

# PORT NELSON

Statement of Corporate Intent 2026





// Welcome to

## Port Nelson's Statement of Corporate Intent

E aronui ana ki ō tātou tāngata kei te manawa pātuki o Whakatū, me mihi ka tika hoki.

Mai i ngā pae maunga ki Tangaroa takapou whāriki, Papatūānuku e hora ake nei.

Ko tā tātou i Te Taihū, he tautoko i ngā wawata, he hāpai anō hoki i te oranga o te hāpori.

E kōkiri whakamua ana te kōunga hei painga mā ō tātou kiritaki.

E aronui ana ki te taiao, kia tū, kia oho, kia mataara ki te anamata.

E kaha whakaputa mai ana i ngā hua mā te hunga whaipānga.

E mahi ngātahi ana, e aro ngātahi ana 'ki te hāpai i te puawaitanga ā-rohe'.

We acknowledge our people, who are at the heart of Port Nelson.

We honour the mountains, the sea and the land under, in, and upon which we operate.

We recognise our role within Te Taihū and support the aspirations and wellbeing of our community.

Driving excellence across the supply chain for our customers.

Respecting the environment in which we operate and pushing towards a sustainable future.

Delivering strong and sustained returns for our shareholder.

Working and striving together 'to facilitate regional prosperity'.



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# Introduction





Port Nelson is pleased to present our 2026 Statement of Corporate Intent (SoCI). The SoCI describes how we intend to advance our purpose “to facilitate regional prosperity/kia āhei ki te kōkiri whakamua ki te taumata ā-rohe”.

This SoCI is provided in accordance with the Port Companies Act 1988. Further, the SoCI addresses the relevant requirements in the ‘statement of expectation’, sent by the group shareholders to Infrastructure Holdings Limited (IHL) on 20 November 2024.

## // Nature and Scope of Activities

Port Nelson is the maritime gateway for Te Taihu – a vital hub for economic activity and a key facilitator of our region’s continued growth and prosperity.

Port Nelson is an international port located in the city of Nelson, owned by Infrastructure Holdings Ltd, which is, in turn, equally owned by Nelson City Council and Tasman District Council. The rich history of Port Nelson has helped shape the region. Early accounts of Whakatū (Nelson) - meaning a ‘standing place or shelter for canoes’ - described the area’s rich history for Māori trading fish and produce. Since the establishment of the Port Nelson Harbour Board in 1901, Port Nelson has welcomed visitors and commercial traders to Te Taihu and, to this day, continues to respond to its customers’ and community’s needs.

The Port handles a wide variety of cargo, including containerised and bulk cargo. Approximately 67% of Port Nelson’s volumes are exported, and 33% are imported. Major export commodities include forestry products (logs, sawn and processed timber), seafood, pip fruit and wine. Port Nelson is Australasia’s largest seafood processing port, supporting and catering to the needs of some of New Zealand’s leading seafood companies and associated fishing fleets. The Port also houses one of New Zealand’s largest marine service sectors. Nelson/Tasman is the second-largest apple growing region in the country, with approximately 28% of the total apple crop being grown here and exported around the world. Approximately 70% of New Zealand’s wine is produced in Marlborough, making Port Nelson a vital link in the wine industry’s supply chain. The primary import commodities to Port Nelson are fuel and vehicles, both second-hand and new.



Since the Port was established, it has undergone significant expansion and upgrades to accommodate the growing demand for its services. In recent years, Port Nelson has been investing in infrastructure and plant to improve efficiency and capacity. The Port has also focused on diversifying its services, including offering warehousing and logistics services.

Port Nelson creates value for its customers by providing a suite of marine, cargo handling, warehousing, logistics, slipway, and property portfolio services. Marine services include pilotage, towage, navigation aids, berthing, and vessel departures. The Port operates three tugs and maintains a dredged channel to allow vessels up to 260m in length to access the Port. Cargo handling services include the unloading, temporary storage, and loading of many forms of cargo including containers, logs, cars, fertiliser, cement, methanol, and fuel.

Logistics and warehousing services are offered through our QuayConnect and QuayPack operations. QuayConnect facilitates the efficient connection of products to market and collaborates with its on-port partner, QuayPack, to provide integrated transportation and third-party logistics (3PL) solutions. The Port offers over 40,000 square meters of storage facilities in both Nelson and Marlborough. In Nelson, QuayPack manages 23,000 square meters of British Retail Consortium-accredited storage space at the Patterson Logistics Centre, which is New Zealand’s largest on-port storage facility, along with an additional 12,000 square meters of other warehousing. In Riverlands, Marlborough, QuayConnect operates Honomai, the Marlborough Inland Port, which features 5,000 square meters of warehousing space dedicated to storage and packing, along with a specified area for container operations and storage.

Port Nelson’s scope of services also includes slipway services for vessels up to 2,400t. This operation supports one of New Zealand’s strongest marine engineering clusters. In addition, the Port has over 23 hectares of commercial land that it develops and leases to support fishing, marine services, and other export-related industries.





Over 124 years  
since the formation  
of the Port Nelson  
Harbour Board



239  
FTE Employees



\$395m  
2024 Asset Value



6th Largest Port  
for Tonnage and  
Container Numbers



31 Hectares of Total  
Operational Land



23 Hectares  
Commercial Land  
(Land for Lease)



4 Mobile  
Harbour Cranes



3 Visiting  
Container Lines



9 Wharves



3 Tugs



5,000m2  
Marlborough  
Warehousing



34,000m2  
On-Port  
Warehousing



14 Heavy Container  
Handling Machines



Slipway, boat hoist  
and hardstand  
operations



## // Strategic Context

Port Nelson's purpose is 'to facilitate regional prosperity/kia āhei ki te kōkiri whakamua ki te taumata ā-rohe'

While traditionally seen from an economic perspective, the Port recognises that sustainable prosperity comes from addressing the needs of all its stakeholders.

The Port has five stakeholders: Customers, Environment, People, Community, and Shareholder.

The Port defines what success looks like from each stakeholder's perspective and has established goals that reflect that understanding. The simple days of 'or' – profit or environment; customer or community; profit or safety are gone - the Port embraces the 'and'.

### Purpose

## Facilitating Regional Prosperity

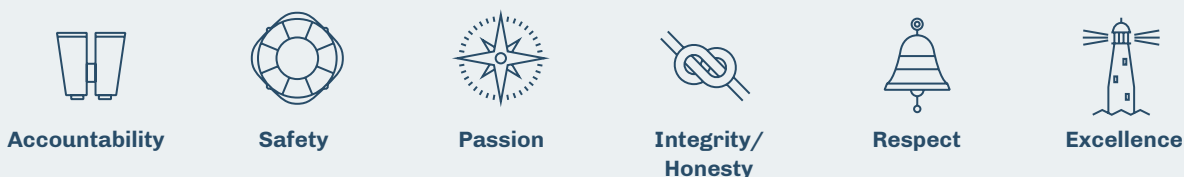
*Kia āhei ki te kōkiri whakamua ki te taumata ā-rohe*

### Stakeholder Goals



### Values

Our values are traits that our people continually exhibit on a day-to-day basis to drive us to achieve our purpose:





## 2030 Strategy Overview

Port Nelson's 2030 strategy is a strategic framework which responds to our purpose, goals, and the needs of the Port's stakeholders.

The plan sets the overall direction for Port Nelson over a multi-year period.



### Our Customers

#### Always better

Strive to demonstrably improve operational performance through a combination of continuous improvement and targeted investment

#### The preferred Te Taihu cargo pathway

Champion the needs of Te Taihu exporters and importers and growing the Marlborough cargo through our high service model



### Our Environment

#### Reduce our impact

Reduce our physical and carbon impact on the environment

#### Leadership in sustainability

Actively engage in sustainability and climate change adaptation that also supports our people and community



### Our People

#### "I see you"

Build on our strong culture and systems to create an environment where each team member is and feels recognised, appreciated and respected

#### One team for health, safety and wellbeing

Continue to build an environment and culture where every member of the Port team, and others who work in our spaces, are fully engaged and united in the continuous pursuit of improved health, safety and wellbeing



### Our Community

#### A trusted partner for our community

Support our social licence to operate with open and transparent engagements and impactful contributions to the community's wellbeing

#### A trusted partner for iwi and Māori

Strengthen our relationship with iwi and Māori through ongoing commitment to support and contribute to Māori aspirations in Te Taihu



### Our Shareholder

#### A fair and sustained return

Lift our economic profit to provide a fair return to shareholder and build resilient infrastructure

#### Diversified income

Strengthen returns from our property portfolio and leverage our expertise in logistics management

# 2026 Initiatives and Forecasts





## // 2026 Initiatives



The economic background to 2026FY is challenging for the port with recessionary conditions within New Zealand and a volatile international trading landscape.

Our expectation is that overall cargo throughput will be marginally ahead of 2024FY and 2025FY.

Exports from the horticulture sector are expected to deliver incremental growth subject to variable climatic influences.

// Our QuayConnect business will continue to provide importers and exporters with efficient supply chain solutions with an ongoing focus on the wine industry.

Wine exports will continue to be challenged by the less favourable market conditions that have been present over the past two years. With this background, the expected bumper 2025 harvest will present additional challenges for growers and exporters.

We expect that forestry sector exports will be similar to that for 2025FY. The downturn in the Chinese log market has kept export volumes subdued, and this is expected to continue in 2026FY; notwithstanding market conditions, forest maturity indicates future increases in harvesting levels. Exports of some processed forestry products have likewise been subject to reduced demand, which is expected to continue into 2026FY.

Import volumes of vehicles, cement and fertiliser are expected to continue at lower than historical levels, although we expect some improvement on 2025FY.

Seafood sector throughput is expected to be similar to 2025FY.

The cruise industry has experienced a well-publicised downturn, and we expect fewer cruise vessel calls in 2026FY.

Our QuayConnect business will continue to provide importers and exporters with efficient supply chain solutions with an ongoing focus on the wine industry.

Construction costs and market rental returns make developing the Port's property difficult at this point of the property cycle. We are forecasting for this to continue for a number of years.

We expect to continue to see pricing uplifts from revised pricing structures. Managing expenditure to appropriate levels will continue to be a focus in 2026FY.

In 2026FY, the Port will continue focusing on making the port a safer place to work, ensuring it has appropriate infrastructure and capacity to service customer demand, developing its people, reducing its impact on the environment and continuing with community engagement.

## Areas of focus for the 2026FY include:

### OUR CUSTOMERS

- Ensuring operational delivery through Honomai, our Marlborough Inland Port, to meet both customer expectations and our expected commercial outcomes.
- Establishing travel lift operations at the slipway that meet customer expectations and deliver expected commercial results.
- Continuing to improve performance against established performance metrics.
- Reviewing the port layout to ensure there is appropriate capacity to meet future customer demand.

### OUR ENVIRONMENT

- Reducing emissions with a particular focus on ensuring our investment in electrifying our crane fleet delivers the expected results.
- Delivering on our obligations to manage port noise and mitigate the impact on our neighbours.
- Meeting our climate disclosure reporting commitments.

### OUR PEOPLE

- Ensuring port operations are consistent with Maritime New Zealand's Approved Code of Practice for the Loading and Unloading of Cargo at Ports and on Ships.
- Progressing improvements with our approach to Port User Management.
- Ongoing improvement to our management of Critical Risks.
- Refreshing our ASPIRE values.
- Continuing to progress our wellbeing strategy.

### OUR COMMUNITY

- Continuing to strengthen relationships and foster connection through the implementation of our Iwi and Māori Partnership Plan.
- An ongoing commitment to supporting our community through our sponsorship programme.
- Celebrating the 125th anniversary of the formation of the Nelson Harbour Board.

### OUR SHAREHOLDER

- Implementing pricing that moves the PNL business towards achieving an appropriate Return on Capital by 2028FY.
- Implementing changes that progress our Master Plan.
- Exploring growth opportunities for our QuayConnect business and commercial property holdings that help to diversify our business.





## // Performance Measures

The below details how the Port will measure its performance to deliver our strategic intent in the 2026 financial year.

The outcomes of these measures will be reported on in the Port's Annual Report.

### Our Customers

*Ō tātou kiritaki*

**Provide leading port logistics operations and drive supply chain innovation**

#### 2025/26 TARGET

Revenue Tonnes (000)	3,243
Container throughput (TEU - twenty-foot equivalent units - 000)	110
Vessel visits	714
Average container crane moves (per hour)	>20
Average container truck waiting time (mins)	<16

### Our Environment

*Tō tātou taiao*

**Reduce our environmental impacts and push towards a sustainable future**

#### 2025/26 TARGET

Gross reduction on FY19 scope 1 and 2 carbon emissions (cumulative)	25%
Gross reduction on FY19 levels in scope 3 carbon emissions (PNL originated)	70%
Port's significant noise events >89 dbA LMAX	0
Dust events external complaint	0
Port substance Spills >10L reach harbour	0

**Our People***Ō tātou  
whānau***Build and keep safe  
an engaged and high-  
performing team****2025/26 TARGET**

High potential risk events	<=2
Serious harm*	0
Lost time injury frequency rate (LTIFR)**	<=2.6
Visible safety leadership events	400

\*Serious harm definition  
is fatality or notifiable  
injury (HSWA 2015)\*\*LTIFR is calculated as  
LTIs per 200,000 hours**Our  
Community***Tō tātou  
hāpori***Support the improvement of  
wellbeing in our community****2025/26 TARGET**

Deliver on Sponsorship commitments	Complete sponsorship programme
Deliver on iwi and Māori partnership plan	Complete actions set in third year of plan

**Our  
Shareholder***Ō tātou  
kaiwhaipānga***Deliver strong and sustained  
returns to our shareholder****2025/26 TARGET**

Underlying* revenue	\$90.2m
Underlying earnings before interest and taxes	\$17.6m
Underlying net profit after tax	\$9.0m
Underlying return on assets	2.2%
Underlying return on equity	3.2%
Gearing (debt/equity)	23.7%
Dividend \$ (% underlying NPAT)	\$6.5m (72%)

\*Underlying financial  
performance excludes  
recognition of investment  
property revaluation



# // Financial Performance

## Prospective Summary Financial Statements

For the three year period July 2025 to June 2028

### Statement of Comprehensive Income

	2026	2027	2028
	\$000	\$000	\$000
<b>Revenue</b>			
Port Operations	82,237	88,434	90,854
Property	8,001	7,234	7,210
<b>TOTAL REVENUE</b>	<b>90,238</b>	<b>95,667</b>	<b>98,065</b>
<b>Expenses</b>			
Employee Benefit Expenses	26,656	27,131	27,820
Other Operational and Property Expenses	33,238	36,681	37,037
<b>Earnings before Interest, Tax, Depreciation and Amortisation</b>	<b>30,344</b>	<b>31,855</b>	<b>33,208</b>
Depreciation and Amortisation	12,766	13,102	13,122
<b>Earnings before Interest and Tax</b>	<b>17,577</b>	<b>18,754</b>	<b>20,086</b>
Net Financing Costs	5,044	4,896	4,400
<b>NET PROFIT BEFORE INCOME TAX</b>	<b>12,533</b>	<b>13,858</b>	<b>15,686</b>
Income Tax	3,510	3,881	4,393
<b>NET PROFIT AFTER INCOME TAX</b>	<b>9,024</b>	<b>9,976</b>	<b>11,293</b>
<b>Proposed Dividend</b>	<b>6,500</b>	<b>6,700</b>	<b>7,000</b>
Proposed Dividend % of NPAT	72%	67%	62%

## Balance Sheet

	2026	2027	2028
	\$000	\$000	\$000
<b>Current assets</b>			
Cash and Cash Equivalents	268	389	43
Trade and Other Receivables	13,304	14,131	14,172
Inventories	975	975	975
Prepayments and Accruals	1,810	1,810	1,810
<b>TOTAL CURRENT ASSETS</b>	<b>16,357</b>	<b>17,305</b>	<b>17,000</b>
<b>Non-current assets</b>			
Property, Plant and Equipment	350,139	349,016	344,884
Intangible Assets	4,571	4,087	3,640
Investment Properties	36,649	36,819	36,819
Other Non-Current Assets	9,439	8,257	7,589
<b>TOTAL NON-CURRENT ASSETS</b>	<b>400,797</b>	<b>398,178</b>	<b>392,932</b>
<b>TOTAL ASSETS</b>	<b>417,154</b>	<b>415,483</b>	<b>409,932</b>
<b>Current liabilities</b>			
Trade and Other Payables	7,144	7,935	7,851
Employee Benefit Entitlements	2,023	1,882	1,918
Tax Payable	2,694	2,840	2,999
Dividend Payable	5,000	5,200	5,500
Noise Mitigation	102	102	102
<b>TOTAL CURRENT LIABILITIES</b>	<b>16,963</b>	<b>17,960</b>	<b>18,371</b>
<b>Less non-current liabilities</b>			
Employee Benefit Entitlements	257	257	257
Deferred Tax Liability	22,261	22,261	22,261
Term Loan*	87,309	81,400	71,179
Lease Liabilities	10,373	10,373	10,373
Noise Mitigation	197	163	129
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>120,396</b>	<b>114,454</b>	<b>104,198</b>
<b>TOTAL LIABILITIES</b>	<b>137,360</b>	<b>132,413</b>	<b>122,569</b>
<b>Shareholder funds</b>			
Issued Capital	6,046	6,046	6,046
Retained Earnings	96,304	99,580	103,873
Asset Revaluation Reserve	174,194	174,194	174,194
Minority Interests	3,250	3,250	3,250
<b>TOTAL SHAREHOLDER FUNDS</b>	<b>279,794</b>	<b>283,070</b>	<b>287,363</b>
<b>TOTAL SHAREHOLDER FUNDS AND LIABILITIES</b>	<b>417,154</b>	<b>415,483</b>	<b>409,932</b>

\*Term loan and working capital via IHL at favourable cost.



## Statement of Cash Flows

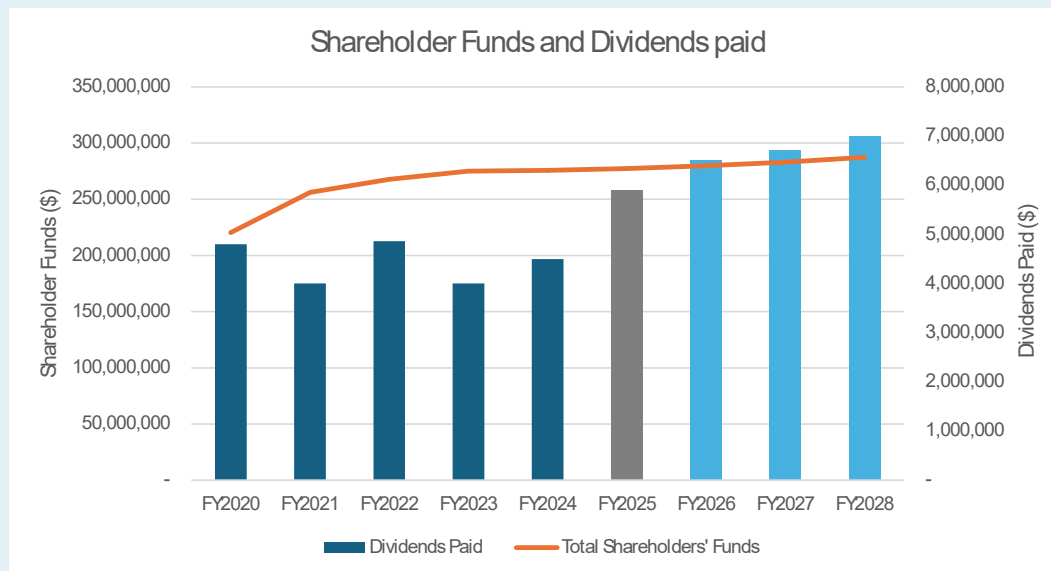
	2026	2027	2028
	\$000	\$000	\$000
<b>Cash flows from operating activities</b>			
Cash was provided from:			
Receipts from customers	82,479	87,714	90,818
Rent received	8,001	7,234	7,210
Interest received	57	57	57
	<b>90,537</b>	<b>95,005</b>	<b>98,086</b>
Cash was applied to:			
Payments to suppliers and employees	58,969	63,069	64,720
Interest paid	5,178	4,976	4,502
Taxes paid	3,806	5,209	5,673
Net GST paid	138	(66)	26
	<b>68,091</b>	<b>73,189</b>	<b>74,921</b>
<b>Net operating cash inflows</b>	<b>22,447</b>	<b>21,816</b>	<b>23,165</b>
<b>Cash flows from investing activities</b>			
Cash was provided from:			
Sale of property, plant and equipment	0	0	500
	<b>0</b>	<b>0</b>	<b>500</b>
Cash was applied to:			
Purchase of property, plant and equipment	9,194	9,057	6,810
Purchase of intangibles	520	228	280
	<b>9,714</b>	<b>9,286</b>	<b>7,090</b>
<b>Net investing cash inflows/(outflows)</b>	<b>(9,714)</b>	<b>(9,286)</b>	<b>(6,590)</b>
<b>Cash flows from financing activities</b>			
Cash was provided from:			
Loans borrowed	3,876	7,552	7,163
	<b>3,876</b>	<b>7,552</b>	<b>7,163</b>
Cash was applied to:			
Loans repaid	12,989	13,461	17,384
Dividend paid	5,900	6,500	6,700
	<b>18,889</b>	<b>19,961</b>	<b>24,084</b>
<b>Net financing cash inflows/(outflows)</b>	<b>(15,013)</b>	<b>(12,409)</b>	<b>(16,921)</b>
<b>Net increase/(decrease) in cash held</b>	<b>(2,280)</b>	<b>121</b>	<b>(347)</b>
Cash and cash equivalents at 1 July	2,548	268	389
<b>CASH AT 30 JUNE</b>	<b>268</b>	<b>389</b>	<b>43</b>



## Commercial Valuation and Dividends

The directors assessment of the value of the shareholder investment in the company is \$274.9m. The value is the prospective value of total shareholder funds as at 30 June 2024.

Dividends proposed for in future financial years (note this is different to the timing of actual payments which are covered on page 16) are expected to be \$5.9m for the year ended 30 June 2025, \$6.5m for 2026FY, \$6.7m for 2027FY and \$7.0m for 2028FY.



## Procedure for Acquisition of Other Interests

The company's ability to subscribe for purchase or otherwise acquire shares in any company or other organisation is governed by the company's Constitution and the Companies Act 1993.

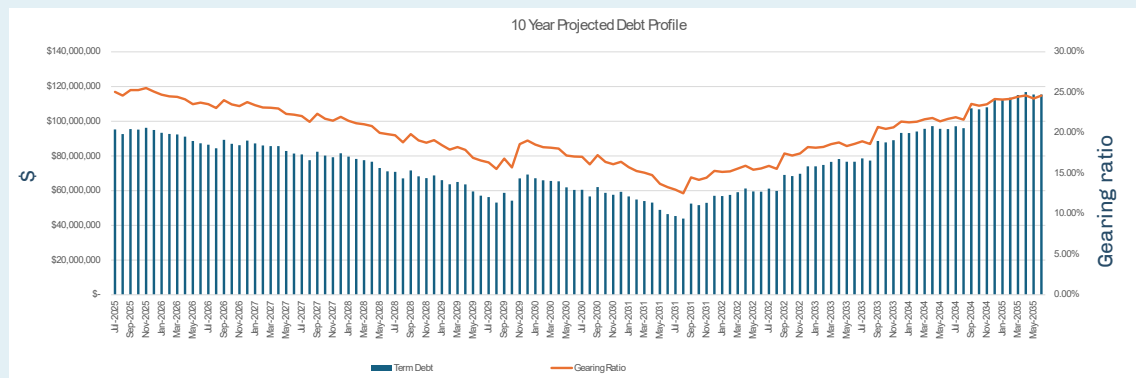
Any major share investment (other than operational investment) inconsistent with the five-year strategic plan will be subject to shareholder approval.



## Ten-Year Projected Debt Profile

The debt profile closely mirrors the annualised breakdown of expected capital expenditure for ten years. The following graph shows an annualised breakdown of expected debt levels for ten years across

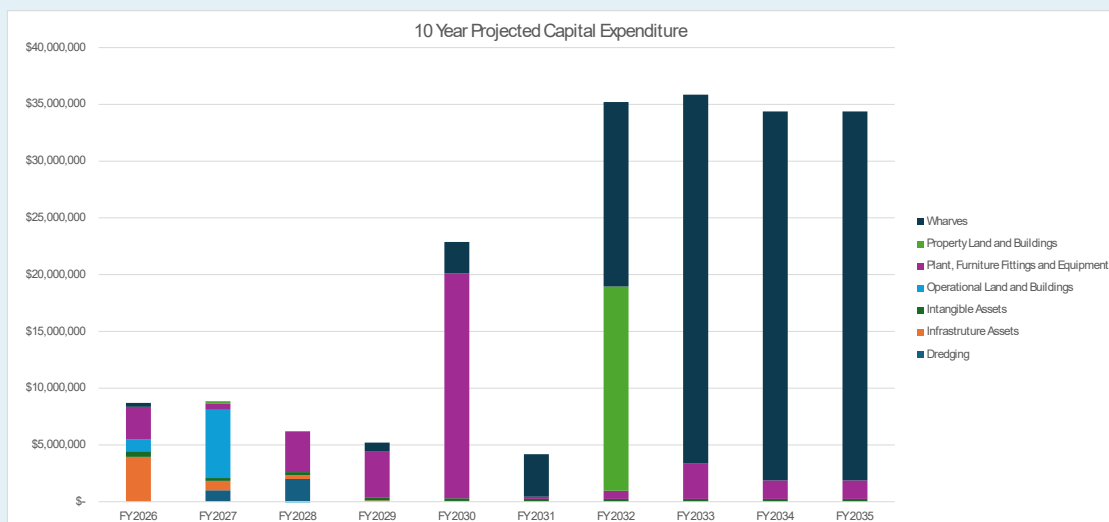
the Group, including the Port Nelson slipway and expenditure on main wharves. PNL sources its working capital and long-term borrowing via IHL at favourable cost.



## Ten-Year Projected Capital Expenditure Programme

Total forecast capital expenditure over ten years is \$195 million. Key components of this expenditure include a replacement Crane across 2028FY and 2029FY in line with the mobile asset management plan and an investment programme for wharf replacements over the periods 2032 through 2035.

The following graph shows an annualised breakdown of expected capital expenditure for ten years across the Group.





# Governance





## // Non-Financial Performance

### Risk Management

Risk management forms a part of every aspect of the Port's operations. This ranges from daily toolbox sessions, to job specific assessments, through to capital funding requests and ultimately our long term strategic plan.

Formal company wide risk reviews are undertaken quarterly. These reviews are discussed at board meetings, with a focus on the top 20 risks. In addition, detailed reviews of individual top risks are also covered at Board meetings.

The Finance and Risk Committee takes responsibility for ensuring that the risk management process is appropriate, providing an oversight of financial risks and ensuring risk reporting up to the full board is effective.

In addition to operational and strategic risks, the company wide risks include natural hazards, such as earthquakes, tsunami and storms, as well as climate change risk.

The Port is committed to reducing its carbon emissions using low-carbon alternative fuels or renewable energy without compromising the delivery of services to its customers or community. The plan to achieve this is as follows:

- Target reduction of 4.2% in Scope 1 and 2 carbon emissions per year.
- Maintain Toitū certification.
- Adhere to our commitment to Climate Leaders Coalition which includes engaging with our suppliers around Scope 3 emissions (their Scope 1 and 2 emissions).
- Obtain renewable energy certificates to confirm that all electricity consumed by the Port is from renewable energy sources.
- Focus on its mobile assets, as around 80% of its Scope 1 and 2 emissions are generated from this equipment.
- Develop an equipment monitoring system to improve equipment utilisation and carbon efficiency.

### Sustainability and Climate Change

The Port is committed to reducing its impact on the environment, including its contribution to climate change, as well as providing transparency to the community on the potential impacts of climate change on Port operations.

The Port has established two strategies for reducing our environmental impacts:

- Reduce our physical and carbon impact on the environment by achieving decarbonization of at least 67% on 2019 scope 1 & 2 emissions by 2035, and;
- Engage in sustainability and climate change adaptation that also supports our people and community.

In the 2024 financial year, the Port produced its first Climate-Related Disclosures Report. This report outlines the risks and opportunities arising from the impact of climate change on the Port's activities in the short, medium, and long term. It aligns with the goal of climate-related disclosures to support capital allocation toward initiatives that address climate change. This report is an important part of our commitment to keep stakeholders informed about the potential implications of climate change on our operations and to outline our strategy for addressing these challenges.

Over the next two years, the disclosure will mature through three phases: scoping, qualitative compliance and quantitative compliance. The aim is for full compliance to be reached at the end of 2026FY.





## Health and Safety

Port Nelson has a responsibility to manage health, safety and wellbeing risks and provide a safe and healthy work environment for every person coming onto a port site.

Port Nelson operates under a health and safety management plan which provides the Port with the culture, systems, and processes that form the foundation to ensure we have a safe work environment. A key part of this plan is to enable our systems and processes to be improved through active engagement at all levels of the organisation and with all port users.

Every position at Port Nelson has a responsibility for health and safety. The Port also has a responsibility to ensure every worker has a clear understanding of risks associated with their work as well as the associated controls. A structured network of work group meetings ensures engagement, continued focus, and access to data and training.

The Port also provides every worker with the opportunity to report on health and safety matters. Reporting is encouraged to improve health and safety practices and to ensure effective controls are in place.

Port Nelson is actively reviewing its critical risk management to ensure that the controls the Port has in place are effective and opportunities for improvement are identified and implemented.

### Health and Safety Governance Committee

Port Nelson's board is engaged in approving policies and ensuring compliance through the Health and Safety Committee. External audits are used to challenge current operations. The Port has a robust yearly health and safety plan focused on clarity, consistency and compliance. The Port is currently aligning its systems to ISO 45001, an international standard for health and safety at work developed by national and international standards committees independent of government.

## Relationships

Port Nelson recognises the importance of relationships and engagement with stakeholders as part of our purpose "to facilitate regional prosperity – Kia āhei ki te kōkiri whakamua ki te taumata ā-rohe".

Port Nelson provides information to shareholding local authorities through its shareholder, IHL. PNL works closely with the other members of the IHL Group to share knowledge, implement best practice and realise synergies. Examples of where the Group has, or is, sharing best practice and realising synergies include risk management, health and safety, funding, climate change, accounting services, dividend policy, and communications.

There is also direct contact at mayor, CEO and officer level, where the Port connects with council over non-shareholder matters. The Port appreciates that councillors provide a strong connection to the community and welcome direct contact related to issues that may arise.

The Port operates a 'no surprises' approach with its shareholder.

As part of the Port's social licence to operate, the Port continues to build and maintain formal relationships with the community through a variety of mechanisms. This includes a Port Noise Liaison Committee, Environmental Management Committee and active sponsorship involvement. Members of the community are also provided with the opportunity to be informed about Port activities through the Port Nelson website, contact forms, social media, and our newsletter: RE:PORT.

To continue to build positive relationships with iwi, the Port has implemented a iwi and Māori partnership plan. The iwi and Māori partnership plan focuses on improving and strengthening our relationships with tangata whenua and mana whenua. This includes engaging in regular consultation, collaborating with iwi and incorporating their perspectives and concerns into planning and operations.





## //Governance Performance

### Accounting Policies

Port Nelson Limited is a for-profit company incorporated under the Companies Act 1993 and created pursuant to the Port Companies Act 1988.

The accounting policies for Port Nelson are consistent with the legal requirements of the Companies Act 1993, the Financial Reporting Act 1993 and prepared in accordance with Generally Accepted Accounting Practice in New Zealand ('NZ GAAP'). They comply with New Zealand equivalents to International Financial Reporting Standards ('NZ IFRS') and other applicable reporting standards appropriate for profit-orientated entities.

Port Nelson's accounting policies are detailed in the most recent annual financial statements, which can be found using the following link:

<https://www.portnelson.co.nz/news-room/publications/>

### Dividend Policy

The Port Nelson board will use its best endeavours to accommodate the shareholder's desire for consistent and reliable dividends with steady growth within the constraints imposed by the directors' obligations to act in accordance with their statutory duties, funding covenants and future capital requirements.

The shareholder desire to receive dividends representing not less than 50% of net profit after tax (excluding non-cash adjustments such as property re-valuations). Similarly, the Port Nelson board expectation is that not more than 75% of net profit after tax shall be distributed to the shareholder.

Given the high future capital investment, largely in asset replacement required over the future medium term, dividends in the lower end of the range are expected.







## Approach to Governance

Port Nelson recognises the importance of strong corporate governance for its ability to create value for its stakeholders. Accordingly, Port Nelson has a comprehensive set of governance structures and practices to promote best practice, high ethical standards and sound decision making in all areas of Governance activity.

### Company

The company's principal objective is to operate as a successful business as defined by section 5 of the Port Companies Act 1988.

### Corporate Code of Governance

The board of Port Nelson operates within an agreed Corporate Code of Governance and Board Charter reviewed annually by the board.

### Board

The shareholder appoints the board. The board is responsible for the governance, strategic direction and monitoring of the company's business to achieve its objective in accordance with Port Nelson's Corporate Code of Governance and Board Charter.

### Board Committees

The board uses committees to allow areas requiring detailed consideration to be dealt with separately by directors with specialist knowledge and experience, thereby enhancing the effectiveness of the board.

Accordingly, the board has constituted three standing committees: the Finance and Risk Committee, the Health and Safety Governance Committee, and the Remuneration and Appointments Committee. In addition, it may form ad hoc committees to deal with specific issues.

### Chairperson

The board elects a chairperson and may elect a deputy chairperson or alternate. The chairperson is responsible for the efficient functioning of the board.

### Chief Executive

The board appoints a CEO. The CEO is responsible for leading and managing the company in accordance with the directions of the board. The CEO may further delegate to other levels for day to day operational decisions of the company in accordance with delegated authorities, as approved by the board.

### Health and Safety

Health and safety governance is a priority for the board. The board will take a leading role in health and safety by reviewing and approving the safety management plan and understanding the effectiveness of the company systems and performance. The board supports the "Good Governance Practice Guidelines for Managing Health and Safety Risks" produced by the Institute of Directors and the Ministry of Business, Innovation and Employment.



## Information to be Provided to Shareholder

Port Nelson commits to the principle of transparency when it comes to reporting to its key stakeholders.

Over the period covered by this Statement of Corporate Intent, the Port will provide the following formal reports.

### Annual Statement of Corporate Intent

Under the Port Companies Act 1988, the Port is required to provide a draft Statement of Corporate Intent one month after the commencement of the financial year, with a financial statement three months after the year's commencement.

Given the CCO obligation of its shareholder IHL, the Port will provide its draft SoCI five months before the start of the new financial year and the final SoCI by the start of the new year.

### Half Yearly Report

Within two months after the end of the first half of each financial year, the company will deliver to the shareholder and the Minister of Transport its Half Yearly Report prepared in accordance with the NZ IFRS and the Financial Reporting Act 1993, including the unaudited consolidated financial statements and performance commentary, together with such other information as the Board consider appropriate.

### Annual Report

Within three months after the end of each financial year, and no less than ten working days from the date on which the shareholder meeting is to be held, the company will deliver to the shareholder and the Minister of Transport its Annual Report prepared in accordance with the reporting requirements of the NZ IFRS and the Financial Reporting Act 1993 and will include the audited annual consolidated financial statements and performance commentary, together with such other information as the board considers appropriate.

### Quarterly Reporting

Within six weeks after the end of each financial year's September and March quarters, the company will deliver to the shareholder a quarterly report on the preceding quarter. The company's quarterly report to the shareholder shall include a performance commentary, together with such other information as the board consider appropriate.

Financial results for the December and June quarters will be incorporated in the Half Year Reports and Annual Reports to be delivered to the shareholder in accordance with the timetables of those stated above.

Any reports provided to the shareholder may be released at their discretion.

### General Disclosure

The company will provide information to the shareholder on an ongoing but confidential basis to ensure that the shareholder is informed promptly of significant events related to the company and which may affect the shareholder.

Any reports, including the company's Quarterly and Half Year reports provided to the shareholder, may be released to the public at their discretion.

### Communication of Information

For all formal reports and ad hoc business matters, the company's primary line of communication is direct to the shareholder or their nominated representatives.

### Procedure for Acquisition of Shares

The company's ability to subscribe for, purchase or otherwise acquire shares in any company or other organisation is governed by the company's constitution and the Companies Act 1993. Any major share investment (other than operational investment) inconsistent with the five-year strategic plan will be subject to shareholder approval.

### Compensatory Activities

The company will seek compensation for all non-commercial activities performed by it on behalf of local authorities.



**PORT  NELSON**

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