

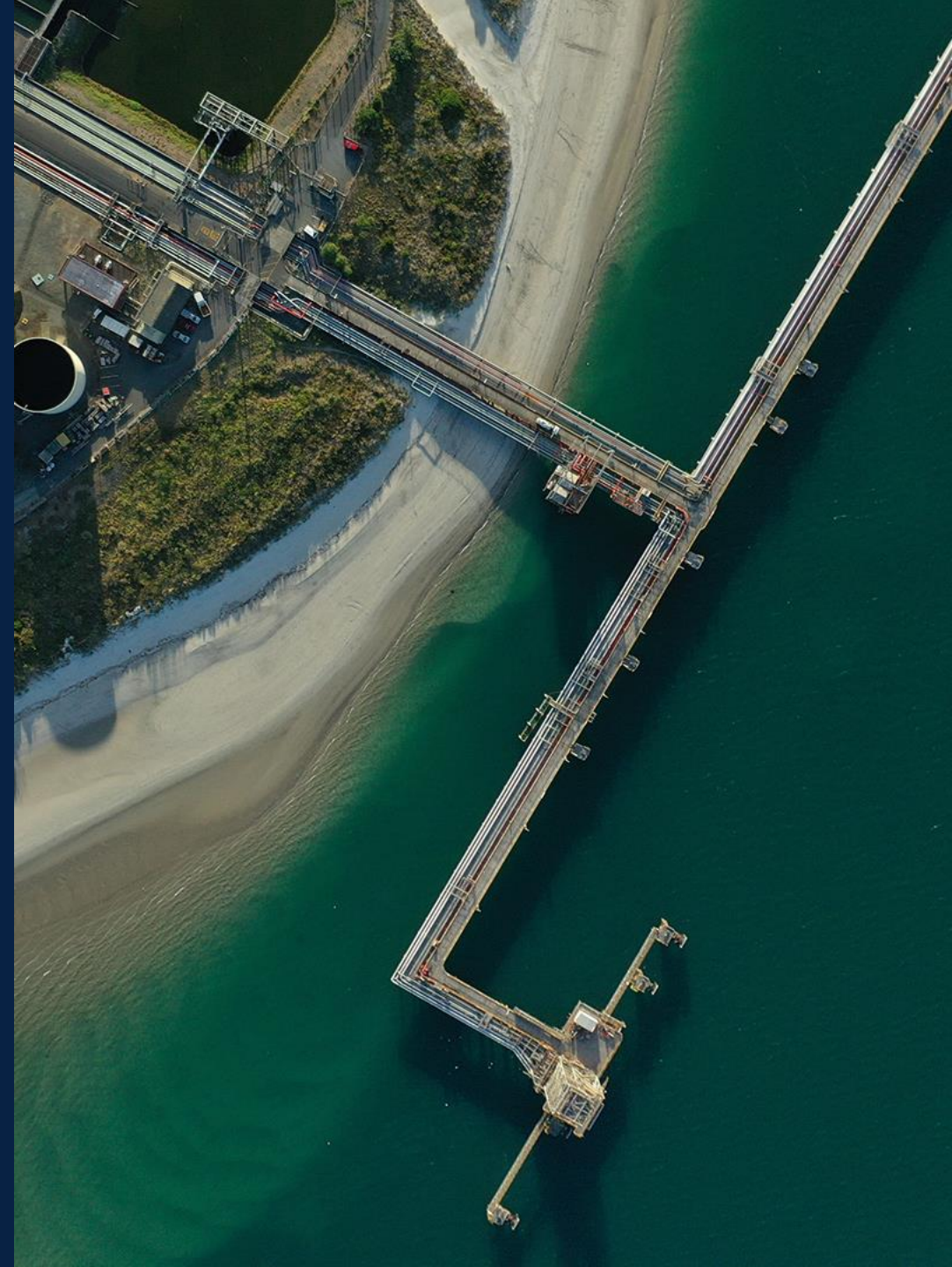


**Channel**

Infrastructure NZ

# Governance Roadshow

March 2024



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- Each forward-looking statement speaks only as of the date of this announcement, 18 March 2024

# Refreshed strategy: helping fuel NZ's future to 2050 and beyond



## OUR VISION

World-class energy infrastructure company

## OUR PURPOSE

Delivering resilient infrastructure solutions to meet changing fuel and energy needs

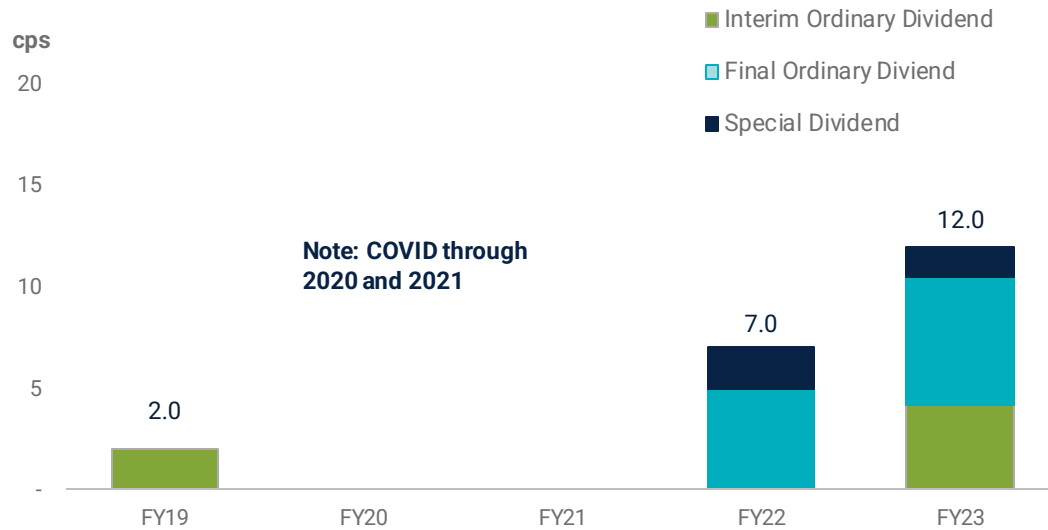
## OUR STRATEGIC PRIORITIES

<p><b>World-Class Operator</b></p>	<p><b>High Performance Culture</b></p>	<p><b>Grow from the Core</b></p>	<p><b>Support Energy Transition</b></p>	<p><b>Disciplined Capital Management</b></p>	<p><b>Good Neighbour, Good Citizen</b></p>
<ul style="list-style-type: none"> <li>Strong safety systems and culture</li> <li>Resilient infrastructure</li> <li>Long-term asset management</li> <li>Customer focused</li> </ul>	<ul style="list-style-type: none"> <li>People and capability development</li> <li>Future focused</li> <li>Continuous Improvement</li> <li>Adaptive</li> </ul>	<ul style="list-style-type: none"> <li>Brownfield opportunities at Marsden Point</li> <li>Consolidator of fuels infrastructure</li> <li>Supply chain optimisation for our customers</li> </ul>	<ul style="list-style-type: none"> <li>Repurposing Marsden Point</li> <li>Support transition of aviation to lower carbon fuels</li> <li>Marsden Point Energy Hub</li> </ul>	<ul style="list-style-type: none"> <li>Target credit metrics consistent with a BBB+ shadow credit rating</li> <li>Deliver above WACC returns</li> <li>Cost management</li> <li>Stable dividends</li> </ul>	<ul style="list-style-type: none"> <li>Reducing environmental impacts</li> <li>Community engagement and iwi relations</li> <li>Just transition</li> <li>Transparency and disclosure</li> </ul>
<p>NZ's Infrastructure Partner of Choice</p>		<p>Grow Through Supporting the Energy Transition</p>		<p>More Sustainable Future</p>	

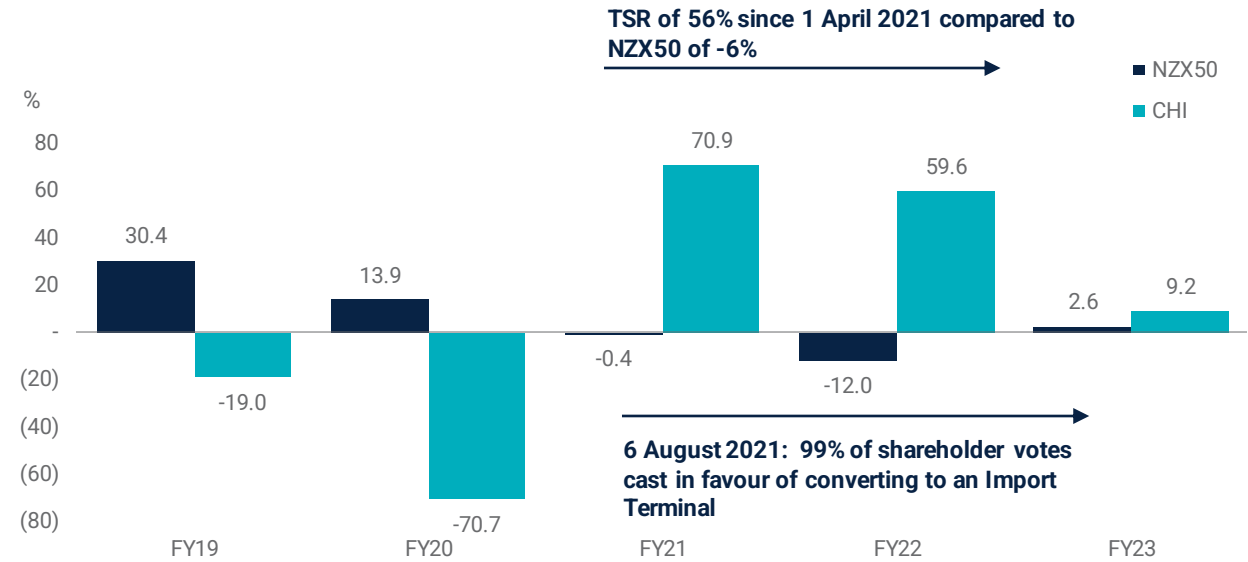
# Continued growth in total shareholder return



## Dividends

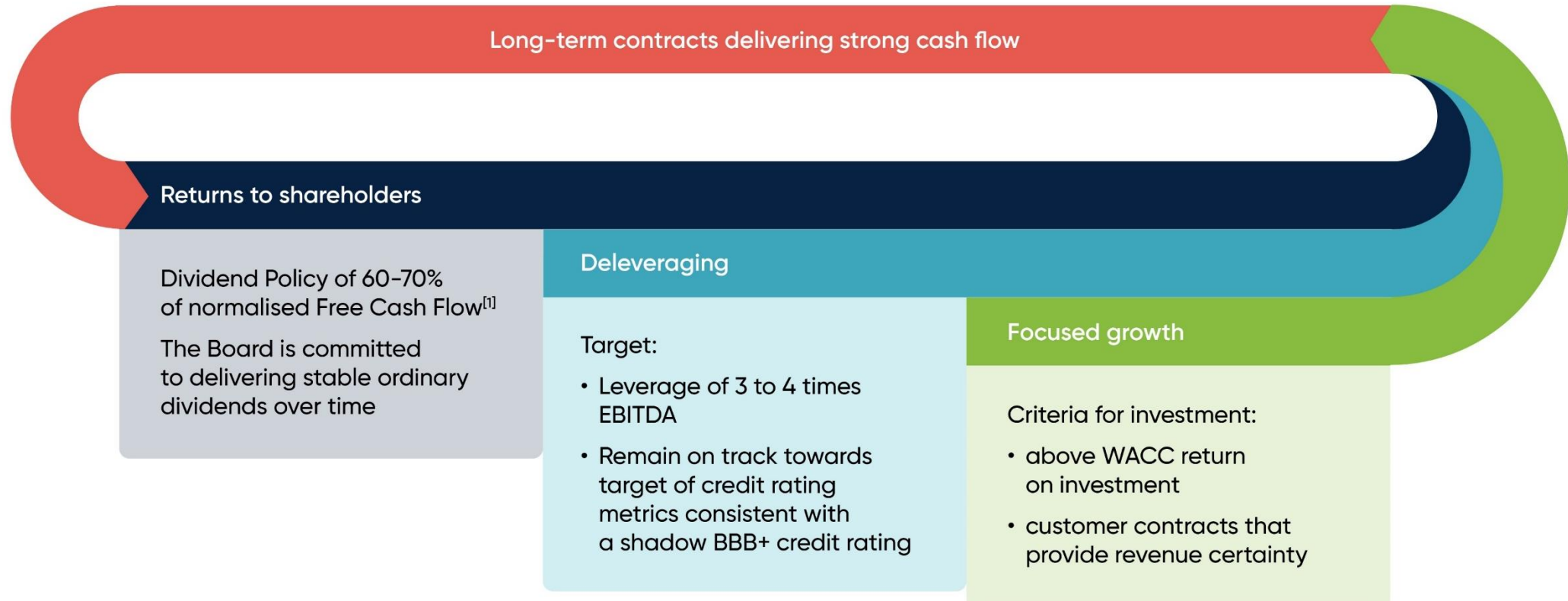


## Total Shareholder Return (CHI versus NZX50)



- Transition to import terminal enabled a return to dividends in FY22 and an improved total shareholder return profile
- Total ordinary dividend of 10.5 cps and a special dividend of 1.5 cps declared, representing a total FY23 dividend of 12.0 cents per share and a dividend yield of 8.3%<sup>[1]</sup>

[1] Based on share price as at 31 December 2023 of \$1.45 and includes special dividends declared



[1] Normalised free cash flow is calculated as net cash flow from continuing operations less maintenance capex (excluding conversion costs and growth capex). The dividend policy is subject to the Board's due consideration of the Company's medium term asset investment programme; a sustainable financial structure for Channel Infrastructure, recognising the targeted investment grade rating; and the risks from short and medium term economic and market conditions and estimated financial performance

# Our Board



**James Miller**

**Board Chair, Independent Director**

Appointed: November 2018.  
Chairman from July 2022

Board Committees: Audit and Finance, People and Culture



**Andrew Brewer**

**Non-Independent Director**

Appointed: December 2023

Board Committees: Health, Safety, Environment and Operations



**Andrew Holmes**

**Independent Director**

Appointed: April 2022

Board Committees: People and Culture, Health, Safety, Environment and Operations



**Anna Molloy**

**Independent Director**

Appointed: April 2022

Board Committees: Audit and Finance (Chair)



**Lucy Nation**

**Non-Independent Director**

Appointed: February 2021

Committees: People and Culture, Health, Safety, Environment and Operations



**Vanessa Stoddart**

**Independent Director**

Appointed: May 2013

Board Committees: People and Culture (Chair)



**Felicity Underhill**

**Independent Director**

Appointed: March 2024

Board Committees: Audit and Finance



**Paul Zealand**

**Independent Director**

Appointed: August 2016

Board Committees: Audit and Finance, Health, Safety, Environment and Operations (Chair)

6/8<sup>[1]</sup>

**Directors Independent (2019: 4/7)**

4/8

**Directors female**

**Average tenure**

3.9  
years

<sup>[1]</sup> Post retirement of Lucy Nation at the 2024 ASM 6 out of 7 directors will be independent

# Strong and capable Board with right skill set

- To ensure an effective Board there should be a balance of independence, skills, knowledge, experience and perspectives.
- The Board has developed (and keeps under regular review) a Skills Matrix aligned with the Company Strategy, to ensure the Board has a diverse mix of skills, knowledge, experience and perspectives including safe operation of a high hazard facility, fuel industry experience, energy transition expertise and financial management.

COMPETENCY	CURRENT BOARD
Public company and strategic experience	● ● ● ● ● ● ● ●
Regulatory policy and stakeholder, including customer and shareholder relations	● ● ● ● ● ● ● ●
Risk management including process and workplace safety and quality assurance processes	● ● ● ● ● ● ● ●
Financial Management & Reporting	● ● ● ● ● ● ● ●
(New Zealand) fuel industry, new energy and energy transition experience and asset management	● ● ● ● ● ● ● ●
Human Resource Management	● ● ● ● ● ● ● ●

- **Knowledge:** Has professional qualifications or career experience such that the director has recognized expertise in the subject matter of the competency.
- **Expert:** Has a deeper knowledge, understanding and some experience in the subject matter of the competency

# Board structure and policies are aligned with operations and refreshed strategy



## The Board

Is responsible for overseeing the performance and operations of the Company

## Board Committees

Assist the Board to discharge its responsibilities in relation to:

### People and Culture

Oversees remuneration framework, people and culture strategies including diversity and inclusion, community engagement and human rights

### Audit and Finance Committee

Oversees risk management framework, internal audit, financial reporting and the integrity of our sustainability reporting

### Health, Safety, Environment and Operations

Oversees the environmental aspects of sustainability as well as health, safety and operational quality

## Climate Working Group

Comprised of senior leaders and subject matter experts, responsible for providing a Corporate representation of climate-related risks, impacts, and opportunities to the Board, by consolidating inputs from each sub-committee.

## Channel Infrastructure's Management System

Company policies, operating procedures, including the Risk Management Framework

## Management under the leadership of the CEO

Are responsible for delivering the strategic direction and goals approved by the Board

The CEO is responsible for instilling a culture that aligns with CHI's values

- Climate Working Group established in 2024 responsible for providing corporate representation of climate related risks, impacts and opportunities
- Board periodically reviews performance with independent party undertaking evaluation bi-yearly. Next review due Q4 2024.



# Experienced and Proven Management Team



**Rob Buchanan**  
Chief Executive



**Alexa Preston**  
Chief Financial Officer



**Jack Stewart**  
GM Operations



**Chris Bougen**  
General Counsel and  
Company Secretary



**Peter van Cingel**  
Business Development Manager



**Steve Levell**  
General Manager –  
Independent Petroleum  
Laboratories (IPL)



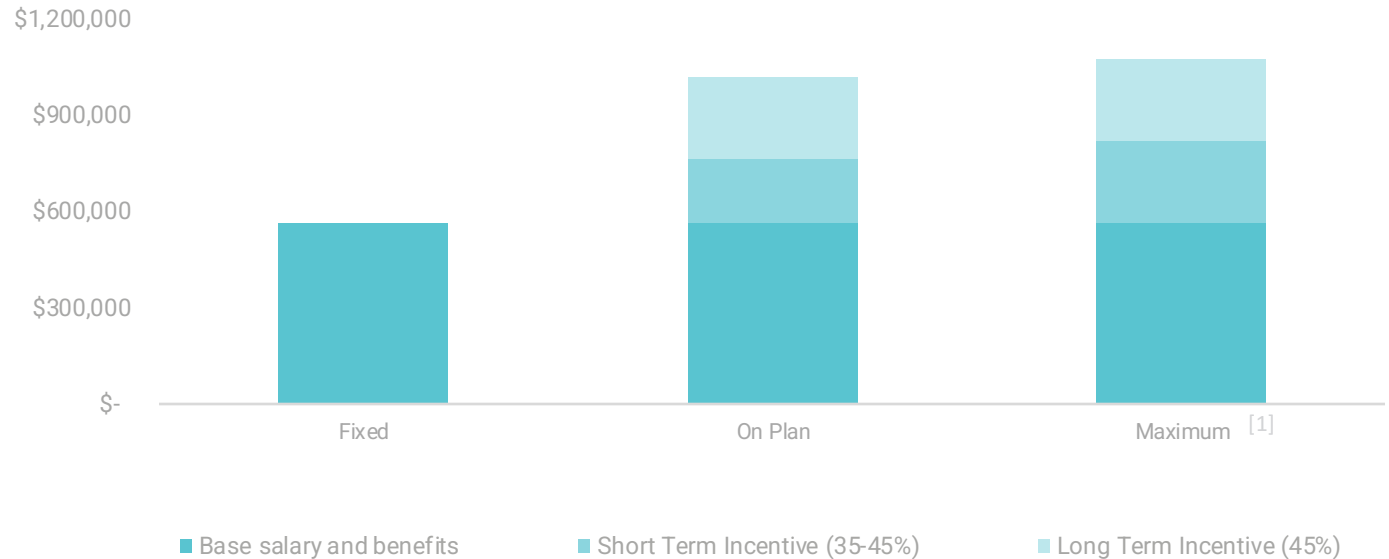
## CEO Remuneration

- CEO is incentivised to deliver long-term shareholder value through a high portion of pay at risk and an appropriate weighting of short- and long-term incentives
- CEO KPIs for short-term incentive are based 50% on delivery against Company Scorecard and 50% on individual Scorecard which is aligned to the refreshed strategy

## Corporate Lead Team Remuneration

- Remunerated with a mix of base salary, benefits, and short-term performance incentives
- Short-term incentives (at risk portion) based on the KPIs in the Company Scorecard and individual performance. FY24 scorecard includes a number of KPIs aligned to the 2024 measures of delivery aligned to refreshed strategy
- Individuals proposed to be offered participation in an LTI scheme in FY2024, which will include TSR-based metrics.

## Chief Executive's remuneration performance pay



KPI Category	Weighting
Delivery against the Company Scorecard: KPI's aligned to the 2024 measures of delivery aligned to refreshed strategy	50%
Core individual KPI's: Strong process safety, Safely home every day, Customer focus, Engaged team, Brownfield opportunities at Marsden point, Reduce environmental impacts, Deliver 2024 plan on budget and time	50%

[1] Share rights equivalent to \$500,000 issued to the CEO upon commencement as CEO on 6 March 2023 (subject to a 5-year vesting period, unless agreed otherwise by the Board, and to the achievement of a minimum "on target" performance against annual controllable KPIs during the vesting period as determined and assessed by the Board at the end of that period). The CEO is entitled to be offered an LTI equivalent to 45 per cent of base salary) on the first anniversary of his employment and each anniversary thereafter, with each tranche having a three-year vesting period and with measures and targets to be agreed with the Board. The Board anticipates proceeding with an LTI offer to the CEO in FY24, which will include TSR-based metrics.

# Current proposed ASM resolutions



## Resolution 1

- That Directors be authorised to fix the fees and expenses of Ernst & Young as auditors to the Company for the financial year ending 31 December 2024

## Resolution 2

- That Vanessa Stoddart, who retires by rotation in accordance with clause 8.9 of the Constitution, be re-elected as a Director of the Company

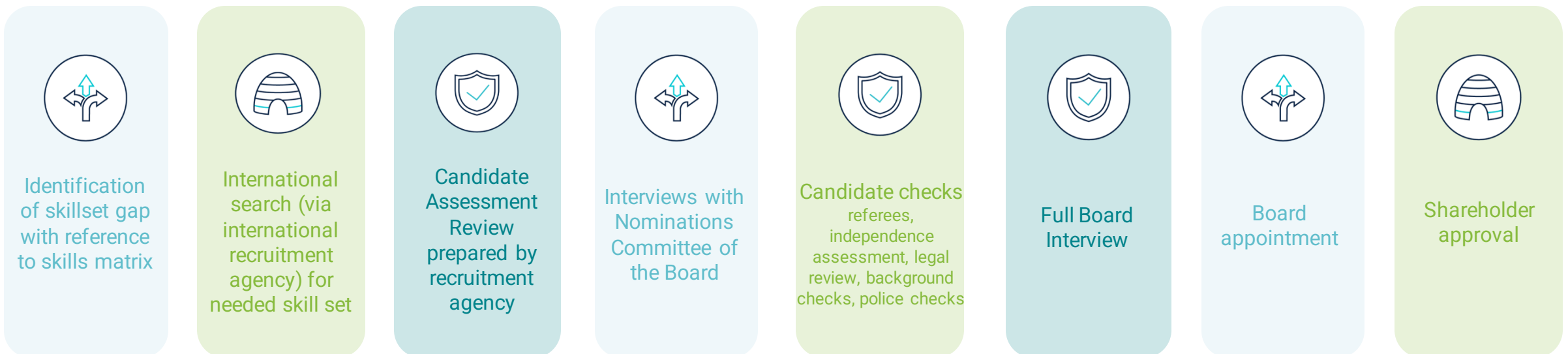
## Resolution 3

- That Andrew Brewer, who retires in accordance with clause 8.8 of the Constitution, be elected as a Director of the Company

## Resolution 4

- That Felicity Underhill, who retires in accordance with clause 8.8 of the Constitution, be elected as a Director of the Company

## Independent Director Appointment Process



# Current directors seeking re-election



**Andrew Brewer**

**Non-Independent Director**

Appointed: December 2023

Board Committees: Health, Safety,  
Environment and Operations

- A career in world-class terminal operations and petroleum operations leadership
- Depth of knowledge of health and safety practices and operational excellence
- Previous experience as Chief Operating Officer of Refining NZ



**Vanessa Stoddart**

**Independent Director**

Appointed: May 2013

Board Committees: People and Culture  
(Chair)

- Extensive experience in transformation, legal and governance roles, including on the Health NZ board, Waste Management, the Financial Markets Authority and the Ministry of Business, Innovation and Employment, along with previous executive experience at Air New Zealand and Carter Holt Harvey
- Ms Stoddart has indicated that this will be her final term on the Channel Infrastructure Board



**Felicity Underhill**

**Independent Director**

Appointed: March 2024

Board Committees: Audit and Finance

- International experience in future fuels, in particular SAF, and was one of the early movers working on energy transition challenges and projects across the Asia Pacific region
- Deep executive experience with Origin and Fortescue, and governance experience on the Australian Hydrogen Council, Australia's leading hydrogen industry association



Channel

Infrastructure NZ

# 2024 measures of delivery aligned to refreshed strategy



STRATEGIC PILLAR		MEASURE	TARGET
<b>New Zealand's infrastructure partner of choice</b>	Safely home, every day	Lost Time Injuries	Zero
	Diverse and engaged team	Lift in employee engagement score	+4 percentage points <sup>[1]</sup>
	Reliable infrastructure	Pipeline reliability	>98%
<b>Grow through supporting the energy transition</b>	Net zero Scope 1 & 2 emissions	Reduce Scope 1 & Scope 2 emissions	50% lower <sup>[1]</sup>
	Supply resilience	Contract new storage volume	+10% <sup>[1]</sup>
<b>More sustainable future</b>	Protect our environment	Tier 1 or 2 process safety incidents	Zero
	Financial discipline	Deliver 2024 plan and meet EBITDA guidance	\$91 - \$95m
	Meaningful relationships	Customer assessment of Channel performance based on customer survey against key performance criteria	+10% <sup>[1]</sup>

[1] Compared to FY23

# Good progress on transition and climate change targets



	2022 TARGET	KEY ACHIEVEMENTS	PROGRESS TO DATE
<b>Just Transition</b>	At least 90% of employees seeking new employment find new roles, or have been retrained, within 6 months	<ul style="list-style-type: none"> <li>Extensive program of workforce transition support over past 2 years</li> <li>99% of employees who left the business during the transition being supported into new job opportunities or retraining</li> </ul>	<b>Complete</b>
<b>Net Zero</b>	Net Zero Scope 1 and 2 emissions by 2030	<ul style="list-style-type: none"> <li>Scope 1 and 2 emissions have reduced from 1,257,173 tCO<sub>2</sub>e in 2019 to 4,037 tCO<sub>2</sub>e in 2023 - equivalent to a &gt;99% reduction in emissions</li> <li>Direct emissions are now primarily from electricity consumption and the use of fuel for vehicles and equipment on site</li> <li>New electricity supply contract from 2024 sourced from renewable generation with Energy Attribute Certificates attached</li> </ul>	<b>Near Complete</b>
<b>Customer Scope 3 emissions<sup>[1]</sup></b>	Our infrastructure is utilised to support the decarbonisation of the transport sector and facilitate end user emissions <sup>[1]</sup> reduction by 2030	<ul style="list-style-type: none"> <li>Fortescue study into production of e-SAF in pre-feasibility phase</li> </ul>	<b>In Progress</b>

[1] In accordance with the GHG Protocol Scope 3 Accounting and Reporting Standard category boundaries, emissions associated with the refined transport fuels that Channel stores and distributes but does not sell to the end user are not a Channel Scope 3 emission. End user Emissions are emissions (upstream and downstream) that result from the end use consumption (combustion) of transport fuels that Channel distributes via its owned and operated infrastructure but does not take ownership of and therefore does not sell to the end user.

# Sustainability Report 2023

- Completed a materiality assessment with insights integrated into refreshed strategy
- Environmental, Social and Governance (ESG) Framework developed to assess and measure our performance and aligning activities to the strategy
  - set 2024 targets against each material issue and will report on our performance.
  - a selection of these targets have been incorporated into the scorecard which will be used to determine short-term incentive payments
- First year reporting in accordance with Aotearoa New Zealand Climate Standards. Assessments found:
  - Physical risk: Marsden Point site is generally safe from coastal erosion and inundation risks, with a variety of longer-term mitigation options available
  - Transition risk: Opportunity to grow and diversify, while contributing to New Zealand's wider decarbonisation efforts under a range of scenarios
- While looking to deliver resilient infrastructure solutions to meet New Zealand's changing fuel and energy needs, Channel will continue to pursue opportunities at Marsden Point which help support increased resilience for New Zealand's fuel supply chain.





# New ESG framework to measure performance

## OUR VISION, PURPOSE AND VALUES

World-class energy infrastructure company

Delivering resilient infrastructure solutions to meet changing fuel and energy needs

A more sustainable future

We are committed to caring for our people, the environment and the community in which we operate, focusing on sustainable practices to improve environmental, social and governance performance, delivering for all stakeholders.

One Team

Innovation

Honesty

Care

## ESG PILLAR, OBJECTIVES, AND SDG ALIGNMENT

### Environment

Protect the environment in which we operate

Reduce our carbon footprint and build resilience to climate change risks

Responsibly contribute to achieving NZ's decarbonisation goals



### People & Community

Everyone "safely home, everyday"

Be a good neighbour and corporate citizen, including contributing to regional development

Partner with local iwi, mana whenua and community in impactful ways

Attract, support, and maintain a diverse workforce and a healthy working culture



### Government & Finance

Open and transparent reporting

Disciplined capital management

Support our customers to provide a resilient fuel and energy supply chain for New Zealand

Operate our critical infrastructure safely and reliably



## MATERIAL ISSUES

Climate Change

Land, waste & water

Health, safety & wellbeing

Iwi & community partnerships

Equity, diversity & inclusion

Infrastructure resilience and security of supply

Asset & lifecycle management

Transparency & Financial discipline