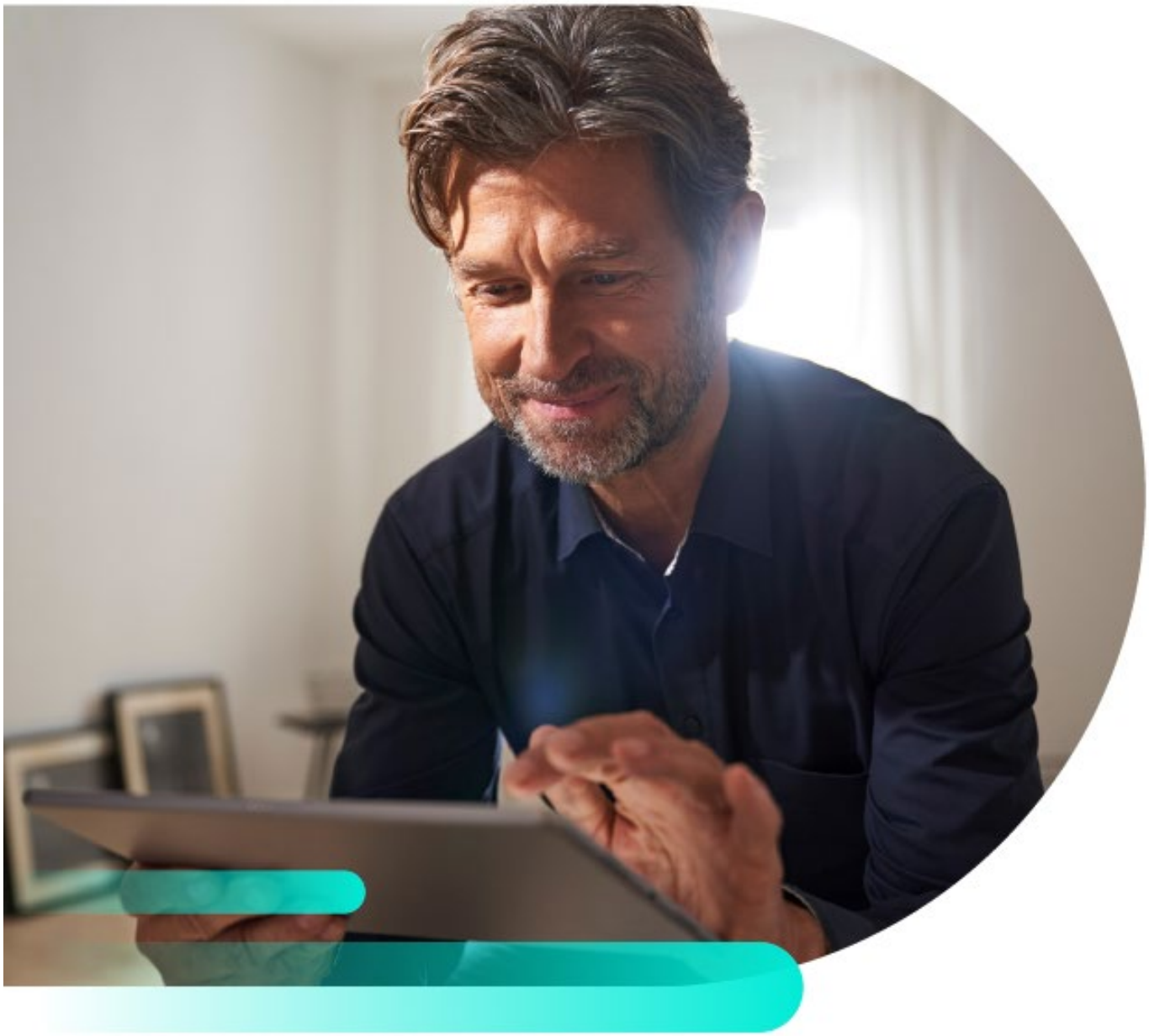
2023 Statement of Intent
Enable Services Limited



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INTRODUCTION

This 2023 Statement of Intent (**SoI**) is submitted by the Board of Directors of Enable Services Limited (**ESL**) and is prepared in accordance with Section 64(1) of the Local Government Act 2002.

ESL owns 100% of Enable Networks Limited (**ENL**). Both ESL and ENL (collectively, **Enable**) are council-controlled trading organisations (**CCTO**) for the purposes of the Local Government Act 2002 and this SoI covers the activities of Enable.

The SoI specifies the objectives, the nature and scope of the activities to be undertaken, and the performance targets and other measures by which the performance of Enable may be judged in relation to its objectives, amongst other requirements.

The process of determination of an acceptable SoI is a public and legally required expression of the accountability relationship between Enable and its shareholder, Christchurch City Holdings Limited (**CCHL**). The SoI is reviewed annually with CCHL and covers a three-year period.

OBJECTIVES

Our Purpose is:

Connecting Our Community with Unlimited Opportunity

Our vision is:

Our fibre network is the essential enabler of an economically and socially vibrant, connected, innovative and globally competitive greater Christchurch

Access to high quality broadband connectivity is a necessity for societal growth and advancement and Enable is committed to continuing to deliver its world-class fibre connectivity to meet the needs of our community.

- Fast, reliable broadband services empower businesses within our community to innovate and grow in almost every way, locally and globally.
- Individuals and families depend on broadband services for entertainment, connection with each other, education, and other online services.
- Essential service providers – councils, government agencies (such as health and education) and community support organisations – are reinventing how they deliver services to our community using broadband connectivity.
- Cities themselves are being transformed through Smart City initiatives – in areas such as Data Management, Internet of Things and Artificial Intelligence, to name a few – to deliver greater community value, a better living experience for residents and a sustainable future.

The ongoing COVID-19 pandemic has made the critical nature of world-class broadband even more evident, as we all need to be flexible in our daily lives around where and when we work, and how we connect with family and friends, access services, learn, shop and are entertained.

Our purpose and vision define our role as the kaitiaki of the essential enabling broadband infrastructure that empowers our community. We are focused on building on our achievements of completing our network build ahead of schedule, connecting 142,000 customers to our network, and becoming profitable and delivering our first dividend to our community ahead of plan. We must be successful in meeting or exceeding our committed objectives.

- Operate and manage all aspects of our fibre network to a high level ensuring the delivery of services with a positive customer experience and keeping ahead of customer demand.
- Drive sensible commercial customer growth through effective market-led strategies based around product development, outstanding internet service provider relationships and customer marketing activity.
- Maximise our fibre network asset performance to secure commercial returns on investment that meet or exceed the cost of capital, considering the long-term nature of this infrastructure investment.
- Advocate the enormous potential of our world-class connectivity services to businesses, consumers, and community groups within our community to truly embrace and realise unlimited opportunities.
- Support more of our community to participate fully in and benefit from our digital society through initiatives focused on digital equity, with a particular emphasis on partnering to address digital inequity for the portion of our community who cannot participate in the digital world at all.
- Protect and enhance our community's future through sustainable business practice.

We will continue to grow our relationship with iwi and mana whenua to build our knowledge and better understand Enable's relationship with the land and our community, and to realise community growth outcomes that support local iwi.

NATURE AND SCOPE OF ACTIVITIES

Our core business is to provide wholesale services delivered over our fibre network infrastructure. Our wholesale services form the basis of retail fibre broadband, voice, internet, TV, video calling, content, gaming, and IT services provided to customers (such as homes, businesses, and schools).

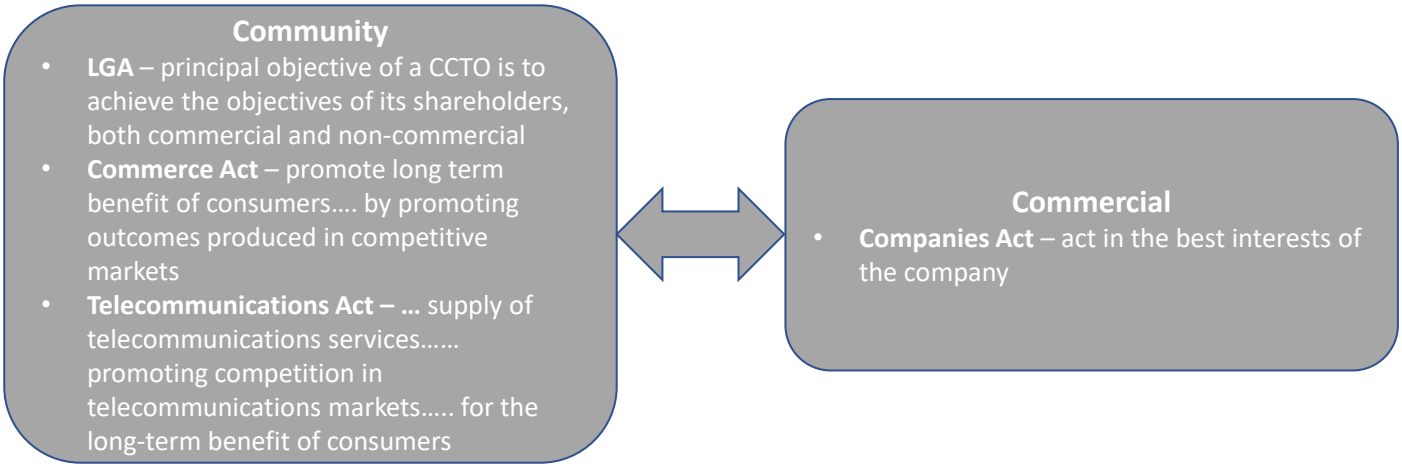
We were established in 2007 as the commercial need for businesses to access fibre broadband services in Christchurch became clear. Our parent company, CCHL, established Enable in alignment with its intent 'to own and manage key strategic infrastructure investments' that make Christchurch internationally competitive.

Today our fibre network reaches 205,000 homes, businesses and schools in Christchurch, Rangiora, Rolleston, Woodend, Kaiapoi, Lincoln, Templeton and Prebbleton, Tuahiwi, Ohoka and Tai Tapu.

We are focused on ensuring all connected customers constantly enjoy world-class connectivity that exceeds their needs and expectations in terms of speed, reliability, performance, and overall customer experience. Furthermore, we are connecting more customers to grow our business and deliver on our purpose for more people within our community.

We continually seek to provide our community with more value and new opportunities to benefit from our network and its capability. We also seek to invest in broader opportunities to deliver connectivity services to our community and generate greater value and returns to our shareholder and our community.

Our operations are guided by the expectations of a CCTO and a business operating in a commercial telecommunication market as depicted in the following diagram.



Through our core business we:

- provide affordable wholesale fibre broadband services;
- ensure our services support the increasing demand for quality high speed connectivity from our community;

- provide efficient access to fibre services for local businesses and schools;
- ensure new Greenfield developments (subdivisions) nearby our network have access to fibre broadband network;
- ensure our network infrastructure is deployed in a way that minimises the impact to the environment; and
- maximise the opportunity to ensure the large numbers of new commercial and residential buildings are designed and built with provision for our network included.

We work closely with key stakeholders to ensure our fibre network and the world-class connectivity it enables supports wider community growth and wellbeing.

CONTRIBUTION TO BROADER GROWTH STRATEGIES FOR ŌTAUTAHI – CHRISTCHURCH

As a wholly owned subsidiary of CCHL, we actively support wider group initiatives aimed at collaborating, sharing resources, and identifying opportunities to collectively deliver greater value to our ultimate shareholder, Christchurch City Council, and the people in our community.

We support and contribute to CCHL's strategic framework built on the pillars of kaitiakitanga, mana, financial, sustainability and people and we contribute to this framework through our business strategy.

We directly contribute to Christchurch City Council's strategic objectives, through alignment with its Strategic Framework (the Framework) and strategic priorities, and particularly the Council's vision of:

Ōtautahi - Christchurch is a city of opportunity for all… open to new ideas, new people, and new ways of doing things – a city where anything is possible.

Our ownership of a fibre network aligns with and supports long-term growth plans of local and central government. Our services are fundamental to the future growth of the economic and social wellbeing of our community.

Our investment, network capability and our services are key inputs into many of the outcomes sought under the Framework.

- Resilient Communities – Access to high quality connectivity is a vital enabler of community connection, participation in civic life, keeping our community safe and healthy and providing channels for relationships to be built and voices to be heard in decision making from across our community.
- Liveable City – Fibre connectivity is at the heart of our city being vibrant and thriving by underpinning much of the innovative technology that supports smart and modern urban development. Our connectivity is also essential to support sustainable suburban centres by empowering more services to be delivered from them and our community to spend more time in their local communities. Connectivity is also a critical component in a sustainable, low carbon transport system – by reducing the need to commute and travel to connect across our community.
- Healthy Environment – Fibre is the lowest emission connectivity option available to our local community. Fast and reliable fibre broadband It services enable remote and flexible working, online learning, access to online services and other connection needs which all help people to reduce their own emissions and waste.
- Prosperous Economy – The availability of fibre connectivity across our city and in the surrounding towns is a significant factor in attracting economic activities and investment to the region. The

expected long lifespan (expected to be 50 years) and future enhance potential of our network supports and promotes intergenerational goal setting. World-class connectivity supports diversity in Christchurch's economic base by promoting the establishment digital industry and supporting all industry to reach new markets and more customers. Our fibre network is a modern and robust city infrastructure that will support the economic prosperity of our community for many generations.

We also support the strategic priorities set by the current City Council.

- We are *enabling active citizenship and connected communities* through our fibre broadband services, and our goals to address digital inequity in our community, by empowering people to connect through the digital world.
- We have developed and are implementing a sustainability strategy that is directly contributing to Council and CCHL's environmentally focused priority of *meeting the challenge of climate change through every means available.*
- Access to world-class connectivity right across our city and to nearby towns, aligns Christchurch with some of the most technologically advanced global cities, therefore, supporting the goal of *accelerating the momentum the city needs*.
- We support *ensuring rates are affordable and sustainable* by operating as a financially successful strategic asset that delivers dividends back to our shareholder.

GROWING A STRONG BUSINESS

We are committed to growing our core business, with focus on customer retention, to maximise shareholder value while ensuring the maximum number of people within our community are benefitting from our services. The maturing of our business will ensure we have the operational and financial foundations to deliver even greater value to our community in the future through innovation and investment in business opportunities that will deliver direct financial returns or additional community value.

Customer Connection and Network Operation Performance

We are now beyond the period of peak uptake of our fibre broadband services and circa 75% of all fixed broadband connections within our coverage area are delivered over our fibre network.

We are focused on delivering a consistently excellent experience for all customers already connected to our network. This includes delivering outstanding customer service, network service reliability and performance and continuing to innovate to ensure our services are always exceeding the needs and expectations of our customers.

We recognise the role we need to play in ensuring our customers are getting all the support they need to maximise their broadband experience and continuing to connect the remainder of our addressable market to fibre. We need to ensure our community has a deep understanding of who we are and what we mean to them and will be evolving our brand to help develop this understanding.

Enable – YE 30 June	2023	2024	2025
Number of connections (cumulative)	150,369	155,862	159,756
Connection SLA achievement [1]	>95%	>95%	>95%
Total network availability [2]	>99.97%	>99.97%	>99.97%

1. Connection SLA achievement pertains to the delivery of operational services within contracted SLAs.
2. Total network availability pertains to all components of our fibre broadband network and is set at the contracted performance of a maximum average customer down time of 120 minutes per year (excludes customer caused down time).

Financial Performance

Our financial performance targets demonstrate that we have reached a point of financial maturity, after a period of significant capital investment building the network and connecting customers. We will continue to seek customer connection growth in the coming years and the profitability and returns to Shareholders will increase accordingly, although at a slower pace than in recent years.

We will hold a strong market position with consistent dependable cash flows being received over many years.

Financial Targets ($m)	2023	2024	2025
Gross Telecommunications Revenue	98.6	108.2	113.7
Total Revenue Growth %	11.7%	9.7%	5.1%
EBITDA Growth %	5.9%	9.4%	8.2%
NPAT	23.1	26.0	29.7
Total Assets	753.8	751.7	747.9
Debt (CCHL + External)	295.9	294.7	294.4
Equity	364.6	362.4	356.8
Shareholder's Funds to Total Assets Ratio	48.4%	48.2%	47.7%
Return on invested capital % (EBIT / invested capital)	5.0%	5.6%	6.1%
Operating margin % (EBITDA / invested capital)	8.5%	9.4%	10.2%
Return on equity % (NPAT / average equity)	6.4%	7.2%	8.3%
Interest Cover (EBIT/Interest Expense) x's	3.8	4.1	4.6
Debt to EBITDA x (Net debt / underlying EBITDA)	4.0	3.6	3.3
Net gearing % (Net debt / net debt plus equity)	44.6%	44.5%	44.7%

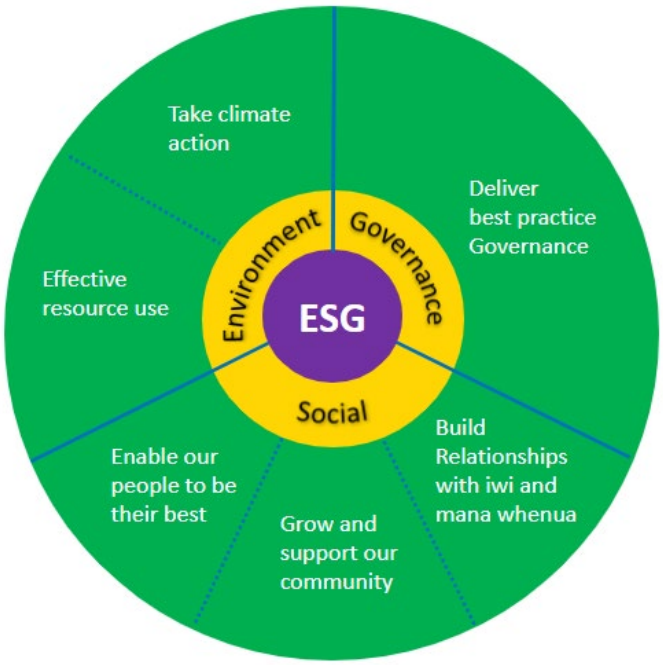
Dividends to our Shareholder

The dividends payable to the shareholder will be determined by the Board after consideration of; working capital requirements, future funding requirements, the requirement to meet the solvency test under the provisions of the Companies Act 1993 and shareholder expectations. No debt will be repaid during the 2023-2025 Statement of Intent period at the request of our shareholder. During this period consideration will be given to dividend payments being maximised from free cash flow.

Shareholder Return Target ($m)	2023	2024	2025
Dividends	20	27	35
Dividend yield % (Dividends paid / average total assets)	2.6%	3.5%	4.6%

A SUSTAINABLE FUTURE: ENVIRONMENT, SOCIAL and GOVERNANCE (ESG)

Enable is committed to operating all aspects of its business with a focus on protecting and enhancing our community today and in the future through sustainable environmentally responsible business practices, social contribution, and good governance (ESG)[1].



We have assessed our areas of environmental and social focus against the specific targets and indicators set under each of United Nations' Sustainable Development Goals (SDGs). The programme of work below aligns to seven specific SDGs – (5) Gender Equality; (8) Decent Work and Economic Growth; (9) Industry, Innovation and Infrastructure; (10) Reduced Inequalities; (12) Responsible Consumption and Production; (13) Climate Action; and (17) Partnerships for the Goals.

We have also committed to achieving B Corp certification for Enable, which will serve as our primary measure for our overall contribution to a sustainable future.

[1] Environment, Social and Government, referred to as ESG, is a globally accepted criteria for assessing a company's progress towards sustainability.

B Corp Certification goal	
	• Achieve and maintain B Corp certification to enforce Enable's commitment to ensuring our business supports a sustainable future and provide a measure of our overall performance.

ENVIRONMENT – operate our business in an environmentally responsible way towards achieving net zero emissions and zero waste.

To address environmental challenges, we will:

- adopt a science-based targets (SBTs) approach to greenhouse gas (GHG) emissions reduction to ensure we are achieving our reductions in line with what climate science deems necessary to limit warming to 1.5 degrees Celsius;
- continually strive towards achieving net zero emissions in ways that make financial sense;
- support our community to make sustainable connectivity purchasing decisions;
- apply 'circular economy' principles to our resource use and drive our partners to do so; and
- embed sustainability considerations (including ethical considerations) in a culture of excellence across the entire business.

We will achieve the above through collaboration and partnership within the CCHL Group (as outlined in the Group's sustainability objectives) and ensure we align our emission reduction strategy to the Group strategy and reporting model to leverage our combined scale to have maximise positive impact.

Consistent with the Group approach, our initial focus is on improvements in our direct operations (scope 1) and purchased energy (scope 2) before expanding our sustainability goals to our partners and suppliers (indirect – scope 3). All emission reduction targets are set and will be measured against our audited FY20 financial year baseline.

Take climate action goals	
	• Adopt science-based targets (SBT) for scope 1 and 2 absolute emissions reduction that require Enable to achieve a 35% reduction by FY25 against our FY20 baseline and a 62% reduction by FY30. • Finalise a plan achieve net zero emissions (scope 1, 2 and 3) by FY30 in line with CCC expectations. • Create a market position that demonstrates to consumers that fibre is the most sustainable connectivity technology.
Effective resource use goals	

	• Redesign our approach to resource consumption to support circular economy principles, including corporate and operational procurement and tender decisions.
	• Work with our key contractors to minimise network infrastructure waste, specifically:
	  ○ implement a multi-duct recycling programme, and
	  ○ finalise a reuse and recycling plan for first generation equipment to be implemented as it is decommissioned.
	• Ensure our corporate landfill waste is below our FY22 benchmark, by continuing to educate our people on waste minimisation.

SOCIAL – continue to grow our positive contribution to our community as a business, employer, and contributor.

OUR PEOPLE – enable our people to be their best

Our people strategy is to:

- attract, retain, grow and inspire the very best people to address our business challenges and meet the needs of our community;
- embrace diversity – including gender, gender identity, age, ethnicity, disability, beliefs, sexual orientation, family responsibilities, work style and experience, socio-economic background, thinking style and personality type – across our business and support our customers, partners, suppliers and other stakeholders to do the same;
- better understand and grow the diversity of thought within Enable as we believe in the potential of greater diversity to deliver better decision making and therefore better outcomes for our business and community;
- actively work to provide an environment where everyone feels they can fully participate at work and where each person is valued for their unique perspectives, skills, and experiences; and
- continue to deliver Health, Safety and Wellbeing (HSW) for our people that goes well beyond regulatory obligations and compliance with a whole-of-business commitment to looking after our people, partner organisations and their people, customers, and community.

Enable People goals	
	• Maintain provision of the living wage for all Enable (direct) and primary contractor employees. • Continue to evolve our people strategy in terms of engagement; employee benefits; and performance management, recognition, and reward to lift employee engagement. • Continue to improve Enable's diversity and inclusiveness in leadership. • Continue to monitor for remuneration and benefit inequalities in Enable and ensure there aren't any. • Continue to deliver a best practice Health, Safety and Wellbeing model that ensures our people, partner organisation's people, customers and community are kept safe and well, as measured by Total recordable injuries (TRI) <=3 and no serious harm injuries incurred.

OUR COMMUNITY – grow and support our community

We are working to generate greater community value by:

- embracing new and responding to advancing technology innovations and exploring disruptive ways to solve societal challenges, through innovation and partnership; and
- continuing to leverage our existing partnerships and assets to support community growth and exploring new business and social good opportunities to grow the value of Enable to our community.

Specifically, we are focused on leveraging our fibre assets, our technology capability and expertise, and our position as a community owned company to enhance and grow our community in four ways:

Digital equity goals	
	• Improve digital equity for ŌCHT tenants through a partnership initiative to support more tenants to participate in the digital world. • Partner with Government, industry and other potential stakeholders to develop a fibre-based proposition specifically to address digital equity issues in our community.
Enhanced connectivity goals	
	• Continue to operate our Christchurch Free Wi-Fi service in key central locations, and market it to support maximum economic growth, visitor, and community benefits. • Support the largest local secondary schools to leverage the full potential of fibre broadband for better education outcomes by delivering Hyperfibre to them.
Digital innovation goals	
	• Work closely within the CCHL Group and with other potential partners to unlock and realise new initiatives that can support the group to deliver greater value and returns to our community.
Partner for growth goals	

	• Maintain key strategic partnerships and sponsorships aimed at supporting a local environment of growth and innovation, including:
	  ○ our Canterbury Employers' Chamber of Commerce and Future Leaders in Technology sponsorships; and
	  ○ our partnership with University of Canterbury to provide engineering students with project opportunities.
	• Identify and realise new opportunity to partner with an organisation on a joint initiative or sponsorship that will support growth in our community or support individual opportunities to grow.

TE AO MĀORI – enhanced relationships with local iwi and mana whenua

We are at the very early stages of our journey towards having a better understanding of Te Ao Māori (the Māori World). We are committed to continuing to build our knowledge and understanding in this area and grow our understanding of our relationship with the land and our community.

We want to work with local iwi, mana whenua, the CCHL group and other partners to ensure our organisation, people, network, and services support maximised positive outcomes for Māori and our broader community.

Te Ao Māori goals	
	• Continue to engage directly with iwi and mana whenua to build knowledge and better understand Enable's relationship with the land and our community and enhanced cultural understanding and competency with our business. • Actively participate in He Huanui Māori CCHL and the cross-CCHL Group leadership team to accelerate initiatives aimed at promoting improved cultural capability across the Group and generating positive outcomes for Māori and our broader community

GOVERNANCE – govern Enable through best practice to ensure the business delivers the best possible outcomes for our community.

Directors and management are committed to best practice governance. Governance requires competent people with a commitment to good governance and an effective set of systems and processes. This provides the shareholder and other stakeholders with the assurance that Enable is appropriately governed.

Good governance involves continual changes to meet the shifting dynamics of the business. This is particularly the case with Enable as we grow and change throughout our growth lifecycle. We have experienced rapid growth, and new systems, processes and positions have been established over the last three years to meet the future needs of the business.

We ensure that the benefits of these changes are maximised and that we are operating as efficiently and effectively as possible.

Directors and management recognise the need to have high-calibre people, backed by excellent systems and processes, for Enable to be a world-class service-led organisation.

Role of the Board

The Board is ultimately responsible for setting the strategic direction of Enable and overseeing the management of our business, with the aim being an increase in shareholder value and the development of communications infrastructure for the economic and social benefit of our community. The Board is accountable to its shareholder for the performance of Enable.

Responsibilities of the Board

In carrying out its principal function, the Board's specific responsibilities include:

- reviewing, and approving Enable's business strategies and objectives;
- reviewing and approving Enable's budgets and business/operating plans and monitoring the management of capital, including the progress of any major capital expenditure, acquisitions or divestments;

- providing leadership of Enable within a framework of prudent and effective controls, which enable risk to be assessed and managed;
- providing health, safety and wellness leadership by understanding, directing and monitoring Enable's health, safety and wellness framework, management system and performance ensuring prudent and effective controls are in place;
- identifying the principal risks faced by Enable and taking reasonable steps designed to ensure that appropriate internal controls and monitoring systems are in place to manage and, to the extent possibly, reduce the impact of these risks;
- monitoring the operational and financial position and performance of Enable;
- requiring that financial and other reporting mechanisms are put in place by the executive which result in adequate, accurate and timely information being provided to the Board and the shareholder to ensure they are fully informed of all material developments relating to Enable;
- reviewing and approving Enable's remuneration policies;
- establishing procedures to ensure that financial results are appropriately and accurately reported on a timely basis in accordance with all legal and regulatory requirements;
- adopting appropriate procedures to ensure compliance with all laws, governmental regulations and accounting standards;
- approving and regularly reviewing Enable's internal decision making and compliance policies and procedures, including any codes of conduct, the Board Charter and the charters of the Board's committees;
- ensuring that Enable's internal decision making, and compliance policies and procedures are adhered to, to ensure that the business of Enable is conducted in an open and ethical manner, and
- leading (with the support of Management) the relationship with Enable's shareholder.

Delegation of Responsibilities to Management

The Board has delegated management of the day-to-day affairs of Enable to the Chief Executive to deliver the strategic direction and goals determined by the Board. The Board has also reserved several powers and responsibilities to the Board.

Delegation of Responsibilities to Committees

The Board may, from time to time, establish committees to assist it in carrying out its responsibilities. For each committee, the Board adopts a formal Terms of Reference that sets out the delegated functions and responsibilities for, and the composition and any administrative matters relating to, that committee.

Current operational committees include a Health, Safety, Wellness and People Sub-Committee, an Audit and Risk Committee, and a Future Technology and Products Sub-Committee.

The Board is responsible for the oversight of its committees. This oversight includes, in relation to each committee, determining and reviewing its composition and structure and regularly reviewing its performance.

Executive Remuneration

We remunerate our people at a competitive market rate, noting that we are conscious of our public responsibilities in setting senior executives' salaries, and this is closely monitored by the Board and reported in the Annual Report. We ensure all our people are remunerated at or above the living wage and we are committed to narrowing the gap, where appropriate, between the highest and lowest remuneration levels within our organisation.

INFORMATION TO BE PROVIDED TO SHAREHOLDERS

An Annual Report will be submitted to the shareholder. The Annual Report will include audited financial statements and such other details as are necessary to permit an informed assessment of the company's performance and financial position during the reporting period.

The SoI will be submitted to the shareholder for consultation annually, as required by the Local Government Act 2002. The directors will include any other information they consider appropriate. Where appropriate, revised forecasts will be submitted to the shareholder.

Enable will provide regular updates to our shareholder on the ongoing performance of the entity which may include financial, strategic, risk and operational updates for any given period.

The company will operate on a "no surprises" basis in respect of significant shareholder related matters, to the extent possible in the context of commercial sensitivity and confidentiality obligations.

The company will provide information requested by the shareholder in accordance with the requirements of the Local Government Act 2002 and continuous disclosure requirements of the NZX.

COMPENSATION SOUGHT FROM LOCAL AUTHORITIES

At the request of the shareholder, the company may undertake activities that are not consistent with normal commercial objectives.

ACQUISITION / DIVESTMENT PROCEDURES

The subscription or acquisition of securities in any company or organisation, or a divestment of part of the existing business, will only be considered where it is consistent with the long-term commercial objectives of Enable.

When the subscription, acquisition or divestment is considered by directors to be significant to the company's business operations, it will be subject to consultation with and, where required, approval of, the shareholder.

Major transactions as defined in the Companies Act 1993, s129(2), will be subject to shareholders' approval by special resolution.

ESTIMATE OF COMMERCIAL VALUE

The estimated fair value of UFB network assets on 30 June 2021 was $700m. Further information on this asset valuation is provided in the 2021 Annual Report.

The commercial value is considered by the directors to be at least the equity contributed by the shareholder as recorded in the financial statements.

ACCOUNTING POLICIES

Enable has adopted accounting policies that are consistent with New Zealand International Financial Reporting Standards, generally accepted accounting practice and the policies adopted by the Christchurch City Council group. The detailed accounting policies are available in our most recent Annual Report as published on our company website, refer www.enable.net.nz.