SOLOMON PORTS STATEMENT OF CORPORATE OBJECTIVES 2026 -2028

1. Introduction

The Solomon Islands Ports Authority manages and operates the declared Ports of Honiara and Noro. It is a Statutory Corporation established by an Act of Parliament and came into being on 4th June 1956.

The State-Owned Enterprises Act 2007 sec 13 requires the board of the Authority to deliver to the accountable ministers a draft statement of corporate objectives not later than one month before the commencement of each financial year of the State-Owned Enterprise and any of its subsidiaries. The Solomon Islands Ports Authority currently does not have any subsidiaries.

The Statement of corporate objectives covers the period from 1st October 2025 to 30th September 2028 (2026-2028) and has been prepared in accordance with the terms under section 13 of the State-Owned Enterprises Act of 2007.

2. Purpose

The purpose of this statement of corporate Objectives is to:

State publicly the activities and the intentions of Solomon Islands Ports Authority and the objectives to which these activities will contribute to achieving its mission.

3. Mission Statement

"To be the Port Operator of choice in the South Pacific by providing world – class services in logistics, shipping and port management."

4. SIPA's Corporate Objectives

The corporate objectives of the Authority are categorized into six main activity areas, which are:

- Financial Performance
- Operational Performance
- Port Infrastructure Provision
- Employees
- Community/Port Users
- Trade

5. SIPA'S Corporate Values

To support the Authority's objectives, the following are the ethos and values of the organization

- Safety and environment (continuous improvement within the workplace, and the port environment)
- Respect (for our staff, our customers, our fellow board members and the community within which we operate)
- Honesty (integrity, trust and fairness)
- Adding value to the sustainable economic development of the country
- Progress through partnering (with the Government, staff, customers, service providers and communities within which we operate)

6. Management of the Report

The Board of Solomon Islands Ports Authority is the body responsible and accountable to the two accountable and responsible Ministers for the performance of functions, establishment of policies and generally controlling the affairs of the Authority as stipulated under the State-Owned Enterprises Act of 2007.

The State-Owned Enterprises Regulations 2010 under the State-Owned Enterprises Act 2007 has specifically outlined the procedures for the appointment, disqualification and removal of Directors. It also spelt out clearly the corporate and statutory responsibilities of Directors.

The short-, medium- and long-term directions of the Authority will be in accordance with the functions established in the Ports Act of 1956 and the State-Owned Enterprises Act OF 2007, with planning focused on the long-term needs of the country and the need to protect the port for future growth while minimizing the impact on the community.

7. Nature and Scope of Activities

The Port Authority Act of 1956 outlines the general functions and responsibilities of the Port Authority which include.

a) Provide, maintain and improve in the declared ports such facilities as appears best calculated to serve the public interest.
b) Maintain, improve and regulate the use of the declared ports to such extent as appears expedient in the public interest.

c) Provide for the declared ports the approaches thereto and the territorial waters of the Solomon Islands such pilotage services and aids as appears best calculated to serve the public interest.

8. Strategic Directions

In performing these functions, the Authority will**.**

- Plan to ensure that the Authority possesses sufficient capacity to accommodate demand without congestion rising beyond acceptable limits
- Market and promote the port locally, nationally and internationally to increase awareness and diversify trade
- Ensure all current and future port users have equal access to port infrastructure, facilities, and services
- Ensure that financial returns are sufficient to maintain financial viability and earn an acceptable rate of return
- Facilitate improvements in port security, productivity, efficiency and reliability
- Develop a land use plan for the port
- Continue to develop good working relationships with the community, customers and other stakeholders
- Liase with service providers to ensure that contractual obligations are achieved and that a trained and skilled workforce is maintained
- Implement strategies to ensure that port charges are competitive
- Continue to promote and develop safe work practices and procedures
- Providing safe and reliable navigation services including pilotage

9. Goals and Planned Achievements

Solomon Islands Ports Authority aims to facilitate trade by being competitive and responsive to its customers and to look forward by enhancing capability for the future. Its objectives and major planned achievements for 2026-2028 are as follows:

9.1 Objective 1: Financial Performance

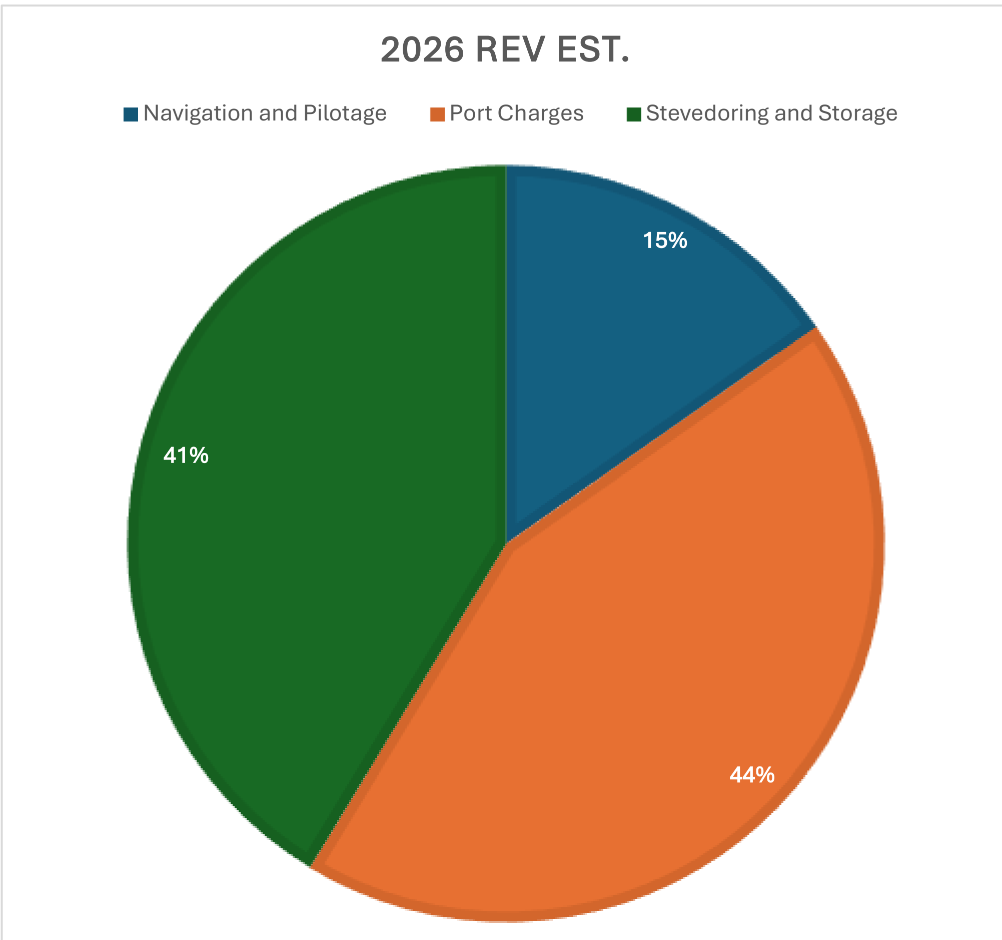
- ***Be financially self sufficient and viable over the long term***

Solomon Islands Ports Authority must ensure that it remains viable and sustainable through excellent performance in all areas, innovation, business improvement and community and stakeholder engagement.

➢ ***Earn a rate of return while keeping customer costs to a minimum***

Solomon Islands Ports Authority estimated that it's net operating profit for 2026 to be about $92.1 million. Total revenue estimated for 2026 is $277.9 million, an increase of 2.7% from the 2025 revenue estimate. Major increases in various revenue centers will be from Port Operations, especially in Pilotage, Handling, Wharfage, Port dues, Stevedoring, Lifting and Utilization, Storage of containers and General Cargoes, Container Washing and Tonnage dues have contributed to the estimated revenue increases for 2026. The Authority's operating revenues can be categorized into 3 distinct revenue centers, Navigation and Pilotage, Port Charges, and Stevedoring and Storage Charges. The Figure below shows the percentage that each revenue center contributes towards the total operating revenue estimated for 2026.

SIPA operating revenues estimates for 2026 by activity



The Authority whilst trying to maximize its revenue collections, also must continue to keep lowering its operating costs whilst increasing efficiency and boosting productivity.

- ***Ensuring that the financial management of the Port is aligned with the state-Owned enterprises requirements.***

The Authority in managing its finances is obligated in satisfying the requirements of not only the state-owned enterprises Act, and the Solomon Islands Ports Act, but also the relevant International Accounting Standards.

9.2 Objective 2: Operations

- ***Provides efficient service for the benefit of port users***

Solomon Islands Ports Authority provides stevedoring, warehousing and storage services to its customers. The Operations division provides a full 24-hour stevedoring service including loading and unloading ships, transferring cargo to and from the ship and from the container yard. The new two shift system of 12hrs per shift that was introduced in October 2018 enables SIPA to provide a 24-hour ship operations service to ships whenever they are at berth. Under the new two shift system, one shift will work 12 hours and the other one 12 hours until the vessel set sail.

9.3 Objective 3: Port Infrastructure

- ***Providing the infrastructure needed to facilitate trade***

Infrastructure Development

Investment in port infrastructure and facilities is important to sustain economic growth. Investment is formulated by analyzing future trade levels and asset requirements based on customer needs. The Authority when investing in port infrastructure is required to:

- Meet specific identified trade opportunities
- Meet statutory requirements (eg environmental, occupational health and safety)
- Meeting growth in trade and demand for services
- Improve the level of service provision consistent with identified needs
- Replace existing assets or upgrade assets to improve operating efficiency and productivity
- Provide support facilities to improve efficiency.

To cater for the aging infrastructure and a possible container yard congestion, the following are the capital purchases & works program for 2026-2028

Capital Purchases	**2026**	**2027**	**2028**
HONIARA PORT			
75T Work Crane	$7.5M		
Cargo Lifting Gear	$3.4M	$4M	
Workshop Equipment	$1.2M		
Office/Operations/Staff Vehicles	$4.2M		
Office Equipment & Furniture's	$1.5M		
IT Equipment & Installations	$2.2M		
Other Capital Works			
Container Terminal extension/maintenance	$6.1M	$7.0M	$7.0M
Rigger's building/Stevedore Facility	$5.8M		
SIPA Office upgrade	$1.8M		
Honiara Domestic Port upgrade	$20.8M	$12.0M	$25.0M
International Port upgrade	$2.6M		
Company estates/Staff recreation	$1.3M	$2.0M	
Port roads/ISPS Fencing	$2.0M		
SIPA land commercial development	$1.6M	$2.5M	$10.5M
NORO PORT			
Container yard extension	$6.0M	$4.0M	$4.0M
SIPA land commercial development	$3.5M		
Equipment and vehicle purchases	$2.6M	$2.0M	$5.0M
Wharf and landing ramps	$2.2M	$3.0M	
Port lighting, Offices and ISPS Fencing	$2.3M		
Staff Housing	$1.5M	$1.0M	

Infrastructure Maintenance

Solomon Islands Ports Authority must ensure that its assets sustain service delivery requirements and are maintained, operated and utilized appropriately. All major assets are monitored regularly within a rolling maintenance program, with detailed analysis of planned, project and unplanned works compared to budget. This information, along with condition inspection reports, is used to identify existing and future maintenance requirements with the objective of ensuring these assets are retained in, restored to, conditions that are specific to their required service delivery.

9.4 Objective 4: Employees

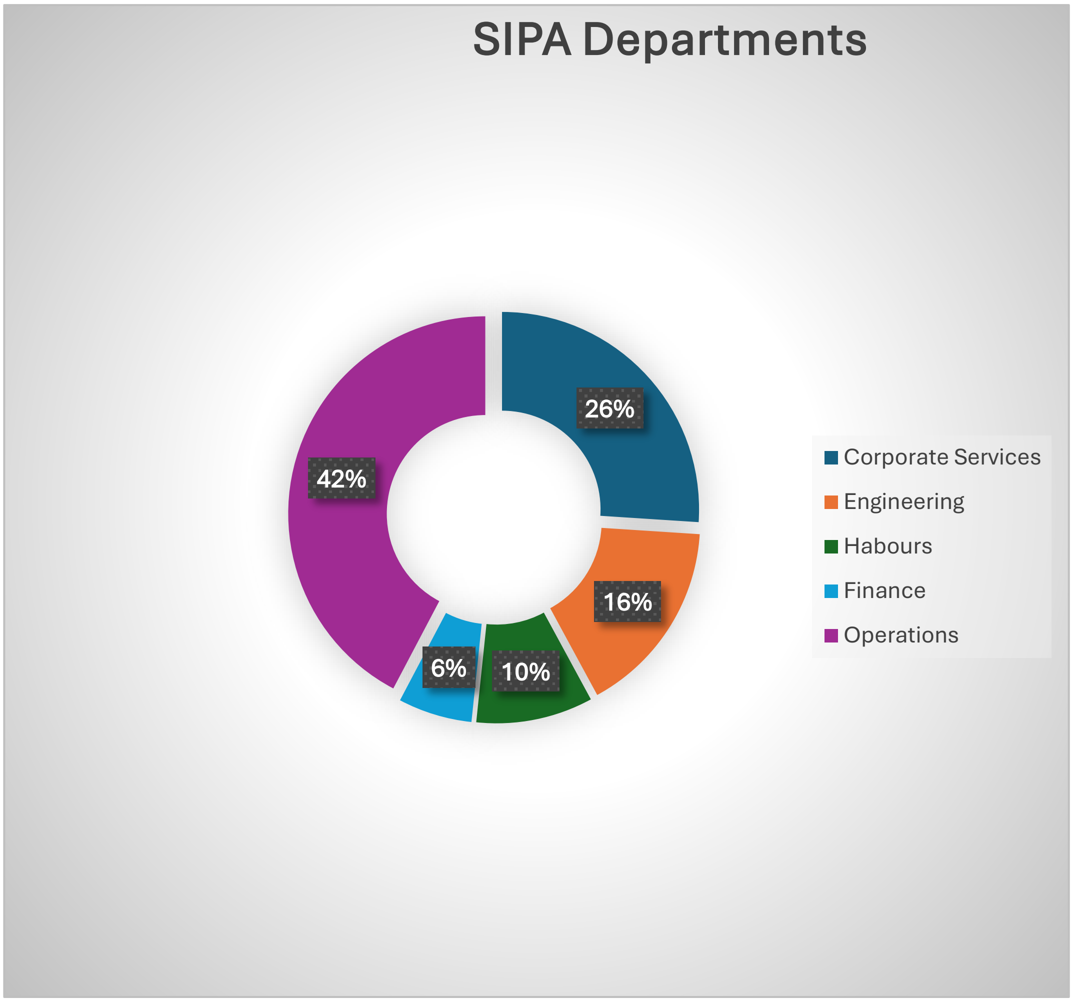
- ***Developing and maintaining an efficient and motivated workforce committed to the objectives of the Authority.***

The Solomon Islands Port Authority employs about 511 permanent employees who are categorized under five departments with the following activities:

Operation department: stevedoring, warehousing, transport and general cargoes services.
Engineering department: design and development, management and maintenance of wharves, jetties, plant equipment and vehicles, port buildings, staff housing and roads.
Finance department: Financial Management and Planning, Stores, Fixed Assets control, General Ledger, Cash flow and Accounting control, Cashier services, Statistics and Payroll.

Corporate Services: Administrative services, Staff training and development, Industrial relations, Information services, Occupational health and workplace safety and Security. Harbours department: harbor control, navigation services, and pilotage. Procurement and purchasing comes under the executive office of the Chief Executive Officer.

SIPA departmental staff allocation



Solomon Islands Ports Authority have recruited during the year more than 30 new employees and this number will increase as it's mandate to operate in other areas is make possible. SIPA also is an equal opportunity employer and encourages the employment of women as a priority.

Solomon Islands Ports Authority will continue to be a high-performance learning organization with a coordinated approach to people development. Strategies and arrangements will be continued to ensure that all employees have the appropriate skills and understanding and are empowered to contribute to the achievement of organizational goals.
Comprehensive training as well as People plan will continue to be reviewed and implemented in 2026-2028 to ensure workforce sustainability and address future requirements. Key elements of the Plan include a strong organizational focus on:

- A constructive high performance team culture

- The People Performance System
- Development of employees to ensure alignment with values
- Behaviors and goals to drive high performance culture
- Ongoing strategies to promote a healthy work / life balance.

9.5 Objective 5: Community

- ***Fostering a cordial relationship with the community within which it operates***

Solomon Islands Ports Authority in pursuing its anticipated work programs must address and improve its Port/Community communication in port planning and development. It not only responds to genuine community concerns to address impacts from port operations but also promotes, plan and develop the port in an environmentally responsible manner for the benefit of the entire community.

Furthermore, within its budget limitations Solomon Islands Ports Authority also provide donations to community oriented not for profit projects especially from churches and schools. In addition, the Authority on yearly basis provide part-time jobs to students from various institutions around the country during mid and end year school holidays as well as apprenticeship to student trainees from the Solomon Islands National University and other Rural training centers.

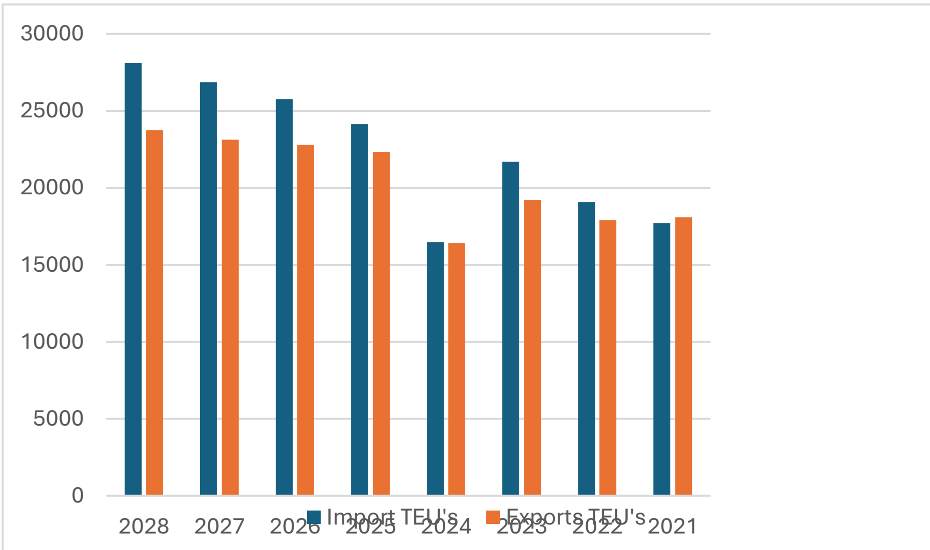
9.6 Objective 6: Trade

- ***To promote the services and facilities of the port and maximize trade through the port***

Trade volume at Solomon Islands Ports Authority increased modestly by 10% from 2024 to 2025 with the major increases in the export of copra, cocoa, and general cargoes and in the imports of cement, fertilizer, bagged food, fuel and general cargoes.

There are signs that there will be another steady increase in trade volumes for 2026-28. As the economy is stabilizing with a steady growth in GDP, there is a conducive environment created by the Government for improved investment sentiment from major industries like Minerals, Fishery, Construction and Agriculture. The growth in these industries will create a sound base for a compound growth estimated at 3.5% for imports in containers and 3.2% for exports in containers for the next two years.

Potential Trade Growth



10. <u>Performance Targets and Measures</u>

The performance targets as shown in the table below are used by Solomon Islands Ports Authority to monitor service delivery, to identify and respond to emerging trends in trade development, measure our capability for the future, monitor the financial performance of our operations and ensure business excellence and sustainability.

OBJECTIVES	KEY PERFORMANCE INDICATORS	TARGETS		
FINANCE		**2026 Budget**	**2027 Plan**	**2028 Plan**
	a) Liquidity ratios 1. Current Ratio	**38 times**	**40 times**	**42 times**
	b) Profitability Ratios			
	1.Profit margin	**32%**	**35%**	**38%**
	2. Return on Assets (ROA)	**8%**	**10%**	**12%**

OPERATIONS		2026	2027	2028
	a) Effectiveness			
	1. Time at Berth (hrs)	30	**26**	**26**
	2. Turn around time (hrs)	26	26	24
	3. Waiting time per ship (hrs)	20	18	18
	b) Efficiency			
	1. Cargo handled per hour at berth (Teu's)	**18**	**25**	**25**
	2. Cargo handled per shift hour (Teu's)	**15**	**18**	20

PORT INFRASTRUCTURE		2026	2027	2028
	a) Capital Purchases			
	1. 75T Work Crane	3rd qtr		
	2. Cargo lifting gear	4th qtr		
	3. Workshop Equipment	3rd qtr		
	4. Office/Operations/Staff vehicles	2nd qtr		
	5. Office equipment & furniture's	3rd qtr		
	6. IT Equipment & Installations	4th qtr		
	b) Other Capital Works			
	1. Container terminal extension/maintenance	4th qtr.		
	2. Riggers Building/Stevedore Facility	4th qtr.		
	3. SIPA office upgrade	3rd qtr.		
	4. Honiara Domestic Port upgrade			
	5. International Port upgrade	3rd qtr		
	6. Company estates/staff recreation	4th qtr		
	7. Ports Roads/ISPS Fencing	4th qtr		
	8. SIPA land commercial dev	4th qtr	4th qtr	4th qtr
	NORO PORT			
	1. Container Yard pavement/Extension	4th qtr	4th qtr	
	2. SIPA land commercial development	4th qtr	4th qtr	
	3. Equipment and Vehicle purchases	3rd qtr		
	4. Domestic wharf and landing ramps	4th qtr	4th qtr	
	5. Port lighting, Offices and ISPS fencing	4th qtr		
	6. Staff Housing	4th qtr	4th qtr	

OBJECTIVES	KEY PERFORMANCE INDICATORS	TARGETS		
EMPLOYEES	Safety committee meets monthly and ensures rolling programme of safety improvements are completed as they fall due	100% compliance	100% compliance	100% compliance
	No lost – time injuries	0	0	0
	Retirement	10	9	7
	Recruitment	8	10	10
COMMUNITY/ PORT USERS	Truck turnaround time	<12mins	<12mins	<12mins
	Stakeholder forums	March	June	June
	Customer satisfaction surveys	October	October	October
TRADE	Full Export containers (TEU)	6,900	7,450	7,820
	Exported empties (TEU)	15600	16850	17,690
	Imported empties (TEU)	2,060	2,163	2,270
	Full Import containers (TEU)	21,400	22,440	23,113
	Ship Berthing	200	550	630
	Container/Copra ships	145	150	160
	Tankers	60	63	66
	Cruise ships	13	18	25
	Fishing	290	299	310
	Other	260	267	272

10.1. Capital and Investment

The estimated capital structure for the period 2026-2028 is as follows:

Capital Structure and Investment	2026 Budget	2027 Plan	2028 Plan
Debt ($M)	$17.5M	$19.0M	$20.3M
Equity ($M)	$1.4B	$1.56B	$1.72B
Debt to Equity	1.3%	1.2%	1.2%
Capital Investment	$80.3M	$82.5M	$80.0M

Solomon Islands Ports Authority's intention is to recover its investment related expenditures by imposing port charges and other fees on customers over time. The Authority's capital investments were all funded from its own cashflows.

12. Dividend Policy

It is anticipated that any surplus of funds that might be available at the end of financial years in the foreseeable future will be reinvested into refurbishment, replacement of capital assets or the expansion of the port and its infrastructures.

Consequently, it is anticipated that there will be no dividend payment to the shareholder in the forecasting period, however such monies will be kept for future investment in Port infrastructure.

13. Accounting Policies

The Authority has adopted accounting policies that are consistent with the International Financial Reporting Standards (IFRIS) and in accordance with the Solomon Islands Ports Authority Act (Cap.161).

Rate of Return will be calculated using profit before tax and interest, but after depreciation based on deprival value of the Authority's assets. A full statement of the Authority's accounting policies is set out in the audited annual Financial Statements.

14. Information to be provided to Accountable Ministers

14.1 *Statutory information Requirements*

Statement of Corporate Objectives

Solomon Islands Ports Authority will deliver to the accountable Ministers a draft Statement of Corporate Objectives not later than one month before the commencement of each financial year of the Authority. The Authority shall provide information in respect of that financial year and each of the immediately following 2 financial years according to s13 of the State-Owned Enterprises Act 2007.

Half Yearly Report

Within six weeks after the end of the first half of each financial year, the board of the Authority will deliver to the accountable ministers its unaudited financial statements prepared in accordance with the International Financial Reporting Standards (IFRIS) and consistent with the Solomon Islands Ports Authority Act (Cap.161).

The half yearly report will include:

- Performance commentary
- Income Statement
- Balance Sheet
- Cash Flow Statement
- Statement of Changes in Equity
- Notes to the Financial Statements
- Ship operations Statistics
- Performance against the SCO Performance Targets and other measures

Annual Report

Within 3 months after the end of each financial year, the board of the Authority will deliver to the accountable ministers its audited annual financial statements prepared in accordance with the International Financial Reporting Standards (IFRIS) and consistent with the Solomon Islands Ports Authority Act (Cap 161).

The report will include:

- Performance commentary
- Income Statement
- Balance Sheet
- Cash Flow Statement
- Statement of Changes in Equity
- Notes to the Financial Statements
- Ship operations Statistics
- Performance against the SCO Performance Targets and other measures
- Auditors' report on those financial statements

15. <u>Compensatory Activities</u>

Solomon Islands Ports Authority will, in accordance with section 8 of the SOE Act, seek compensation sufficient to allow its position to be restored if the Government wishes SIPA to undertake activities or obligations that, in SIPA's view will:

- Result in reduction of SIPA's profit or networth
- Modify or violate SIPA's mandate and its objectives as set under Ports Act of 1956 and the State-Owned Enterprises Act of 2007

16. <u>Any other Matters agreed by the Shareholder and the Board</u>

There are no other matters.