



Integrated Reporting improves stakeholder understanding

Port of Tauranga Limited began its journey towards Integrated Reporting in 2018 as the company sought a more comprehensive and transparent method to communicate its strategy, governance, performance and prospects, with the intention of building credibility and trust with its stakeholders.

The company decided to base its annual report on the internationally-recognised Integrated Reporting <IR> framework, consistent with the NZX's updated Corporate Governance Code.



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Port of Tauranga



Simon Kebell
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A materiality assessment project was completed in 2018 and, in early 2019, the company formally engaged again with stakeholders to test assumptions and ensure it was responding to their priority needs and interests.



The port company's Communications Manager Rochelle Lockley says adopting integrated reporting has enabled both internal and external stakeholders to be better informed about Port of Tauranga's role in the community, and especially its environmental performance.

"We believe it has strengthened our relationships and this will be tested in the second round of formal stakeholder engagement over the next few months. <IR> has helped us better understand the implications of challenges such as the COVID-19 pandemic and enhanced our risk management approach," she says.

Port of Tauranga's Chief Financial Officer, Simon Kebbell says Integrated Reporting seemed the most logical fit for the company as an infrastructure provider. "The six capitals framework made sense. We could easily relate to the capitals or resources, which we identified as relationships, people, skills and knowledge, environment, assets and infrastructure, and finances".

In the first integrated report, the company relied on existing knowledge to identify the issues material to stakeholders and the significance of those factors to its commercial success.

"To get the ball rolling we also used external consultants to help us with external stakeholder engagement. We had been engaging with our stakeholders over the years of course, but we needed a bit of help devising a materiality assessment process," he says.

The consultant helped structure the material assessment project and helped the Port develop a three-year reporting plan, including how to align with UN Sustainable Development Goals (SDGs) and identify gaps in stakeholder engagement.



ESG INFO IS IN DEMAND



Simon Kebell says there is growing pressure from externals – investors and customers – for more ESG information.

“It comes from a mix of investors and stakeholders. New Zealand fund managers are taking a stronger interest in our environmental and social impact.

“Interestingly, there is also a lot more interest now in debt capital markets. We recently issued a straightforward corporate bond, but there was interest and questions on both environmental and social issues. They wanted more information on the big picture for us regarding climate change and what we are doing to mitigate and reduce our carbon emissions. We also had questions from Australian fund managers about modern day slavery from a global perspective,” he says.

Data gathering a challenge

Pulling together a wide range of data and material for a comprehensive IR report takes work. The Port hadn’t had external assurance of non-financial information previously and wanted to make sure its data was robust.

“Data collection and verification is an ongoing challenge. It’s not as straightforward as the financial data side of my job,” Simon says.

Another part of the puzzle is making sure the environmental data base is lined up and in sync with the financial reporting process.

“This year we worked with Toitū to get it aligned and they did an amazing job delivering the audited emissions on time. It has been a massive exercise to get the people data and some other metrics – this has improved immensely in the past few years,” Rochelle says.

“As you work with internal stakeholders on gathering the data, they realise how important it is. A benefit of using IR is that we all begin to understand more our role in the community. People now understand the balance required. When all the issues are laid out on the table, people can see the links between the capitals,” she says.



Disclosing climate-related risk

In its 2020 report Port of Tauranga expanded its risk management content and identified climate and other environmental risks. It plans to continue its disclosure on climate-related risk.

“We know that a requirement for climate-related financial risk disclosure is coming. We await with interest the guidelines that the Government might give us on TCFD, but we are certainly not going to sit back and wait for it. We have already identified what is important to our business. We are not going to be perfect from day one, but we have got our heads around it already,” Rochelle says.

Extra benefits of Integrated Reporting

Integrated Reporting has highlighted the interdependencies between the six capitals employed in the Port of Tauranga business.

“That was a great learning experience for us – working through the capitals and defining them in terms of how they related to our business. We quickly realized how useful the definitions were and how they could be applied in other activities.”

Presentations to shareholders, to the community, regulators and politicians often use the same IR-based descriptions of company and reflect the IR structure.

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Simon Kebbell:
“I wouldn’t say that everything is solved by using IR framework but it does resonate with us and gave us a structure to our approach to strategic planning.”

In the 2021 financial year, the Port intends to review its material topics in consultation with its stakeholders and further integrate the UN SDGs. It will also expand its assessment of climate-related risks and plans to extend assurance of non-financial measures.

“One thing you have to come to terms with – there is no end destination – you are continually evolving in your reporting,” Rochelle says.

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