

*THIS REPORT
HONOURS THE
STRENGTH AND
RESILIENCE OF OUR
RELATIONSHIPS,
OUR PEOPLE AND
OUR PORT.*

*PORT OF
TAURANGA
LIMITED –
INTEGRATED
ANNUAL
REPORT 2020*



PORT OF TAURANGA REMAINS NEW ZEALAND'S LARGEST AND MOST EFFICIENT PORT.

It is the international freight gateway for the country's imports and exports. It is the only New Zealand port able to accommodate larger container vessels, unlocking economic and environmental benefits for shippers.

Port of Tauranga handles 32% of all New Zealand cargo, 37% of New Zealand exports and 41% of all shipping containers.

We provide our customers with highly effective supply chains through our investment in other ports, inland freight hubs, cargo handling expertise and logistics services. We have the people and expertise to deliver excellent care of our customers, sustainable and wide-reaching benefits to our community, and strong financial returns to our shareholders.

Port of Tauranga creates jobs and wealth for the Tauranga community, the wider Bay of Plenty region and beyond. Our national network reaches to Whangarei, Auckland, Hamilton, Timaru and Christchurch.

Port of Tauranga is New Zealand's Port for the Future.



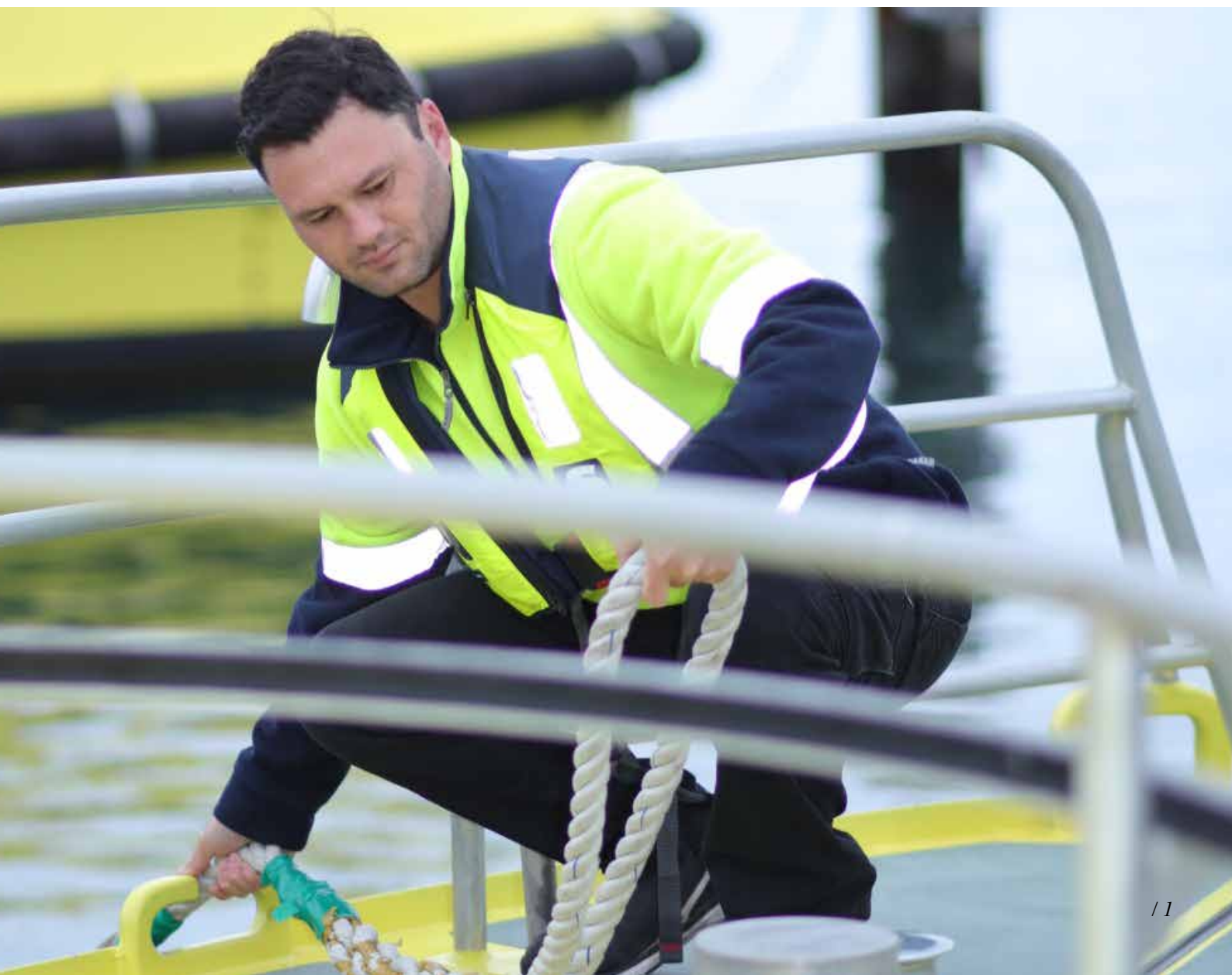
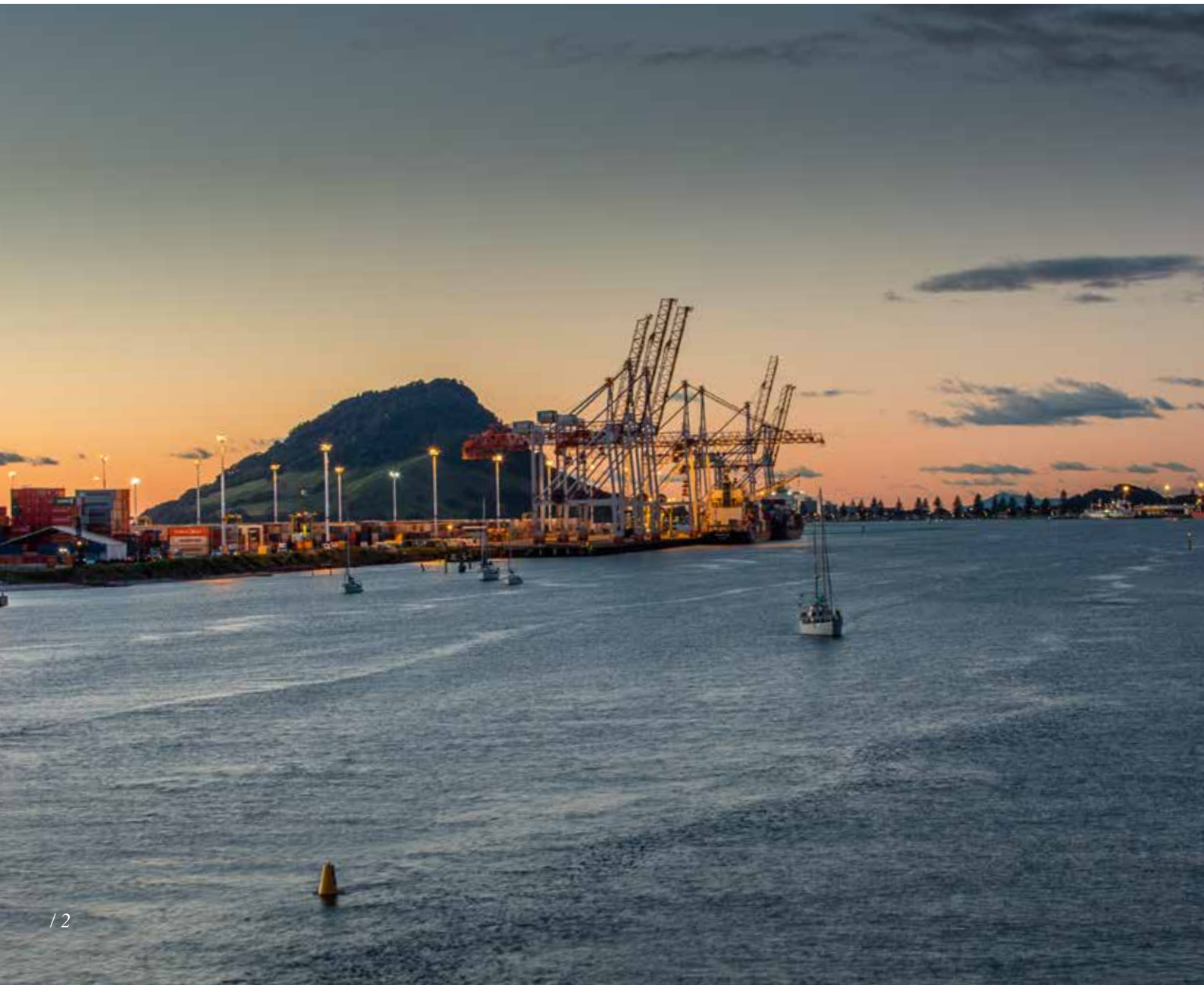


TABLE OF CONTENTS

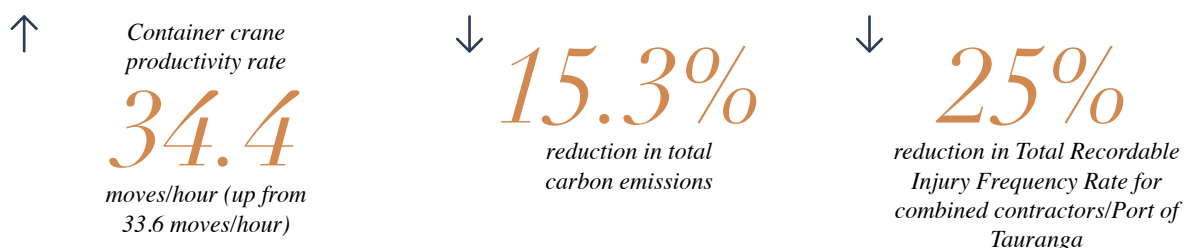
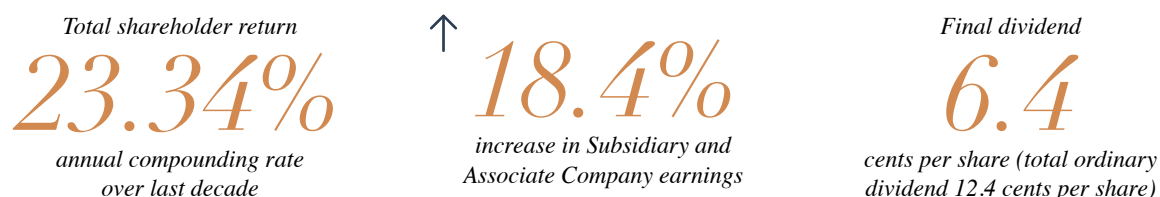




4/	HIGHLIGHTS AND CHALLENGES
8/	CHAIR AND CHIEF EXECUTIVE'S REPORT TO SHAREHOLDERS
20/	INTEGRATED REPORTING
22/	COMPANY OVERVIEW
	– Our purpose
	– Our values
	– Our national network
28/	HOW PORT OF TAURANGA CREATES VALUE
30/	WHAT MATTERS MOST
	– Stakeholder engagement and materiality
31/	MANAGING RISKS AND OPPORTUNITIES
34/	OUR STRATEGIES FOR THE FUTURE
38/	CAPITAL #1 – OUR RELATIONSHIPS
44/	CAPITAL #2 – OUR PEOPLE
50/	CAPITAL #3 – OUR SKILLS AND KNOWLEDGE
56/	CAPITAL #4 – OUR ENVIRONMENT
66/	CAPITAL #5 – OUR ASSETS AND INFRASTRUCTURE
70/	CAPITAL #6 – OUR FINANCES
74/	BOARD OF DIRECTORS
76/	SENIOR MANAGEMENT TEAM
78/	CONSOLIDATED FINANCIAL STATEMENTS
120/	CORPORATE GOVERNANCE STATEMENT
128/	FINANCIAL AND OPERATIONAL FIVE YEAR SUMMARY
130/	COMPANY DIRECTORY

HIGHLIGHTS AND CHALLENGES
FOR THE YEAR ENDED 30 JUNE 2020

CHALLENGE IS OUR OPPORTUNITY



¹TEUs = Twenty foot Equivalent Units – a standard measure of shipping containers



**HIGHLIGHTS AND CHALLENGES
FOR THE YEAR ENDED 30 JUNE 2020**



↑ **240%**
increase in staff-led safety interventions

↓ *Ship visits*
1,515
(down 9.7% from 1,678)

↓ **106**
cruise ship visits
(down from 116 last year)

2,000+
people hosted on port tours

16
educational scholarships
for students

Commissioned a ninth
container crane and seven
straddle carriers, including three
hybrid models



Extended long-term operating
agreement with Kotahi Logistics,
New Zealand's biggest exporter
of containerised cargo

Agreed to form 50:50 venture
with Tainui Group Holdings to
develop Ruakura Inland Port
at Hamilton

The Government's Upper North
Island Supply Chain review
recommended the move of
much of Auckland's cargo to
Whangarei's Northport
(50% owned by Port of Tauranga)



Compliance costs
continue to rise

Regional transport
infrastructure continues to be
under strain due to population
growth and increased economic
activity over the long term

Wide-ranging impact on business
from the Covid-19 pandemic,
including but not limited to
shipping cancellations, reduced
cargo volumes, operational
challenges and cost,
and economic recession in
New Zealand and the world



THE YEAR IN REVIEW:
CHAIR AND CHIEF EXECUTIVE'S
REPORT TO SHAREHOLDERS

The 2020 financial year was a tumultuous one, and we are extremely grateful for the strength, resilience and fortitude demonstrated by the Port of Tauranga team.

RESILIENT





DAVID PILKINGTON – Chair

Our systems, processes and people were tested in a myriad of ways. The effects of the ongoing Covid-19 global pandemic still reverberate in all parts of our business and the long-term impact remains uncertain.

2020 results

Our diversity of cargoes and income streams, strong balance sheet and ongoing vigilance regarding costs have helped Port of Tauranga to weather the initial impact of the Covid-19 pandemic.

As an essential service, Port of Tauranga continued trading through all Government alert levels.

For the financial year ended 30 June 2020, Port of Tauranga handled a total of just over 24.8 million tonnes of cargo, a decrease of 7.9% on the previous year. Containerised cargo grew 1.5% in volume, to more than 1.25 million TEUs.

Group Net Profit After Tax was \$90.0 million, compared with \$100.6 million in 2019. The Board has declared a final dividend of 6.4 cents per share.

Dividend policy reviewed

The Board has reviewed our dividend policy in the light of the pandemic and its fallout.

Our special dividend scheme will be suspended, with funds reserved to accelerate capital expenditure such as our planned container berth extension. Our policy is to maintain an ordinary dividend payout of between 70% and 100% of Underlying Net Profit After Tax

Hub port strategy success

Partnerships with our key customers are an integral feature of Port of Tauranga's long-term success and ability to invest in building capacity.

We have extended our strategic alliance with Kotahi, New Zealand's largest containerised freight exporter.

All of our business units reduced emissions compared with the previous year.

The renewed agreement extends Kotahi's freight volume commitment to Port of Tauranga for an additional seven years, through to mid-2031. Kotahi manages freight on behalf of more than 40 of New Zealand's importers and exporters, including its shareholders Fonterra and Silver Fern Farms.

The alliance has already brought significant benefits to New Zealand. When it was established in 2014, it paved the way for the introduction of the next generation of larger, more efficient container ships to New Zealand – and with them a lower carbon supply chain.

In September, we celebrated the 20th anniversary of our MetroPort Auckland freight hub, the country's first true intermodal inland port. MetroPort's rail links and strategic location in the South Auckland industrial belt give shippers easy access to the big ship services that call at Port of Tauranga.

We've replicated the intermodal model at our MetroPort Christchurch facility at Rolleston, and we are now partnering with Tainui Group Holdings to develop an inland port in Hamilton.

Ruakura Inland Port partnership announced

Port of Tauranga and Tainui Group Holdings are forming a 50:50 joint venture to bring the Ruakura Inland Port at Hamilton to fruition within two years.

The new joint venture will take an initial 50-year ground lease to establish the inland port, and plans to start operations at Ruakura following the opening of the nearby Hamilton section of the Waikato Expressway, currently scheduled for late 2021.

The project is of national scale and significance and will add to Port of Tauranga's strong and growing capacity to serve the Auckland, Waikato and Bay of Plenty regions. It combines the Port's expertise in developing and operating ports, the deep regional connections of Tainui and the scale and efficiencies offered by the site.

It will also unlock significant environmental and economic benefits for freight customers using the rail-connected inland port.

The facility will cover approximately 30 hectares, with 192 surrounding hectares earmarked for logistics and industrial uses. The project has attracted Government funding for roading connections, as has a new industrial park under development to the port's east, at Rangiuuru near Te Puke.

Carbon emissions cut by 15.3%

Measuring, understanding and reducing our carbon emissions is a big focus and we are proud to report that the Company has cut its overall emissions by 15.3% compared with the previous financial year.

Much of the decrease has come through a waste minimisation programme that reduced the volume of waste going to landfill from the Mount Maunganui wharves by 48.5%. Significantly more waste is being recycled instead, and we believe we can still generate further improvements in this area.

All of our business units reduced emissions compared with the previous year.

Our emissions are certified through the Certified Emissions Measurement and Reduction Scheme (CEMARS) and audited by Toitū Envirocare. It is important to us that our emissions reduction strategy is not based on hollow promises or "greenwashing". Our approach is to break down every part of our business to ensure we are making lasting and tangible change.







Cargo volume trends

Exports decreased 8.0% in volume to nearly 15.8 million tonnes and imports decreased 7.8% to just over 9.0 million tonnes for the year ended 30 June 2020.

In the first half of the financial year, log volumes were hit by lower international prices and demand. By March, positive signs were emerging in China, our major log export market, as business there returned to normal and demand increased.

However, log and other forestry product exports were deemed a non-essential cargo during the Level 4 lockdown from late March. Inventory stored at our Mount Maunganui wharves could be shipped to make way for essential cargoes, but no new exports came through the port gates until early May.

Overall, log volumes decreased 21.5% compared with the previous year, to 5.5 million tonnes. Sawm timber exports decreased 10.4% in volume. Pulp and paper exports increased slightly over the full year.

Dairy product exports increased 1.7% to nearly 2.4 million tonnes. Meat products increased 15.4% in volume.

Kiwifruit export volumes remained steady, with increasing volumes shipped via container.

Imported fertilisers remained steady in volume compared with the previous year, while protein

and feed imports increased 20.1% in volume. Grain imports increased 26.1% in volume.

Oil product imports decreased 12.3% in volume, reflecting the economic conditions.

Transshipment rates remained steady, despite the overall decline in cargo volumes. Transshipment, where cargo is transferred from one ship to another at Tauranga, increased 0.2% overall.

Ship visits decreased by 9.7%, from 1,678 to 1,515 for the year.

Impact of Covid-19 pandemic

Port of Tauranga felt the impacts of Covid-19 well before the virus reached New Zealand. As China extended its New Year shutdown to contain the outbreak, log inventories in China surged and exports from New Zealand shrunk considerably.

As New Zealand imposed its own strict border controls and subsequent local lockdown, we had a duty to ensure that imports and exports could flow unimpeded across our wharves. We implemented extensive measures to protect our people, trade and the community.

These included cleaning of all shared work stations and equipment between shifts, and more frequent cleaning of shared facilities such as staff rooms, toilets and vehicles. Shifts and teams were separated, including on breaks.

Non-essential shuttle transport for international crews was suspended, effectively cancelling crew shore leave. Electronic transactions were encouraged at our Tauranga container terminal and MetroPort Auckland.

Our administration offices were closed to visitors, in-person meetings were cancelled and all employees who could work from home were asked to do so. Our IT team worked long hours to ensure this was as seamless as possible.

Our health and safety team sourced vital supplies of personal protective equipment and cleaning supplies to protect our frontline workers. Disposable gloves and masks remain in use by maritime pilots and the crew members they come into contact with.

Essential cargoes prioritised

Importers were encouraged to identify cargo required for essential services before its arrival in New Zealand so that it could be handled and transported first. The dwell charges deadline for priority cargo was extended to provide relief to our customers while ensuring cargo was collected promptly.

As Level 4 lockdown was introduced from 25 March, we made arrangements in both Tauranga and Auckland to ensure non-essential cargo could be temporarily stored on or off-site until it could be collected by truck or transferred by rail to MetroPort Auckland. Dwell charges were suspended for these cargoes.

Dairy product exports increased 1.7% to nearly 2.4 million tonnes. Meat products increased 15.4% in volume.

Cruise ship season disrupted

In December, 38 passengers visiting Tauranga on the *Ovation of the Seas* cruise ship were caught in a volcanic eruption while visiting Whakaari White Island, approximately 90 kilometres away. The ship extended its stay at Tauranga by several days and a karakia was held by local iwi Ngāi Te Rangi before its departure. A total of 47 people were killed or injured as a result of the eruption.

In February, the unfolding Covid-19 crisis threw cruise ship schedules into chaos, with multiple service changes and cancellations through to mid-March, when the Government announced a ban on cruise ships entering New Zealand waters. One of our regular cruise ship visitors, the *Noordam*, spent five nights on an unscheduled layover, with only crew on board, in early March following a charter cancellation.

In total, Port of Tauranga lost 16 cruise ship visits from the end of the 2019/2020 season, and we are currently not budgeting for any visits in the 2020/2021 season.



Lessons from lockdown

The pandemic revealed the strength of our team in many ways.

During the lockdown, we utilised our in-house resources and remote support to commission our ninth container crane.

The crane arrived in parts from Ireland in mid-February, was assembled on site and then moved several hundred metres on to the berth.

The Tauranga Container Terminal team handled a record container exchange in April, obliterating all previous records. The *Sally Maersk* container ship exchanged 9,367 TEUs over two and a half days before departing Tauranga for Kaohsiung in Taiwan.

STRO TOGETHER

At the same time, another 1,772 TEUs were exchanged on two other vessels, all while maintaining the physical separation of workers demanded by Covid-19 lockdown restrictions.

Many of our team were anxious about continuing to work through the lockdown and concerned for the health of our loved ones. However, they also realised their privilege in continuing to work while many people in our region lost their jobs or worked reduced hours.

The crisis pushed many local families into vulnerable positions and our team suggested we make a one-off donation to the Tauranga Community Foodbank, which the Port donates to each Christmas. We made a \$25,000 donation in late April.



Log ship stranded at harbour entrance

Our team's resilience was once more put to the test when a departing log ship lost engine power at the harbour entrance during extreme weather in July.

The *MV Funing* drifted to the edge of the shipping channel and became entangled in a marker buoy. Our marine team, including maritime pilots and tug boat crews, managed to tow the disabled vessel to a deeper anchorage. The ship was subsequently towed into port for further inspections and repairs.

Upper North Island Supply Chain Review continues

In February 2018, the Government announced an Upper North Island Supply Chain Review as part of the coalition agreement between Labour and New Zealand First. A working group recommended that Ports of Auckland's cargo volumes be shifted to Northport.

A subsequent review of the working group's recommendations was undertaken by economic consultants Sapere. It concluded that a new port on the Manukau Harbour was the best option for Auckland cargo, with the second best option being Port of Tauranga.

SCALING UP





A Government decision has been deferred until after the 2020 election and a detailed feasibility study would still be required to test whether a Manukau Harbour option is even possible, given the major shipping issues, costs and environmental impact.

In the meantime, Port of Tauranga continues to increase capacity without increasing our existing footprint.

Sapere's report is the latest of more than 20 reports to examine this issue in the last 15 years. In our view, if all port companies simply priced and invested to achieve a cost of capital return, a natural hierarchy of ports would emerge quite quickly. Ultimately, Auckland City ratepayers and the Government need to decide whether they wish to fund a major new port or utilise the current well-performing and efficient assets at Northport and Port of Tauranga.

In the meantime, Port of Tauranga continues to increase capacity without increasing our existing footprint. International experts have told us that Port of Tauranga can easily accommodate up to 2.8 million TEUs on our current land holdings. There is also the opportunity to factor in the future freight handling capacity of the Ruakura Inland Port in Hamilton.

Changes to the leadership team

During the year we had two retirements from the Senior Management Team – our award-winning Chief Financial Officer of 13 years, Steve Gray, and our Corporate Services Manager, Sara Lunam.

Simon Kebbell, formerly Port of Tauranga’s Finance and IT Manager, became Chief Financial Officer in July.

Chair David Pilkington was named Chairperson of the Year at the Deloitte Top 200 Business Awards.

As part of its succession planning, Port of Tauranga appointed Leonard Sampson to the newly-created position of Chief Operating Officer, reporting to the Chief Executive. Leonard was the Port’s Commercial Manager for seven years after joining the Company from KiwiRail.

Blair Hamill, formerly Zespri International’s Chief Global Supply Officer, took up the Commercial Manager position in July.

Port of Tauranga’s longstanding Group Health and Safety Manager, Pat Kirk, has joined the Senior Management Team. Pat has been with the Company

for seven years and has more than three decades’ experience in health and safety.

Two other appointments have also been made to the Senior Management Team. Melanie Dyer, formerly Trustpower’s General Manager People and Culture, started in August as our new Corporate Services Manager. Our Communications Manager, Rochelle Lockley, will join the team in September.

Prestigious business award for Port of Tauranga Chair

Chair David Pilkington was named Chairperson of the Year at the Deloitte Top 200 Business Awards. David joined the Port of Tauranga Board in July 2005 and has been Chair since 2013.

His win scored a hat trick for Port of Tauranga Limited at the prestigious annual awards. Mark Cairns won the accolade for Chief Executive of the Year in 2012, while Chief Financial Officer, Steve Gray, won CFO of the Year in 2017.

External influences on our business

Port of Tauranga’s ability to create value for our stakeholders is impacted by multiple external factors. They include economic conditions, trade trends and longer-term influences such as technological and social change. We also operate within the context of the current political environment, both locally and nationally.



We are grateful for the ongoing support of our community and iwi as we play our role in the management of and recovery from the Covid-19 pandemic.

The impacts of the Covid-19 pandemic, and the resulting worldwide economic recession, remain difficult to quantify. Its effects will be far-reaching and long-term. We are already seeing more attention on supply chain resilience and a trend to regionalisation (as opposed to globalisation). We expect lower carbon alternatives to become increasingly important to shippers.

We continue to use our relationships to gather market intelligence and our networks to influence public policy.

Historic growth

We have achieved a compound annual growth rate of 4.76% in cargo throughput over the last 15 years. The rate of container throughput growth has been 7.5% per annum over the same period, with both rates outpacing the 2.8% increase in GDP between 2002 and 2019.

The average annual compounding Total Shareholder Return over the last decade has been 23.34%.

Market outlook for 2021 and beyond

Our long-term track record means we have a strong credit rating and we believe we are well placed to weather the Covid-19 storm.

The short and medium impacts of the Covid-19 pandemic are still uncertain.

We expect cargo volumes to slowly recover over the next three years, with dairy product

and kiwifruit exports likely to be the strongest performers in terms of growth.

We are unlikely to see international cruise ship traffic this coming summer.

We are still confident of growth over the long-term and, given the lead time required for any investment, we continue to pursue capacity expansion.

We will provide earnings guidance for the 2021 financial year at our Annual Shareholders' Meeting on 30 October 2020, once we have a feel for the first quarter's trade and the ongoing influence of the Covid-19 pandemic on the global economy.

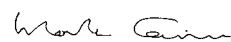
Thank you

We are grateful for the ongoing support of our community and iwi as we play our role in the management of and recovery from the Covid-19 pandemic.

We would also like to pay tribute to our amazing team members, contractors, suppliers, partners and customers, who have kept the port moving through extremely challenging times and who continue to make Port of Tauranga New Zealand's Port for the Future.



DAVID PILKINGTON
Chair



MARK CAIRNS
Chief Executive

**INTEGRATED
REPORTING**

Welcome to Port of Tauranga's integrated annual report for the 2020 financial year. This report outlines how Port of Tauranga creates value for our stakeholders over the short, medium and long term. We aim to communicate our strategy, governance, performance and prospects.

Our reporting follows the internationally-recognised <IR> Framework of the International Integrated Reporting Council³ and is consistent with the principles and recommendations of the NZX Corporate Governance Code⁴.

This year, for the first time, we have also indicated how we contribute to meeting the aspirations outlined in the United Nations Sustainable Development Goals⁵. The goals seek to tackle some of the biggest and most urgent global challenges, such as inequality, climate change and environmental degradation. We have also expanded our description of climate-related risks and opportunities, in line with the recommendations of the Taskforce for Climate-related Financial Disclosures⁶.

In this report, we examine the capitals, resources or inputs that we use or affect: our relationships, our people, our skills and knowledge, our environment, our assets and infrastructure, and our finances. We outline the capabilities and strengths we add, describe our activities and outputs, and the resulting outcomes for our stakeholders. We define "stakeholders" as anyone who has something to gain, or something to lose, from Port of Tauranga's activities.

Last year, we surveyed our internal and external stakeholders to identify what issues matter most to them. We'll repeat these conversations next year

³<https://integratedreporting.org>

⁴<https://www.nzx.com/regulation/nzx-rules-guidance/corporate-governance-code>

⁵<https://www.un.org/sustainabledevelopment/>

⁶<https://www.fsb-tcfd.org/wp-content/uploads/2017/06/FINAL-2017-TCFD-Report-11052018.pdf>





to ensure our strategies focus on those issues that are the highest priority for our stakeholders.

Our carbon emissions are audited annually by Toitū Envirocare using the CEMARS certification. We intend to seek assurance on other non-financial data in future.

We will continue to enhance our non-financial reporting to increase our transparency and build credibility and trust with our stakeholders.

Integrated thinking, actions and reporting will help us ensure the best possible outcomes for our shareholders, employees, customers, partners and community.

A handwritten signature in black ink, appearing to read 'D. Pilkington'.

DAVID PILKINGTON
Chair

COMPANY OVERVIEW:
OUR PURPOSE

Port of Tauranga works with its long-term partners to deliver highly effective logistics networks that meet the needs of the New Zealand supply chain.

We deliver sustainable returns, while taking appropriate risks, for our shareholders and work to cultivate a prosperous city, region and nation.

Our success is only possible through the efforts of a proud, safe and motivated workforce. We also rely on the ongoing support of our communities, which in turn look to us to be responsible participants in our shared environments.

6,216
TEU total
ground slots

2.8km
total quay length,
with 14 berths

45ha
of land
in Auckland

3,426
dedicated
reefer connections

238
permanent employees
(up from 230 in 2019)

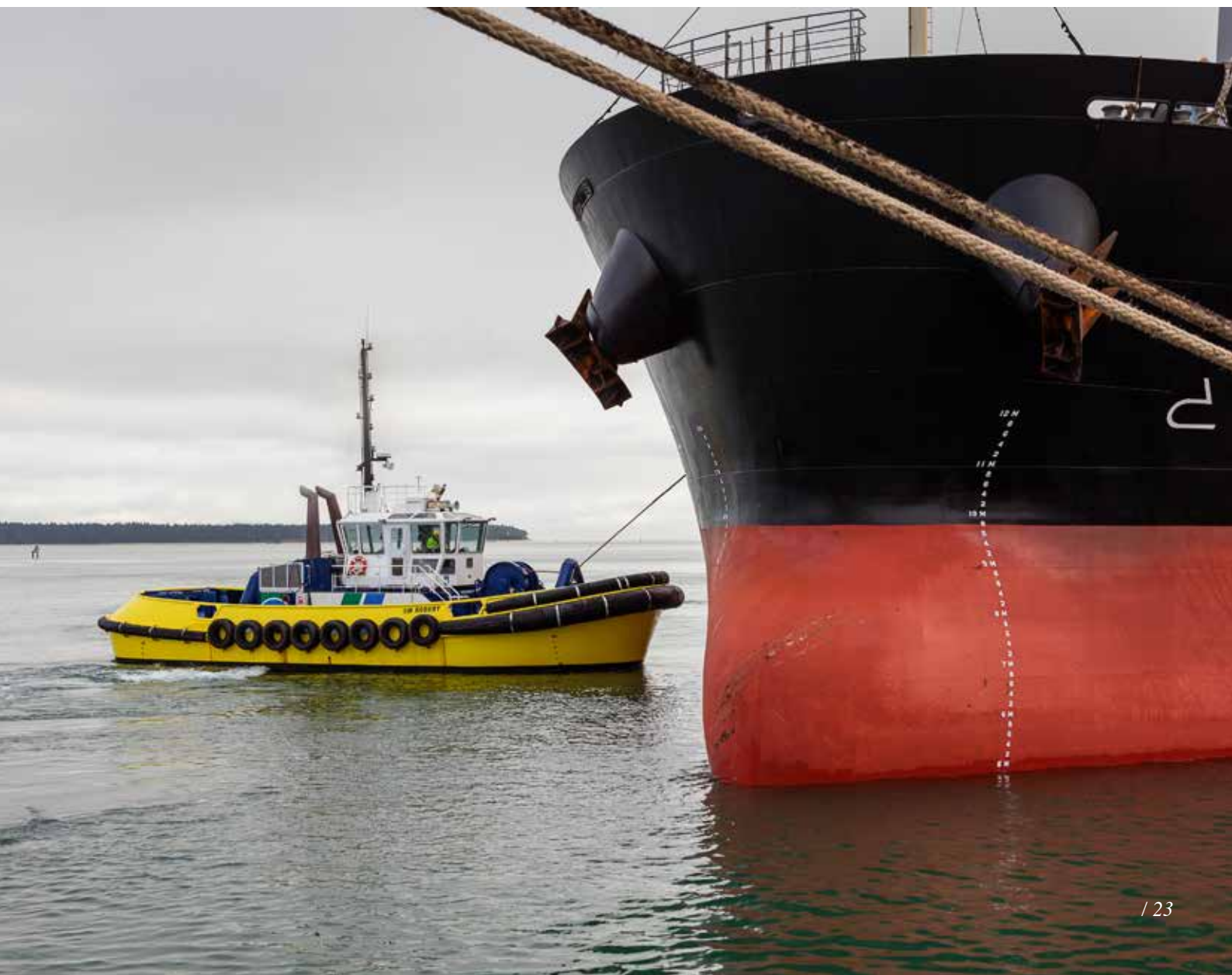
190ha
of land
in Tauranga

14.5m
shipping
channel depth

15ha
of land in Rolleston
near Christchurch

53 **9**
straddle carriers
(up from 46
straddles in
2019) container
cranes (up from
8 cranes in
2019)



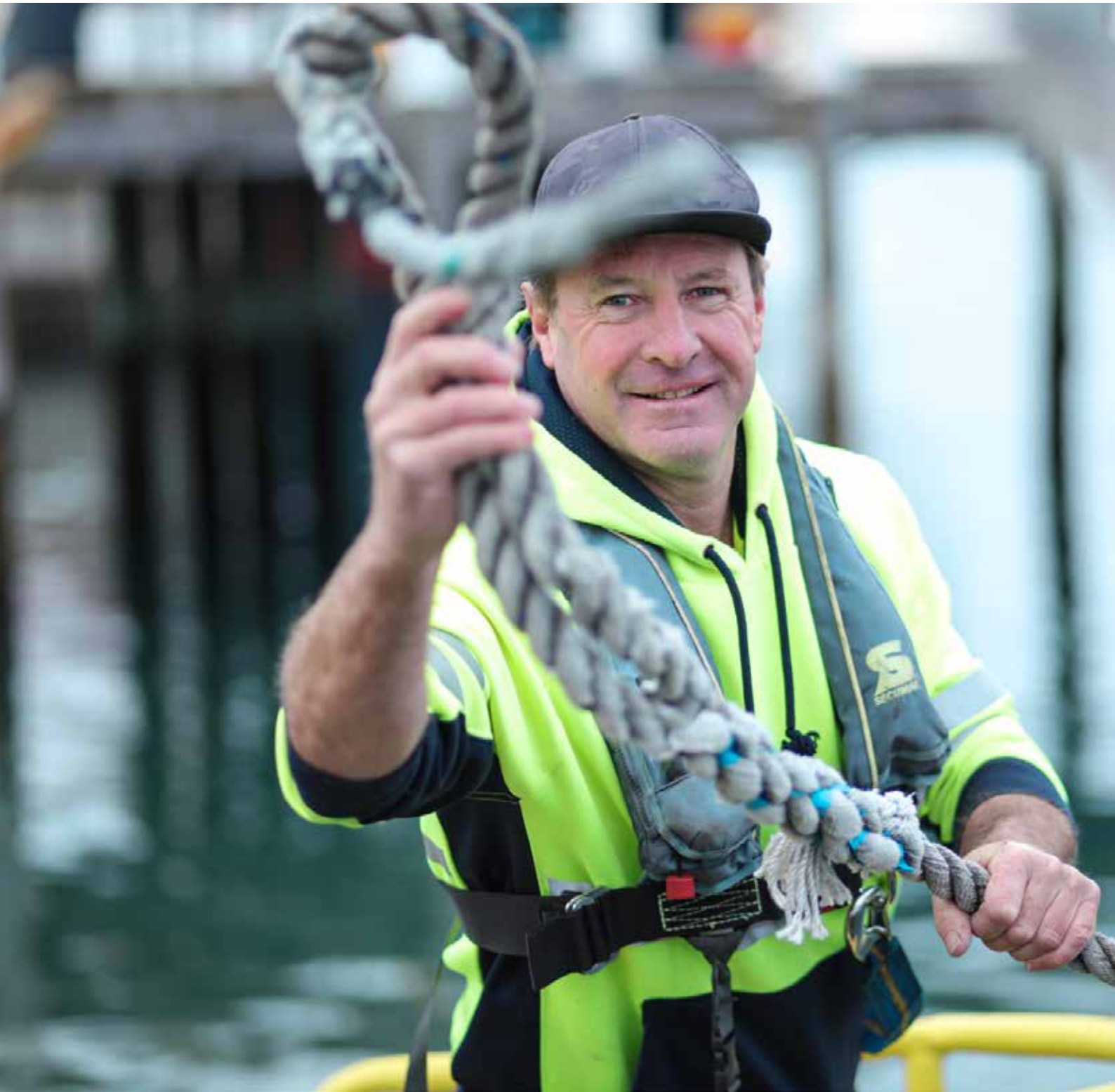


COMPANY OVERVIEW:
OUR VALUES

*Our core
values inform
everything we do*

*SAFETY
INTEGRITY
INNOVATION
COMMUNICATION
TEAMWORK*





COMPANY OVERVIEW:
OUR NATIONAL NETWORK



PORT OF TAURANGA



1

PARENT COMPANY

- New Zealand's largest port and international freight gateway
- Container terminal, bulk cargo wharves and bunkering/bulk liquids facilities
- Extensive cargo storage and handling facilities
- Rail connections to Hamilton, Auckland and the central North Island
- Extensive road networks and coastal shipping connections.



1 2 3 5 6

50% OWNERSHIP WITH KOTAHI

- Freight logistics group incorporating Tapper Transport, Dairy Transport Logistics, Priority Logistics and MetroPack
- 50% shareholding in MetroBox
- Operates New Zealand's largest intermodal freight hub at Otahuhu in Auckland
- Operates freight hub at Crawford Street, Hamilton.



4

50% OWNERSHIP WITH MARSDEN MARITIME HOLDINGS

- Deep water commercial port near Whangarei.



1 3

50% OWNERSHIP WITH PORTS OF AUCKLAND

- Online cargo management system.



3

OPERATED BY PARENT COMPANY AND KIWIRAIL

- Inland port in the heart of Auckland's commercial and industrial area, connected by rail to Tauranga and Hamilton
- New Zealand's fourth largest container terminal.



2

PLANNED 50:50 JOINT VENTURE WITH TAINUI GROUP HOLDINGS

- Inland port connected by rail to Tauranga and Auckland.



5

OPERATED BY TIMARU CONTAINER TERMINAL

- Intermodal freight hub at Rolleston
- Rail connections to Timaru Container Terminal and rest of South Island
- New warehouse built for Coda Group.



5 6

50.1% OWNERSHIP WITH KOTAHI

- Direct links to Tauranga
- Operates MetroPort Christchurch at Rolleston.



1 6

100% OWNERSHIP

- Specialist cargo handling services company with operations at Tauranga and Timaru.



6

50% OWNERSHIP WITH TIMARU DISTRICT HOLDINGS

- Commercial port in Timaru
- Bulk cargoes including major cement handling facility
- New oil terminal.

HOW PORT OF TAURANGA CREATES VALUE

INPUTS



Our relationships



Our people



Our environment



Our skills and knowledge



Our assets and infrastructure



Our finances

OUR CAPABILITIES

Can-do attitude

Sector-leading safety performance

Flexibility

History of sound commercial infrastructure investment

Deep understanding of supply chain dynamics

Proven ability to execute strategy

Located close to cargo catchments and linked by road, rail and sea

Cost-effective and competitive labour model

Strong and transparent governance framework

Strong financial and risk management

OUR OUTPUTS

Growing trade volumes based on long-term freight agreements with key customers

Constructive partnerships with iwi and our community, focussed on harbour health, education and youth development

Consistent, reliable and efficient performance through safe and resilient operations within a competitive operating model

Innovative investments in other ports, inland freight hubs, logistics and cargo handling specialists

Strategic land holdings on both sides of Tauranga Harbour and other key locations

Cargo handling equipment and storage capacity that enables cargo growth

Proactive pollution prevention and focus on energy efficiency and waste minimisation

Strong balance sheet

Job creation (direct and indirect)

Dividends paid to shareholders, including regional ratepayers (through cornerstone shareholder, Quayside)

Tourism income from visiting cruise ship passengers

OUTCOMES FOR OUR STAKEHOLDERS

Enduring, mutually beneficial partnerships

A proud, safe and motivated workforce

Highly effective logistics networks that meet the needs of the New Zealand supply chain

Responsible environmental stewardship

Appropriate risk and return for our shareholders

Prosperity for local, regional and national communities

WHAT MATTERS MOST

Stakeholder engagement and materiality

Port of Tauranga’s business strategies are focused on the issues that matter most to our community, iwi, customers, suppliers, partners and investors.

In 2019, we engaged an independent expert to consult our internal and external stakeholders about the “material issues” most likely to impact the way we create or erode value. They include economic, environmental and social issues.

The top 12 material issues for Port of Tauranga can be summarised as:

- Health, safety and wellbeing
- Stormwater management
- Biosecurity
- Customer satisfaction and trust
- Air quality management
- Port capacity and expansion
- Profitability
- Workforce engagement
- Geographic reach
- Community engagement
- Land transport networks
- Iwi engagement.

This report outlines our strategies, recent progress, and commentary on how we utilise the available resources to address these issues.

We engage our stakeholders regularly across a variety of formal and informal communications channels and we will formally consult our stakeholders again in the next 12 months. This ensures we continue to prioritise resources to improve our performance in the most important areas.

The assessment of our top issues informs our risk management framework, outlined in the following pages.

MANAGING RISKS AND OPPORTUNITIES

Port of Tauranga has extensive programmes in place to identify, manage and mitigate any risks to our employees, our Company, our community and our environment. This allows us to pursue business growth and grow shareholder returns while we protect our people, our assets, the environment and our reputation.

Port of Tauranga's Board of Directors is responsible for ensuring risk is managed effectively. The Board considers strategic, operational, financial and compliance risk.

While risks are continuously evolving, we have identified our top strategic risks as:

- Maintaining the health, safety and wellbeing of our people
- Protecting our social licence to operate
- Legal and regulatory risk
- A natural disaster event
- Commercial and business risk due to global economic or geopolitical situations
- Malicious cyber attack
- A vessel foundering in the channel.

More detail on the potential consequences and how we mitigate these risks is outlined in the Corporate Governance Statement on our website: www.port-tauranga.co.nz

Spotlight on: Seismic risk

Tauranga City Council has undertaken extensive modelling based on a tsunami of up to 14 metres resulting from a magnitude 9 earthquake on the

Kermadec fault line, which it estimates has a 1-4% chance of occurring in the next 100 years. It shows the effect on the inner harbour would be significantly lower than on the ocean side.

We have installed earthquake monitors on our wharf infrastructure to monitor even the slightest seismic activity and its effects.



MANAGING RISKS AND OPPORTUNITIES



Spotlight on: Climate-related risks and opportunities

We have considered the guidelines of the Task Force on Climate-related Financial Disclosures. There are two major categories of climate-related impacts:

- The risks and opportunities related to New Zealand’s transition to a lower-carbon economy
- The risks and opportunities related to the physical impacts of climate change.

Projections of climate change depend on future greenhouse gas emissions, which are uncertain. Port of Tauranga relies on the projections used by central Government agencies – including the Ministry for the Environment, the Ministry for Primary Industries and the National Institute of Water and Atmospheric Research (NIWA) – for the Bay of Plenty. We also consider scenario planning by the Bay of Plenty Regional Council and the Tauranga City Council.

The regional impacts from climate change include an increased likelihood of heatwaves, increased storm intensity, and droughts that are more frequent, longer and more intense. More frequent extreme rainfall events are also a possibility⁷.

Current models show potential for flooding along wharf edges and of Port of Tauranga land at the southern end of the Mount Maunganui wharves, and to the south of the container terminal at Sulphur Point. Sea level rise analysis shows there is likely to be minimal impact to current wharf structures under most scenarios⁸.

Our measures to reduce greenhouse gas emissions are outlined in Our Environment on page 56.

⁷<https://www.mfe.govt.nz/climate-change/likely-impacts-of-climate-change/how-could-climate-change-affect-my-region/bay-of>






⁸https://www.tauranga.govt.nz/Portals/0/data/living/natural_hazards/files/niwa_sea_level_analysis_report.pdf






**MANAGING RISKS
AND OPPORTUNITIES**




Examples	Potential impacts
<p>Transition risks</p> <ul style="list-style-type: none"> • Increased reporting requirements • Costs of transition to lower emissions technology • Changing customer, investor and community expectations and supply/demand • Changes to Government and regulator policies • Technological improvements and innovations 	<ul style="list-style-type: none"> • Increased compliance costs • Increased capital expenditure and operating costs • Reduced demand from customers and/or investors, e.g. for imported coal
<p>Transition opportunities</p> <ul style="list-style-type: none"> • Use of more efficient modes of transport • Increased recycling • Reduced energy use and greater use of lower-emission energy sources • Changing customer and investor expectations and supply/demand • Technological improvements and innovations 	<ul style="list-style-type: none"> • Lower operating costs • New revenue sources • Increased demand from customers and/or investors
<p>Physical risks</p> <ul style="list-style-type: none"> • Increased severity and occurrence of extreme weather events with the potential to damage equipment and infrastructure • Rising sea levels impacting on port land and operations • Productivity impacts or supply chain disruption due to acute or chronic climate change • Increased biosecurity risk due to warmer, wetter conditions allowing invasive pests and weeds to become established 	<ul style="list-style-type: none"> • Increased operating costs • Increased insurance premiums • Increased capital expenditure to replace or repair equipment and infrastructure • Impact on cargo volumes due to decreased productivity, especially in primary sectors, due to extreme weather events or a warmer climate • Impact on primary production from the establishment of invasive pests
<p>Physical opportunities</p> <ul style="list-style-type: none"> • Investment in more resilient equipment, infrastructure and technologies 	<ul style="list-style-type: none"> • Lower operating costs from more efficient equipment and technologies • New or increased revenue streams as a result of increased productivity in some primary sectors due to warmer weather

OUR STRATEGIES FOR THE FUTURE

Our strategies to address the issues important to our stakeholders are outlined here, along with recent progress. More details can be found in the sections following:

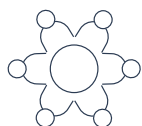
MATERIAL ISSUES	OUR STRATEGIES	RECENT PROGRESS	ALIGNED UN SUSTAINABLE DEVELOPMENT GOALS ⁹
<p>Health, safety and wellbeing</p> <p>Refer to: Our relationships Our skills and knowledge Our people</p>	<ul style="list-style-type: none"> Encourage a positive health, safety and wellbeing culture, where incidents are prevented and wellbeing is proactively managed Prepare for crises and emergencies through thorough planning, testing and training. 	<ul style="list-style-type: none"> Implemented extensive changes to work practices to protect workers from Covid-19 Extra attention to employee mental wellbeing as we continue to recover from the challenges and related stress of Covid-19 Bronze level accreditation (from Toi Te Ora Public Health) for our comprehensive wellness programme, ShipShape Implemented policies and training about domestic violence, discrimination, bullying and harassment, diversity and inclusion Design and ongoing implementation of a comprehensive training and development programme for all employees A 25% reduction in injury rate for combined Port of Tauranga and contractors Increased reporting of “near misses” reflecting a proactive health and safety culture Training exercises involving NZ Police, Customs, Maritime NZ, Fire and Emergency NZ and other border agencies and emergency services. 	  
<p>Stormwater management</p> <p>Refer to: Our environment Our skills and knowledge Our relationships</p>	<ul style="list-style-type: none"> Protect biodiversity and marine habitats through responsible stewardship of the harbour, including pollution prevention. 	<ul style="list-style-type: none"> Extensive and regular stormwater monitoring as part of the resource consent for stormwater management at our Mount Maunganui wharves. 	
<p>Biosecurity</p> <p>Refer to: Our environment</p>	<ul style="list-style-type: none"> Avoid or minimise pest incursions to protect native biodiversity and the local economy Utilise technology and the knowledge of the wider Port community to increase threat detection. 	<ul style="list-style-type: none"> Continued to work with border agencies and primary producers through our award-winning Biosecurity Excellence Partnership In partnership with Kiwifruit Vine Health (KVH), held our third annual Biosecurity Week for frontline port workers Supported the Tauranga Moana Biosecurity Capital initiative. 	 

MATERIAL ISSUES	OUR STRATEGIES	RECENT PROGRESS	ALIGNED UN SUSTAINABLE DEVELOPMENT GOALS ⁹
<p>Customer satisfaction and trust</p> <p>Refer to: Our relationships Our skills and knowledge Our people Our finances</p>	<ul style="list-style-type: none"> • Create new and build on existing long-term partnerships with a diverse range of customers, including shipping lines, importers and exporters • Foster a customer-centric, can-do attitude across the team. 	<ul style="list-style-type: none"> • Extended long-term freight agreement with Kotahi, New Zealand's largest container exporter • Partnered with Tainui Group Holdings to develop an inland port at Ruakura, Hamilton • Continued to work with large customers to predict and plan for demand. 	<p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>  <p>17 PARTNERSHIPS FOR THE GOALS</p> 
<p>Air quality management</p> <p>Refer to: Our relationships Our skills and knowledge Our environment</p>	<ul style="list-style-type: none"> • Monitor fumigation on port premises to ensure processes and procedures are strictly followed and workers and the community are protected • Support forestry industry efforts to reduce methyl bromide fumigant use • Manage dust through sealed wharf and cargo storage areas, intense sweeping, dust reduction and suppression techniques and technology • Support the move to low sulphur fuel to reduce air pollution from ships. 	<ul style="list-style-type: none"> • Supported industry moves to phase out the use of methyl bromide for log fumigation by incentivising bark removal, resulting in a significant decrease in the amount of fumigant used • Ensured fumigation is carried out according to regional and national standards, including meeting recapture targets • Closely monitored dusty cargo exchanges to prevent pollution • Improved and refined dust recovery procedures for vacuum sweeper trucks • Low sulphur fuel use reduced air pollution since January 2020. 	<p>13 CLIMATE ACTION</p>  <p>15 LIFE ON LAND</p> 
<p>Port capacity and expansion</p> <p>Refer to: Our assets and infrastructure Our finances Our skills & knowledge</p>	<ul style="list-style-type: none"> • Keep ahead of customer demand through targeted commercial investment in shipping channel widening and deepening, investment in cargo handling equipment and berth extensions • Maximise efficiency within current footprint by utilising technology. 	<ul style="list-style-type: none"> • Commissioned our ninth container crane during lockdown • Commissioned seven new straddle carriers, including three hybrid models • Progressed plans to extend the container terminal wharves to the south, using existing port land • Commenced demolition of a container terminal shed to create more cargo storage space. 	<p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p> 

MATERIAL ISSUES	OUR STRATEGIES	RECENT PROGRESS	ALIGNED UN SUSTAINABLE DEVELOPMENT GOALS ⁹
<p>Profitability</p> <p>Refer to: Our finances</p>	<ul style="list-style-type: none"> • Provide sustainable shareholder returns through revenue growth from diverse income streams, increased trade, new customers/cargoes, operational efficiencies and prudent cost management • Retain Standard & Poor's (S&P) long-term issuer credit rating. 	<ul style="list-style-type: none"> • Paid interim dividend of \$40.8 million • Reviewed special dividend policy to expedite capital expenditure plans • Renewed debt facilities • Diligent attention to costs due to the economic impact of Covid-19 • S&P raised Port of Tauranga's long-term credit rating from BBB+ to A- in August 2019 and affirmed the A-2 short-term rating. 	<p>8 DECENT WORK AND ECONOMIC GROWTH</p>  <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p> 
<p>Workforce engagement</p> <p>Refer to: Our people Our skills and knowledge</p>	<ul style="list-style-type: none"> • Deliver world-leading productivity through the teamwork of a proud, engaged and satisfied workforce where talent is recruited, nurtured, retained and recognised. 	<ul style="list-style-type: none"> • 76% of employees took up our 2018 share offer. An estimated 95% of employees are shareholders • Employee satisfaction grew to 74% (up from 70%) in our latest engagement survey • 240% increase in employee-led safety interventions across the port • Nine out of 10 employees agree the Company consistently demonstrates a genuine commitment to health and safety. 	<p>3 GOOD HEALTH AND WELL-BEING</p>  <p>5 GENDER EQUALITY</p>  <p>8 DECENT WORK AND ECONOMIC GROWTH</p> 
<p>Geographic reach</p> <p>Refer to: Our assets and infrastructure Our skills and knowledge Our relationships</p>	<ul style="list-style-type: none"> • Invest in infrastructure for more efficient (and lower carbon) bigger ships • Grow Port of Tauranga's hinterland beyond the Bay of Plenty • Provide connectivity for international shipping via road, rail and sea, utilising inland freight hubs in Auckland, Hamilton and Christchurch • Utilise our network's expertise to eliminate waste from the supply chain and influence sustainable practices. 	<ul style="list-style-type: none"> • Partnership with Tainui Group Holdings to develop the Ruakura Inland Port in Hamilton • Transhipped containers have increased 225% since 2016. 	<p>11 SUSTAINABLE CITIES AND COMMUNITIES</p>  <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p> 

MATERIAL ISSUES	OUR STRATEGIES	RECENT PROGRESS	ALIGNED UN SUSTAINABLE DEVELOPMENT GOALS ⁹
<p>Community engagement</p> <p>Refer to: Our relationships</p>	<ul style="list-style-type: none"> Invest in community infrastructure, the arts, education, sport, economic growth and the environment Take an active interest in youth development Be a good neighbour by connecting with and listening to community interests and concerns and actively working together on them. 	<ul style="list-style-type: none"> Sponsored community events and projects such as Tauranga Arts Festival Hosted members of the public for annual port tours Provided 16 scholarships to tertiary students in two schemes Increased communication and engagement through social media and other channels. 	<p>4 QUALITY EDUCATION</p>  <p>10 REDUCED INEQUALITIES</p>  <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p>  <p>17 PARTNERSHIPS FOR THE GOALS</p> 
<p>Land transport networks</p> <p>Refer to: Our assets and infrastructure Our environment Our relationships</p>	<ul style="list-style-type: none"> Take a collaborative approach to proactive land transport management with KiwiRail, Waka Kotahi NZ Transport Agency, Tauranga City Council, Bay of Plenty Regional Council and the Ministry of Transport. 	<ul style="list-style-type: none"> Implemented a vehicle booking system at the container terminal and incentivised traffic outside of peak hours Continued to lobby for investment in regional infrastructure, including state highway designation for Totara Street, Mount Maunganui. 	<p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>  <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p>  <p>13 CLIMATE ACTION</p> 
<p>Iwi engagement</p> <p>Refer to: Our relationships Our environment</p>	<ul style="list-style-type: none"> Create and maintain relationships with the three iwi with mana whenua status in Tauranga Moana to protect cultural and spiritual values and foster education. 	<ul style="list-style-type: none"> Investment in harbour health and education through the Ngā Mātarae Charitable Trust, including seven scholarships for 2020 Awarded nine Turirangi Te Kani Memorial educational scholarships for 2020 Consulted iwi regarding resource consent applications for the extension to the container terminal wharves. 	<p>4 QUALITY EDUCATION</p>  <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p>  <p>17 PARTNERSHIPS FOR THE GOALS</p> 

*CAPITAL #1
OUR RELATIONSHIPS*



NURTURING STRONG RELATIONSHIPS

Port of Tauranga seeks long-term, mutually beneficial relationships with a diverse range of customers, communities and business partners. This helps us plan for the future.

We take pride in our reputation for a can-do attitude and innovative approach to typical challenges faced by our customers. We seek bold solutions to tricky problems and look for the same qualities in our suppliers and partners.

We invest in our community, especially in infrastructure, and take an active interest in youth development and education. We aim to be a good neighbour by connecting with, and listening to, our community.

*MATERIAL
ISSUES*

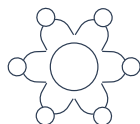
Customer satisfaction and trust
Community engagement
Iwi engagement.

*FUTURE
FOCUS*

Port of Tauranga will protect our social licence with the local community, to maintain our day-to-day operations as well as plan for the future. We will create and nurture strong relationships with our neighbours, interest groups and regulatory bodies – locally, regionally and nationally.



*CAPITAL #1
OUR RELATIONSHIPS*



*Joint venture established with
Tainui Group Holdings to
develop Ruakura Inland Port*



*Extension of long-term freight
agreement with Kotahi*

2,000+

*people hosted
on port tours*



16

*tertiary scholarships
awarded*



53%

*increase in Facebook
page followers*

KOTAHI CONFIRMS TAURANGA AS ITS PORT FOR THE FUTURE

*Port of Tauranga has extended our
long-term volume commitment agreement
with Kotahi, New Zealand's largest
containerised freight exporter.*



The renewed agreement extends Kotahi's commitment to Port of Tauranga for an additional seven years, through to mid-2031. Kotahi manages freight on behalf of more than 40 of New Zealand's importers and exporters, including its shareholders Fonterra and Silver Fern Farms.

The collaboration between our two companies gives us the confidence to invest further in expanding our container terminal. The alliance has already brought significant benefits to New Zealand, including the introduction of more efficient big ships and, with them, a lower carbon supply chain.

CUSTOMER RELATIONSHIPS FOR THE LONG-TERM

Port of Tauranga has long-term commitments with other key customers.



In December 2018, we renewed our operating agreement with key customer Oji Fibre Solutions, New Zealand's biggest producer of pulp, paper and packaging products. Oji committed to consolidating the majority of its import and export volumes through Port of Tauranga for another decade.

Oji has pulp and paper mills in the central North Island and eastern Bay of Plenty and its relationship with Port of Tauranga dates back to the 1950s. Oji leases a purpose-built, 22,000m² warehouse at Port of Tauranga's container terminal (pictured above) as well as other facilities nearby.

Another purpose-built facility, a coolstore at the Mount Maunganui wharves, is leased to Tauranga Kiwifruit Logistics, which handles exports for Zespri International.

We also work closely with the major log exporters, giving us valuable insight into short and long-term trends and forecasts.

CONNECTIONS WITH TAURANGA MOANA IWI

Port of Tauranga works both formally and informally with Maori organisations and the three iwi with mana whenua status in Tauranga Moana – Ngāi Te Rangi, Ngāti Ranginui and Ngāti Pūkenga.

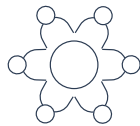
The Ngā Mātarae Charitable Trust brings together the Port, the three iwi, the Mauao Trust and the Tauranga Moana Iwi Customary Fisheries Trust. It was founded six years ago to balance the impact on the cultural and spiritual values of local Maori from the harbour capital dredging project completed in 2016. It is funded through an annual grant from the Port.

The Ngā Mātarae Charitable Trust offers scholarships to tertiary students studying subjects that could benefit Te Awanui Tauranga Harbour and sponsors projects to improve harbour health, such as a pipi relocation project involving local school children and university researchers.

In 2020, scholarships were awarded to seven tertiary students in their first, second or third year of study.

Port of Tauranga also provides educational scholarships through the Turirangi Te Kani Memorial scheme, established 30 years ago in honour of a much-respected kaumatua. In 2020, the Port provided nine scholarships under the scheme, for first, second and third years of study.

*CAPITAL #1
OUR RELATIONSHIPS*



DIVIDENDS PAID TO REGIONAL RATEPAYERS

Port of Tauranga's main shareholder is Quayside Holdings, the investment arm of the Bay of Plenty Regional Council. Quayside received dividends of \$67.4 million over the past year.



Since the company was listed on the New Zealand Stock Exchange in 1992, Quayside has received a total of more than \$860 million in dividends.

In addition, Quayside has used its 54.14% shareholding in Port of Tauranga to establish a \$200 million infrastructure fund to help pay for regional assets. It was set up in 2008 through a share issue by Quayside and has been used so far to kickstart projects such as the Opotiki Harbour transformation, the Tauranga tertiary campus, the Tauranga marine precinct and the Scion Innovation Hub in Rotorua.

PORT SUPPORT FOR BAY OF PLENTY COMMUNITIES

Port of Tauranga sponsorship has helped provide and protect valued community infrastructure and equipment.



We helped fund the Pilot Bay boardwalk in Mount Maunganui (pictured), the purchase of the Bay of Plenty TECT rescue helicopter's specialist winch, and floodlighting at the Bay of Plenty Oval cricket ground. We have also purchased two patrol boats for the Tauranga Yacht and Power Boat Club to support young sailors learning on the harbour.

Through a partnership with Tauranga City Council, we also supported the enhancement of the popular walkways on Mauao, the landmark mountain at the entrance to Tauranga Harbour and the port.

DONATING TO GOOD CAUSES

Port of Tauranga is a long-term supporter of community organisations making a difference in the Bay of Plenty. The last six months, especially, have been incredibly tough for the charities assisting the most vulnerable in our community.



Port of Tauranga donates money every Christmas to the Tauranga Community Foodbank. During the Covid-19 lockdown, the pressure on the foodbank escalated rapidly, and the Port decided to make a \$25,000 gift. This was on top of the \$10,000 donation made in December.

In addition to our Christmas gift to the foodbank, Port of Tauranga employees annually nominate another charity to receive an end-of-year donation. The 2019 recipient was the Waikato/Bay of Plenty Cancer Society. The \$5,000 donation was made in honour of the Port's former Corporate Services Manager, Terry James, who lost his fight with cancer last year.

During and after the lockdown, we were able to donate some cleaning supplies and protective gear to local organisations, including anti-viral disinfectant to SPCA Tauranga and face masks and gloves to local marae community outreach workers.

BACKING FOR LOCAL EVENTS

Port of Tauranga supports the creation of vibrant communities through event sponsorship. The Company is a founding sponsor of the biennial Tauranga Arts Festival.



In the past year, the Port has also sponsored the Ngāi Te Rangi Rangatahi Summit to develop youth leadership and a wide range of other community events.

Although Tauranga won't be hosting any America's Cup racing, we were pleased to waive the cargo handling fees for Emirates Team New Zealand's race yacht *Te Aihe* on her way to and from Europe through our container terminal (pictured above).

Where local events have been cancelled or postponed due to Covid-19, we have converted our sponsorship into a one-off donation.

CAPITAL #2
OUR PEOPLE



LONG-TERM HEALTH & WELLBEING

Port of Tauranga delivers world-leading productivity through the teamwork of a proud, engaged and satisfied workforce.

We encourage a positive health, safety and wellbeing culture and foster an inclusive and equitable workplace. We aim to recruit talent, nurture it, retain it and recognise it.



*MATERIAL
ISSUES*

Health, safety and wellbeing
Workforce engagement

*FUTURE
FOCUS*

Port of Tauranga will continue to foster a positive health, safety and wellbeing culture, where risks are proactively managed and mitigated. Our thorough planning, preparation and practice will help us deal with any challenges, emergencies or crises. We will encourage teamwork and collaboration as the means to achieve our aspirations.



CAPITAL #2
OUR PEOPLE



3%

Staff turnover

74%

Job satisfaction increased
(up from 70% in 2017)

53%

of job vacancies
filled internally



LOOKING AFTER OUR PEOPLE'S WELLBEING

The Covid-19 pandemic has made the nurturing of our people's health and happiness more important than ever.

Our employee wellbeing programme, ShipShape, provided the perfect platform to promote physical, mental and emotional health at a time when people's work and personal routines were undergoing immense upheaval.

Regular newsletters helped to promote coping strategies, share online resources and maintain social connections.

ShipShape was launched in 2018 to bring together existing and new wellbeing initiatives and is driven by a committee of team members from across the business. The programme has bronze accreditation under the WorkWell framework of Toi Te Ora Public Health.

Team-building events promoted through ShipShape include the annual Tough Guy and Gal extreme off-road running event in Rotorua, September and the Aotearoa Bike Challenge.

Port of Tauranga employees can access subsidised health insurance, free annual health assessments and skin checks, flu vaccinations, financial advice and an exercise membership subsidy. The Company also provides a free, confidential employee assistance programme through Vitae.

76%

of employees participated in latest staff share ownership offer

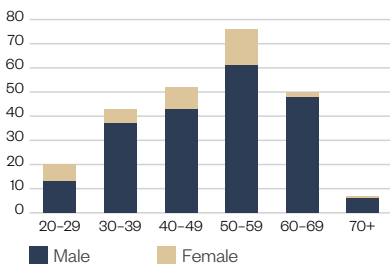
18%

of workforce is female

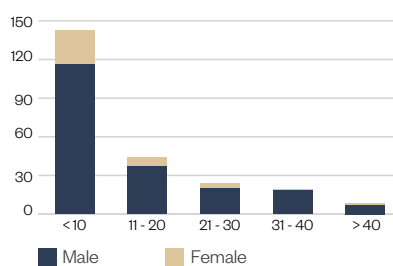
2.5

Total Recordable Injury Frequency Rate per million hours worked (the same as last year)

Age and Gender Profile



Length of Service (Years)



FEWER INJURIES ACROSS PORT COMMUNITY

Safety is one of our core values and we expect all of the companies that operate on the port to share our attitudes to keeping people safe.

We are finalising the design of a comprehensive training and development programme to ensure we are meeting our targets for safety and other training.

Port of Tauranga’s prioritisation of health and safety is reflected in the results of our employee engagement survey, with nine out of ten respondents agreeing that the Company consistently demonstrates a genuine commitment to health and safety.

We identify, understand and minimise hazards. All near misses and incidents are recorded, analysed and acted on.

Our Total Recordable Injury Frequency Rate (TRIFR) remained at 2.5 per million hours worked, the same rate as last year. Our people suffered one lost-time injury – a minor lower back strain. We have a good team reporting culture, and saw a 240% increase in employee-led safety interventions across the port.

Port of Tauranga and contractors combined achieved another big improvement with a 25% decrease in the TRIFR to 4.5 per million hours worked.



CAPITAL #2
OUR PEOPLE



PROTECTING OUR PEOPLE FROM DISCRIMINATION

In the past few years, Port of Tauranga has implemented a suite of policies to help avoid unlawful or unacceptable behaviour in the workplace.



These include policies to manage diversity and inclusion; discrimination, bullying and harassment; and domestic violence leave.

All have been implemented with training for team leaders and processes in place to address any complaints.

EMPLOYEE SATISFACTION INCREASES

We conducted our biennial employee engagement survey in late February and early March 2020, just before the Covid-19 lockdown.

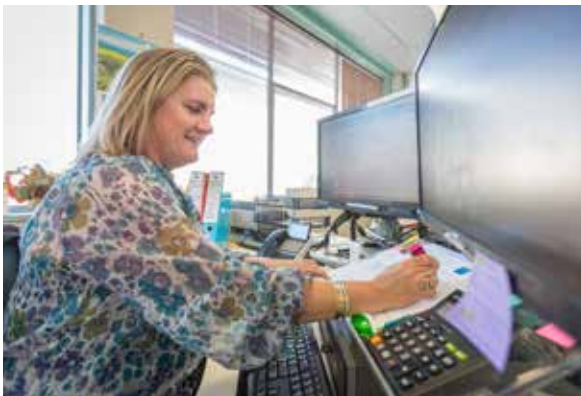


The survey results showed that employee job satisfaction had grown to 74%, up from 70% in late 2017.

Focus groups are developing action plans to address the issues raised, such as improving the way we recognise excellent performance within teams.

PROMOTING INCLUSIVITY AT PORT OF TAURANGA

Port of Tauranga strives to provide a workplace that recognises and values different skills, abilities, genders, ages, ethnicities and experiences.



In 2019 we updated and extended our Diversity and Inclusion Policy to give the Board of Directors, management and all employees more clearly defined roles and objectives.

The Board has a gender balance target of at least 40% females and 40% males to hold director, executive and manager level positions by 2025.

At the end of the financial year, director, executive and manager positions held by females was 17%, with two females joining the Senior Management Team after year-end.

Overall, 18% of our employees are female.

ATTRACTING WORKERS OF ALL AGES

To try and attract younger workers into port-related careers, Port of Tauranga offers a range of cadetship, apprenticeship, internship, scholarship and casual job opportunities.



We also seek to retain the skills and experience of older workers by adapting individual roles when requested and where possible.

CAPITAL #3
OUR SKILLS AND KNOWLEDGE



SKILLS TO OVERCOME CHALLENGES

Port of Tauranga takes an integrated view of the supply chain, leading us to invest in other ports, inland freight hubs, cargo handling expertise, transport operations and logistics services.

Our collaborative approach eliminates waste from the supply chain.

We share our expertise with the wider industry and government agencies, taking a leadership role in national forums.



*MATERIAL
ISSUES*

Customer satisfaction and trust

Port capacity

Geographic reach

*FUTURE
FOCUS*

Port of Tauranga will continue to invest to match customer demand. We will maximise efficiency within our current footprint through innovation and utilising technology. We will expand our network through partnerships, to better serve New Zealand importers and exporters.



CAPITAL #3
OUR SKILLS AND KNOWLEDGE



34.4

average moves per hour
per container crane
(up from 33.6 moves/hour)

RECORDS BROKEN DURING COVID-19 LOCKDOWN

The Tauranga Container Terminal team broke all previous records for container handling when the Sally Maersk visited in April.

A total of 9,367 TEUs were exchanged over two and a half days before the ship departed Tauranga for Kaohsiung in Taiwan.

The exchange completely eclipsed the previous record exchange of just under 7,000 TEUs. At the same time, another 1,772 TEUs were exchanged on two other vessels.

The need to keep all workers safe by maintaining physical distances meant some things took a little longer than usual, but the teams demonstrated patience, cooperation and commitment. Four ship-to-shore cranes were used, with operators achieving a ship rate of 97.49 moves per hour – an impressive 160% more efficient than the national average.

The effort was made possible by the Port of Tauranga and Quality Marshalling teams, our service providers Independent Stevedoring Limited and C3 Limited, as well as transport providers. Border agencies Customs New Zealand and the Ministry for Primary Industries also ensured the quick processing of imported containers.



NEW CONTAINER CRANE PUT INTO SERVICE

The commissioning of Port of Tauranga's newest and largest container crane was another epic achievement during lockdown.



The commissioning of Port of Tauranga's newest and largest container crane was another epic achievement during lockdown.

Our ninth ship-to-shore gantry crane arrived in parts from Ireland in mid-February on a special purpose delivery ship. It was assembled on site and moved several hundred metres on to the berth in a 48-hour operation.

It started work just 11 weeks after it arrived.

The new crane can load and unload container ships up to 49 metres or 19 containers wide, compared with the 18 container reach of the Port's other large cranes.

The project was a great achievement by the Port of Tauranga team, assemblers Rich Rigging and manufacturers Liebherr, based in Ireland. The crane was mostly assembled prior to the Covid-19 Level 4 lockdown, with commissioning and testing supported remotely by engineers at the Liebherr factory in Ireland.

The decision was made to move the crane onto the wharf during lockdown to free up the construction zone for much-needed storage space for containerised cargo. It was also safer for the crane to be anchored onto the rails on the berth in case of stormy weather.

WORKING WITH ENFORCEMENT AGENCIES

Port of Tauranga works closely with New Zealand Police and Customs to detect any criminal activity within the port gates.



Local police officers undergo a Port of Tauranga safety induction so they can quickly respond to any emergencies on site. Regular patrols are complemented by access to the Port's security camera footage when required.

Other government agencies with a regulatory role in border protection and safety at the port include the Ministry for Primary Industries, WorkSafe, Maritime NZ and the Tauranga Harbourmaster.

CAPITAL #3
OUR SKILLS AND KNOWLEDGE



LINKING SHIPPERS TO NATIONAL NETWORKS

Our network of ports, inland freight hubs and transport links ensures New Zealand importers and exporters have ready access to the most efficient supply chain, no matter their location.



We established our market-leading inland freight hub, MetroPort Auckland, two decades ago, connecting Auckland-based shippers with Port of Tauranga by rail.

In 2015 we replicated this successful model in the South Island by establishing MetroPort Christchurch at Rolleston. MetroPort Christchurch is linked to our Timaru Container Terminal by rail, giving importers access to the Christchurch metropolitan area and exporters access to our fast international services.

We are now working with Tainui Group Holdings to establish the Ruakura Inland Port near Hamilton.

PROVIDING THE MOST EFFICIENT SUPPLY CHAIN

Dedicated container trains run up to 12 times per day between Tauranga and our inland freight hub, MetroPort Auckland.



Through a process we call “triangulation”, imported containers are railed to Auckland, where trains are then filled with emptied containers for transfer to Fonterra in Hamilton. There, the train is reloaded with cargo bound for export from Tauranga.

Triangulation avoids the need to constantly relocate empty containers via road and sea, reducing lead times and costs for shippers, optimising train capacity and avoiding carbon emissions.

STILL NEW ZEALAND'S MOST EFFICIENT CONTAINER PORT

The Ministry of Transport monitors the productivity of New Zealand's six largest container ports, through quarterly reviews¹⁰.



In calendar year 2019, Port of Tauranga handled 55% more containers than Ports of Auckland, and 228% more cargo tonnes overall¹¹.

Port of Tauranga's average crane rate (containers per hour per crane) in calendar year 2019 was 34.4, up from 33.6 moves per hour in 2018 and well ahead of the national average of 30.1 moves per hour.

Tauranga's ship rate was an average of 83.4 moves per hour, compared with the national average of 62.3.

In Australia, the top five container ports had an average crane rate of 30.8 moves per hour in the six months to June 2019 (the most recent figures available) and an average ship rate of 64.6 moves per hour¹².

SHARING OUR EXPERTISE

Port of Tauranga participates in multiple local and national forums to address the issues facing our industry; our communities and the country as a whole.

During the Covid-19 pandemic, we have been invited to lend our expertise to a range of government-related forums and working groups, including Parliament's Epidemic Response Committee.

We are heavily involved in port sector safety strategy and sit on the Covid-19 related Maritime Border Working Group. We hold leadership roles in the Port Industry Association and Maritime NZ/WorkSafe joint port sector groups.

We also take an active role in regional and national business organisations such as Priority One, the Bay of Plenty region's economic development agency.

¹⁰<https://www.transport.govt.nz/mot-resources/freight-resources/figs/port-container-handling/>

¹¹<https://www.transport.govt.nz/mot-resources/freight-resources/figs/trade/tables/>

¹²<https://www.bitre.gov.au/publications/2019/waterline-65>

CAPITAL #4
OUR ENVIRONMENT



PROTECTING OUR ENVIRONMENT

Port of Tauranga sets, monitors and continuously improves operational standards to protect the environment and prevent pollution.

We demand the same high standards from other port users. We monitor their efforts and regularly share best practice, including through our monthly Port Users' Health, Safety and Environment Forum.

We also recognise the aspirations of local hapu and iwi for the moana and its surrounds, and invest in harbour health through the Ngā Mātarae Charitable Trust.



*MATERIAL
ISSUES*

Stormwater
Biosecurity
Air quality
Iwi engagement

*FUTURE
FOCUS*

Port of Tauranga will prevent air and water pollution through dust suppression, stormwater management and spill prevention. We will support industry efforts to reduce fumigation, while ensuring the port community is vigilant in detecting pest incursions that threaten our way of life. We will reduce our carbon emissions across all areas of our business and choose energy efficient equipment where possible.



CAPITAL #4
OUR ENVIRONMENT



3

new hybrid
straddle carriers

15.3%

reduction in total
carbon emissions

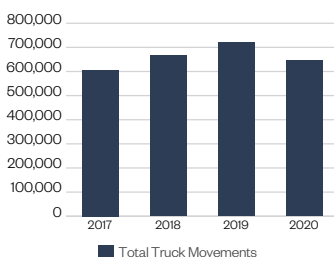
10.2%

decrease in annual
truck movements

49.3%

of containers carted in by rail
(up from 48.4%), compared to
8.1% at Auckland

Truck Movements to and from the Port



REDUCTION IN CARBON EMISSIONS

Port of Tauranga achieved a 15.3% decrease in greenhouse gas emissions compared with the 2019 financial year:

About half of the reduction was the result of a waste minimisation plan that reduced the amount of waste disposed to landfill. The volume of yard waste sent to the dump was reduced by 48.5% through recycling, saving the Port around \$215,000 in costs.

This was an important area for us to focus on, as the volume of waste had grown due to increased wharf sweeping to prevent dust and debris entering the harbour. A large proportion of bark swept from the log wharves is already recycled into compost and other landscape supplies, so we knew there was an opportunity to do more.

Another significant decrease in total emissions came from changes to our rail-related emissions. A small reduction in cargo tonnage, combined with an adjusted calculation factor, resulted in a 6.7% decrease.

Overall, all areas of our business were able to reduce their volume of greenhouse gas emissions over the year. Total emissions were 40,430 tonnes.

We achieved a 4.2% decrease in overall Scope 1¹³ emissions, and the intensity (Scope 1, 2 and 3 emissions per cargo tonne) decreased 7.9%.

Part of our emissions reduction strategy is to “inset” carbon offsets by investing the money into sustainability initiatives within our business.

The largest source of our Scope 1 emissions is from diesel-powered straddle carriers at the container terminal. We used the inseting fund to purchase more expensive, battery-hybrid straddle carriers. Our next stage of expansion will allow us to utilise fully electric automated stacking cranes, avoiding increased diesel consumption.



¹³Scope 1 measures the direct emissions of our activities on site. Scope 2 measures carbon consumed but not created (eg electricity from the national grid). Scope 3 measures emissions from other parts of our supply chain.



PORT OF TAURANGA OFFERS LOWEST CARBON SUPPLY CHAIN

By far the largest proportion of carbon emissions in New Zealand's container supply chain relates to the "blue water" or ocean-going component of the cargo journey:

Landside emissions from road or rail transport contribute only a small percentage of the total carbon emissions related to container imports and exports.

Port of Tauranga is the only New Zealand port able to handle larger container vessels and give importers and exporters access to their higher efficiency and lower emissions.

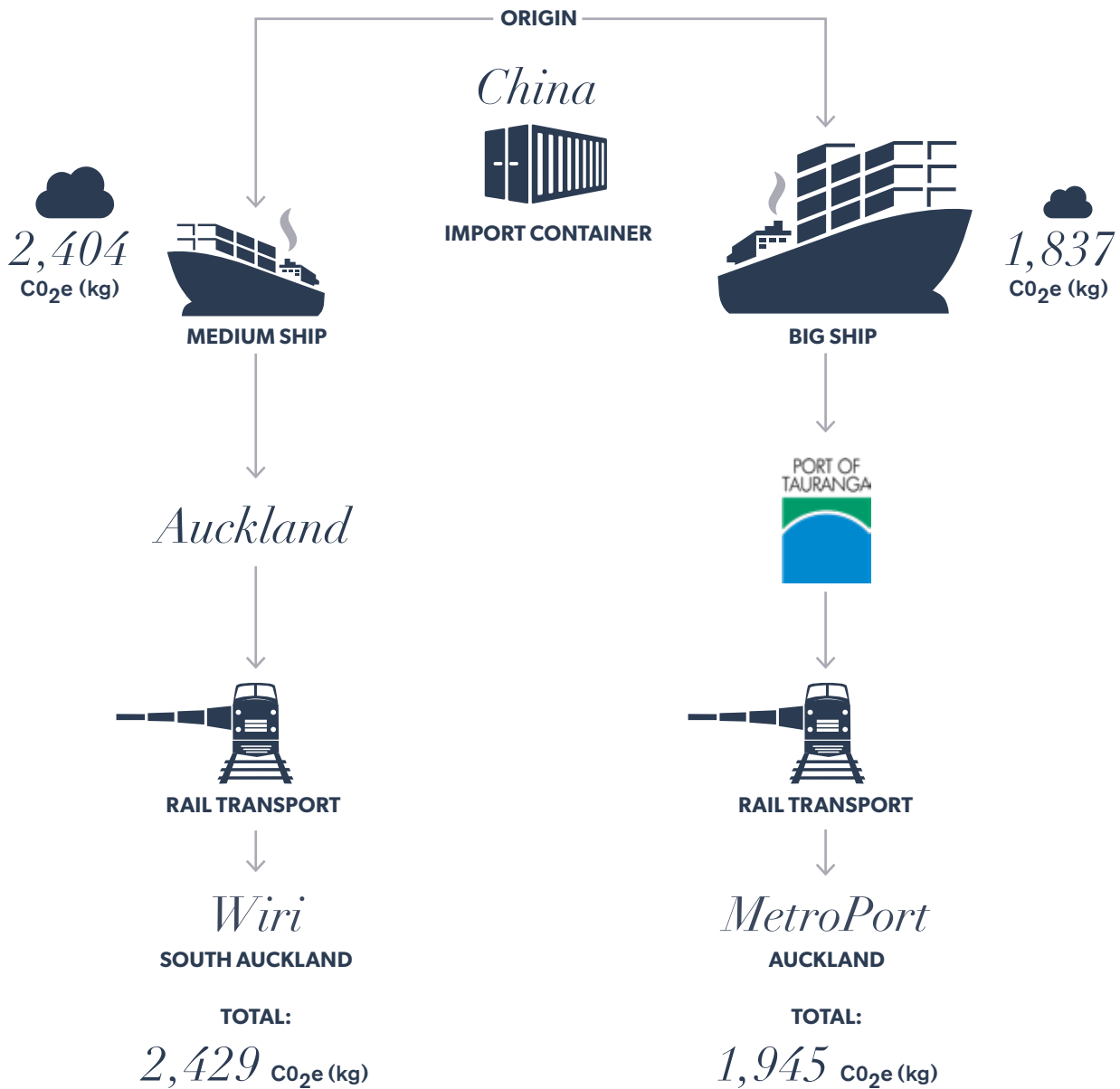
Port of Tauranga regularly receives visits from vessels with capacity of around 9,500 TEUs. The carbon footprint for a 20 foot, 15 tonne dry container (the average weight) from Shanghai to Port of Tauranga on a ship of that size is smaller than the same box shipped from Shanghai to Auckland on a 4,500 TEU vessel. This is true even taking into account the emissions from transferring the container by rail from Tauranga to Auckland.

CAPITAL #4
OUR ENVIRONMENT



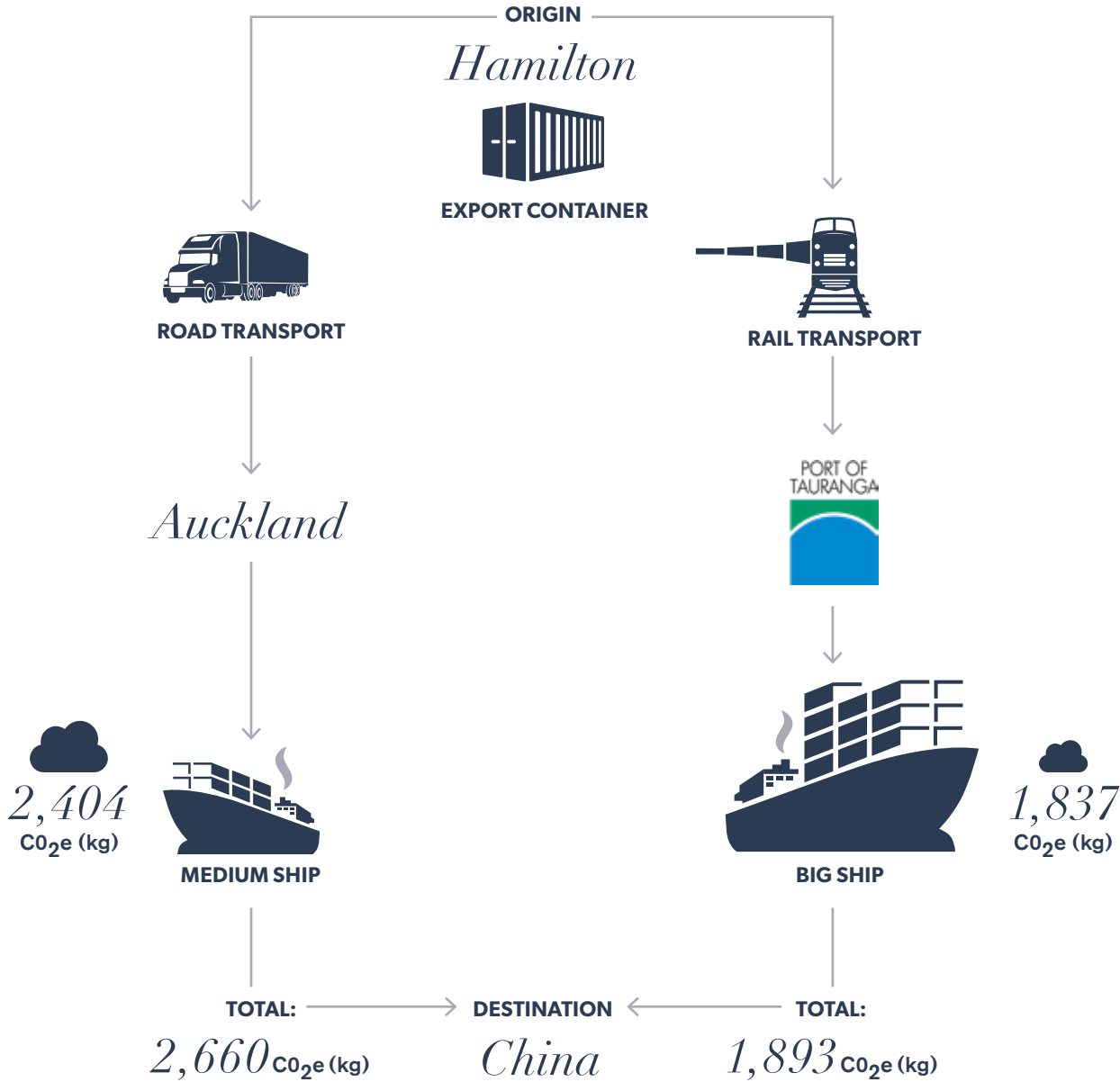
BIGGER SHIPS OFFER A LOWER CARBON SUPPLY CHAIN

Import cargo from
China to South Auckland
CO₂ emission comparison



CO₂e calculations are based on a 20 foot, 15 tonne container shipped on a typical container vessel size of 3,000-4,999 TEUs (via Auckland) and 8,000+ TEUs (via Tauranga)

Export cargo from
Hamilton to China
CO₂ emission comparison



*CAPITAL #4
OUR ENVIRONMENT*



FOCUS ON AIR AND WATER QUALITY

Port of Tauranga's comprehensive environmental management plan incorporates air quality, stormwater management, fumigation of imports and exports, noise, spill prevention, energy consumption, waste and asbestos.

As part of our new resource consent for stormwater discharges from our Mount Maunganui wharves, we are undertaking comprehensive monitoring of water quality, especially after high rainfall. This will help inform future improvements of our stormwater management.

In recent years, Port of Tauranga has focussed on improved housekeeping to prevent dust and debris from entering the harbour. Sweeper trucks are continuously cleaning the wharves and storage areas, all of which are sealed to avoid dust from vehicle movements. A third sweeper truck was added to the fleet in June 2019, enabling an increase in sweeping hours and even more efficient dust removal.

Wind fences have been erected on boundaries next to log handling areas and traffic controls installed to confine vehicles and other machinery to clean, swept roadways.

Screening chambers are installed on stormwater drains, and steel fenders and rope bunds at the wharf face prevent any products accidentally dropping into the harbour.

We have strict procedures in place to avoid spills and any spills onto land or into water must be reported, managed, minimised and investigated so improvements can be made. Recent additions to the Port's stormwater infrastructure include automating stormwater drain shut-off valves and installation of containment structures in high risk areas.

IMPROVING AIR QUALITY IN AND AROUND THE PORT

Concerns about air quality in industrial areas led to the establishment of the Mount Maunganui Airshed in November 2019.

The airshed declaration allows the Bay of Plenty Regional Council to target air discharges in the area and introduce new rules to improve air quality. The council has 10 air quality monitors in the area, testing a range of parameters.

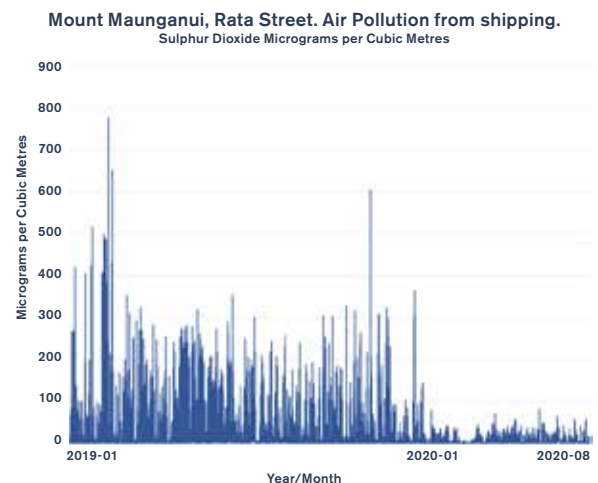
The council has also proposed changes to its Regional Air Plan. Some of the changes, referred to as "Plan Change 13", have been appealed to the Environment Court. While Port of Tauranga is not appealing any of the changes, some of its customers have appealed provisions regarding bulk solid material handling and we are a party to the proceedings.

The community of Whareroa Marae, located next to Tauranga Airport not far from the port, has been campaigning against the presence of heavy industry in the area, including the operations of some of the Port's customers, tenants and neighbours.

Port of Tauranga continues its discussions with the iwi and hapu involved to ensure port operations have the least possible impact on neighbouring communities. Bay of Plenty Regional Council and Tauranga City Council, whose job it is to balance the needs of residents, commercial and industrial land users, are developing an air quality action plan for the marae.

REDUCING SHIPPING POLLUTION

Air pollution from shipping has been reduced by new low sulphur fuel limits introduced internationally on 1 January 2020.



Although New Zealand has not yet implemented the new rules, most international ships visiting here have already complied.

The sulphur limit was reduced from 3.5% to 0.5% by mass for marine fuels under Annex VI of the International Convention for the Prevention of Pollution from Ships (MARPOL). It aims to reduce carbon emissions and improve air quality around ports by requiring the use of low sulphur fuel or exhaust gas cleaning systems, known as "scrubbers".

Following supportive submissions from Port of Tauranga and other New Zealand ports, the Government has agreed to accede to the convention, meaning domestic cargo ships will also be required to meet the standards from early 2022.

According to Bay of Plenty Regional Council air monitoring data, the new requirement had an immediate effect on sulphur dioxide levels recorded at the Rata Street monitoring station, near the port.

CAPITAL #4
OUR ENVIRONMENT



FUMIGANT USE REDUCED

Many imported and exported cargoes are fumigated to kill any pests trying to enter or leave New Zealand. A common fumigant is methyl bromide, an odourless gas that is toxic to humans and damaging to the ozone layer.

The biggest users of methyl bromide in New Zealand are log exporters, whose major markets demand its use.

At Port of Tauranga, fumigation is carried out by highly experienced operators Genera, according to codes of practice outlined by the Environmental Protection Agency and the Bay of Plenty Regional Council, as well as our own protocols. They require Genera to recapture methyl bromide used in fumigation and adhere to rules regarding exclusion zones and notifications.

Genera currently undertakes methyl bromide recapture on close to 90% of log fumigations and 100% of container fumigations.

Genera closely monitors the fumigation activity and publishes the results on its website¹⁴. An independent contractor also audits fumigation activities to ensure compliance, and Bay of Plenty Regional Council monitors for methyl bromide indicators at four air quality monitoring stations on the port boundary.

Forestry exporters are working to reduce the amount of methyl bromide required. Last year, Timberlands Limited opened a multi-million dollar facility at its Murupara rail exchange to remove bark from logs. De-barked logs destined for China, New Zealand's biggest log market, are not required to be fumigated because insects are removed along with the bark.

The amount of methyl bromide used at Port of Tauranga has decreased from 243 tonnes in 2017 to 154 tonnes in the year to June 2020 (a 36.6% decrease).

¹⁴<https://genera.co.nz/our-services/>

PREVENTING PESTS FROM ENTERING NEW ZEALAND

Port of Tauranga's award-winning biosecurity excellence partnership has again proved its worth, helping to catch a potential pest incursion.



A solitary, dead spotted lantern fly was found by a worker unpacking a container at a Tauranga transitional facility. He recognised it as one of the top 12 most unwanted pests featured in the annual calendar¹⁵, published and distributed by the partnership.

The spotted lantern fly eats everything in sight and those who work on the port or in transitional facilities are trained to look for it and its egg masses, which look like grey putty.

The biosecurity excellence partnership involves Port of Tauranga, the Ministry for Primary Industries, Kiwifruit Vine Health, primary produce organisations, scientists and local government. It aims to build a port community prepared to prevent any bug invasions through the port.

As well as producing the calendar and other publications, the partnership runs an annual Biosecurity Week to raise awareness among the port community.

Port of Tauranga also supports the Tauranga Moana Biosecurity Capital initiative, which seeks to raise biosecurity awareness throughout the wider western Bay of Plenty.

PROTECTING BIODIVERSITY IN AND AROUND THE HARBOUR

Tauranga Harbour is home to an abundance of flora and fauna and is an important kaimoana or seafood gathering place.



Port of Tauranga, with local iwi, has sponsored pipi bed monitoring and seeding work in the sand banks of the inner harbour.

Maungatapu Primary School pupils are getting a helping hand to protect native crabs in Tauranga Harbour thanks to Port of Tauranga.

The Pāpaka project is supported by Port of Tauranga and local iwi Ngāi Te Rangi and Ngāti Ranginui. A \$5,000 donation towards science and technology resources will help the school pupils research and protect the creatures that live in Tauranga Moana, with an emphasis on the native Pāpaka o Rangataua.

The pāpaka are iconic to the tangata whenua of the school community but are at risk from invasive species such as the Asian paddle crab.

¹⁵<https://www.kvh.org.nz/vdb/document/104875>

CAPITAL #5
OUR ASSETS AND
INFRASTRUCTURE



PROVEN GROWTH STRATEGY

Port of Tauranga's investment in capacity to accommodate bigger ships has proven a successful strategy for growth.

We spent more than \$350 million over six years to prepare for larger vessels, which started calling in late 2016.

The investment included dredging to widen and deepen shipping lanes, extending the container terminal wharves by a third and purchasing new ship-to-shore cranes and cargo handling equipment.



MATERIAL ISSUES

Port capacity
Geographic reach

FUTURE FOCUS

Port of Tauranga is now planning for future cargo growth. We will expand capacity at our container terminal through more efficient use of space, the introduction of electric stacking cranes and extending the wharves to a fourth berth.

We will continue to grow our national network through road, rail and sea connections to intermodal freight hubs in key cargo catchments in the North and South Islands.



*CAPITAL #5
OUR ASSETS AND
INFRASTRUCTURE*



Ninth crane added to container terminal



Seven new straddle carriers, including three hybrid models

225%

increase in transhipped containers since 2016

1,251,741

TEUs, a 1.5% increase

1,515

*ship visits
(down 9.7%)*

*INCREASING
CONTAINER
HANDLING
CAPACITY*

Our ninth and largest container crane was delivered in February for assembly on site.



We were able to complete its commissioning during lockdown with the support of assemblers Rich Rigging and the Liebherr crane factory in Ireland.

We also purchased seven new straddle carriers to serve the new crane. They include three hybrid models, which are more fuel efficient than our current diesel electric models.

*CHOOSING
ENERGY EFFICIENT
VEHICLES*

Our modern fleet of ship-to-shore gantry cranes all have sophisticated electric motors that re-generate up to 700 kw of electricity when lowering a container.



Excess electricity can be made available to adjacent cranes lifting containers, or fed back into the terminal to power refrigerated container connections.

As well as the recent purchase of our first hybrid straddle carriers, we are choosing electric and hybrid models, whenever possible, for our light vehicle fleet. Suitable options are increasingly available.

SMOOTHING TRAFFIC FLOWS AT THE PORT AND BEYOND

A vehicle booking system introduced at our container terminal last year has improved traffic flows.



The system incentivises truck visits outside peak hours, to ease cargo delivery and pick up within the port gates and avoid congestion on roads surrounding the port.

Much of the increase in cargo volume in recent years has been able to be absorbed without adding significantly to truck movements on local highways. The increase in transshipment, where containers are transferred between ships at Tauranga, and the utilisation of rail, has prevented a big increase in truck traffic.

We continue to lobby for state highway designation for Totara Street, a busy thoroughfare that serves our Mount Maunganui wharves and the surrounding industrial and residential areas. A state highway designation would help fast-track safety improvements, additional capacity and intersection upgrades.

STRATEGIC LAND HOLDINGS

Port of Tauranga owns 190 hectares of land on both sides of Tauranga Harbour, with about 40 hectares still available for development.



Port-owned land adjacent to the existing container wharves will be converted from cargo storage to a fourth container vessel berth.

We believe container throughput could reach 2.8 to 3.0 million TEUs in future through land reconfiguration, stacking cranes and other technology. We have recently removed a cargo shed to make room for assembling our newest container crane and that land has now been converted into container storage.

At the Mount Maunganui wharves, we still have storage space available to accommodate growing cargoes, including a secure area for marshalling imported cars.

CAPITAL #6
OUR FINANCES

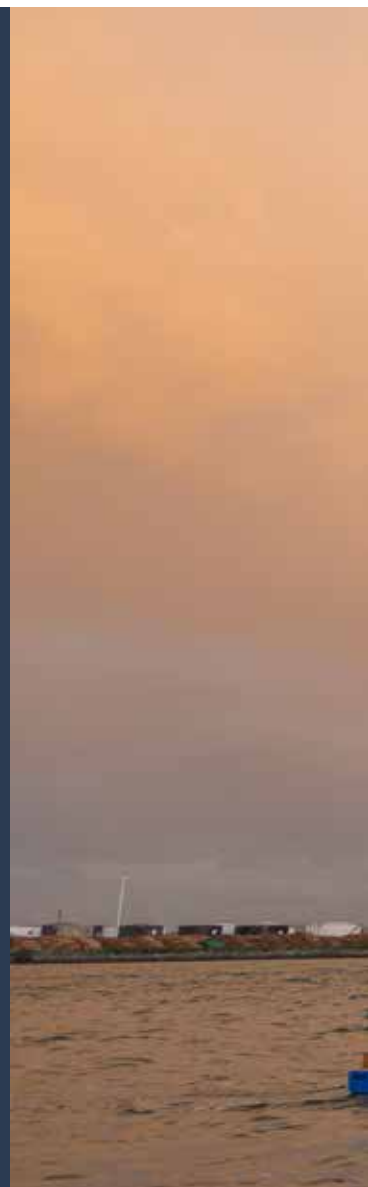


GROWTH THROUGH DIVERSITY

In 1992, Port of Tauranga issued shares to the public at \$1.05 each, with a total market capitalisation of \$79 million. Today's market capitalisation is more than \$5 billion.

Just over 54% of the Company is owned by regional ratepayers through the Bay of Plenty Regional Council's investment arm, Quayside Holdings. Port of Tauranga dividends are used by Quayside towards its contribution of 25% of the Council's annual revenues.

Port of Tauranga is also the city's largest ratepayer.



*MATERIAL
ISSUES*

Profitability
Community engagement

*FUTURE
FOCUS*

Port of Tauranga will provide sustainable shareholder returns through revenue growth from diverse income streams and will actively seek new customers and cargoes. We will keep a close eye on costs and target operational efficiencies in all areas of our business.

Through our cornerstone shareholder, Quayside Holdings, we will share the financial benefits of the Port's success with residents and ratepayers of the Bay of Plenty.



CAPITAL #6
OUR FINANCES



Group Net Profit After Tax

\$90.0

million (decreased 10.5%
from \$100.6 million)

13.4

cents earnings per share
(2019: 15.0 cents)

Revenue

\$302.0

million (from \$313.3 million)

12.4

cents per share
ordinary dividends

\$166.5

million Group EBITDA¹⁶

\$14.1

million earnings from
Subsidiary and Associate
Companies

RAISED CREDIT RATING

In August, ratings agency Standard & Poor's (S&P) raised its long-term issuer credit rating on Port of Tauranga Limited from BBB+ to A-. S&P also affirmed Port of Tauranga's A-2 short-term rating.



This upgrade to our long-term credit rating by S&P reflects the Port's consolidation of its competitive position in New Zealand, on the back of strategic investments and constrained competitors.

CAUTION DURING COVID-19 LOCKDOWN

Port of Tauranga comfortably paid our interim dividend of \$40.8 million in March 2020, just before the lockdown, thanks to a strong balance sheet and strong operating cashflows from diverse revenue streams.

Port of Tauranga's Board of Directors believed it prudent to withdraw the full year profit guidance due to the widespread uncertainty about the impact of Covid-19 and the Government measures against the pandemic.

Many of the Port's major exports, including meat and dairy products, were classified as essential cargoes under Level 4 lockdown. Imports of oil products, food and medical supplies were also essential cargoes, and the kiwifruit export season got under way as scheduled in mid-March.

However, log and other forestry exports were considered a non-essential cargo despite increasing demand from major markets such as China.

CRUISE SHIP SEASON'S EARLY END

The summer cruise ship season came to an early end, with 16 cruise ship visits to Tauranga cancelled as a result of a Government ban.



While the loss of income was relatively small for Port of Tauranga, the cancellations had a significant impact on the Bay of Plenty businesses catering to international tourists.

A total of 106 ships visited in the 2019/2020 summer season, compared with 116 the previous year.

DEBT FACILITIES INCREASED AND EXTENDED

Port of Tauranga has total committed debt facilities of \$660 million, of which \$172 million is undrawn. Only \$5 million of these debt facilities mature in 2020.

Just prior to the pandemic, the Company began negotiations to increase and extend debt facilities maturing in January 2021. Our banking partners were very supportive and we experienced no issues with the routine extension of the facilities.

WE SAY FAREWELL TO STEVE GRAY

Port of Tauranga's award-winning Chief Financial Officer, Steve Gray, has retired after 13 years in the role and 33 years with the Company.



Steve was instrumental in the Company's success and oversaw outstanding returns for its shareholders. He led the team that negotiated the original long-term freight agreement with Kotahi that prompted the Port's expansion to accommodate bigger ships.

In 2017, Steve was named CFO of the Year in the Deloitte Top 200 Business Awards. He is continuing his association with Port of Tauranga through governance roles on its Associate Company Boards.

BOARD OF DIRECTORS

D A PILKINGTON

BSc, BE, GradDip Dairy Science & Technology, CFInstD, Chair

Independent Director

David Pilkington was a member of Fonterra's senior executive team. He holds directorships in Northport Limited, Port of Tauranga Trustee Company Limited and PrimePort Timaru Limited and chairs Douglas Pharmaceuticals Limited and Rangatira Limited. He has a strong background in marketing, international business and supply chain logistics. David joined the Board in July 2005.



A R LAWRENCE

BCA (Business Admin)

Independent Director

Alastair Lawrence is a very experienced corporate advisor, specialising in commercial evaluation and strategy development. He was a Director of private investment bank, Antipodes, from 1998-2014.

Governance roles have included Takeovers Panel, Landcare Research Limited, Coda GP and a number of mid market private companies. Alastair joined the Board in February 2014.



K R ELLIS

BCA Economics (1st Class Honours),
BE Chemical (1st Class Honours)

Independent Director

Kim Ellis is Chair of Metlifecare Limited, NZ Social Infrastructure Fund Limited, Green Cross Health, and a Director of Ballance Agri-Nutrients Limited, Fonterra Shareholders Fund (FSF) Management Company Limited and Freightways Limited. Kim chairs the Remuneration Committee and joined the Board in May 2013.



J C HOARE

BCom, FCA, CMInstD

Independent Director

Julia Hoare has a comprehensive range of commercial, financial, tax, regulatory and sustainability expertise which she developed over the course of 20 years as a partner with PwC.

Julia is Deputy Chair of The a2 Milk Company Limited and Watercare Services Limited and her other directorships include: Director, Auckland International Airport Limited, AWF Madison Group Limited, Meridian Energy Limited, and The a2 Milk Company (New Zealand) Limited (subsidiary of The a2 Milk Company Limited), and Member of Auckland Committee, Institute of Directors, Advisory Panel to External Reporting Board and the Institute of Directors Council. Julia chairs the Audit Committee and joined the Board in August 2015.

A M ANDREW

BE Chemical & Materials (1st Class Honours),
MBA (Distinction), FEngNZ, CMInstD

Independent Director

Alison Andrew is currently Chief Executive of Transpower New Zealand Limited having joined in 2014. She has held a number of senior executive roles across various industry sectors, most recently as Global Head of Chemicals for Orica PLC. She has also been a Director for Genesis Energy. Prior to those roles, she held a number of senior roles at Fonterra Cooperative Group and across the Fletcher Challenge Group in Energy, Forests and Paper. Alison has a MBA from Warwick University, and studied Engineering (Chemicals and Materials) at Auckland University. Alison joined the Board in April 2018.



D W LEEDER

Doug Leeder is Chair of Bay of Plenty Regional Council. He is a dairy farmer, and has considerable experience in governance and management. Doug has held positions of governance in Federated Farmers, was a Director and Chair of Bay Milk Products, Director of the East Bay Health Board, Chair of Subsidiary East Bay Energy Trust, Chair of NZ Dairy Group and Dairy Insight, and Director of DEXCEL. Doug joined the Board in October 2015.



SIR R A MCLEOD

LLB, BCom, FCA

Sir Rob McLeod joined the Board of Quayside Holdings Limited in November 2016 and is Chair. Rob is currently on the Board of NZX listed Sanford Group and has been past Board Member at ANZ National Bank, Tainui Group Holdings, Sky City Entertainment Group and Telecom. Sir Rob was Oceania (Australia, New Zealand and Pacific Islands) CEO/Managing Partner for the international accounting practice of Ernst & Young and more latterly as Ernst & Young New Zealand Chair, a position from which he retired on 31 December 2015. Sir Rob joined the Board in October 2017.

SENIOR MANAGEMENT TEAM

MARK CAIRNS

Chief Executive

Mark has been Chief Executive of Port of Tauranga Limited since 2005.

He was previously Chief Executive of Toll Owens Limited and Owens Cargo Company Limited.

He has a First Class Honours Degree in Civil Engineering, a degree in Business Studies and a Master of Management. He is a Fellow of Engineering New Zealand and a member of the Institute of Directors. In 2019, Mark received the prestigious Caldwell Partners Leadership Award from the Institute of Finance Professionals.



SIMON KEBBELL

Chief Financial Officer & Company Secretary

Simon was appointed Chief Financial Officer of Port of Tauranga Limited in 2020. He has been with the Company since 2003 and was previously IT/Finance Manager. He is a chartered accountant and has a First Class Honours Degree in a Bachelor of Management Studies.

Prior to joining Port of Tauranga, Simon was Manager – Internal Audit for PricewaterhouseCoopers in Singapore. He also held positions at Ernst & Young in Singapore and Auckland.



LEONARD SAMPSON

Chief Operating Officer

Leonard was appointed to the newly created role of Chief Operating Officer in September 2019.

Leonard was Port of Tauranga's Commercial Manager from 2013, when he joined the Company from the role of General Manager – Sales at KiwiRail. He also held senior roles at Carter Holt Harvey and Mainfreight.



DAN KNEEBONE

Property & Infrastructure Manager

Dan has overall responsibility for both the property portfolio and engineering interests of the Port.

Dan joined the Port of Tauranga Senior Management Team in January 2013. He was previously National Property and Development Manager for Bunnings Limited and has extensive commercial property experience.

PAT KIRK

Group Health & Safety Manager

Pat joined the Company in 2013 and the Senior Management Team in March 2020, reflecting the importance of health and safety to our ongoing success.

Pat has three decades of extensive strategic and applied industry health and safety experience across a wide range of sectors. Pat is Chair of the Port Industry Health & Safety Committee and a member of various national health and safety organisations, including the WorkSafe/ACC National Industry Prevention Working Group, the WorkSafe/Maritime NZ Industry Advisory Group (Port Sector) and the Business Leaders' Health & Safety Forum.

BLAIR HAMILL

Commercial Manager

Blair oversees port operations, marketing and new business opportunities.

He joined the Company in July 2020 after 20 years at Zespri International, the world's largest kiwifruit marketer. Blair held a variety of senior roles at Zespri, including Global Commercial Manager and, most recently, Chief Global Supply Officer. Blair is a former chartered accountant.



MELANIE DYER

Corporate Services Manager

Melanie joined Port of Tauranga Limited in August 2020 from Trustpower Limited, where she was General Manager, People and Culture. Prior to joining Trustpower in 2014, Melanie spent 11 years at Hydro Tasmania.

Melanie has a Master's Degree in organisational development and leadership studies.

ROCHELLE LOCKLEY

Communications Manager

Rochelle will join the Company's Senior Management Team in September 2020.

Rochelle, a former journalist, held senior communications roles in tourism and telecommunications in New Zealand and overseas before establishing a communications consultancy in 2005.