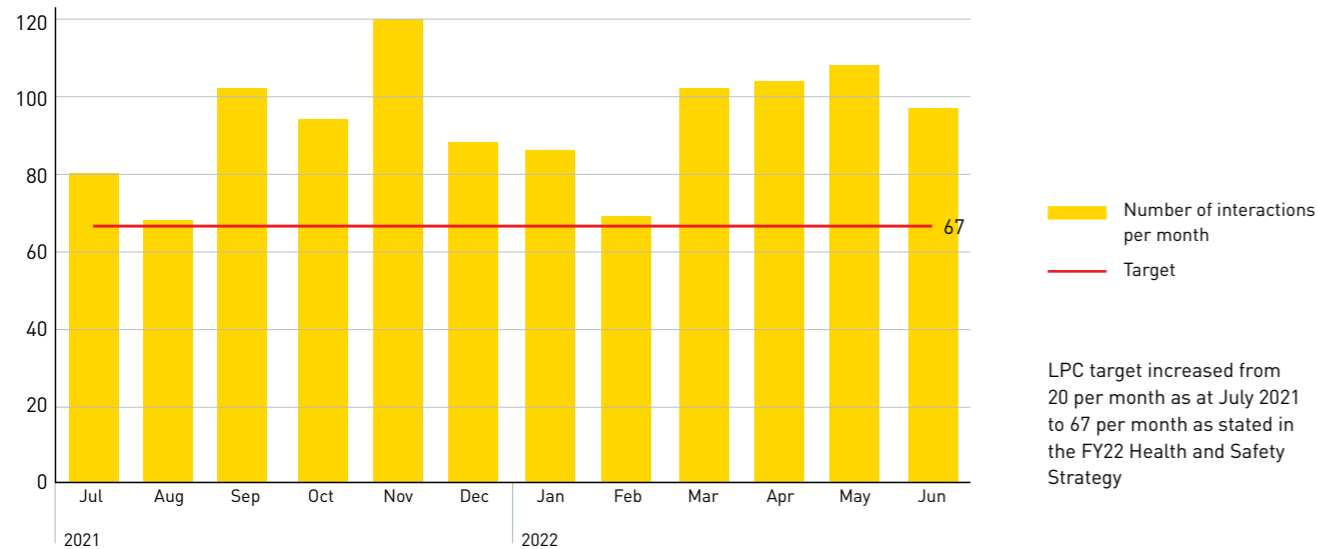
### Lost Time Injury Frequency Rate (LTIFR)

Severity rate



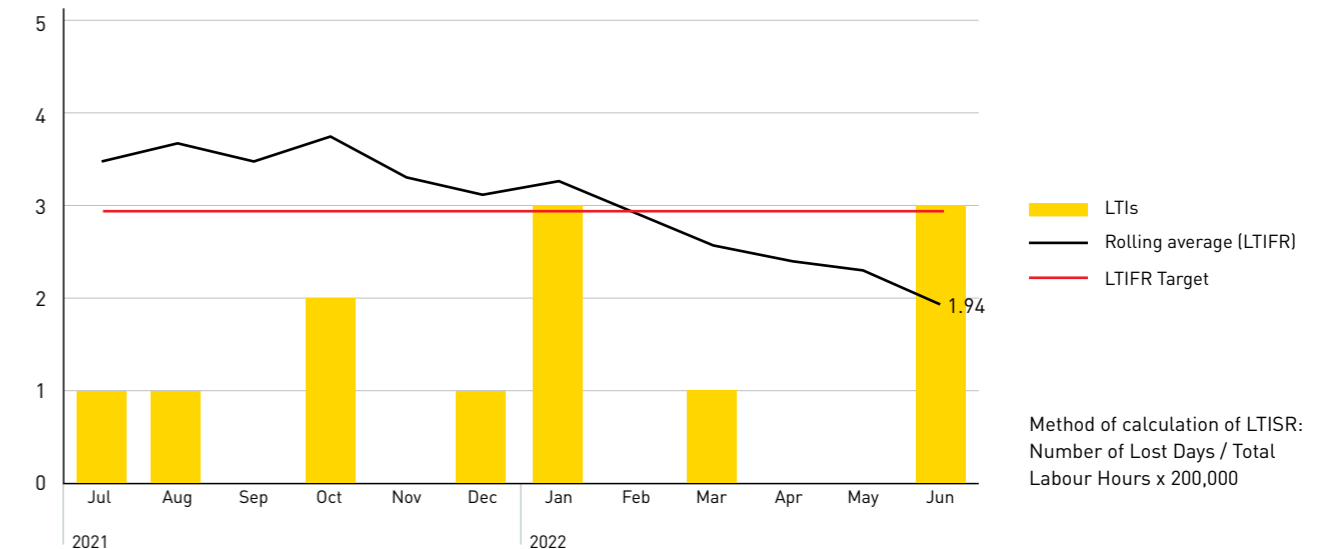
### Kōrerorero HSE Interactions

Number of Kōrerorero per month



### Lost Time Incident Severity Rate (LTISR)

Cases per month



# LPC AND JOINT UNIONS SIGN HPHE CHARTER

Lyttelton Port Company, the Maritime Union of New Zealand (MUNZ), the Rail and Maritime Transport Union (RMTU) and the Amalgamated Workers' Union of New Zealand (AWUNZ) successfully negotiated and signed a Charter introducing the High Performance High Engagement (HPHE) model to Lyttelton Port.

The Charter jointly commits LPC and the unions representing LPC employees to each other's success and the development and fostering of a safe, cooperative and inclusive culture. It lays out shared aims and outcomes for Lyttelton Port and its workers, and specifies decision-making and engagement protocols for HPHE processes.

LPC CEO Kirstie Gardener welcomed the agreement and thanked all those involved in the process.

"This is a historic moment for Lyttelton Port. The process to reach this agreement has been a positive and cooperative experience for all those involved, and has already laid the groundwork for the future," Kirstie says.

"LPC is committed to creating a more cooperative and positive workplace, and to giving our unions a genuine voice. The history of the Port has been one of industrial conflict, but we want to move forward to create an environment of mutual respect and problem-solving based on an understanding of each other's interests."

President of MUNZ Local 43 (Lyttelton Branch) Gerard Loader says they entered into the process to discuss HPHE with some trepidation as historically all parties have had their misunderstandings with each other

"However, as we learnt more about HPHE and what it involves, we can see that it is necessary for MUNZ to be involved to help deliver key priorities for our members and the Port," says Gerard.

"MUNZ Local 43's priorities include security of employment and superior conditions for our members, facilitating LPC's role as the crucial link in the Canterbury and wider South Island economy, better consultation enabling improved productivity and leading safety standards, and helping to keep Lyttelton Port in the ownership of the ratepayers of Christchurch, which benefits everyone in the region."

Heiner Benecke, RMTU Lyttelton Branch Secretary commented, "The RMTU see the HPHE Charter as a landmark in industrial relations at Lyttelton Port Company and has great hopes for the benefits this agreement can bring to our members, Lyttelton Port and the wider Canterbury community."

"This Charter lays the foundation for a new way of doing things at Lyttelton that is based on cooperation and mutual respect. It is a marked departure from the very entrenched adversarial approach that has been the hallmark of the relationship between LPC and the waterfront unions for many years," said Heiner.

The agreement was signed on 29 October 2021 in the LPC Boardroom by LPC and the three unions. The combined unions represent 95% of LPC's collectivised workforce.

# ASPIRATIONAL WORKPLACE CULTURE

Designs for an aspirational organisational culture are under way following an independent review into the company that resulted in the Workplace Culture Action Plan (WCAP).

Due to the review, LPC endeavoured to deliver 6-monthly public updates or snapshots of the progress being made in the WCAP. To move forward, we must first acknowledge where we have come from and the events leading up to the independent review in 2021 carried out by Maria Dew KC.

A review and the subsequent investigation were commissioned in 2020 after the tragic death of former employee Katrina Hey, who was a staff member at LPC for seven years, and serious allegations around bullying, racism and sexual discrimination in the wider LPC business.

Six priority areas were identified in that report, enabling LPC to work towards building a culture where our kaimahi/employees enjoy what they do in a diverse and inclusive environment, they are valued for the contribution they make, they experience a sense of belonging and they go home safe at the end of the day.

Initiatives outlined in the WCAP began in the second half of the 2021 financial year and set our course forward for the following year and a half.

This work has been fully supported and reviewed by the Workplace Cultural Governance Committee – a subcommittee of the Board of Directors. The subcommittee ensures that the Board is kept fully informed of progress of the plan and LPC's cultural direction.

We are now nearing the completion of those initiatives, but our workplace culture journey has only just begun. In many cases, we are ahead of the WCAP, so we have begun to look beyond that horizon and start our own thinking around what workplace culture we aspire to have at LPC.

Our focus moving forward will be to continue embedding and refining initiatives that have already been delivered, and our strategic focus will move towards three pillars – our pou:

- Building leadership capability,
- Continuing to build on our culture in an intentional and purposeful way,
- Diversity, equity, inclusion and belonging.

If you would like to read the full 6-monthly WCAP report, which was released on 30 September 2022, please visit the Workplace Culture page of our website at [www.lpc.co.nz](http://www.lpc.co.nz).

## Our priority areas



**Systems, processes and support**



**Persistent dignity and respect**



**Address diversity and inclusion**



**Immediate conduct concerns**



**Reduce 'us and them' barriers**



**People accountability and investment**

**“BUILDING A CULTURE  
WHERE OUR KAIMAHI/  
EMPLOYEES CAN COME  
TO WORK EVERY DAY  
AND ENJOY WHAT  
THEY DO IS HUGE  
IMPORTANT.”**

Kirstie Gardener  
Chief Executive Officer



### Gender balance\*

#### Executive Leadership Team

5 male, 2 female (including CEO)



#### Senior Leadership Team

18 male, 3 female



### Employee turnover

13.3%

11.7% in 2021

### Average length of service

7 years, 4 months

8 years and 0 months in 2021

#### People Leaders

21 male, 5 female (excluding SLT)



### Average age

47 years, 5 months

47 years 10 months in 2021

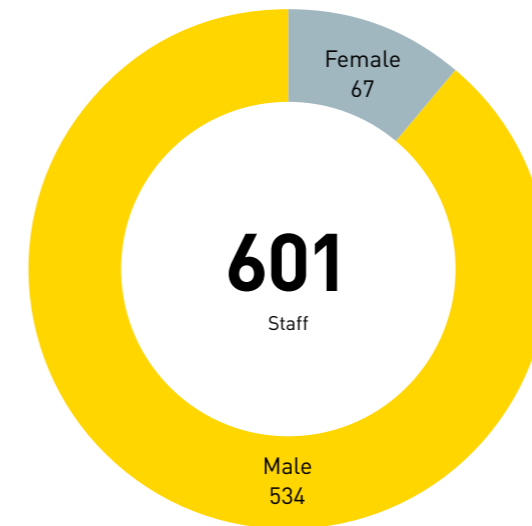
### Gender split

88% Male 12% Female

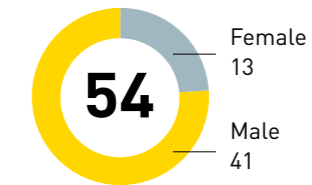
87% male and 13% female in 2021

### Staff across all sites\*

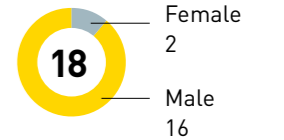
#### Lyttelton



#### CityDepot

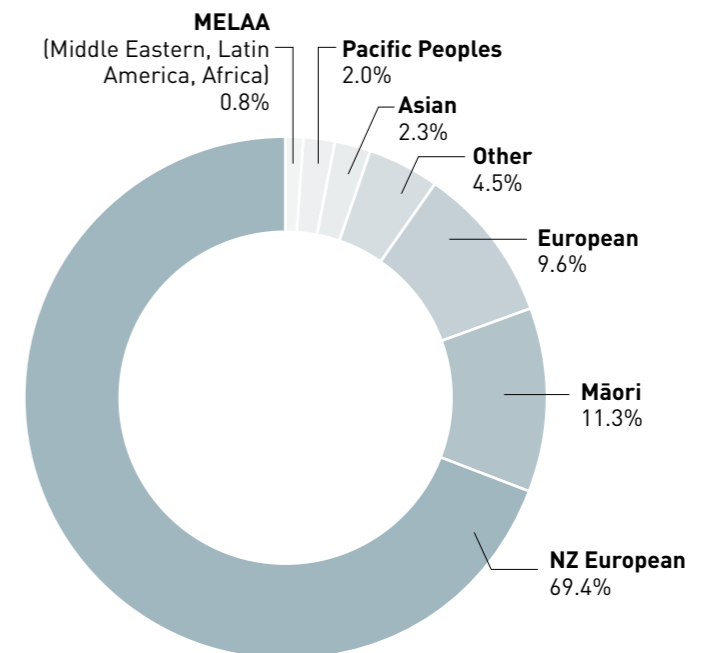


#### MidlandPort



### Ethnicity

Data covers 353 staff members who have disclosed their ethnicity.





**WE WANT TO CREATE AN  
LPC WHERE EVERYONE  
COMES TO WORK AS  
THEMSELVES AND IS  
VALUED FOR WHO  
THEY ARE AND WHAT  
THEY BRING. WE WANT  
EVERYONE TO FEEL  
WELCOME AND PROUD  
TO BELONG AT LPC.**

## **LAUNCH OF TE WHAKAROOPU/ THE COLLECTIVE**

Our diversity, equity, inclusion and belonging committee

This year, LPC has taken its first steps on the long road towards a diverse, equitable and inclusive workplace culture.

Having joined Diversity Works in 2021, the Culture and Transformation team completed a stocktake audit of the business, which provided an action plan from which to work. Research into gender balance was also conducted across the CCHL Group by The Female Career. Together, these two pieces of research are the foundational documents for LPC's diversity, equity, inclusion and belonging kaupapa.

Culture and Transformation Business Partner Rebecca Baigent says that, having requested expressions of interest from the business to be involved in an inclusion committee, she was surprised and excited to receive 23 responses in a matter of days.

"It's a great mix of roles and people, areas and levels across the business, with cargo handlers, mechanical maintenance, infrastructure services, office staff, senior managers and MidlandPort and CityDepot staff involved," she says.

The agreed mission of the committee Te WhakarooPU/ The Collective is simple: we want to create an LPC where everyone comes to work as themselves and is valued for who they are and what they bring. We want everyone to feel welcome and proud to belong at LPC. Be you. Be curious. Be brave. Be willing. We are better together.

Te WhakarooPU is still in its infancy but has collaborated to create clear objectives that align to four of the business's values.

**Diversity – aligning to Whakakakau/Communication:**

Reflect the diversity of Aotearoa to hear different ideas and innovate. Through diversity, we will be a stronger, safer company to better serve our customers and community.

**Equity – aligning to Ngākau Pono/Integrity:**

Provide an environment where everyone can be at their best. Through continuous learning and improvements, building fair and equitable systems for everybody.

**Inclusion – aligning to Whaka Hī/Pride:**

To help people feel included at LPC, we all have a role to play in educating ourselves, challenging biases and creating a culture of curiosity. We will encourage allyship as a core part of who we are because we want to be courageous and stand up for one another.

**Belonging – aligning to Kotahitanga/One LPC Team:**

Feeling like we belong is foundational to our wellbeing. By celebrating and embracing differences, we will foster empathy and greater understanding of our fellow hoamahi/workmates and those we interact with.

Rebecca says not only is it the right thing to do from a social perspective, it's the right thing to do from a business perspective too.

"The group is super enthusiastic and passionate about this work, and they're excited to improve the daily life of our staff. Creating that environment isn't just beneficial for the outliers. It's beneficial for the majority too when everyone is supported and enabled," she says.

# OUR PEOPLE



## Daniel Johnston

MidlandPort is a small but essential team for LPC, and as Site Operations Supervisor, Daniel helps support the day-to-day operations. Looking after drivers, repairers, surveyors and controllers is all in a day's work, but it helps when the team feels like a family.

**What do you love about working for LPC, and what do you not enjoy so much?**

I enjoy the people. I love to work with the people out at MidlandPort and I love the teamwork. We really all contribute to making this site run, it's great.

**Why did you take up your role?**

I came with experience to this role. Previously, I was the team leader at Wellington Port (CentrePort) at the container depot, so when the role came up here, I jumped at it.

**How long have you been at LPC, and have you moved between roles much?**

I'm coming up to being six years here at Midland and have done a number of roles in that time. I've done washing containers, surveying containers and I've been a driving supervisor. Recently, I've become the site operations supervisor.

**What do you enjoy doing outside of work?**

Outside of work, I enjoy spending as much time as I can with my beautiful partner.

**What did you do for work before joining the Port?**

Before LPC, I spent 10 years at CentrePort Wellington. I started there as a driver, then I took up surveying and then became the team leader of services and quality control.

**What is something you're proud of?**

What I am most proud of, aside from my partner and son, is the work I did redesigning the Wellington empty container depot after the earthquakes. It took 6 weeks to crane everything down, then a further 6 weeks to change everything around, making it a very well organised and efficient operation, including access to the front and back of every stack, all stacks terraced from one to seven high on both sides and wind protection, stropping and top locking of all stacks. It was a mammoth task but well worth it, and it was fantastic to be a part of and to lead the operation.

**What is something on your bucket list?**

Wow, my bucket list? It'd probably have to be travelling more. I would love to go to Europe in the summer, somewhere like Croatia or Italy.



## Mark Boyd

Mark (also known as Pinky) is our Coal Leading Hand, but the one place you'll find him at LPC is our lamella plant. The plant is the key component in protecting the moana next to the coal yard, as it processes excess water from rain or the water truck, removes coal particles and ensures the water is purified before heading to the harbour. It's a big job – but Mark is always up for the challenge.

**What do you love about working for LPC?**

For me, it's the friendships and the banter – I thrive in that environment. In coal, it's the hours too. At the lamella plant, I do mornings a lot, which works well for me.

**What do you not enjoy so much?**

The rain. I hate it. My job revolves around getting rid of the water. It's like a marriage, the lamella plant! You've got to put the work in to make sure it works well.

**Why did you take up your role?**

We used to be doing shifts around the clock, and we lost a few people to night shift. So I said I'd look after the lamella plant. I've thoroughly enjoyed it and have good support around me, with the Environmental team and the Coal team supporting me.

**How long have you been at LPC, and have you moved between roles much?**

I've been here 19, nearly 20 years. I started off as a PRP, then after 6 months became permanent. I was in the LCT for nearly 2 years. A job came up here, and having the designated shift work was good for me.

**What do you enjoy doing outside of work?**

I like playing social cricket and catching up with mates. I'm an avid Crusaders fan, and I'm a big whitebaiter.

**What did you do for work before joining the Port?**

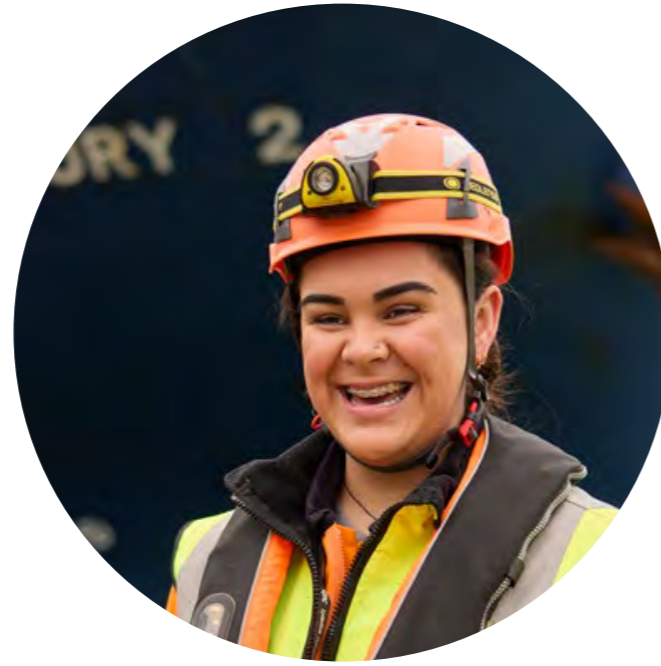
I was a digger operator and a HIAB crane operator. I did that in Akaroa. I operated diggers on sites all around the peninsula before coming here.

**What is something you're proud of?**

Helping raise my partner's two kids is something I'm really proud of. They're 28 and 26 now, but I met them when they were 6 and 8. They got really into their sport and were both awesome at taekwondo. I gave up holding the kicking bag in the end, they were that powerful.

**What is something on your bucket list?**

I've always wanted to catch a marlin and a bluefin tuna. It wouldn't be to eat it – just to be able to say that I'd caught one. A bluefin tuna on the West Coast would be amazing.



## Hana Vincent-Martin

Although Hana is new to the team, she has already made her mark. Hana is one of our Lines Supervisors, coordinating the tie-up of vessels as they come to and leave the Port. Starting as a casual, she quickly moved to permanent, becoming our first female lines supervisor, and she doesn't plan on stopping there.

### What do you love about working for LPC?

I love all the different people that I get to work with and learn from at LPC. Especially the Marine team – they're family to me now. I love how massive the Port is and all of the opportunities that it holds. And my favourite part is being able to work by the sea.

### What do you not enjoy so much?

Definitely working outside in the elements in the early hours of the morning, especially out in the freezing cold and hail. That can be slightly challenging. But I like a challenge!

### Why did you take up your role here?

I'm constantly looking for learning and growth opportunities, and my favourite place to work is anywhere that I can see the sea. I was raised by my amazing Dad in Diamond Harbour, so I also have a huge heart for the harbour through that. It's my favourite place in the world and my home. When the opportunity arose for me to work at LPC, I went for it. I'm so happy that I did.

### How long have you been at LPC, and have you moved between roles much?

I have been working at LPC for just over five months now. I was originally hired at the start of 2022 as a casual lines supervisor. After a couple of weeks as a casual, the opportunity to take on a 6-month fixed-term role came available and I went for it. I was incredibly fortunate to get that position. A couple of months in to that role, an

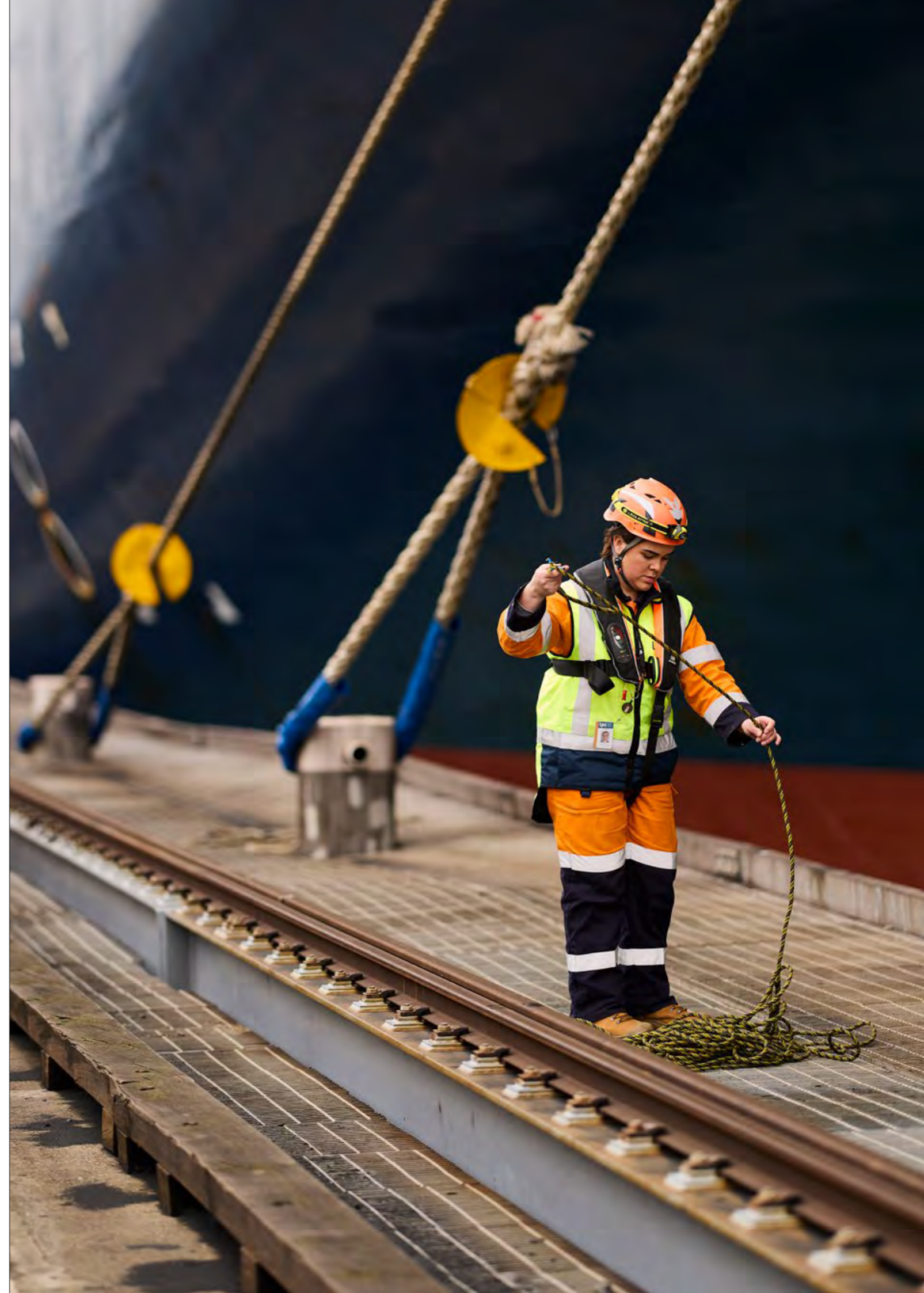
opportunity to take on a 12-month fixed-term role as a lines supervisor arose. I went for it and was accepted into that position. I am also now a health and safety rep for the lines supervisors, which I am thoroughly enjoying every minute of. I'm really grateful for how far I have come and the opportunities that I have been given within a short period of time while working at LPC.

### What do you enjoy doing outside of work?

Surfing is definitely when I'm in my happy place. I also love long-distance running, kick boxing and weightlifting. I also have a huge love for interior design and thrifting preloved clothing. And if I'm not found doing any of those things, you'll find me hanging out with people. I absolutely love people.

### What is something that you're proud of?

I am so proud to be the first female line supervisor in the Port's history. As well as this, I am the first Māori female too, which is something that is an even bigger achievement for me as my culture is a huge part of who I am as a person and I am so proud to be Māori. I am so proud of what I have been able to achieve during my time at LPC so far and that I have played some part in opening the door for females in this industry.



## Material issues

- 1 Infrastructure Investment
- 2 Efficient Allocation of Port Space

# INFRASTRUCTURE FOR THE FUTURE

## Key metrics

Berth Utilisation

59% 

FY20-21: 43%

Container Transportation: Road

82.4% 

FY20-21: 80.7%

Container Transportation: Rail

17.6% 

FY20-21: 19.3%

## Work ons

>> Digital Systems

>> Asset Management

## INTRODUCTION

Digital systems remain a priority for LPC. As part of our Infrastructure for the Future capital, it is critical that we are able to maintain and enhance our digital systems in order to protect our staff's cyber security. This also allows us to prepare for what's coming next in terms of our Reboot Digital strategy – a five-year programme of works aimed at taking our digital capabilities to the next level through a series of improvements.

The pillars within Reboot Digital are simple – among other things, making the Port easier to do business with, maximising the lifecycle of our assets, and ensuring LPC is a secure location for staff to work and for partners to trade. The upshot of this programme is digital capability. At the end of this road, we will have the digital resources to support LPC's growth and respond effectively to opportunities and risks.

Asset management has also received further backing this year after introducing dedicated staff and resources to this area in 2021. This year has seen a small but motivated team formed to get the maximum value out of our assets. To do that, the Asset Management team has been working with other teams across the business to understand their needs in relation to their existing assets and how those needs fit into LPC's wider objectives.

Elsewhere, the oldest and perhaps most historically significant piece of infrastructure, the Dry Dock, has received an upgrade. The dock, which was constructed between 1879 and 1883, is nearly 140 years old and is a Category 1 heritage structure. In August, an electrical upgrade around the Dry Dock was completed. The main benefit of this upgrade has been the reliability of supply as well as safer electrical infrastructure for our electricians and dock users. The lighting has also been upgraded to make it more directional and brighter in the dock for workers, but less bright for the surrounding community. Also at the dock, a new amenities building was opened in August 2022. Now, when a ship is in the Dry Dock having repairs done, the amenities building will be ready for crew of that ship to rest, have a shower and freshen up.



# STRATEGY STRIVING TO REBOOT DIGITAL PROCESSES

Digital resources supporting LPC's rapid growth are on the way, thanks to the Reboot Digital programme. The Digital Transformation Programme – or Reboot Digital – is being led by newly appointed Head of Digital and Transformation Jackie Dawson. The strategy is bound by seven aspirational pillars.

The overall goal of the strategy is simple – to make LPC easy to do business with and to make digital central to what the business does.

Jackie says the seven pillars foreshadow the workstreams to be carried out over the coming 5 years.

"It's fantastic to be in a position now where we've launched to the business and have a very capable and talented team around us to carry out this important work," Jackie says.

"We have a lot of work to do on the horizon, so it's important we have that buy-in from the business and they know how it will affect them and when."

## These are the seven pillars of the Reboot Digital programme:

- |  |  |  |
|--|--|--|
| <p><b>1 Customer and Supply Chain</b><br/>We will work more effectively with our customers and suppliers, increasing revenue. Benefits include more flexibility, resilience and efficiency.</p>  | <p><b>2 Assets and Infrastructure</b><br/>Our resources go further, maximising asset life cycle and minimising maintenance costs. Benefits include productivity and optimisation of assets.</p>  |  |
| <p><b>3 Our People</b><br/>LPC is a great place to work, attracting and retaining talent, keeping people safe and getting the best out of them. Benefits include health and safety, and engagement.</p>  | <p><b>4 Security</b><br/>LPC is a secure location for staff to work and for partners to trade. Benefits include that security and access processes are streamlined and compliance for Port presence.</p>   | <p><b>5 Finance</b><br/>Our leaders have better information to make key decisions. The benefit here is financial efficiency so we can do more with our existing resources.</p> |
| <p><b>6 Kaitiakitanga</b><br/>We maintain our social licence and community support to continue to operate. Benefits include connectedness, as communication tools are available and accurate, and stewardship, as we have confidence and ease of access to environmental data.</p> | <p><b>7 Digital Capability</b><br/>We have the digital resources to support LPC's growth and respond effectively to opportunities and risks. Benefits include partnership within LPC and derisking so as to maintain cyber security and resilient systems.</p> |  |

# ASSET MANAGEMENT HITS THE SPOTLIGHT

Asset management has been under the spotlight for the past 12 months with the formation of a new team dedicated to ensuring our resources are used as well as they can be for as long as they should be.

It sounds straightforward when it's put that way, but looking after our resources is an art, says Head of Asset Management Ben Burnell. "It's about knowing what we have and maintaining what we have while keeping an eye to the future."

The main priority for the Asset Management team is working towards the International Organization for Standardization's (ISO) 55000, which covers six focus areas for asset management – on which the team in conducting a gap analysis.

This will in turn provide the team with clarity on understanding LPC's critical infrastructure, the 'nice to haves', and shaping the way forward for the business.

"Once that's been completed, we can measure our progress in those areas, and we'll be able to pick a handful of those to focus our energy on for the coming years.

"Throughout this process, we'll be engaging with the business to shape an asset management strategy, ensuring each business unit sees they are reflected in the strategy. It affects everyone in every business across the organisation," Ben says.

It's slated to be an aspirational strategy, Ben says, which includes changing the business's culture and views on asset management.

"We're not sure how long that journey is, but we're going for the biggest impact we can and bringing the business along with us while recognising the constraints that are being placed on the business.

"It's about doing the best thing for the asset over its lifetime rather than what's easiest at the time. Sometimes, that happens to be the most necessary thing, but we want LPC to have that holistic view of an asset and its lifetime," Ben says.

The team will also be hovering its collective lens over the asset register, which currently sits at a staggering 6,500 assets. "We do have a lot of work to do on that front to ensure that is the correct number and that the assets are what they say they are and are being handled correctly," Ben says.

6,500

Total number of assets across the business



## Investing in the Dry Dock

The Dry Dock has seen an extensive upgrade, with a new amenities building and electrical upgrade, LPC's Dry Dock is making great progress on the programme of works to future proof the facilities.

Our oldest structure, opened in 1883, is a historical yet crucial part of the LPC's infrastructure, allowing vessels to get services and repairs. Being 140 years old however, meant many of the systems and facilities needed attention.

Starting with the new amenities building, providing bathroom, toilet, kitchen, and office facilities for ship crews, while their vessels are in the dock.

The dock has also seen an electrical upgrade, introducing new lighting facilities and substation upgrades. The LED lighting poles, while being sustainable, were also designed with the community in mind as the directional lighting means that it will be bright for the teams in the dock but there will be little light pollution for the surrounding houses.

Once the teams finish these projects, it's not tools down just yet. We are continuously looking at safety upgrades, and with the recent edge protection a success, in future, we will be looking at safe access ways and fall arrest lines to further modernise the facilities and continue to drive jobs and business in Lyttelton for many decades to come.



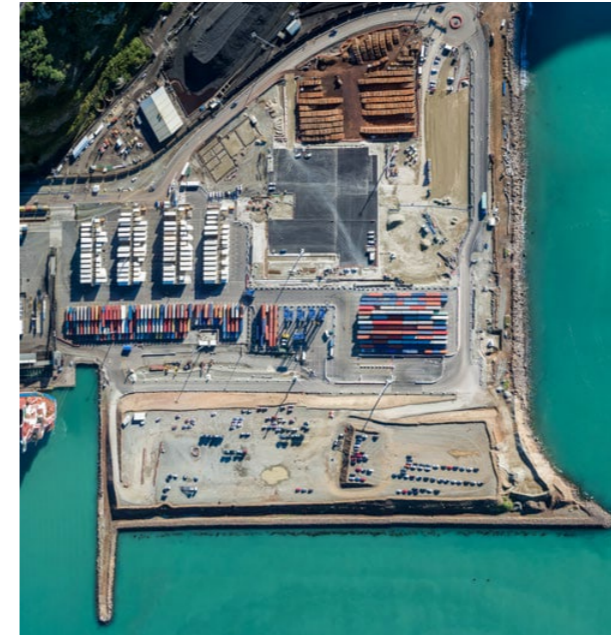
## The future of maintenance

Fit for purpose and future proof were the main objectives when designing our new Mechanical Maintenance Workshop.

Part of the eastern development, the new workshop will be moved out of its original home, where it was built in 1976. At the time, it sat at the edge of the Port, but in the last 46 years, as we have expanded operations east, it now sits in prime container locations.

Moving the facilities gives us a chance to create a new, modern workshop to support our Mechanical Engineering, Electrical and Stores teams. The new space will feature a three-level combined building including a workshop, amenities and offices, a 23m high service bay that will fit four straddles and separate straddle wash.

Our Maintenance team is vital in enabling the Port to keep moving, and with a new focus on preventive maintenance, the team is set to keep us going.



## Developing to the east

One year into construction, and the eastern development is progressing on time and on budget. The \$85 million development is set to unlock much-needed capacity at LPC. With close to 4 hectares of pavement added to the 20 hectare container facility, this lays strong foundations for the next stage.

We have also seen nine new straddles commissioned and operational and are soon to see the full transition to a fully four-high fleet. Along with decreasing our carbon emissions, these straddles enable us to stack four high across the terminal, increasing capacity.

The project comes just in time, as this year, LPC reached the 500,000 TEU (20-foot equivalent units) milestone. We are proud to be the main port for the South Island and will continue to grow to meet the needs of our region.



## Raising safety at CityDepot

A mix of efficiency improvements, health and safety and teamwork has led to the recommissioning of a gantry crane hoist in the 20-foot container maintenance workshop at CityDepot.

The hoist, which was decommissioned a couple of years ago after needing repairs, is used for lifting, moving and 'rolling' containers to allow repairs and maintenance to be completed on their tops or bases. This in turn allows demanding tasks like welding to be completed at a comfortable and safe height rather than staff having to weld above head height.

It was picked up on a routine staff health and safety interaction as an action that could make an immediate positive impact to health and safety and efficiency.

It was repaired and operational again in a matter of weeks after staff asked the question. Before the container hoist was reintroduced, containers would have to be positioned on A-frames or worked on from work platforms for repairs to be completed.

## Material issues

- 1 Communication and Relationship Management
- 2 Collaboration and Partnerships
- 3 Industry Engagement
- 4 Social Licence to Operate

## Key metrics

Sponsorships

37 ↑

FY20-21: 24

Total Trucks Serviced

176,426 ↓

FY20-21: 177,968

Trucks Serviced in under 30 Mins

61% ↓

FY20-21: 67%

# MANĀKITANGA

## Work ons

» Noise Mitigation





# INTRODUCTION

LPC is proud to facilitate Canterbury and South Island trade, supporting hundreds and thousands of jobs. We help bring local products to New Zealand and the world, from farms, fields, and factories in region to retail outlets in the city and beyond. To help facilitate this trade, we have strong relationships with all key stakeholders in the supply chain, including global shipping lines to bring the best services to Lyttelton.

Our customers are immensely important to us. A strong customer culture is the backbone of delivering a great experience and value. LPC have focused on improving our customer engagement over the past 12 months, to not only make it easier to do business with us, but to also deliver a world class service. Our Customer Service Unit (CSU) has continued to challenge itself to be more proactive in providing solutions to our customers in a very tricky environment.

Our Vehicle Booking System (VBS) is constantly being adapted to meet our trucking community's needs, whilst managing terminal efficiency and working ships. LPC's involvement with the South Island Port User Wider Group (SIPUWG) is a fantastic example of commitment to ensuring open dialogue and transparency between us and the wider port user community.

We have seen strong commercial partnerships form with customers because of exciting supply chain opportunities developing as a result of collaboration. These range from facilitating container vessel charters with a large meat exporter, supply chain solutions for the Nelson/Tasman apple industry and assisting with wine exports from Marlborough. All these initiatives are what LPC is looking to implement permanently to add resilience to supply chains across the South Island. We are in an extremely fortunate position to be consented for expansion, which will unlock much needed capacity in the New Zealand network now and for the future.

The COVID 19 pandemic created disruption across the network like we've never seen before. LPC are proud to have been able to be part of a collaborative effort that allowed for trade to keep moving, which made LPC an attractive proposition, highlighted by the addition of two new shipping lines to Lyttelton, to help keep container movements flowing.

We understand that we have a substantial impact on our local harbour community. Our commitment to being a good neighbour is underpinned by open, honest and transparent communication. This is important when it comes to our biggest community issues – noise and dust. We have worked hard to minimise noise disruption but continue to face issues when it comes to vessel noise. The thumping and humming made by particular vessels is our current focus, but also something we have the least control over. We welcome feedback from our community, with two-way communication a key part of the solution.

Partnering with our local iwi enriches and informs our operations. We incorporate tikanga practices into our work and strive to uphold our role as kaitiaki of the harbour. With our Manawhenua Advisory Group continuing to meet, we work closely with Te Hapū o Ngāti Wheke to recognise and provide the shared vision for Whakaraupō/Lyttelton Harbour.

LPC is invested in our vibrant and unique surrounding communities. We love working with people to see groups and initiatives thrive. With a focus on youth and sustainability, we sponsor a range of projects around the harbour, as well those in our Woolston and Rolleston communities. This year, we became a major sponsor of Lyttelton Recreation Centre, allowing projects like the Youth Group to continue to flourish, as well as continuing our long-standing sponsorships such as those with the Banks Peninsula Conservation Trust and Quail Island Restoration Trust.

Some may see the closeness between a working port and a town as one of our biggest challenges, but we see it as one of our greatest assets, because we are prepared to listen. Our community challenges us, supports us and inspires us to make a real difference, for them and others in our wider region.



# LPC IS INVESTED IN OUR VIBRANT AND UNIQUE SURROUNDING COMMUNITIES. WE LOVE WORKING WITH PEOPLE TO SEE GROUPS AND INITIATIVES THRIVE.



## Giving the past a new future

While we strive for innovation at LPC, it's just as important to celebrate our past. This year, LPC announced our support of the rebuild of Lyttelton Museum with a \$150,000 donation, the previous museum having been destroyed in the earthquakes 11 years ago.

Peter Rough, Lyttelton Historical Museum Society President, said the project team is extremely grateful for the financial contribution. "The Lyttelton Port Company's contribution will be a significant boost towards realising a new purpose-built museum to safeguard and share precious taonga of Whakaraupō/Lyttelton Harbour and tell stories such as those about epic voyages of exploration to Antarctica," he says.

LPC is a proud part of the Whakaraupō community, and our history is shared with the rest of the harbour.

## Creating safe spaces for all

The Lyttelton Recreation Centre's first Rangitahi Leadership Workshop is one of the many projects that will go ahead thanks to LPC's support. The centre is home to many community groups and LPC is committed to supporting them, donating \$75,000 over the next three years.

The programmes here would not be possible without LPC's contribution, says Rec Centre Manager Nathan Mauger. "The workshop is aimed at building resilience in youth and giving them the tools to help face adversity – something that is very important at their age."

Another key programme that runs out of the Rec Centre is the Youth Group. Held weekly, the Youth Group provides a space for young people in Lyttelton to connect and grow in a safe environment. LPC is proud to support the hard mahi that goes in to providing spaces for people to come together and grow. We are excited to see what the future has in store, with plans to modernise the facilities to make the most of the space.



## Project Matariki

Lyttelton Port Company is proud to support Project Matariki, which saw a select few from the harbour community attend Te Puna Ora/Living Springs for an authentic Māori New Year experience.

Over the weekend of 24-26 June, Lyttelton local Māui Stuart led a celebration of the inaugural Matariki public holiday. Project Matariki was a journey for those in attendance to participate in waiata, karakia, kōrero, kai and wānanga (song, prayer, conversation, food and learning).

"It was about a journey to reflect on many different parts of our environment and how we try and make this a better place for future generations to live. Evening kōrero around the fire varied from night to night. The feeling of welcoming peacefulness which was laid gave the freedom to each person who shared personal stories over all the nights," Maui says.

Project Matariki connected those in attendance to the history, whenua/land and the people of Whakaraupō/Lyttelton. Each of the three hāngī were different, and so was the kōrero each time. The contribution over the three evenings made the whole experience genuine.

"To the small army of supporters and funders, without that support Project Matariki would not have been possible," Maui says.

# SPONSORSHIP

## **Banks Peninsula Conservation Trust**

We are the principal sponsor for the Banks Peninsula Conservation Trust to aid their work in the harbour and support the biodiversity of the peninsula. We also partner with them to help restore the Port Saddle land with native flora and fauna.

## **Blue Cradle**

We helped to fund 'The Ocean is in our Hands' mural, painted at The Crossing in Central Christchurch. The mural signifies our role as guardians of the ocean and its inhabitants, and the current impacts of climate change.

## **Broadfield Touch Rugby Team**

The Broadfield Touch Rugby Team brings together almost 150 children weekly and we supported the club with gear for the players as well as trophies for prize givings.

## **Charteris Bay Golf Club**

We are a major sponsor of Charteris Bay Golf Club's Annual Tournament.

## **Cholmondeley Home – Sailing Regatta**

We supported Cholmondeley and their sail regatta, a chance for them to raise money for their work in offering respite care for children.

LPC also supported their initiative, Giving Day, where every donation made by the public was matched, dollar for dollar, by our pre-pledged matching donors.

## **Christchurch Antarctic Network**

LPC aids the Christchurch Antarctic Network in their work to celebrate and promote Christchurch as one of the five international Antarctic gateways.

## **Christchurch Symphony Orchestra**

LPC is building on its partnership with CSO, this year hosting the orchestra at the Lyttelton Arts Factory for a three-day school holiday programme for local youth.

## **Conservation Volunteers NZ**

LPC helped Conservation Volunteers New Zealand hold their Mother of all Cleanups event, bringing the community together to clean Christchurch waterways.

## **Diamond Harbour Education Charitable Trust**

LPC supported the cost of new basketball and netball hoops at Diamond Harbour School.

## **Diamond Harbour Youth and Community Trust**

We covered the costs for the Diamond Harbour Youth and Community Trust to hold a camp at Living Springs for 28 young people and youth leaders in our community.

## **ExportNZ CECC Series**

LPC continues its annual partnership with the Canterbury Employers' Chamber of Commerce, through funding a speaker breakfast series for the manufacturing sector.

## **GirlBoss Awards**

LPC sponsors the volunteering category of the GirlBoss Awards, highlighting young women who show commitment dedication and service to others.

## **Greer Swinard (local beekeeper)**

LPC supported Greer in their work to test and sample local bee hives to determine cause of poisoning of the bees.

## **Helps Pohatu Conservation Trust**

We are supporting the important studies happening on the Canterbury endemic white-flipped penguins.

## **Heritage Groups Restoration**

Lyttelton's historic Holy Trinity Anglican church was destroyed in the Christchurch earthquakes. LPC is supporting the work taking place to diligently restore the heritage that was lost.

## **Jack Tyro**

We helped young local surfer, Jack to get to El Salvador to represent New Zealand at the Junior World Champs.

## **Jane Robertson**

We aided Jane Roberston and the publication of the book 'Between Land and Sea: Living on the Edge in Whakaraupō/Lyttelton Harbour'.

## **Living Springs/Diamond Harbour School Enviro Camp**

Our sponsorship helped Diamond Harbour School with their enviro-camp, held at Living Springs.

## **Lyttelton Community House**

We helped the Lyttelton Community House get signage for their van.

## **Lyttelton Festival of Action**

LPC supported the Lyttelton Festival of Action, a local initiative that brings businesses, organisations and educators together to collectively focus on enabling sustainable change to positively impact the environment.

## **Lyttelton Harbour Information Centre**

We are helping to fund the launch of the updated Lyttelton Review, a community newsletter, helping to connect the community.

## **Lyttelton Netball Club**

We support the Lyttelton Netball club with an annual sponsorship to aid ongoing costs such as equipment, fees and maintenance.

## **Lyttelton Rec Centre**

LPC is a major sponsor for the Lyttelton Recreation Centre, supporting the diverse range of programmes hosted for the community.

## **Lyttelton Rotary Club**

LPC sponsored the prize for the Lyttelton Rotary speech competition. The competition is held between the local primary schools to build on their current curriculum and encourage public speaking and research skills.

## **Lyttelton Rugby Club**

We supply each new member of the Lyttelton Rugby Club with a sports bag filled with shorts, socks, jacket, beanie and mouthguard as well as reducing club fees and ensuring the club is accessible to all families.

This year, we also supported the club's annual trip for the younger players to Titahi Bay in Wellington for a tournament. This trip has taken place for the last 54 years.

## **Lyttelton Seafarer's Centre**

We assist the Lyttelton Seafarer's Centre in providing a safe place for the thousands of seafarers that come through Lyttelton each year, through to supplying wifi connections and transportation.

## **Lyttelton Youth Group**

Sponsorship from LPC goes towards the operational cost of the Lyttelton Youth Programme, enabling them to create a safe space for youth to connect.

## **Peninsula Harbour Cricket Club**

We helped the Peninsula Harbour Cricket Club purchase new equipment for the community.

## **Project Matariki**

Led by Te Hapū o Ngāti Wheke's Maui Stewart, LPC sponsored a wānanga held at Te Puna Ora -Living Springs, celebrating Matariki.

## **Quail Island Ecological Restoration Trust**

For over 20 years, we have supported the Quail Island Ecological Restoration Trust in the transportation of plants to the island for their annual planting programme, as well as providing financial support throughout the year.

## **Ronald McDonald House**

Since 2007, LPC has supported the Ronald McDonald House Family Dinner Programme, where LPC staff volunteer to cook dinner once a month.

## **Save the Jetty**

We are helping the work that has begun on restoring the historic Governors Bay Jetty, which has been closed since 2011, due to extensive damage from the earthquakes.

## **Te Ahu Pātiki Trust**

LPC is supporting the Te Ahu Pātiki Trust over the coming years in the natural regeneration of 500ha of land in Banks Peninsula.

## **Te Hau Tāahengihengi - Lyttelton mural project**

We supported the cost of the painting of a mural for Lyttelton. This saw Lyttelton Primary School children take part in the painting of a mural which featured a korowai that represented a joint focus on environmental wellbeing across generations.

## **Te Ūaka / Lyttelton Museum**

LPC is aiding in the rebuild of the Lyttelton Museum which was destroyed in the Earthquakes.

## **UC Scholarship**

We provide a scholarship to children of LPC employees to go towards university fees to demonstrate our appreciation for the commitment and work of all staff.

## **Woolston Brass Incorporated**

LPC sponsored Woolston Brass Inc. to help purchase a PA system to be used by the organisation for concerts, contests and rehearsals.

# REDUCING NOISE IN THE HARBOUR

Finding the balance between supporting the trade of Canterbury and supporting our local community can be tough. Our biggest impact to those who live near us is noise – something we take very seriously.

Over the years, we have worked hard to minimise the noises coming from the Port, whether that be reduced hours of loading or new technology developments like our white noise reversing alarms.

Our largest area of work that we continue to tackle is ship noise, with 70% of our noise complaints directly related to this. This can impact communities all around the harbour, not just Lyttelton. Unfortunately, this is also something we have the least direct control over.

Noise experienced from a particular vessel can vary depending on location (distance and direction from the vessel), weather conditions and topography.

## There are two main causes of ships noise

- Vessels visiting ports in New Zealand and around the world run on generators, which continue to power the vessel and any refrigerated cargo while staying in port. Noise is increased when the generators or engines are running at a higher load. This is sometimes needed if they have a high number of refrigerated containers such as in peak export season for meat and fruit in New Zealand.
- Low-frequency noise (characterised by a rumbling or thumping sound) from exhaust from the auxiliary engines.

## What are we doing to reduce it?

Our first line of defence is dealing with the vessel during its stay at the Port. We can berth vessels starboard side to the wharf instead of the preferred port side, as this points the exhaust to the entrance of the harbour and away from the communities surrounding us.

We can also look at berthing windows, berthing the noisiest vessels during the day to decrease overnight disturbance. While in port, LPC also looks to monitor the noise emitted from vessels, relying on experts to support this.

LPC has also worked hard to build relationships with other ports around New Zealand and Australia, as working together increases our chance for change and creates a stronger voice when in discussions with global shipping lines.

We are able to alert each other to noisy vessels and even work to remove vessels that have proven to cause disturbances in several ports. A great example of this was the *Monte Rosa*. This year, after working with Australian ports, we came to an agreement with Maersk to remove this vessel from service.

LPC continues to look long term. We know that these solutions do not always provide comfort to our communities and are committed to work at the cause of the problem.

We know that, to drive change, there need to be noise standards governing the noise emitted by vessels. Currently, the best noise mitigation measure for low-frequency noise is a reactive silencer built into the exhaust, but this is often difficult to retrofit and enforces that solutions will come from ship design.

While there is still a long way to go, we continue to welcome community feedback as this is the foundation for making strong and lasting change – a crucial part of our commitment to being a good neighbour.

## Noise complaints by location

	2022	2021
Lyttelton Container Terminal	*64	37
Inner Harbour	8	7
Oil Berth	0	6
Dry Dock	1	3
Channel	0	2
CityDepot	1	2
Quarry	0	1
Te Ana	0	1
Naval Point	1	1
<b>Total</b>	<b>75</b>	<b>61</b>

\*41 in response to ship noise



# CUSTOMER STORIES



## Win-win relationship for Turners & Growers and Cooltainer

Resilience has been the name of the game for exporters this year, which has meant getting creative to make that happen in some cases. When Turners and Growers (T&G), a New Zealand owned and operated apple grower and exporter, found through the COVID-19 pandemic there were limited options for exporting out of Nelson, they began to look around.

It soon became the focus of T&G Logistics Manager Simon Beale to source or establish a staging point in Christchurch to ensure the company could continue exporting all over the world. Simon had a conversation with LPC Head of Commercial Supply Chain Eugene Beneke about any potential options to help facilitate a relationship like that in Christchurch.

“We had discussions around that and about how there were problems getting ships into Nelson at that time. Changes in capacity in Nelson meant we were short of space on vessels,” Simon says.

“In the background of all that, we linked up with Simon Wilson and his team at Kuehne + Nagel Cooltainer to help us store our products from Nelson in Christchurch and then get the loaded containers through LPC,” he says.

Simon Wilson, who is K+N Cooltainer’s Business Manager, says the relationship between the two parties and LPC is a hugely beneficial one and means they are all more resilient for it.

“Eugene contacted me about do we have any capacity in Christchurch and have we got the ability to pack containers for him? So we had a chat and made it happen from there. We’re fully across all the issues in the market and capacity at the moment. Fortunately, we were coming out of cherry season so we had capacity there,” Simon Wilson says.

Cooltainer deals with perishable goods and particularly cooled cargo is their main focus, meaning they are used to getting cargo where it needs to go as soon as possible.

T&G’s Simon Beale says the key to relationships such as this one is flexibility. The ability for both parties to meet in the middle with their expectations has made the exportation process far easier, he says.



## Synlait takes sustainable future into own hands

Synlait has taken a sustainable approach to the future of exporting its milk products to the world and in doing so is taking an estimated 16,000 truck movements off State Highway 1. Prior to Synlait’s rail siding project, which was officially opened in May 2021, all of the company’s export products were trucked from Dunsandel to Lyttelton via road.

With trains taking containers to LPC’s MidlandPort and on to Lyttelton, it’s estimated this could reduce Synlait’s carbon emissions for these trips by about 50% when compared to these trips being completed by container trucks. The rail siding has also reduced Synlait’s carbon emissions by 888 tonnes per annum.

Synlait Programme Manager Karen Pearce says utilising Midland has enabled the company to increase control over its supply chain, streamline its operations and improve safety at the Hessleron Road intersection where Synlait is based.

COVID-19 has presented challenges for Synlait over the past few years, as it has for many others in both the dairy industry and the import-export industry. Issues have included shipping capacity constraints, equipment shortages and procurement issues, to name a few.

But Synlait has mitigated these issues by maintaining strong relationships with shipping carriers, logistics partners and suppliers to gain different perspectives and views on capacities.

It has increased its own resource and spread the risk across many services and carriers, and it has maintained a high level of flexibility to react to changes in vessel port connections.

Timeliness for Synlait remains critical in meeting vessel port connections and continuing access to overseas markets. Synlait recognises that overseas customers have a choice who they purchase from. Delays in shipping services are constrained, and if vessel port connections are missed, customers could expect a further 2–3-week delay in arrival – something Synlait tries to avoid at all costs.

LPC is proud to have supported Synlait in working with shipping lines to support equipment supply out of MidlandPort.

30 vessels a year dry bulk

10,000 truck movements

650 TEU



## Ravensdown looking to continue strong relationship

Canterbury is a one-of-a-kind place. Even Canterbury's soil requires special nutrients for our strong agricultural sectors to thrive. Ravensdown, a New Zealand-owned fertiliser co-operative, provides these specific nutrients in the form of superphosphate and compound fertilisers, to Canterbury farmers from Waimate to Kaikōura.

LPC is the main gateway for these products, and is Ravensdown's largest import location for the South Island. In fact, Lyttelton is Ravensdown's second largest import location in the country, just behind Napier.

Ravensdown's National Logistics Manager Ant Boyles says this speaks to the significance of the relationship between the companies.

"The Canterbury region accounts for a significant percentage of our total business," he says. "We have a manufacturing site in Hornby that requires raw material from offshore to produce superphosphate-based products for our farmer shareholders.

"LPC is a key stakeholder in our operations, and as the largest bulk customer of LPC we are also a key stakeholder of theirs; we have a very good relationship with LPC at all levels, from the CEO and account management through to operations," Ant says.

The majority of this importation is brought in on dry bulk vessels, which are processed in LPC's Inner Harbour. This comes in on about 30 vessels a year, operated by our shipping joint venture Ravensdown Shipping Services.

In addition, Ravensdown imports approximately 650 TEU (twenty-foot equivalent units) per year of specialised fertilisers and agrochemical products through the terminal. Ravensdown accounts for about 10,000 truck movements on and off the port, to locations such as their Hornby manufacturing site.

Covid-19 and global supply chain issues have caused challenges across the board for the shipping industry this year, and Ravensdown is no exception to feeling these impacts.

But, Ant says, the future is looking bright for their customers. "We have amended our planning to allow for increased lead time from our international suppliers, so have by and large been in a strong supply position to meet the needs of our customers."



## Royal Caribbean Group thrilled to swap palm trees for ferns

It's been a long time coming for the long-awaited return to Lyttelton's waters for the Royal Caribbean Group. But that spell is drawing to a close as demand for a bumper cruise season continues to increase in the lead up to October 27.

And with Lyttelton's new cruise berth facilities, Royal Caribbean Group (RCG) International Port Operations Manager Sheldon Thompson says they cannot wait for the approximately 50,000 guests to visit our shores.

"RCG is excited to return to cruising in New Zealand waters. Our guests come from all over the world to experience the wonderful destinations and immerse themselves in the deep cultural heritage and natural beauty that New Zealand is so famous for," Sheldon says.

"RCG has 14 calls to LPC over the 2022/23 season spread between the *Celebrity Eclipse* and *Ovation of the Seas*.

"This will see RCG bring approximately 50,000 visitors to the region in the 2022/23 cruise season, which will help to give a positive financial injection into the local economy. *Ovation of the Seas* will be the largest cruise ship to ever berth in Lyttelton," he says.

Sheldon says significant progress has been made while cruises could not be on the water due to COVID-19.

"It was an opportunity to slow down and fine tune some of our practices and processes. On the environmental, social and governance (ESG) side, we have some exciting updates. We have renewed our longstanding relationship with the World Wildlife Fund (WWF) for another five years.

"Together RCG and WWF will establish sustainability goals across three key areas: ship, sea and shore.

"Additionally, Ethisphere recently named us one of the world's most ethical companies for the seventh year in a row. Being a conscious and responsible corporate citizen is vital to our people, industry, and world, and we will continually look for ways to do even better," he says.

Sheldon says RCG and their customers are thrilled to be heading back to this corner of the world in a matter of months.

"Lyttelton provides the gateway to Christchurch and the beautiful surrounding areas. RCG were closely involved when Lyttelton were building their new cruise berth and it was designed to accommodate the largest ships in the world," he says.





# KAITIAKITANGA


## Material issues

- 1 Biodiversity
- 2 Environmental and Community Impacts

## Key metrics


Landfill waste	Recycling
<b>83%</b> 	<b>17%</b> 
FY20-21: 91%	FY20-21: 9%

Carbon per TEU (carbon intensity)

**0.00910**  Tonnes

FY20-21: 0.00982 Tonnes

Total emissions

**9,470**  Tonnes

FY20-21: 9,191 tonnes

## Work ons

- » Bulk Loading Processes
- » Carbon Reduction
- » Net Biodiversity Positive

# INTRODUCTION

LPC is committed to the protection and enhancement of our natural environment. We have a special responsibility for Whakaraupō /Lyttelton Harbour, and we are very aware of the impact we can have here. We are also highly aware that the success of our business depends on a healthy environment, from the water and land at our doorstep to the world beyond.

This year we have continued to work towards our Sustainability Strategy targets, namely to become net zero carbon emissions by 2050, zero waste by 2040 and to have a net positive effect on biodiversity.

The process to net zero carbon emissions is a long term journey. We continue to engage with our suppliers of large plant to plan for low/zero emission plant in the future. With electric straddles and tugs now being trialled at other ports, we anticipate that these may play a role in our future too. This year saw us reduce our carbon emissions per TEU by 7.3%, a success which is somewhat masked by the fact that overall container volumes rose by 12.8% in the same time period.

Net positive biodiversity is a clear goal and we are working on methods to help us quantify it. This year we took part in testing the beta release of the Taskforce for Nature-related Financial Disclosures (TNFD), a framework for assessing an organisation's nature-related impacts, dependencies, risks and opportunities. The TNFD process is still ongoing with the numbers yet to be revealed. In the meantime, our work has continued with pest control, habitat restoration and improved environmental protection measures.

The last 12 months have seen a number of waste reduction initiatives at LPC. Our team has been trialling a larger style of tyres on our straddle fleet that have proven to be much more durable. Not only is this reducing tyre waste, the tyres improve fuel efficiency so are playing a role in reducing carbon emissions too. Other initiatives include switching to reusable glass milk bottles and rehoming unused PPE gear.

Natural capital is essential to any business and especially to one that depends as heavily as we do on the health of the air, land and water around us. We are part of a global effort to improve the environment and continue to take proactive action towards reaching our sustainability goals, while delivering on the needs of our customers and business.





# TRANSITIONING TO A ZERO CARBON FUTURE

LPC's journey to net zero carbon by 2050 is a long-term transition. Since formalising this goal as part of our sustainability strategy, we have made significant improvements to our carbon emissions profile. In FY21, we reported a 19% reduction in carbon emissions, which was largely a result of investment in fuel-efficient Noell straddles.

Overall, however, carbon reduction is not a linear process. Instead, it happens as a series of steps down, depending on what particular plant upgrades and technological developments have happened in any given year. Business growth can also impact carbon reduction, with improvements to fuel efficiency often masked by an increase in the sheer volume of goods passing through the Port. For example, in FY22, the LPC Container Terminal handled the highest number of containers ever – over 500,000 compared to 438,345 in FY21. In the same time period, carbon emissions per TEU were reduced by 7.3%. The outcome of this is that, despite being unable to report an overall reduction to our carbon emissions for FY22, we have still made progress in improving operational efficiency and reducing our carbon intensity.

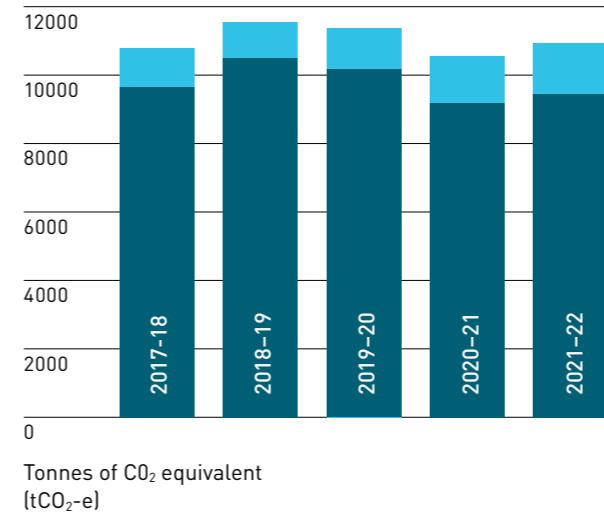
We continue to plan our transition and know that urgent progress is needed in the coming decade to address climate change. Our focus remains on our straddle fleet, which, even with lower-emission engines, still contributes up to 47% of LPC's carbon emissions. Transitioning the fleet to low or zero-emission technology represents our biggest opportunity in terms of carbon reduction. Good news is on the horizon, with the world's first fully electric straddles emerging on the market this year following two years in testing at other ports.

Tug manufacturers around the world are also ramping up their development of electric technology. Ports of Auckland now has its first fully electric tug, which gives us the ability to benchmark its performance as we plan our refurbishment/ replacement schedule for LPC tugs *Blackadder* and *Piaka*. Similarly, electric options for light truck and utes continue to emerge in the market, and we will be looking to progressively change our vehicles out as we update them over the next three–five years.

Our Procurement team continues to take a partnership approach with suppliers to identify ways we can accelerate reduction of our carbon emissions. As we look ahead to the transition to electric, our approach is comprehensive and pragmatic. We need to consider a wide range of implications such as operability, charging time, progressive integration and capacity from our electricity provider. As a business, we seek to invest in proven technology that does not impact the efficiency of our operations while still taking assertive action to work towards our goal of net zero carbon by 2050.

## Total emissions

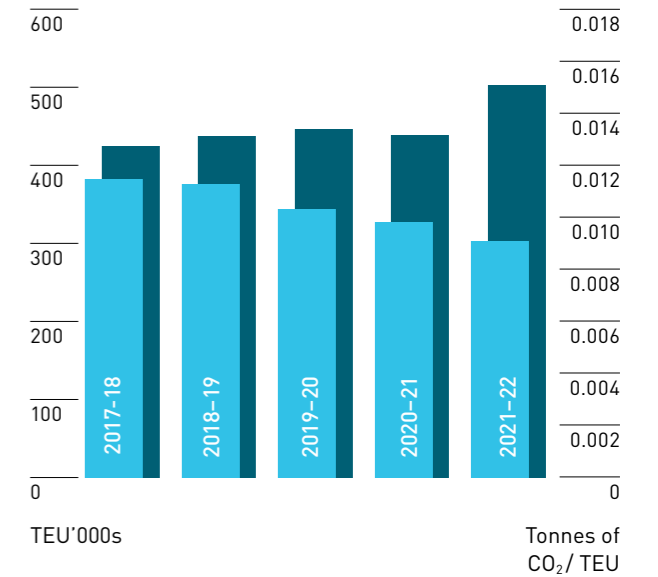
- Category 1: Direct emissions
- Category 2: Indirect emissions from energy (electricity)



From FY21, LPC purchases certified renewable electricity.

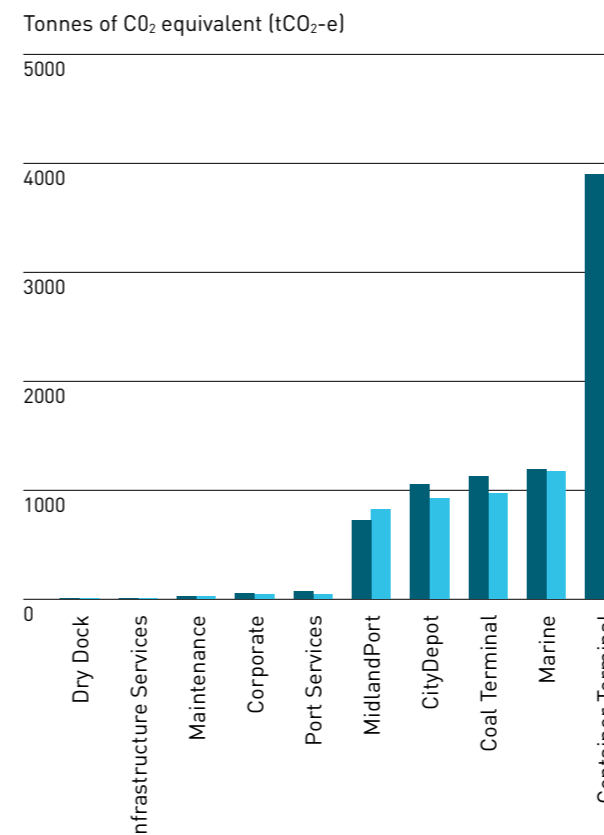
## Carbon intensity per TEU

- TEU'000s
- Tonnes of CO<sub>2</sub> per TEU (category 1 emissions)



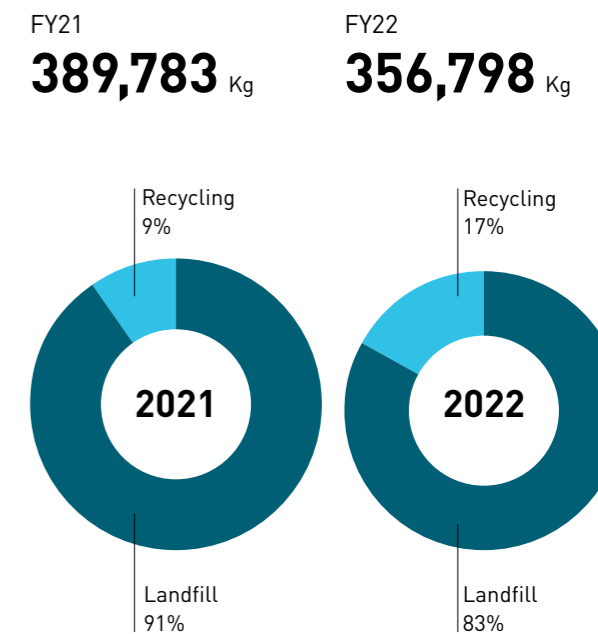
## Carbon emissions by area

- 2021
- 2022



## Waste and recycling

- Landfill
- Recycling



# QUANTIFYING OUR RELATIONSHIP WITH NATURE

As part of LPC's sustainability programme, we have committed to becoming biodiversity positive, meaning that, over time, LPC's operations and development will leave biodiversity in a better state than it was before. This will contribute to our climate change resilience as a business and has health and wellbeing outcomes for our staff and communities.

Last year, we developed our road map to achieve our biodiversity positive ambition and outlined our implementation plan across four goals. We mapped our biodiversity positive implementation programme approach against the Science Based Targets Network (SBTN) ARRRT framework: avoid, reduce, restore-regenerate, transform. This coming year, we will pilot the interim SBTN guidance to define biodiversity recovery 2050 targets for Whakaraupō/Lyttelton Harbour and its land catchment, allocate LPC's contribution to these targets and develop metrics to report future progress against.

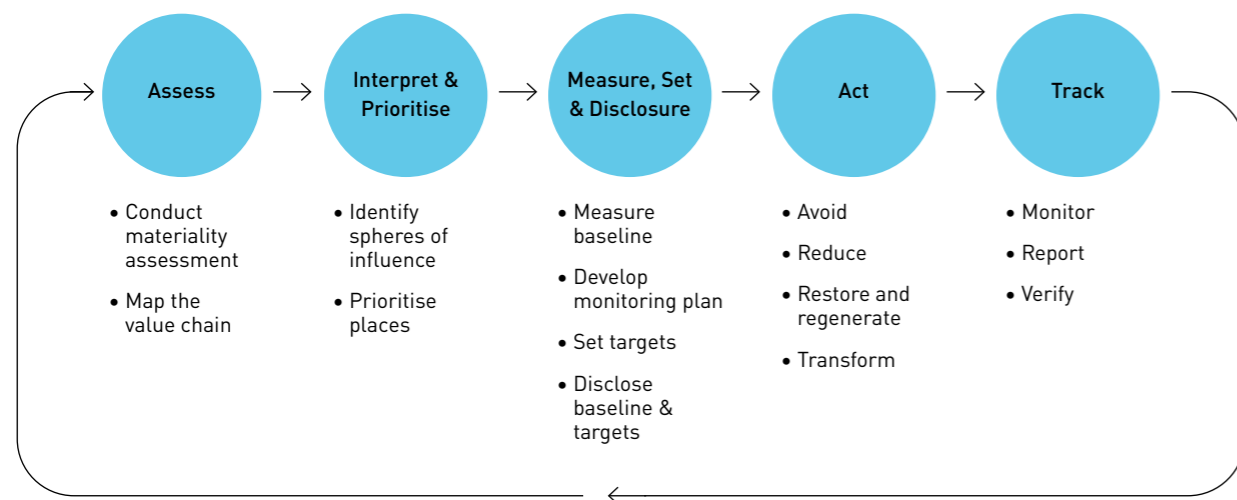
In FY22, we volunteered to test the beta release of the Taskforce on Nature-related Financial Disclosures (TNFD). This is a global framework that seeks to assess an organisation's impact or dependencies on nature, map its nature-related risks or opportunities and identify actions to improve business resilience to physical risks or changes in markets and regulations. Currently in beta testing, the TNFD

framework is likely to form the basis of future mandatory natural capital reporting for large businesses and financial institutions worldwide.

LPC is well positioned to trial the TNFD framework because we have already put significant work into understanding our place in nature as a business. We have a clear picture of what biodiversity looks like across LPC land holdings and the wider Whakaraupō/Lyttelton Harbour area. Every year, we gain more understanding of the value that biodiversity adds to our operation and how to restore it. We are currently part way through the TNFD analysis and expect it to be completed in FY23.

While the TNFD and SBTN are new initiatives attracting global recognition, the original genesis for our participation in them can be traced back to conversations with mana whenua in 2014 in which they expressed the desire for LPC to be a successful business and have a net positive effect on nature. While we agreed in principle, until now, it has been challenging to identify a suitable framework. Applying the TNFD and SBTN frameworks together promises to change that. We are excited to be road testing these and look forward to being able to quantify our impacts and dependencies on nature as well as charting progress against our goal of net positive impact to support the ecological recovery of Whakaraupō/Lyttelton Harbour.

## 5-step Process of SBTs for Nature



# REDUCING WASTE

## Reduce, reuse, recycle

One of the core commitments of LPC's Environmental Policy is to reduce waste through reduction, reuse and recycling and finding ways to use resources more efficiently.

In recent years, our focus has been on understanding and quantifying our waste. We now have monthly waste reporting for each operational area. This provides essential insight into where we create the most waste, the types of waste we create and opportunities to improve.

As well as the benefit of regular reporting, we have made some notable achievements in terms of waste reduction over the past year.

## Straddle tyres

The LPC Maintenance team, working in collaboration with consultant Tyre Innovations, has continued to make improvements in waste associated with our straddle tyres.

One innovation that has had a significant effect has been trialling half of our new Noell straddle fleet with a larger style of tyre. The larger tyres have proven to be more durable and need replacing less often, hence reducing LPC's overall tyre waste.

A further benefit of the larger tyres is that they have been found to reduce the straddle's fuel usage by about 10%. A reduction in fuel means a reduction in carbon emissions. Given that up to 47% of LPC's carbon emissions are attributed to straddles, these improvements are likely to make a significant contribution in reducing LPC's carbon footprint.

## Spout milk

Waste reduction can sometimes stem from serendipitous rather than planned initiatives. In 2021, an LPC team member suggested tapping in to a local start-up called Spout. Spout delivers milk to businesses in refillable kegs instead of plastic bottles. In this programme, Spout deliver kegs of milk to our head office, Waterfront House, which is then distributed around all LPC sites in reusable glass bottles.

In our first year of using Spout, we estimate that the programme has avoided approximately 10,000 plastic milk bottles. There is also less wastage of the milk itself, since fridges no longer become cluttered with forgotten, expired milk bottles. The milk Spout supplies to us is produced and pasteurised on a Springston farm, which supports local business and minimises travel miles.

Our uptake of Spout milk shows that small changes can make a big difference and that the impetus for change can come from anywhere. We continue to use Spout and support a team culture that is receptive to and proactive about making changes that make a difference for nature.

## Personal protective equipment (PPE) waste solutions

Rehoming PPE is another area where we have an opportunity to reduce our waste. This year, we donated a large quantity of white overalls to the Christchurch City Council Off The Wall graffiti programme. The overalls, which were deemed unsuitable for LPC operations, were distributed amongst programme volunteers for use in graffiti removal across Christchurch. We continue to investigate further PPE repurposing and recycling options as they arise.



## Fanworm

Mediterranean fanworm (*Sabella spallanzanii*) was introduced to New Zealand in 2008. This invasive species forms dense colonies on marine structures, reducing the ability of native species to settle and feed. Fanworm is easily spread by vessels so presents a threat to kaimoana and mussel farming in the wider harbour.

In 2008–10, Biosecurity New Zealand undertook an eradication programme that kept fanworm numbers low. However, over the past 3 years, NIWA’s 6-monthly surveys of the harbour revealed that fanworm numbers were on the rise to the point of presenting a high biosecurity risk.

In November 2021, with funding from Whaka-Ora as well as significant input of LPC staff time and resources, divers removed fanworm by hand from pylons, piles, vessels and wharf structures around the Port. A total of 931 fanworm were removed, 83% of which were of reproductive size.

This removal project is likely to have had a significant impact on the population, with the initial knockdown making it difficult for remaining fanworm to be successful. Further surveying and removal will continue in 2022 in collaboration with Te Hapū o Ngāti Wheke, Environment Canterbury and Biosecurity New Zealand. An added measure of protection is the development of a biosecurity plan for Te Ana Marina and entry requirements for recreational vessels.



## Bulk cargo improvements

Bulk cargo includes all goods that are not packaged such as fertiliser, stockfeed, building materials and cars. LPC’s handling of bulk cargo operates under two environmental consents: discharge to air (which manages dust levels within the Port boundary) and discharge to water.

Environment Canterbury have been working with LPC on aspects of the bulk cargo operations for environmental improvement. As a result of a minor discharge incident in July of soya bean meal into the harbour, LPC was issued with an infringement notice and an abatement on washing product into the harbour. To address key environmental issues, we have put a Bulk Cargo Improvement Action Plan in place and are working with stevedores and customers to implement changes. This plan sets out 18 key actions across three areas: operational performance, loading and unloading, and haulage.

We have already completed some early actions in the plan. These include training and environmental awareness, improving wharf protection measures to reduce product discharge into the harbour, containing wash water from the hoppers using a bund and development of apps to assist with wharf clean assessments. Other improvements in the pipeline include creating a permanent hopper wash area and developing a weather alert system that will trigger product-specific operational alerts depending on forecast wind conditions.



## Penguin habitat restoration

Lyttelton Harbour is home to a colony of kororā/white-flipped penguins, which nest in seawalls throughout the Port and beyond. This year, in collaboration with Boffa Miskell (habitat assessment), KORl (annual tracking), Fulton Hogan and Higgins (materials and labour), we have facilitated the creation of 27 new nesting boxes – seven on the east side of the Port and a further 20 at Naval Point. Constructed from redirected waste materials, these new nesting boxes provide opportunities for penguins to nest in safe areas away from people, dogs and pests. LPC’s penguin habitat restoration has been carefully planned to fit within our wider predator control plan, and while it can take a few years for penguins to discover and utilise the boxes, it forms another tangible step towards our net biodiversity positive ambition.



## Environmental partnerships

LPC’s sustainability strategy goes beyond how we impact nature within our own footprint. Our strategy talks to how we can enable wider-scale ecological restoration through partnerships with those around us.

To this end, we provide direct funding and financial support to local organisations who are having a positive effect on nature in the Whakaraupō/Lyttelton Harbour catchment.

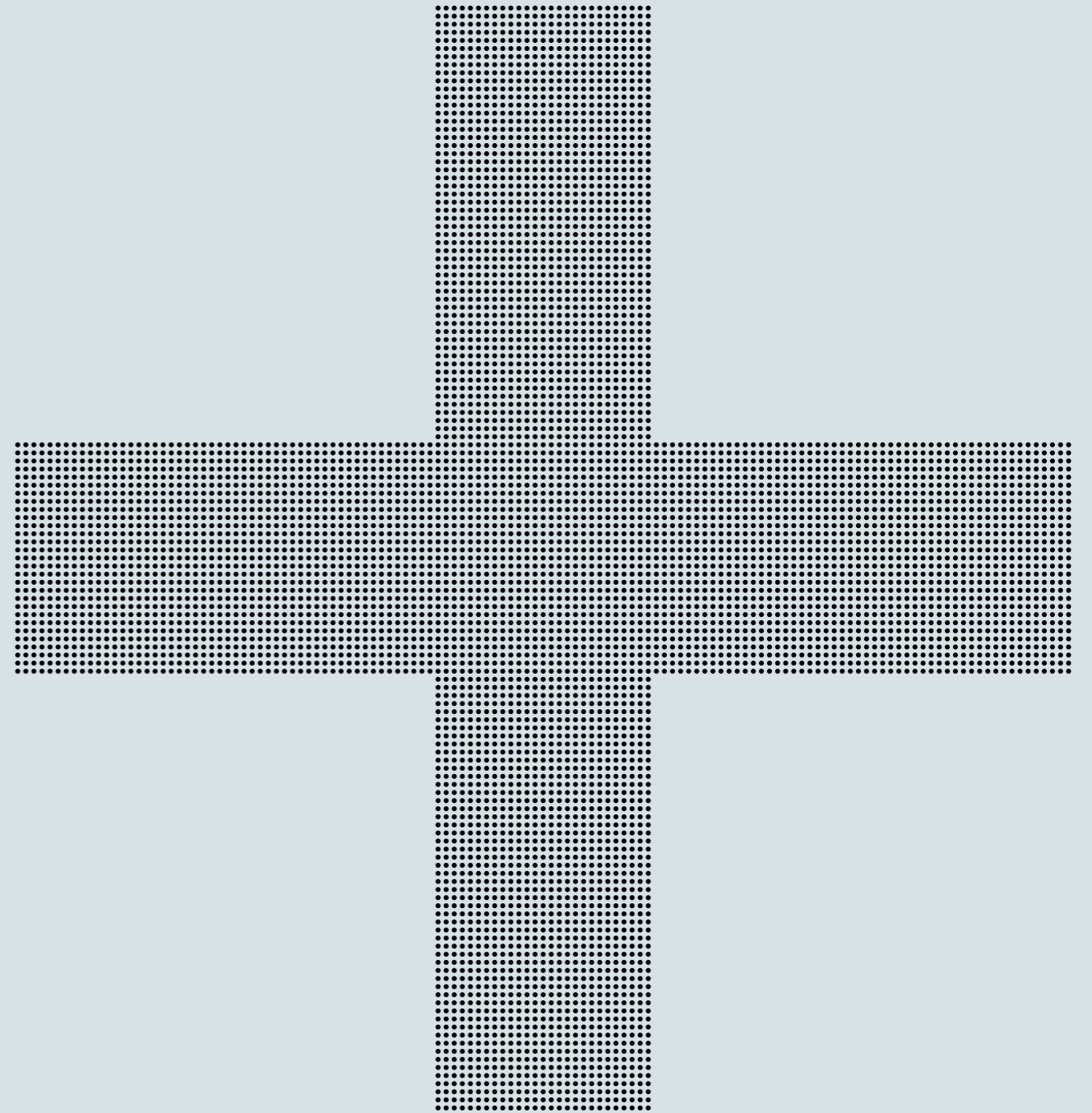
In FY22 we provided significant investment and support to Te Ahu Patiki, the start of our 10-year commitment to this cause. We continued the support for the Banks Peninsula Conservation Trust, and remain the Trust’s principal sponsor. We also supported the Quail Island Restoration Trust again, a relationship which has lasted for over 20 years.

More than simply a reputational ‘tick’, these environmental partnerships are a fundamental piece of LPC’s business strategy.

We are also playing our part in restoring the ecological health of Whakaraupō to mahinga kai through the Whaka-Ora Healthy Harbour partnership. This partnership sees support, investment, and time poured into a programme of works benefiting the harbour, from the forests and streams to the sea. This year our CEO, Kirstie Gardener, was made co-chair of the group governing this partnership.

# FINANCIAL STATEMENTS

## 2021–2022



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# DIRECTORS' DECLARATION

FOR THE YEAR ENDED 30 JUNE 2022

In the opinion of the Directors of Lyttelton Port Company Limited, the financial statements and notes on pages 107 to 132:

- comply with New Zealand equivalents to International Financial Reporting Standards and fairly present the financial position of the Company as at 30 June 2022, and the results of operations and cash flows for the year ended on that date; and
- have been prepared using appropriate accounting policies, which have been consistently applied and supported by reasonable judgements and estimates.

The Directors believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the Company, and facilitate compliance of these financial statements with the Companies Act 1993 and Financial Reporting Act 2013.

The Directors consider that they have taken adequate steps to safeguard the assets of the Company, and to prevent and detect fraud and other irregularities. Internal control procedures are also considered to be sufficient to provide a reasonable assurance as to the integrity and reliability of these financial statements.

The Directors are pleased to present the financial statements of Lyttelton Port Company Limited for the year ended 30 June 2022.

For and on behalf of the Board of Directors:



**Malcolm Johns**  
Director  
25 August 2022



**Fiona Mules**  
Director  
25 August 2022

# INDEPENDENT AUDITOR'S REPORT



## TO THE READERS OF LYTTTELTON PORT COMPANY LIMITED'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

The Auditor-General is the auditor of Lyttelton Port Company Limited (the company). The Auditor-General has appointed me, Peter Taylor, using the staff and resources of KPMG, to carry out the audit of the financial statements of the company on his behalf.

### OPINION

We have audited the financial statements of the company on pages 6 to 25, that comprise the statement of financial position as at 30 June 2022, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information.

In our opinion, the financial statements of the company:

- present fairly, in all material respects:
  - its financial position as at 30 June 2022; and
  - its financial performance and cash flows for the year then ended; and
- comply with generally accepted accounting practice in New Zealand in accordance with New Zealand equivalents to International Financial Reporting Standards.

Our audit was completed on 25 August 2022. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities relating to the financial statements, we comment on other information, and we explain our independence.

### BASIS FOR OUR OPINION

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## RESPONSIBILITIES OF THE BOARD OF DIRECTORS FOR THE FINANCIAL STATEMENTS

The Board of Directors is responsible on behalf of the company for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand.

The Board of Directors is responsible for such internal control as it determines is necessary to enable it to prepare financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible on behalf of the company for assessing the company's ability to continue as a going concern. The Board of Directors is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to liquidate the company or to cease operations, or there is no realistic alternative but to do so.

The Board of Directors' responsibilities arise from the Port Companies Act 1988.

## RESPONSIBILITIES OF THE AUDITOR FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of these financial statements.

We did not evaluate the security and controls over the electronic publication of the financial statements.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

## OTHER INFORMATION

The Board of Directors is responsible for the other information. The other information comprises the information included on page 2 but does not include the financial statements, and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## INDEPENDENCE

We are independent of the company in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: *International Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board.

Other than the audit, we have no relationship with, or interests in, the company.

Peter Taylor

KPMG

On behalf of the Auditor-General  
Christchurch, New Zealand

# Consolidated Statement of Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2022

These Financial Statements should be read in conjunction with the Notes to the Financial Statements

In thousands of New Zealand dollars	Notes	2022	2021
Revenue	4	161,736	142,226
Employee expenses		(72,102)	(65,444)
Materials and consumables utilised		(33,177)	(29,615)
Depreciation and amortisation	8, 9, 14	(14,686)	(14,063)
Administrative and other expenses	5	(13,262)	(9,628)
<b>RESULTS FROM OPERATING ACTIVITIES</b>		<b>28,509</b>	<b>23,476</b>
Impairment	8	-	(1,871)
<b>RESULTS FROM OPERATING ACTIVITIES AND IMPAIRMENT</b>		<b>28,509</b>	<b>21,605</b>
Net financing income/(costs)	6	(1,607)	(2,010)
<b>Profit (Loss) before tax for the year</b>		<b>26,902</b>	<b>19,595</b>
Income tax (expense)	7	(7,978)	(4,580)
<b>Profit (Loss) for the year</b>		<b>18,924</b>	<b>15,015</b>
<b>OTHER COMPREHENSIVE INCOME/(EXPENSE)</b>			
Effective portion of changes in fair value of cash flow hedges - gross of tax		8,513	2,986
Income tax on other comprehensive income		(2,384)	(836)
<b>Total comprehensive income for the year</b>		<b>25,053</b>	<b>17,165</b>

# Statement of Financial Position

AS AT 30 JUNE 2022

These Financial Statements should be read in conjunction with the Notes to the Financial Statements

In thousands of New Zealand dollars	Notes	2022	2021
<b>ASSETS</b>			
Property, plant and equipment	8	507,616	467,884
Intangible assets	9	3,867	3,977
Prepayments		-	149
Deferred tax asset	10	25,811	32,742
Right of use assets	14	791	885
Finance lease receivable	14	39,578	41,750
Derivatives	13	9,148	1,145
<b>Total non-current assets</b>		<b>586,811</b>	<b>548,532</b>
Cash and cash equivalents	13	3,432	8,627
Trade and other receivables	11	20,734	21,787
Prepayments		5,421	4,576
Inventories		3,231	2,675
Finance lease receivable		2,172	2,172
Derivatives	13	144	61
<b>Total current assets</b>		<b>35,134</b>	<b>39,898</b>
<b>Total assets</b>		<b>621,945</b>	<b>588,430</b>
<b>EQUITY</b>			
Share capital	12	21,457	21,457
Cash flow hedge reserve	12	6,680	551
Retained earnings		349,659	340,735
<b>Total equity</b>		<b>377,796</b>	<b>362,743</b>
<b>LIABILITIES</b>			
Other non current liabilities		540	581
Lease liabilities	14	40,325	42,581
Deferred tax liabilities	10	-	-
Derivatives	13	-	436
Employee entitlements		726	723
Loans and borrowings	13	165,000	150,000
<b>Total non-current liabilities</b>		<b>206,591</b>	<b>194,321</b>
Trade and other payables	13	17,210	11,432
Provisions	15	1,890	1,363
Interest payable	13	29	144
Employee entitlements		12,328	10,441
Lease liabilities	14	2,254	2,254
Derivatives	13	15	5
Other current liabilities		79	76
Income tax payable		3,753	5,651
<b>Total current liabilities</b>		<b>37,558</b>	<b>31,366</b>
<b>Total liabilities</b>		<b>244,149</b>	<b>225,687</b>
<b>Total equity and liabilities</b>		<b>621,945</b>	<b>588,430</b>

## Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2022

These Financial Statements should be read in conjunction with the Notes to the Financial Statements

In thousands of New Zealand dollars	Share capital	Cash flow hedge	Retained earnings	Total
<b>Balance at 1 July 2020</b>	<b>21,457</b>	<b>(1,599)</b>	<b>335,720</b>	<b>355,578</b>
<b>PROFIT FOR THE YEAR</b>	-	-	15,972	15,972
<b>PRIOR PERIOD SaaS ADJUSTMENT</b>			(957)	(957)
<b>OTHER COMPREHENSIVE INCOME/(EXPENSE)</b>				
Effective portion of changes in fair value of cash flow hedges – net of tax	-	2,150	-	2,150
<b>TRANSACTIONS WITH OWNERS RECORDED DIRECTLY IN EQUITY</b>				
Dividends to equity holders	-	-	(10,000)	(10,000)
<b>Balance at 30 June 2021</b>	<b>21,457</b>	<b>551</b>	<b>340,735</b>	<b>362,743</b>
<b>PROFIT FOR THE YEAR</b>	-	-	18,924	18,924
<b>OTHER COMPREHENSIVE INCOME/(EXPENSE)</b>				
Effective portion of changes in fair value of cash flow hedges – net of tax	-	6,129	-	6,129
<b>TRANSACTIONS WITH OWNERS RECORDED DIRECTLY IN EQUITY</b>				
Dividends to equity holders	-	-	(10,000)	(10,000)
<b>Balance at 30 June 2022</b>	<b>21,457</b>	<b>6,680</b>	<b>349,659</b>	<b>377,796</b>

## Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2022

These Financial Statements should be read in conjunction with the Notes to the Financial Statements

In thousands of New Zealand dollars	Notes	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash receipts from customers		162,761	141,027
Cash paid to suppliers and employees		(116,738)	(102,673)
Interest and facility fees paid		(1,722)	(2,155)
Interest received		-	24
Subvention payments	20	(5,332)	(454)
Income tax received (paid)		-	(1)
<b>Net cash from operating activities</b>	17	<b>38,969</b>	<b>35,768</b>
<b>CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES</b>			
Proceeds from sale of property, plant and equipment		37	397
Acquisition of property, plant and equipment		(47,287)	(47,487)
Acquisition of intangible assets		(408)	(165)
Capitalised interest		(1,423)	(875)
Leased Asset		(83)	(146)
<b>Net cash used in investing activities</b>		<b>(49,164)</b>	<b>(48,276)</b>
<b>CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES</b>			
Proceeds from CCHL		-	85,000
Proceeds from borrowings		15,000	(59,000)
Dividends paid	12, 19	(10,000)	(10,000)
<b>Net cash from financing activities</b>		<b>5,000</b>	<b>16,000</b>
<b>Cash and cash equivalents at 1 July</b>		<b>8,627</b>	<b>5,135</b>
Net (decrease)/increase in cash and cash equivalents		(5,195)	3,492
<b>Cash and cash equivalents at 30 June</b>		<b>3,432</b>	<b>8,627</b>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 1

### Reporting Entity

Lyttelton Port Company Limited (the "Company") is a Company domiciled in New Zealand, is a Port Company under the Port Companies Act 1988, and is registered under the Companies Act 1993. The financial statements have been prepared in accordance with the Companies Act 1993 and the Financial Reporting Act 2013.

The Company's registered office is at Waterfront House, 37-39 Gladstone Quay, Lyttelton 8082, New Zealand. The Company is primarily involved in providing and managing port services and cargo handling facilities. The Company is a profit-oriented entity.

## 2

### Basis of Preparation

#### (A) STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS") and other Financial Reporting Standards as applicable for Tier-1 for profit-oriented entities. These financial statements have been prepared on a going concern basis. Based on the disclosure at Note 8, we do not consider that COVID-19 impacts on our ability to continue as a going concern. These financial statements were authorised for issue by the Company's Board of Directors on 25 August 2022.

#### (B) BASIS OF MEASUREMENT

The financial statements have been prepared on the historical cost basis except for property, plant and equipment and derivative financial instruments, which are measured at fair value. Presentation of prior year comparatives has had minor changes to align with current year classification.

#### (C) FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements are presented in New Zealand dollars (NZ\$), which is the Company's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

#### (D) USE OF ESTIMATES AND JUDGEMENTS

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

#### Estimates and Judgements

All identified impacts of COVID-19 have been reflected in the financial statements, and in the relevant key estimates and assumptions. The primary area that COVID-19 has impacted on the estimates and assumptions is in respect of the fair value measurement of property, plant and equipment. Refer to Note 8 for further detail on the assumptions used in the valuation, and the sensitivity of fair value to changes in these assumptions.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustment in the year ending 30 June 2022 are included in:

Note 8 - property, plant and equipment. (valuation methodology and related key assumptions and sensitivities)

#### (E) GOING CONCERN

These financial statements are prepared on the basis the Company is a going concern. Current Liabilities exceed Current Assets as at 30 June 2022 due to a large amount of capital expenditure in the trade payables. Sufficient headroom exists in banking facilities to meet obligations as referred to Note 13.

The Company has consistently applied the following accounting policies to all periods presented in these financial statements.

## Significant Accounting Policies

### (A) FINANCIAL INSTRUMENTS

#### (i) Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, loans and borrowings, employee entitlements and trade and other payables.

Non-derivative financial instruments that are not at fair value through profit or loss, are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

#### Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

#### Cash and cash equivalents

Cash and cash equivalents comprise cash balances, short term deposits maturing in less than three months and call deposits. Bank overdrafts that are repayable on demand and form part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

#### Trade and other receivables

Trade and finance lease receivables are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Receivables with a short duration are not discounted.

The Company applies the simplified approach in providing for expected credit losses prescribed by NZ IFRS 9, which permits the use of lifetime expected credit loss provision for all trade receivables. The allowance for doubtful debts on trade receivables and finance lease receivables are either individually or collectively assessed based on number of days overdue.

#### Trade and other payables

Trade and other payables are measured at amortised cost using the effective interest method. Payables with a short duration are not discounted.

#### (ii) Derivative financial instruments

The Company uses derivative financial instruments to hedge exposure to foreign exchange, commodity price and interest rate risks arising from operational, financing and investment activities. In accordance with treasury policy, the Company does not hold or issue derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments. Derivatives are at Level 2 in the fair value hierarchy, and these are valued based on observable market data.

Derivative financial instruments are recognised initially at fair value and transaction costs are expensed immediately. Subsequent to initial recognition, derivative financial instruments are stated at fair value. The gain or loss on re-measurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss is recognised within equity as a cashflow hedge reserve within other comprehensive income.

### (B) PROPERTY, PLANT AND EQUIPMENT

#### (i) Recognition and measurement

Items of property, plant and equipment are measured at fair value less accumulated depreciation.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment (note 8).

#### (ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

#### (iii) Derecognition

In the event that an asset or part of an asset is damaged and not expected to be able to be used to generate future economic benefits, then it is derecognised as an asset and the carrying value, or part thereof, is charged to profit or loss as 'assets written off'.

#### (iv) Capital work in progress

Capital work in progress comprises all costs directly attributable to the construction of an asset including cost of materials, professional services, direct labour, finance costs and an appropriate allocation of overhead. Costs cease to be capitalised as soon as the asset, or a significant component of the asset, is in the location and condition necessary for it to be capable of operating in the manner intended by management.

### (C) REVENUE

Revenue is measured based on the consideration expected to be received in a contract with a customer and is generally net of allowances, trade discounts and volume rebates.

### (D) FINANCE INCOME AND EXPENSES

Finance income comprises interest income on funds invested and gains on derivative instruments that are recognised in profit or loss. Interest income is recognised as it accrues, using the effective interest method.

Finance expenses comprise interest expense on borrowings, bank fees and the ineffective portion of derivative instruments that are recognised in profit or loss. All borrowing costs are recognised in profit or loss using the effective interest method, except with regards to borrowing costs on qualifying assets which are capitalised as part of the cost of those assets.

### (E) BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. The average effective interest rate for capitalised borrowing costs was 1.98%. Other borrowing costs are expensed as incurred.

## 3 Significant Accounting Policies cont.

### (F) DREDGING COSTS

Maintenance dredging costs are recorded as a prepayment and expensed over the period of benefit, which has been assessed as 12 months to five years. Capital dredging has an indefinite useful life and is not depreciated as the channel is maintained via maintenance dredging to its original design depth and contours.

### (G) EMPLOYEE ENTITLEMENTS

Employee Entitlements are stated at cost.

### (H) INCOME TAX EXPENSE

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

### (I) SIGNIFICANT ACCOUNTING POLICIES ADOPTED DURING THE PERIOD

In April 2021, the IFRS Interpretation Committee (IFRIC) published an agenda decision clarifying its interpretation of how the current accounting standards apply to the configuration and customisation costs incurred in implementing SaaS arrangements. LPC has revised its accounting policy to align with NZ IAS 38 Intangible Assets in relation to these costs and the new accounting policy is presented below. The 2021 Financial Statements have been restated to reflect this change of policy. The expected change of this policy, is a greater proportion of costs will be expensed as incurred rather than historically capitalised and amortised as an intangible asset.

SaaS arrangements are service contracts providing the Company with the right to access the cloud provider's application software over the term of the contract. Costs incurred to configure or customise, and the ongoing fees to obtain access to the cloud provider's application software, are recognised as operating expenses when the services are received.

Some of these costs incurred are for the development of software code that enhances, modifies, or creates additional capability to, existing on-premise systems. Where these costs meet the definition of and recognition criteria for an intangible asset, these costs are recognised as intangible software assets and amortised over the useful life on a straight-line basis. Judgement was

applied in determining whether the code meets the definition of and recognition criteria for an intangible assets. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period and adjusted if appropriate.

The Company has chosen to early adopt the 2020 Amendment to NZ IAS 1 Presentation of Financial Statements and the disclosures required by NZ IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. The International Accounting Standards Board (IASB) has issued an exposure draft proposing further changes to the requirements regarding classification of loans as current or non-current and that these changes may, when approved, result in a different classification.

The Company has bank loan facilities with CCB and Westpac, which include the right to rollover loans, subject to certain conditions being met at the time of rollover. Drawdowns on these facilities are for periods of less than a year. The Company has elected to disclose drawdowns as a Non-Current Liability.

# 4

## Revenue

In thousands of New Zealand dollars	2022	2021
Port operations income	158,150	138,570
Other income	3,586	3,656
<b>Total revenue</b>	<b>161,736</b>	<b>142,226</b>

In thousands of New Zealand dollars	2022	2021
<b>Disaggregation of revenue from contracts with customers</b>		
Container terminals	115,575	92,568
Multi-cargo	27,677	32,204
Marine services	14,898	13,798
<b>Total revenue</b>	<b>158,150</b>	<b>138,570</b>

Total revenue from contracts with customers excludes revenue out of scope of NZ IFRS 15 Revenue from Contracts with Customers. The above table does not include rental income, gains on disposal of property, plant and equipment.

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

The Company's revenue mainly consists of container terminal, multi cargo and marine services.

Information about the nature and timing of the satisfaction of performance obligations per revenue stream is disclosed below:

### a) Container terminal

Container revenue relates to the handling, processing and storage of containers. Each process or service is a performance obligation and usually has an identifiable selling price. Revenue from providing containerised stevedoring and other containerised services is recognised at the point in time when the services are rendered to the customer. However, storage revenue is recognised over a period of time.

### b) Multi cargo

Multi-cargo revenue relates to the handling, processing and storage of bulk goods. Each process or service is a performance obligation and usually has an identifiable selling price. Revenue from providing multi cargo services is recognised at the point in time when the services are rendered to the customer. However, storage revenue is recognised over a period of time.

### c) Marine services

Marine revenue is related directly to the visit of a vessel to the port and includes fees for pilotage, towage, dues for accessing the port and mooring fees. Each service is a performance obligation and revenue is recognised at the point in time the services are rendered to the customer.

# 5

## Administrative and Other Expenses

In thousands of New Zealand dollars	2022	2021
<b>Administrative and other expenses, including:</b>	<b>13,262</b>	<b>9,628</b>
Auditor's remuneration to KPMG comprises:		
Audit of financial statements	178	182
<b>Total auditor's remuneration</b>	<b>178</b>	<b>182</b>
<b>Net (gain)/loss on sale of property, plant and equipment</b>	<b>(37)</b>	<b>(82)</b>

# 6

## Finance Income and Expenses

In thousands of New Zealand dollars	2022	2021
Interest income on cash and cash equivalents	157	24
Interest income on finance leases	1,252	1,289
Interest paid on bank advances	(3,160)	(2,880)
Interest paid on leases	(1,279)	(1,318)
Less interest capitalised to property, plant & equipment	1,423	875
<b>Net financing (costs)</b>	<b>(1,607)</b>	<b>(2,010)</b>

# 7

## Income Tax Expense

In thousands of New Zealand dollars	2022	2021
<b>Current tax expense</b>		
Current period	3,750	5,653
Adjustment for prior periods	(319)	454
<b>Total current tax expense</b>	<b>3,431</b>	<b>6,107</b>
<b>Deferred tax expense</b>		
Origination and reversal of temporary differences	4,254	(433)
Adjustment for prior period	293	(1,094)
<b>Total deferred tax expense/(credit)</b>	<b>4,547</b>	<b>(1,527)</b>
<b>Total income tax expense/(credit)</b>	<b>7,978</b>	<b>4,580</b>

Income tax has been calculated based on the tax rates and tax laws enacted or substantively enacted at balance date.

## 7 Income Tax Expense cont.

In thousands of New Zealand dollars	2022 Rate	2022 Amount	2021 Rate	2021 Amount
Profit (Loss) after tax		18,924		15,015
Total income tax expense		7,978		4,580
<b>Profit (Loss) before tax</b>		<b>26,902</b>		<b>19,595</b>
Income tax using the Company's domestic tax rate	28.0%	7,533	28.0%	5,487
Permanent differences	0.4%	110	1.3%	260
Depreciation reinstatement on buildings	-	-	-	-
Adjustments to deferred tax	1.3%	361	2.5%	(527)
(Over)/under provided in prior periods	(0.1%)	(26)	3.1%	(640)
<b>Total income tax expense/(credit)</b>	<b>29.7%</b>	<b>7,978</b>	<b>23.7%</b>	<b>4,580</b>

In thousands of New Zealand dollars	2022	2021
Income tax expense/(credit) on derivatives	(2,384)	(836)
<b>Total income tax recognised directly in equity (Note 10)</b>	<b>(2,384)</b>	<b>(836)</b>

In thousands of New Zealand dollars	2022	2021
Imputation credits at 1 July	10,497	8,735
New Zealand tax payments, net of refunds	(882)	5,651
Imputation credits attached to dividends paid	(3,889)	(3,889)
<b>Imputation credits at 30 June</b>	<b>5,726</b>	<b>10,497</b>

The above amounts represent the balance of the imputation account as at the end of the reporting period, adjusted for:

- Imputation credits that will arise from the payment of provisional tax made subsequent to balance date which related to year end 30 June 2022,
- Imputation debits that will arise from the payment of dividends recognised as a liability at the reporting date; and
- Imputation credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

The consolidated amounts include imputation credits that would be available to the Company.

In 2022 the Taxation (Annual Rates for 2021-22, GST and Remedial Matters) Bill was passed. The key implication of this legislation is from 1 July 2022, there would no longer be any benefit or requirement for LPC to attach imputation credits to future dividend payments to shareholders.

# 8

## Property, Plant and Equipment

In thousands of New Zealand dollars	Land	Buildings	Land improvements & harbour structures	Plant, equipment & vehicles	Work in Progress	Total
<b>GROSS CARRYING AMOUNT</b>						
<b>Balance at 1 July 2020</b>	<b>186,433</b>	<b>39,389</b>	<b>278,880</b>	<b>248,429</b>	<b>120,943</b>	<b>874,074</b>
Additions	-	147	16,301	7,073	20,868	44,389
Disposals	-	(575)	-	(6,958)	(289)	(7,822)
Prior Year SaaS Adjustment	-	-	-	-	(1,961)	(1,961)
Transfer	2,569	6,339	70,335	6,295	(85,166)	372
<b>Balance at 30 June 2021</b>	<b>189,002</b>	<b>45,300</b>	<b>365,516</b>	<b>254,839</b>	<b>54,395</b>	<b>909,052</b>
Additions	-	23	543	6,867	46,871	54,304
Disposals	-	(41)	-	(7,769)	(90)	(7,900)
Transfer	-	709	5,429	3,482	(10,023)	(403)
<b>Balance at 30 June 2022</b>	<b>189,002</b>	<b>45,991</b>	<b>371,488</b>	<b>257,419</b>	<b>91,153</b>	<b>955,053</b>

<b>ACCUMULATED DEPRECIATION AND FAIR VALUE WRITE-DOWNS</b>						
<b>Balance at 1 July 2020</b>	<b>(64,006)</b>	<b>(16,959)</b>	<b>(182,628)</b>	<b>(168,510)</b>	<b>-</b>	<b>(432,103)</b>
Depreciation expense	-	(1,134)	(5,066)	(7,115)	-	(13,315)
Disposals	-	575	-	5,521	-	6,096
Transfer	-	-	25	-	-	25
Impairment of assets	-	(1,247)	(624)	-	-	(1,871)
<b>Balance at 30 June 2021</b>	<b>(64,006)</b>	<b>(18,765)</b>	<b>(188,293)</b>	<b>(170,104)</b>	<b>-</b>	<b>(441,168)</b>
Depreciation expense	-	(987)	(6,448)	(6,640)	-	(14,075)
Impairment of assets	-	-	-	-	-	-
Disposals	-	39	-	7,767	-	7,806
Transfer	-	-	-	-	-	-
Fair value adjustment	-	-	-	-	-	-
<b>Balance at 30 June 2022</b>	<b>(64,006)</b>	<b>(19,713)</b>	<b>(194,741)</b>	<b>(168,977)</b>	<b>-</b>	<b>(447,437)</b>

<b>CARRYING AMOUNTS</b>						
<b>Balance at 30 June 2021</b>	<b>124,996</b>	<b>26,535</b>	<b>177,223</b>	<b>84,735</b>	<b>54,395</b>	<b>467,884</b>
<b>Balance at 30 June 2022</b>	<b>124,996</b>	<b>26,278</b>	<b>176,747</b>	<b>88,442</b>	<b>91,153</b>	<b>507,616</b>

Additions for the year ended 30 June 2022 include capitalised interest of \$1,423,434 (2021: \$875,123).

Capital work in progress is recorded as a separate asset classification for improved clarity. The 2022 balance includes Land Reclamation \$41m, and the Eastern Development Project \$26m, as well as a number of smaller projects. Projects that create intangible assets when completed and capitalised are included in the \$91m at balance date.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment from the date that they are available for use, except for capital work in progress. Land is not depreciated. Useful lives of property, plant and equipment are reviewed annually.

## 8 Property, Plant and Equipment cont.

### (i) Property, Plant and Equipment and Useful Lives

The estimated useful lives for the current and comparative periods are as follows:

Buildings 5-50 years
Harbour structures and land improvements 3-100 years
Container cranes (included in plant and equipment) 30 years
Plant equipment and vehicles 3-30 years
Vessels (included in plant and equipment) 5-25 years
Seawalls 100 years
Capital dredging (included in land) Indefinite

Property, Plant and Equipment is carried at fair value, following a change in accounting policy in FY20. We determine fair value by reference to NZ IFRS 13. LPC Board has chosen to use the fair value method for all of LPC's property, plant and equipment.

### (ii) Choice of Valuation Methodology

LPC believes that valuing the assets based on future cash flows (the income approach) is the most appropriate technique to use to assess fair value. In assessing the present value, the cash flows have been aggregated across all assets as they are, in effect, interdependent and cannot be meaningfully be separated into individual units. Therefore, a single enterprise valuation has been estimated.

LPC is not currently achieving a full recovery of the Enterprise Value (EV) if valued under an appropriate cost methodology in IFRS 13. LPC future cash flows (including forecast profitability and capital expenditure) would not support an asset base valued under the Optimised Depreciated Replacement Cost (ODRC) methodology. The Company has therefore valued its assets via the income approach as the best approximate fair value of the fixed assets.

The EV is based upon cash flows and approximates the price that a willing buyer or seller would pay for the Company's combined assets. The Company's property, plant and equipment are all categorised as Level 3 in the fair value hierarchy. In 2020, LPC engaged an independent valuer to assess the fair value of the Company's property, plant and equipment on a cost-approach using ODRC as the valuation technique. LPC also prepared an internal enterprise valuation using a discounted cash flow technique. The Board assessed that an income-approach under IFRS 13 to fair value property, plant and equipment was a better assessment of fair value than using the cost-based approach. Therefore, the Board has adopted the internal valuation to fair value the assets.

### (iii) Key Valuation Assumptions

The Directors have adopted a set of assumptions for the EV model that include the expected impact of COVID-19. These assumptions are based on management's best estimate and the actual outcome and impact on cashflows could vary significantly.

Single Cash Generating Unit (CGU) - LPC has assessed that its assets which are subject to the revaluation model (as noted above) are within one CGU. This means that all assets work together to generate cash flows. The key premise of this assumption is that the shipping channel enables the port to exist. The inland ports are a natural extension of the port at Lyttelton as without them, the port would not be able to operate as efficiently and would need more land at Lyttelton. The marina is included in the CGU as it requires the protection of some of the port's seawalls and breakwaters to exist.

The key assumptions that have changed from the prior year are an expectation of higher forecast TEU volumes. The forecast does include a significant upgrade of Cashin Quay wharves as well as a new wharf at Te Awaparahi Bay during the 15 year period at an estimated cost of \$450 million.

A 15 year period for forecast cashflows followed by a terminal value has been used due to the long term nature of LPC's infrastructure assets. COVID-19 continues to impact our Cruise and Fuel business which we have forecast to recover slowly but from a lower base.

The key drivers of the valuation are growth in container volume, margin improvement, capital expenditure and the Weighted Average Cost of Capital (WACC) rate used. The adopted assumptions in these areas are shown in the table below.

The Company has an established control framework with respect to the measurement of fair values. This includes a valuation team made up of engineers, finance and operational professionals for overseeing all significant inputs into the underlying EV model.

When measuring the fair value of plant, property and equipment held by the Company, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

Level 1:	Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2:	Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3:	Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

## 8 Property, Plant and Equipment cont.

### PROPERTY PLANT AND EQUIPMENT

Valuation Technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement.
Discounted cash flows: The valuation model considers the present value of the net cash flows expected to be generated by the company. The cash flow projections include specific estimates for 15 years. The expected net cash flows are discounted using a risk-adjusted discount rate.		The estimated fair value would increase (decrease) if:
	EBITDA Margin (Average over 15 year period 40%). The group has assumed container pricing increases of up to 19% which will have a material impact on the valuation.	The estimated EBITDA margin was higher (lower)
	Risk-adjusted discount rate 7.3%	The risk adjusted discount rates were lower (higher)
	Container TEU Growth rate 2.5%	The estimated growth rate of TEU were higher (lower)
	Estimated capital expenditure; LPC has assessed major infrastructure (new or upgraded) and made an assessment of required replacement assets.	The estimated capital replacement costs lower (higher)
	Terminal Growth Rate 2%	The estimated terminal growth rate were higher (lower)

## 8 Property, Plant and Equipment cont.

In thousands of New Zealand dollars	2022		2021	
	DCF Period FY23 - FY37	Terminal	DCF Period FY22 - FY36	Terminal
<b>LPC KEY FORECAST ASSUMPTIONS &amp; RESULTS</b>				
Revenue/Expense Inflation	2% - 3.9%		2%-3.6%	
Container Pricing Increases	2% - 19%		2%-14%	
TEU Volume Growth	2.5%		2.5%-14%	
EBITDA Margin	28% - 46%		28%-41%	
Growth Rate		2%		2%
WACC	7.30%	7.30%	6.44%	6.44%
<b>Total capital in 15 year period (inflated \$000)</b>	<b>1,184,000</b>	<b>40,400</b>	<b>889,000</b>	<b>27,000</b>

In considering these assumptions, the Directors have also considered a range of sensitivities around WACC rates, Container TEU growth, capital cost and EBITDA margins.

The valuation is particularly sensitive to WACC rates and TEU growth as can be seen in the table below. The Directors believe, in considering the sensitivities that they have reached the appropriate balance in arriving at their valuation assumption.

The results of this revaluation exercise indicate the carrying value approximates fair value and as a result no fair value adjustments have been made.

In thousands of New Zealand dollars	Fair Value Impact (\$000s)	Impact on Equity Value
<b>KEY SENSITIVITIES - IMPACT OF EV</b>		
EBITDA Margin +1% (all years)	12,320	Increase
EBITDA Margin -1% (all years)	(12,320)	Decrease
WACC +0.5%	(96,401)	Decrease
WACC -0.5%	118,753	Increase
Container TEU Growth +0.5% (compounding per year)	121,744	Increase
Container TEU Growth -0.5% (compounding per year)	(137,993)	Decrease
Capital Cost +10% (all years)	(74,271)	Decrease
Capital Cost -10% (all years)	67,520	Increase
Terminal Growth +0.5%	67,884	Increase
Terminal Growth -0.5%	(56,178)	Decrease

### (iv) COVID-19 Considerations

In determining the assumptions within the valuation, the Company has considered the on-going impacts of COVID-19. We do not anticipate any material impact to the financial performance of the Company. The sensitivity of isolated changes in key assumptions is set out in the table above. The general economic uncertainty created by COVID-19 means that the forecasts could be subject to material change which is outside LPC's control. We continue to monitor the impact of COVID-19 on our business and will respond and adapt as changes occur.

# 9

## Intangible Assets

In thousands of New Zealand dollars	Software	Easements & resource consents	Total
<b>COST</b>			
<b>Balance at 1 July 2020</b>	<b>6,066</b>	<b>9,979</b>	<b>16,045</b>
Additions	227	11	238
Disposals	-	-	-
Transfers	322	(694)	(372)
<b>Balance at 30 June 2021</b>	<b>6,615</b>	<b>9,296</b>	<b>15,911</b>
Additions	3	-	3
Disposals	(34)	-	(34)
Transfers	403	-	403
<b>Balance at 30 June 2022</b>	<b>6,987</b>	<b>9,296</b>	<b>16,283</b>

### ACCUMULATED DEPRECIATION AND IMPAIRMENT

<b>Balance at 1 July 2020</b>	<b>(5,263)</b>	<b>(6,064)</b>	<b>(11,327)</b>
Amortisation expense	(451)	(131)	(582)
Disposals	-	-	-
Impairment	-	-	-
Transfers	-	(25)	(25)
<b>Balance at 30 June 2021</b>	<b>(5,714)</b>	<b>(6,220)</b>	<b>(11,934)</b>
Amortisation expense	(400)	(116)	(516)
Impairment	-	-	-
Disposals	34	-	34
Transfers	-	-	-
<b>Balance at 30 June 2022</b>	<b>(6,080)</b>	<b>(6,336)</b>	<b>(12,416)</b>

### CARRYING AMOUNTS

<b>Balance as at 30 June 2021</b>	<b>901</b>	<b>3,076</b>	<b>3,977</b>
<b>Balance as at 30 June 2022</b>	<b>907</b>	<b>2,960</b>	<b>3,867</b>

Accumulated impairment included in the above is \$5,433,000 (2021: \$5,433,000) relating to impairment recognised by the Company in 2020.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of finite intangible assets, from the date that they are available for use. Resource consents related to the capital dredging were capitalised in the 2020 year.

The estimated useful lives for the current and comparative periods are as follows:

Computer software	3-10 years
Easements and resource consents	5-35 years

# 10

## Deferred Tax Assets and Liabilities

In thousands of New Zealand dollars	Assets		Liabilities		Net	
	2022	2021	2022	2021	2022	2021
Property, plant and equipment	33,670	37,458	(8,814)	(7,994)	24,856	29,464
Employee entitlements	3,195	2,585	-	(117)	3,195	2,468
Derivatives	-	-	(2,598)	(214)	(2,598)	(214)
Finance lease receivable	-	-	(11,586)	(12,546)	(11,586)	(12,546)
Lease liabilities	11,600	12,554	-	-	11,600	12,554
Losses	-	-	-	-	-	-
Other items	613	1,261	(269)	(245)	344	1,016
<b>Tax assets/(liabilities)</b>	<b>49,078</b>	<b>53,858</b>	<b>(23,267)</b>	<b>(21,116)</b>	<b>25,811</b>	<b>32,742</b>

There are no unrecognised deferred tax assets or liabilities for the Company.

### MOVEMENT IN TEMPORARY DIFFERENCES DURING THE YEAR

In thousands of New Zealand dollars	Balance 1 July 2020	Recognised in profit or loss	Recognised in equity	Balance 30 June 2021	Recognised in profit or loss	Recognised in equity	Balance 30 June 2022
Property, plant and equipment	28,038	1,426	-	29,464	(4,608)	-	24,856
Employee entitlements	2,381	87	-	2,468	727	-	3,195
Derivatives	622	-	(836)	(214)	-	(2,384)	(2,598)
Finance lease receivable	(12,695)	149	-	(12,546)	960	-	(11,586)
Lease liabilities	12,700	(146)	-	12,554	(954)	-	11,600
Losses	249	(249)	-	-	-	-	-
Other items	756	260	-	1,016	(672)	-	344
<b>Tax assets/(liabilities)</b>	<b>32,051</b>	<b>1,527</b>	<b>(836)</b>	<b>32,742</b>	<b>(4,547)</b>	<b>(2,384)</b>	<b>25,811</b>

# 11

## Trade and Other Receivables

In thousands of New Zealand dollars	2022	2021
Trade receivables (before impairment)	20,479	22,030
Other receivables	498	-
Provision for impairment	(243)	(243)
<b>Trade and other receivables</b>	<b>20,734</b>	<b>21,787</b>

### PROVISION MATRIX FOR TRADE RECEIVABLES, CONTRACT ASSETS AND LEASE RECEIVABLES

In thousands of New Zealand dollars	Not past due	Past due 0-30 days	Past due 31-60 days	Past due more than 60 days
Expected credit loss rate	1.04%	1.76%	1.56%	2.30%
Estimated total gross carrying amount at default	172	58	6	7
<b>Trade receivables</b>	<b>16,494</b>	<b>3,297</b>	<b>384</b>	<b>304</b>

# 12

## Capital and Reserves

In thousands of New Zealand dollars	2022	2021
Share capital	21,457	21,457
Cash flow hedge reserve	6,680	551

At 30 June 2022 there were 102,261,279 shares on issue (2021: 102,261,279). All issued shares are fully paid and have no par value.

The holders of ordinary shares are entitled to receive dividends as declared from time to time by the Directors and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred

### Dividends

Dividends of \$10 million were paid by the Company during the year ended 30 June 2022 (2021: \$10 million).

## Financial Instruments

Exposure to credit, liquidity, and market risks arise in the normal course of the Company's business.

### CREDIT RISK

Credit risk is the risk that the counterparty to an arrangement does not meet its obligations under the arrangement.

Management has a credit policy in place under which each new customer is individually analysed for credit worthiness and assigned a purchase limit before the standard payment and trading terms and conditions are offered. Purchase limits are reviewed on a regular basis.

In order to determine which customers are classified as having payment difficulties the Company considers duration and frequency of default and makes provision for specific balances considered to be impaired. The Company does not require collateral in respect of trade and other receivables.

"The Company's exposure to credit risk is reflective of its customer base. The nature of the Company's business means that the top ten customers account for 69% of total Company revenue (2021: 67%). The Company is satisfied with the credit quality of these debtors and any expected credit loss has been disclosed.

Cash handling and derivative transactions are only carried out with counterparties that have an investment grade credit rating.

### LIQUIDITY RISK

Liquidity risk represents the Company's ability to meet its contractual obligations. The Company evaluates its liquidity requirements on an ongoing basis. In general, the Company generates sufficient cash flows from its operating activities to meet its obligations arising from its financial liabilities and has credit lines in place to cover potential shortfalls and meet capital expenditure requirements.

The Company has an unsecured bank overdraft facility of \$1 million and unsecured bank and related party loan facilities of \$275 million, the unused amount at 30 June 2022 is \$110 million.

### NON CURRENT INTEREST BEARING BORROWINGS

To manage liquidity risk, the Company's treasury policy requires liquid assets and/or committed bank facilities to be in place to give headroom of at least \$25 million over and above the maximum debt requirement as estimated for the next 6 months.

The current and non-current borrowings are unsecured. The Company borrows under a negative pledge arrangement which requires certain certificates and covenants. The negative pledge deed sets out a minimum interest cover requirement (2.25 times EBITDA), and a maximum gearing ratio percentage requirement (45%). There have been no breaches of this negative pledge during the financial year.

The Company has one bank loan facility agreement with Westpac New Zealand Limited (\$55m), two bank loan facility agreements with China Construction Bank (\$70m) and one loan facility agreement with Christchurch City Holdings Limited (\$150m). Interest rates on the Company's loans are based on BKBM (bank bill bid settlement) rate plus a margin range of 0.20% to 0.96% per annum (2021: 0.20% to 0.96% per annum). The Company generally borrows funds on a 90 day term under the non current facility agreements.

### MARKET RISK

Market risk is the risk that a movement in market prices impacts on the financial viability of the Company's business.

In accordance with its treasury policy the Company may enter into derivative arrangements in the ordinary course of business to manage foreign currency, interest rate and fuel price risks. A treasury management committee, made up of senior management supported by an advisor, provides oversight for risk management and derivative activities.

### FOREIGN CURRENCY RISK

The Company is exposed to foreign currency risk on purchases of capital equipment, operational supplies and cash held that are denominated in a currency other than the Company's functional currency, New Zealand dollars (\$), which is the presentation currency of the Company. The foreign currencies in which transactions are primarily denominated are Australian dollars (AUD), U.S. dollars (USD), Euro (EUR) and Singapore dollars (SGD). The Company uses forward exchange contracts to hedge major foreign currency risk arising from payables or commitments in accordance with its policies. The Company's revenues are billed in NZD.

### INTEREST RATE RISK

The Company's treasury policy requires that term borrowings are hedged within pre-approved thresholds by fixing the rates of interest in order to provide greater certainty. The Company uses interest rate swaps to manage these exposures if core debt is in excess of \$50 million.

### FUEL PRICE RISK

The Company's treasury policy requires that fuel price exposures are assessed on a quarterly basis and may be hedged within pre-approved thresholds by fixing prices in order to provide greater certainty. The Company may also charge a fuel adjustment factor from time to time, in order to manage its exposure to fuel price risk.

## 13 Financial Instruments cont.

### QUANTITATIVE DISCLOSURES

#### (i) Credit risk

The carrying amount of financial assets represents the Company's maximum credit exposure.

The Company has not renegotiated the terms of any financial assets which would result in the carrying amount no longer being past due, or to avoid a possible past due status.

The majority of the Company's customers are New Zealand based agents or branches of international shipping lines servicing New Zealand importers and exporters. As such there are no concentrations of geographical risk outside of New Zealand.

The status of trade receivables at the reporting date is as follows:

	2022		2021	
	Gross receivable	Expected credit loss	Gross receivable	Expected credit loss
Not past due	16,494	172	18,160	73
Past due 0-30 days	3,297	58	2,967	12
Past due 31-60 days	384	6	183	1
Past due more than 60 days	304	7	720	157
<b>Total</b>	<b>20,479</b>	<b>243</b>	<b>22,030</b>	<b>243</b>

#### (ii) Liquidity risk

The following table sets out the undiscounted contractual cash flows for all financial liabilities:

	Carrying value	Contractual cash flows	1 year or less	1-2 years	2-5 years	More than 5 years
<b>2022</b>						
Trade and other payables	17,210	17,210	17,210	-	-	-
Provisions	1,890	1,890	1,890	-	-	-
Interest Payable	29	29	29	-	-	-
Bank loans	15,000	15,934	15,934	-	-	-
Related party loans	150,000	162,054	1,096	1,096	3,288	156,574
Lease liabilities	41,429	52,117	3,362	3,362	10,086	35,307
<b>Non-derivative liabilities total</b>	<b>225,558</b>	<b>249,234</b>	<b>39,521</b>	<b>4,458</b>	<b>13,374</b>	<b>191,881</b>
Forward exchange contracts	(418)	9,041	2,985	6,056	-	-
Interest rate swaps	(8,859)	(8,920)	(2,433)	(2,614)	(3,873)	-
<b>Total</b>	<b>216,281</b>	<b>249,355</b>	<b>40,073</b>	<b>7,900</b>	<b>9,501</b>	<b>191,881</b>
<b>2021</b>						
Trade and other payables	11,432	11,432	11,432	-	-	-
Provisions	1,363	1,363	1,363	-	-	-
Interest Payable	144	144	144	-	-	-
Bank loans	-	-	-	-	-	-
Related party loans	150,000	159,863	1,096	1,096	3,288	154,383
Lease liabilities	44,835	56,411	3,568	3,568	10,704	38,571
<b>Non-derivative liabilities total</b>	<b>207,774</b>	<b>229,213</b>	<b>17,603</b>	<b>4,664</b>	<b>13,992</b>	<b>192,954</b>
Forward exchange contracts	(61)	4,600	4,600	-	-	-
Interest rate swaps	(704)	(2,170)	(779)	(593)	(798)	-
<b>Total</b>	<b>207,009</b>	<b>231,643</b>	<b>21,424</b>	<b>4,071</b>	<b>13,194</b>	<b>192,954</b>



## 13 Financial Instruments cont.

In thousands of New Zealand dollars

	Total	1 year or less	1-2 years	2-5 years	More than 5 years
<b>2022</b>					
Cash and cash equivalents	3,432	3,432	-	-	-
Bank loans	(15,000)	(15,000)	-	-	-
Related party loans	(150,000)	(35,000)	(10,000)	(80,000)	(25,000)
<b>Total</b>	<b>(161,568)</b>	<b>(46,568)</b>	<b>(10,000)</b>	<b>(80,000)</b>	<b>(25,000)</b>
<b>2021</b>					
Cash and cash equivalents	8,627	8,627	-	-	-
Bank loans	-	-	-	-	-
Related party loans	(150,000)	(55,000)	(10,000)	(60,000)	(25,000)
<b>Total</b>	<b>(141,373)</b>	<b>(46,373)</b>	<b>(10,000)</b>	<b>(60,000)</b>	<b>(25,000)</b>

### CAPITAL MANAGEMENT

The Company's capital includes share capital, reserves and retained earnings.

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Company maintains a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

The Company's policies in respect of capital management and allocation are reviewed, as required, by the Board of Directors.

There have been no material changes in the Company's management of capital during the period.

### SENSITIVITY ANALYSIS

In managing interest rate and currency risks the Company aims to reduce the impact of short-term fluctuations on the Company's earnings. Over the longer-term, however, permanent changes in foreign exchange, fuel prices and interest rates will have an impact on profit.

At 30 June 2022 it is estimated that an increase of 1.0% in interest rates would decrease the Company's profit before income tax by approximately \$0.4m (2021 decrease of \$0.6 m).

The Company is not exposed to any material profit variation from changes in exchange rates due to the nature of its operations and underlying forward exchange contracts.

### FORECAST TRANSACTIONS

The Company uses forward exchange contracts to hedge certain capital expenditure transacted in foreign currency. These contracts are treated as cash flow hedges. The net fair value of forward exchange contracts used as hedges of forecast transactions at 30 June 2022 was a net asset of \$418k (2021: Net asset of \$61k), comprising assets of \$433k (2021: \$61k) and liabilities of \$15k (2021: nil).

# 14

## Leases

### COMPANY AS A LESSEE

The Company leases some assets, including:

1. Leases of land and buildings, LPC has entered into a corresponding sublease on both of these leases.
2. Leases of mobile plant - these are typically for less than one year. LPC usually replace these short-term leases with purchases of its own equipment.
3. Leases of office and IT equipment. These leases are up to several years.

The Company elects not to recognise right of use assets and lease liabilities for short-term or low value leases for office and IT equipment and short-term mobile plant.

The Company has assessed one of its leases that it subleases as a finance lease. This is no longer treated as a right of use asset, as all risks and rewards of ownership have been transferred to the lessee therefore the lease has been determined as a finance lease.

In thousands of New Zealand dollars

Right of Use assets	2022	2021
Balance at 1 July	885	1,042
Depreciation	(94)	(157)
<b>Balance 30 June</b>	<b>791</b>	<b>885</b>

Lease Liabilities	2022	2021
Balance at 1 July	44,835	44,250
Rent Increase adjustment	-	1,234
Lease Payments on operating lease liabilities	(2,256)	(649)
<b>Balance 30 June</b>	<b>42,579</b>	<b>44,835</b>

Lease Interest	2022	2021
Interest on operating lease liabilities	(1,279)	(1,318)
	<b>(1,279)</b>	<b>(1,318)</b>

### LEASES AS LESSOR

The Company sub-leases one of its leases for land and buildings. This sub-lease is classified as a finance sub-lease as all of the risks and rewards of ownership have been transferred to the sub lease. The maturity and value of the lease payments are aligned between the head lease and the sub-lease. The payment of both interest and principal is settled between the head lessor and the sub-lessee, and accordingly LPC does not recognise these payments in the statement of cash flows.

### FINANCE LEASE

The following table sets out a maturity analysis of lease receivables, showing the undiscounted lease payments to be received after the reporting date:

In thousands of New Zealand dollars

	2022	2021
Less than one year	3,460	3,460
1-2 years	3,460	3,460
2- 5 years	10,379	10,379
More than five years	34,598	38,058
Total undiscounted lease receivable	<b>51,897</b>	<b>55,357</b>
Unearned finance income	10,147	11,399
Net investment in the lease	<b>41,750</b>	<b>43,958</b>

# 15

## Provisions

LPC has included provisions where future costs can be reliably estimated. For 2022, these provisions include the costs involved in satisfying our obligation to mitigate noise for nearby residents, and the demolition of crane 1 pending its replacement.

In thousands of New Zealand dollars	2022	2021
<b>PROVISIONS</b>		
Noise mitigation provision	1,090	893
Crane 1 demolition	800	-
Bullying & harassment investigation	-	200
Restructuring provision	-	270
<b>Total</b>	<b>1,890</b>	<b>1,363</b>

# 16

## Capital commitments

In thousands of New Zealand dollars	2022	2021
Commitments for the purchase of property, plant & equipment	52,000	4,600

LPC capital commitments are those approved and contracted with suppliers as at balance date.

# 17

## Reconciliation of Net Profit for the Year with Net Cash from Operating Activities

In thousands of New Zealand dollars	2022	2021
<b>Profit/(Loss) for the year</b>	<b>18,924</b>	<b>15,015</b>
<b>ADJUSTMENTS FOR:</b>		
Depreciation and amortisation	14,686	14,063
Impairment	-	1,871
Net loss on sale of property, plant and equipment	(37)	(82)
Provision for Doubtful debt movement	-	519
Deferred tax charge	4,548	(1,527)
Non-current liability	(41)	(43)
Capital creditors	(5,099)	6,629
Non-current prepayments	149	1,608
<b>Total adjustments</b>	<b>14,206</b>	<b>23,038</b>
<b>ADD/(LESS) MOVEMENTS IN WORKING CAPITAL ITEMS:</b>		
Change in tax payable	(1,897)	5,652
Change in inventories	(556)	119
Change in trade and other receivables	1,053	(2,192)
Change in prepayments	(844)	(1,257)
Change in trade and other payables (including employee entitlements and provisions)	8,198	(4,606)
Change in interest payable	(115)	(1)
<b>Total movements</b>	<b>5,839</b>	<b>(2,285)</b>
<b>Net cash flow from operating activities</b>	<b>38,969</b>	<b>35,768</b>

# 18

## Contingent Liabilities

LPC is aware of historic contamination of certain sites on port land. We are working with users to remediate identified contamination, however there is a possibility that LPC will incur some remaining costs or liability in remediation. This cost is not expected to be material.

# 19

## Related Parties

### PARENT AND ULTIMATE CONTROLLING ENTITY

Christchurch City Holdings Limited (CCHL) is the controlling shareholder of Lyttelton Port Company Limited. The ultimate controlling shareholder is Christchurch City Council (CCC).

### TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

Key management personnel compensation comprised:

In thousands of New Zealand dollars	2022	2021
Short-term employee benefits	2,925	2,716
Termination Benefits	-	164

Key management personnel expenses for the year ended 30 June 2022 comprises salaries (30 June 2021: includes the payment of a termination benefit to a member of the executive team).

### TRANSACTIONS WITH CONTROLLING SHAREHOLDER AND OTHER COMPANIES IN THE GROUP

In thousands of New Zealand dollars	2022	2021
<b>Transactions with CCC</b>		
Sales	31	43
Purchases	(100)	(15)
Rates	(967)	(918)
Subvention payment	(5,332)	(454)
Accounts payable	(6)	-
Accounts receivable	0	3
<b>Transactions with CCHL</b>		
Purchases	(17)	-
Dividend	(10,000)	(10,000)
Interest paid	(1,984)	(544)
Interest payable	(106)	(30)
Loan balance outstanding	(150,000)	(150,000)
<b>Transactions with other Group entities</b>		
Sales	1	2
Purchases	(2,305)	(1,616)
Subvention payments	-	-
Accounts payable	(1,054)	(2)
Accounts receivable	0	-

The loan facility with CCHL expires in June 2030. LPC has provided a negative pledge to CCHL consistent with LPC other lenders.

# 20

## Subvention Payments

During the year, subvention payments were made to the entities listed below. LPC is a member of the CCC Tax Group and pays subvention payments to other members of the CCC Group. It is LPC's policy, as a subsidiary of the CCC tax group, to treat the subvention payments as though they were payments of income tax with a corresponding reduction to taxation receivable/(payable).

	2022	2021
Christchurch City Council	5,332	454
<b>Total</b>	<b>5,332</b>	<b>454</b>

# 21

## SaaS Accounting Adjustment

During the year the Company adopted a change in accounting policy in relation to the treatment of Software as a Service (SaaS) to reflect updated guidance from the IFRS Interpretation Committee. This has had the effect of expensing certain expenditure that would previously have been capitalised and amortised as an Intangible Asset. Any adjustments of expenditure have been reclassified in the period in which they occurred. The below table summarises these movements.

2020 Expenditure - Adjustment to Opening 2021 Equity in Statement of Changes in Equity		483
2021 Expenditure - Adjustment to Statement of Comprehensive Income	1,329	
2021 Expenditure - Tax Effect	(372)	957
2022 Expenditure - Expensed via Statement of Comprehensive Income		789

The analysis above excludes any depreciation savings that have occurred due to reclassification of expenditure.

# 22

## Subsequent Events

On 25th August 2022 the Board of Directors declared a dividend of 6.5 cents per share. This will be paid in October 2022.

# CORPORATE GOVERNANCE

## Lyttelton Port Company strives for Best Practice in Corporate Governance

LPC aligns its Corporate Governance practices with the principles in the NZX Corporate Governance Code.

### PRINCIPLE 1 – ETHICAL STANDARDS

LPC has adopted a written code of ethics for the Company entitled Guidelines for Conduct (the Guidelines). This is a statement of our core values. The Guidelines set out explicit expectations for ethical decision-making and personal behaviour for Directors and employees. Key areas it covers include:

- Acting honestly and with high standards of personal and professional integrity
- Dealing with conflicts of interest, including any circumstances where a Director may/may not participate in a Board discussion, and voting on matters in which a Director has a personal interest
- Proper use of the Company's property and/or information, including not taking advantage of the Company's property or information for personal gain, except as permitted by law
- Not participating in illegal or unethical activity
- Fair dealing with customers, shareholders, clients, employees, suppliers, competitors and other stakeholders
- Guidelines on giving and receiving gifts and koha
- Guidelines to prevent and address improper payments (e.g. facilitation payments and bribes)
- Complying with applicable laws and regulations
- Reporting unethical decision-making and/or behaviour
- Conduct expected of Management and the Board for responding to and supporting whistleblowing.

The Guidelines include a statement about how breaches will be dealt with.

LPC communicates the Guidelines to our employees at the time of their initial employment, and supports their compliance with training and clear procedures.

LPC publishes the Guidelines and serious breaches are reported to the Board.

The LPC Board reviews the Guidelines every two years. The Board ensures Directors, Executives and other personnel are held accountable for ethical behaviour.

### PRINCIPLE 2 – BOARD COMPOSITION AND PERFORMANCE

LPC Directors are selected and appointed by our sole Shareholder, Christchurch City Holdings Limited.

All LPC Directors are expected to, except as permitted by law and disclosed to shareholders or by the Company's constitution, act in the Company's best interests.

The Chair of the LPC Board is responsible for fostering a constructive governance culture and ensuring Directors and Management apply appropriate governance principles.

The LPC Board expects Directors to make the necessary time commitment to be effective in their role.

The LPC Board allocates time and resources for Directors to gain and retain a sound understanding of their responsibilities.

New appointees have a comprehensive induction, and all Directors have ongoing training as required.

The LPC Board has rigorous formal processes for evaluating their performance, and that of Board Committees, individual Directors and the Chair. This includes a formal, regular review of the Chair.

Reporting includes information about each Director. This includes a profile of their experience, length of service, independence and ownership interests in the entity. It also includes information on the Board's appointment, training and evaluation processes.

### PRINCIPLE 3 – BOARD COMMITTEES

The LPC Board Committees have a clear, formal terms of reference setting out their role and delegated responsibilities. Those terms of reference make clear the function of the Committee is not to replace the ultimate decision-making authority of the full Board.

The terms of reference and membership of each Board Committee are available on LPC's website.

Committee proceedings are reported back to the Board to allow other Directors to question Committee members, and any Board members are allowed to attend Committee meetings.

LPC currently has three Committees, Audit and Risk, People and Performance and Health and Safety.

#### The Audit and Risk Committee has the following responsibilities:

- Recommending the appointment of external auditors (in line with Office of the Auditor General requirements)
- Overseeing all aspects of the LPC and audit firm relationship
- Promoting integrity and transparency in financial reporting
- Ensuring that processes are in place and monitoring those processes so that the Board is properly and regularly informed and updated on corporate financial matters
- Reviewing the Company's financial reports
- Liaising with the external auditors on behalf of the Board and ensuring the independence of the auditors is not impaired, or could reasonably be perceived to be impaired
- Monitoring and reviewing the Company's accounting policies, internal controls and related matters
- Verifying that the Company has appropriate processes to identify and manage potential and relevant risks.

#### The Audit and Risk committee comprises:

- At least one Director who is a qualified accountant or has another recognised form of financial expertise
- A chair who is independent and who is not also the Board Chair.

The Chair of the Audit and Risk Committee should not have a longstanding association with the external audit firm, either as a current or retired audit partner or senior manager at the firm.

#### The People and Performance Committee has the following responsibilities:

- Set and review key Human Resources policies and procedures to ensure they are prudent and will allow the company to achieve its strategic objectives
- Review and monitor the performance of the agreed Strategic People and Performance Initiatives
- Annually review and recommend all components of the Remuneration of the Chief Executive Officer
- Annually review succession planning and development of the Chief Executive Officer, other Senior Executives and any other critical roles
- Set and Review the terms of the Company's performance reward plans and review any proposed payments for the Chief Executive Officer and other Senior Executives
- Set and review, as appropriate the terms of any employment agreements which are either delegated to the Committee by the Board or referred to it by the Chief Executive Officer
- Review any termination payments of the Chief Executive and Senior Executives.

The People and Performance Committee comprises:

- Three Directors
- A chair who is not the Board Chair

**The Health and Safety Committee has the following responsibilities:**

- Monitor and review the effectiveness of the LPC Health and safety systems, framework and policies
- Monitor and review Health and Safety statutory and regulatory compliance
- Review outcomes of significant incidents and investigations
- Monitor and review Health and Safety issues with strategic, business or reputational implications for the company
- Review emerging national and international Health and Safety trends and issues relevant to LPC
- Seek assurance that the organisation is effectively structured to manage health and safety risks
- Monitor and review overall LPC Health and Safety performance and recommend improvements where appropriate
- Other duties and responsibilities which have been assigned to it from the Board

The Health and Safety Committee comprises:

- Three Directors
- A chair who is not the Board Chair

**PRINCIPLE 4 – REPORTING AND DISCLOSURE**

The LPC Board has a rigorous process to ensure the quality and integrity of financial statements and non- financial reporting.

LPC’s financial reporting and annual report (in addition to all information required by law) includes sufficient meaningful information to enable CCHL and stakeholders to be well informed. We strive to make our financial reports clear, concise and effective, while meeting the requirements of financial reporting standards.

The LPC Board determines the appropriate level of non-financial reporting, considering the interests of their stakeholders and material exposure to environmental, social and governance (ESG) factors. The Company maintains an effective system of internal control for reliable financial and non-financial reporting and accounting records.

The Board requires Management to provide it with information of sufficient content, quality and timeliness, as the Board considers necessary, to allow the Board to effectively discharge its duties. Management provides formal Board papers one week in advance of Board meetings. In addition, the Board policy is to make regular site visits to view Company operations and to ensure Directors remain familiar with issues associated with the Company’s business.

Site visits usually involve interaction between Directors and Management, and direct access to employees when their particular area of expertise is required. A formal process is followed, including representations and certifications from Senior Management, to ensure that the Company’s financial statements comply with international financial reporting standards as applied in New Zealand and fairly represent the financial affairs of the Company.

The Company provides timely and adequate disclosure of information on matters of material impact to the Shareholder through its quarterly and annual reporting, as well as through its Statement of Corporate Intent (SOI). The Board consults with the Shareholder at all reasonable times on any particular material matter relating to the affairs of the Company when asked to do so by the Shareholder (when notified in writing to the Board by the shareholder from time to time).

Directors explain their role in preparing the annual report, and in preparing financial statements that comply with relevant laws and accounting standards.

LPC makes its Guidelines for Conduct, Board Committee Terms of Reference, ESG reporting and other governance documents readily available to stakeholders on the LPC website.

**PRINCIPLE 5 – REMUNERATION**

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

The Board is committed to a policy that the remuneration of Directors and 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 publically available via the annual report. No Executives decide their own remuneration.

The Board recognises the importance of full, fair and transparent disclosure of the Chief Executive Officer’s (CEO) salary. The CEO receives a total remuneration which reflects their skills, experience and contribution to the Company and is referenced to the market. As of FY21, it does not include any incentive related payments. A full disclosure of the CEO’s remuneration is disclosed in the annual financial statements.

The Executive Leadership team receive total remuneration which 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.

**CHIEF EXECUTIVE REMUNERATION**

The Board, through the People and Performance Committee, sets the remuneration structure for the Chief Executive Officer (CEO). Their total remuneration was made up in the year ended June 2022 by Fixed Remuneration.

*There were no Short Term Incentive (STI) or Long Term Incentive (LTI) payments.*

**Fixed Remuneration**

Fixed Remuneration is assessed by independent advisors and is comparable for similar companies in terms of size, industry sector and performance. It includes all benefits, allowances and deductions, as set out in the Individual Employment Agreement. Annual adjustments are not automatic but determined by performance.

**CEO’s Remuneration**

The table below summarises the CEO’s remuneration earned over the accounting period to 30 June for the year.

	<b>Actual</b>
Departing CEO	584,649
Incoming CEO	306,031
<b>Total</b>	<b>890,680</b>

Departing CEO left LPC on 7/3/2022 and Incoming CEO was Acting CEO from 24/12/21.

*Directors’ Remuneration*

<b>Director’s Fees</b>	<b>2022</b>	<b>2021</b>
M Devlin	90,770	88,856
B Dwyer	52,000	51,767
N Easy	52,000	34,250
D Elder	62,000	59,355
M Johns	52,000	50,501
F Mules	57,000	54,330
B Wood	-	18,098
<b>Total</b>	<b>365,770</b>	<b>357,157</b>

No Director had transactions or share dealing with the Company throughout the year.

*Employee Remuneration*

<b>Salary Banding</b>	<b>2022</b>	<b>2021</b>
<i>In thousands of New Zealand Dollars</i>		
100-110	64	56
110-120	62	60
120-130	61	65
130-140	44	27
140-150	15	17
150-160	20	15
160-170	13	3
170-180	4	8
180-190	5	3
190-200	3	4
200-210	2	3
210-220	3	1
220-230	2	2
230-240	5	-
240-250	1	4
250-260	-	1
260-270	-	1
270-280	2	1
300-310	2	-
320-330	-	1
330-340	-	1
340-350	2	1
360-370	-	1
380-390	1	-
400-410	1	-
430-440	-	1
460-470	1	-
600-610	1	-
870-880	-	1
<b>Total</b>	<b>314</b>	<b>277</b>

# Statement of Corporate Intent Performance Reporting

## PRINCIPLE 6 – RISK MANAGEMENT

The LPC Board actively contributes to the formulation of the business strategy and tracks progress against it.

The LPC Board ensures there are rigorous risk management processes and internal controls in place.

The Board receives and reviews reports about the risk management framework and internal control processes throughout the year via the Audit and Risk Committee. Material risks are formally communicated to the Board every six months or more regularly if required.

Board reports include a copy of LPC's risk register and highlight the main risks to LPC's performance and the steps being taken to manage them. We include a copy of the risk register in the monthly Board pack. It is updated every six months or as required.

The Board reports on risk identification, risk management and relevant internal controls to stakeholders, at least once a year via the SOI and annual financial statements.

## PRINCIPLE 7 – AUDITORS

The LPC Board has a good working knowledge of the responsibilities of the external auditors. By law, the auditors of LPC are the Office of the Auditor General (OAG). The OAG then has the ability to contract that work out to an appropriately qualified and experienced audit firm. Where this happens, the Chair of the Audit and Risk Committee works with the OAG in the selection and appointment process, following the relevant guidelines. This process is rigorous and based on professional merit.

The Board ensures that there is no relationship between the auditor and LPC (or any related person) that could compromise the auditor's independence.

The Board facilitates regular and full dialogue between its Audit and Risk Committee, external auditors and Management. The Audit and Risk Committee has time set aside each year with the external auditors to discuss the performance of Management.

The Board ensures that the annual external audit is not led by the same audit partner for more than seven consecutive years.

Negotiations for the annual audit fee are managed by the Chair of the Audit and Risk Committee and the OAG. There is input from LPC's Management but the final decision is made by the Board and the OAG.

The Board prepares and files financial reports as required under relevant legislation. The Board reports in its annual report, the fees paid to their audit firm. This report differentiates between audit fees and fees for individually identified non-audit work.

Where applicable, the LPC Board explains in the annual report the non-audit work their audit firm carried out, and why the work did not compromise auditor objectivity and independence. They also explain:

- How they satisfied themselves about auditor quality and effectiveness of the audit
- Their approach to tenure and reappointment of auditors
- Any threats to auditor independence and how those threats were mitigated.

## PRINCIPLE 8 – SHAREHOLDER RELATIONS AND STAKEHOLDER INTEREST

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

Formal communication with CCHL includes:

### Annual Report

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

### Half Year and Quarterly Reporting

The half year and quarterly reporting 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's bonds (listed on the NZDX debt exchange) 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

Separate information that shows how it has followed the principles in this handbook (if not in the annual report).

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

LPC takes account of stakeholder interests by:

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

Objectives	Key Performance Measures	Progress	Target 2022	Actual
Financial	Revenue (\$m)	●	\$156	\$162
	NPAT (\$m)	●	\$17	\$19
	Equity / Total Assets	●	62%	61%
	Interest Cover Ratio	●	12	14
	Debt (\$m)	●	\$217	\$165
	Dividends (\$m)	●	\$10	\$10
	Ship Rate (TEU per hour per ship)	●	65.0	57.33
	Coal Load-out Rate (tonnes per day)	●	25,000	22,219
People	Collect and report on gender and ethnicity statistics	●	✓	✓
	Design LPC Leadership programme	●	✓	✓
	Measure staff engagement	●	✓	✓
	Gender balance male/female	●	85/15	88/12
	Engagement Score	●	72	
Health & Safety	Reportable Injuries/Incidents <sup>1</sup>	●	0	1
	Total Recordable Injury Frequency Rate	●	5.4	5.36
	Lost-time injury frequency rate	●	<2.66	1.85
	Health and safety interaction per calendar month	●	>30	41
Environmental	Detailed Carbon Reduction Plan in place for first 5 year Period	●	✓	✓
	7% increase in diversion rates (operational waste) from baseline FY18 <sup>2</sup>	●		
	Biodiversity Positive road map in place.	●	✓	✓
	Purchasing policy updated to include non-financial / responsible sourcing parameters	●	✓	✓
	Transition towards Integrated Reporting	●	✓	✓

### Key

- Achieved
- On track
- Not achieved

<sup>1</sup> Fatal accident on the *ETG Aquarius* at LPC on 25th April.

<sup>2</sup> Analysis has established that the FY18 and FY19 waste data that LPC holds is unreliable and potentially incorrect.

## Register of Directors' Interests

### MARGARET DEVLIN

Director from 16 May 2018,  
Chair from 10 October 2018

#### Aurora Energy

Director, Chair of the Audit and Risk Committee – retired 30 June 2022

#### Dairy NZ

Director – effective 14 April 2022

#### Hospice Waikato

Chair

#### Infrastructure New Zealand

Chair

#### Institute of Directors

Chartered Fellow and Waikato Branch Committee Member

#### IT Partners Group

Director

#### Mid Term Review Panel for the Officer of the Auditor

Member

#### Titanium Park Ltd

Director

#### Waimea Water

Director

#### Waikato Regional Airport Ltd

Director and Member of Audit and Risk Committee

#### Waikato University

Councillor, Member of Audit and Risk Committee – retired 30 September 2021

#### Watercare Services Ltd

Chair

#### WINTEC

Deputy Chair and Chair of the People and Culture Committee – retired 31 May 2022

### BILL DWYER

From 19 August 2015

#### Ohinetai Charitable Trust

Trustee

#### Premium Foods Export Ltd

Director and Shareholder

#### Quarry Capital Limited

Director – effective April 2022

#### Assorted Trusts

### NICK EASY

From 29 October 2020

#### Australasian Railway Association

Director – removed December 2021

#### Australasian Railway Association Remuneration Committee

Member – removed December 2021

#### Infranexus Management Pty Ltd

CEO – effective 31 January 2022

#### TrackSafe

Director – removed December 2021

#### Queensland Rail

CEO – removed December 2021

### DR DON ELDER

From 13 October 2016

#### Alpine Energy

Director

– Infratec Ltd Director  
– Infratec Renewables (Rarotonga) Ltd Director

#### Aoraki Holdings (No 2) Ltd

Director

#### Aoraki Partners Holdings Ltd

Director

#### Aoraki Services Ltd

Director

#### Bras D'Or Investments Ltd

Director

#### Bras D'Or Services Ltd

Director

#### Canterbury Clinical Network, Alliance Leadership Team

Independent Chair

#### Canterbury COVID Vaccination Governance Group

Chair

#### Canterbury Seismic Instruments Ltd

Director

#### Family Help Trust

Chair and Trustee

#### Pioneer Energy Limited

Director

#### The Loft

Trustee

#### Pioneer Energy Limited

Director

#### Canterbury COVID Vaccination Governance Group

Chair – removed 8th May 2022

#### Wenita Forest Products Limited

Director – effective May 2022

### MALCOLM JOHNS

From 11 October 2017

#### APEC Business Advisory Council

Member

#### Christchurch International Airport Ltd

Chief Executive

#### Kiwiaka Trustees Ltd

Director

#### Kiwiaka Properties Ltd

Director

#### Prime Ministers Advisory Group (vaccine roll-out and border re-open)

Member

#### St. Andrews College Board of Governors

Member

### FIONA MULES

From 9 October 2019

#### Dept of Internal Affairs – Three Waters Reform Advisory Board

Member

#### Reserve Bank of New Zealand

Director

#### Southern Response Independent Oversight Committee

Member

#### Rural Livestock Limited

Director

## Directory

### BOARD OF DIRECTORS

#### Margaret Devlin

Chair

#### Bill Dwyer

#### Nick Easy

#### Dr Don Elder

Health and Safety Committee Chair, People and Performance Committee Chair

#### Malcolm Johns

#### Fiona Mules

Audit and Risk Committee Chair

### EXECUTIVE LEADERSHIP TEAM

#### Kirstie Gardener

Chief Executive Officer

#### Andrew Clark

Chief Financial Officer

#### Lesley Fleming

Acting General Manager of People and Safety

#### Phil de Joux

General Manager Engagement and Sustainability

#### Paul Monk

General Manager Bulk Cargo and Marine Services

#### Simon Munt

General Manager Container Operations

#### Mike Simmers

General Manager Infrastructure and Property

### REGISTERED OFFICE

#### Lyttelton Port Company Limited

Waterfront House  
37-39 Gladstone Quay, Lyttelton  
Christchurch, New Zealand 8082  
Private Bag 501, Lyttelton 8841

Telephone: (03) 328 8198

Email: office@lpc.co.nz

### WEBSITE

www.lpc.co.nz

### BANKERS

Westpac Banking Corporation  
China Construction Bank Limited

### AUDITORS

Peter Taylor  
KPMG Christchurch

On behalf of the Auditor-General  
New Zealand



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