

# Powerco Governance Statement

## 1. Governance at Powerco

This Statement sets out the guiding governance principles and functions at Powerco.

The overall direction and governance of Powerco is vested in the Board, including the formulation of policies to be applied in the conduct of the business. The Board must act honestly, fairly, diligently and ensure that the business is managed in accordance with the Shareholders' Agreement, constitutions, relevant business plans and company policies.

The Board has adopted governance objectives which include but are not limited to:

- a) Overseeing Workplace, Health and Safety systems and exercising due diligence to ensure compliance with health and safety duties and obligations as per the Powerco Board Health and Safety Charter.
- b) Overseeing social, environmental and sustainability strategies, policies and targets to ensure compliance with corporate responsibility requirements and expectations, and to protect and enhance the Powerco's reputation.
- c) Setting the strategic direction for the business and monitoring implementation of that strategy.
- d) Approving Powerco's Business Plan, budget and other strategic initiatives to add value and encourage performance growth and reviewing company performance against the plan and budget.
- e) Fostering a culture of compliance with the highest legal and ethical standards and business practices and the Code of Business Conduct.
- f) Ensuring that appropriate processes are in place for risk assessment and management, internal control, and monitoring performance against agreed benchmarks, approving Powerco's risk appetite statements and risk profiles and to safeguard the integrity of their financial reporting.
- g) Balancing the interest of all stakeholders including the employees, contractors, customers, communities, tangata whenua, and members of the public, any of which may be affected by Powerco's activities.
- h) To remunerate fairly and responsibly and monitoring and reviewing, at a high level, human resource management, including: succession planning, diversity and inclusion, training and development, and setting remuneration principles and frameworks.

## 2. Board composition and remuneration

- a) The Directors are nominated and appointed by the Shareholders in accordance with the Shareholders' Agreement.
- b) By way of a summarised overview, each Shareholder (or Shareholder Group) has the right to appoint one Director for each 15.00% of the total number of Shares on issue that it holds.
- c) The maximum number of Directors is six.
- d) The Directors are paid Directors' fees by the Company for their services as Directors with such fees to be set by the Board from time to time, and may be reimbursed for any reasonable travel or other out of pocket expenses approved by Board.
- e) At least annually, and in sufficient time to commission any study, survey and/or advice, the HR and Remuneration Committee reviews Directors' fees, determining whether those fees are appropriate based on market assessments which are conducted either independently or based on available public information, and make recommendations to the Board to put forward any proposed increases to be considered by Shareholders. Director remuneration is not directly influenced by environmental, social and governance performance, though this may be a consideration for individual directors appointed by Shareholders.
- f) There is no maximum term for which a person can remain a Director.
- g) The Shareholders may nominate an independent Director for appointment.
- h) Although there is no current Director diversity requirement, it is considered when appointments are made.

## 3. Role of the independent Chair

The Independent Chair is a non-executive Director, whose primary role is to lead the Board in the best long-term interests of the company. The Chair advocates Powerco's tikanga and values, and promotes sound principles of corporate governance. The Chair is an ex-officio member of all Board committees but is not appointed as permanent Chair of any of them.

The Chair is responsible for contributing to and facilitating productive and effective Board debate and decision-making. In the event of a difference of opinion amongst the Directors, the Chair will (within the parameters of the Shareholders' Agreement) seek to conciliate and reach a consensus view.

The Board may delegate any relevant issues to the Chair for action.

## 4. Conflicts of interest and critical concerns

Directors' interests are disclosed in accordance with the Companies Act 1993, the Shareholders' Agreement and the Constitution. Interests are disclosed during a Director's appointment and reviewed at each Board meeting as a standing agenda item.

Conflicts of interest are managed in accordance with the Company's constitution and the Shareholders' Agreement.

Any concerns including concerns about the Company's potential and actual negative impacts on stakeholders can be reported through the whistle-blower hotline. This is a confidential hotline available to all staff and contractors. Any material complaints are reported immediately by escalation from Powerco's Chief Executive to the Board Chair and then the Board Audit and Risk Committee and Board. A summary of all complaints are also reported to the Audit and Risk Committee on an annual basis (on a confidential and anonymised basis).

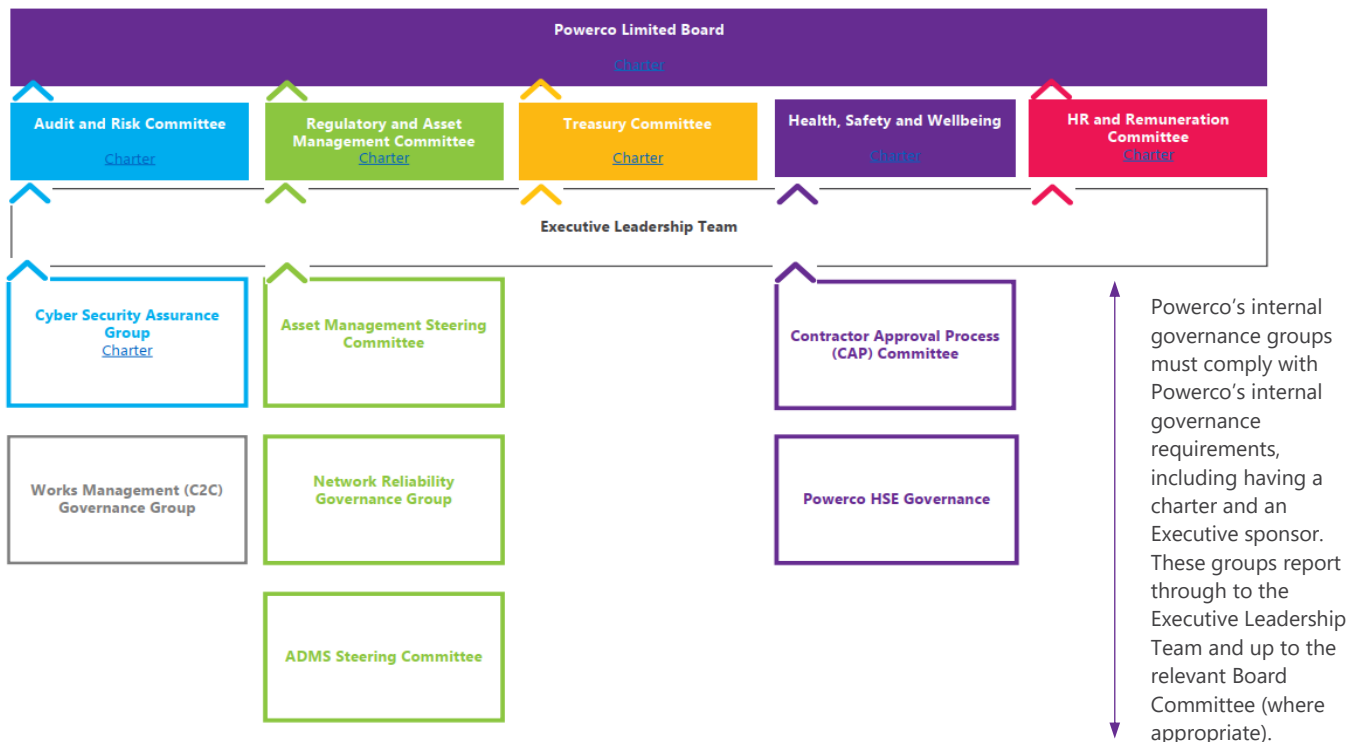
## 5. Collective knowledge

The Board seeks to ensure that new Directors are appropriately introduced to governance and the business, that all Directors are acquainted with relevant knowledge of the company and that Directors receive a copy of the Board charter, the charters of all Board committees, recent Board and committee papers, recent Board minutes and relevant policies.

It is expected that all Directors continuously educate themselves to ensure that they may appropriately and effectively perform their duties. In addition, the Board arranges visits to specific company operations when appropriate and briefings from key executives and industry experts.

Management arranges subject matter experts to provide continuous education sessions at least twice a year. This includes Health and Safety and corporate governance legal updates, as well as deep dive discussions from practitioners and management on specific and emerging topics such as cyber security, AI, ESG and climate change. The Board periodically undertakes a capability assessment to identify the strengths of individual Directors and the Board as a whole as well as areas to develop or supplement with external advice.

## 6. Internal governance and connection with Board and Committees



The Audit and Risk Committee is responsible for assisting the Board in relation to the oversight of:

- External regulatory and financial reporting
- Financial management
- Internal controls
- Risk management
- Climate related disclosures
- External audit services
- Internal audit services
- Complaints

The Regulatory and Asset Management Committee is responsible for assisting the Board in relation to the oversight of:

- Regulatory policy and submissions
- Long term asset management strategies and Asset Management Plans
- Investment decisions
- Sustainability

The Treasury Committee is responsible for assisting the Board in relation to the oversight of:

- Debt funding, capital structure and treasury management.
- Monitoring and review of treasury policies and management of financial risk.

The HR and Remuneration Committee is responsible for assisting the Board in relation to the oversight of:

- Human resourcing policies, material changes in law affecting employment conditions and employee remuneration, and ongoing oversight of inclusion and diversity performance practices.
- Remuneration and performance

## 7. Delegation

The Board delegates responsibility for the day-to-day management of Powerco to the Chief Executive Officer ("CEO") in accordance with the Delegations of Authority Policy, the strategy, the Business Plan, practices and policies approved by the Board. The CEO is accountable to the Board for the exercise of this delegation, with the support of Executive Management. As a private company the Board expects a collaborative relationship with the CEO and senior executives, taking advantage of skills and resources within the Shareholders' organisations and their investment managers, to advance the interests of the Company.

The Board constructively challenges Management's views and tests and questions Management's assertions, monitors progress, evaluates Management's performance and, where warranted, takes corrective action. The Board expects Management reporting to be high quality, succinct, timely and candid.

## 8. Evaluation of Board performance

The Chair meets regularly with Directors to discuss individual performance of the Directors. The Board reviews its performance as a whole on an annual basis. This is a mixture of self-evaluation and external evaluation.

Each Board Committee is subject to annual self-evaluation of performance against its charter (including financial, environmental and people related impacts), with the charters themselves being reviewed on a two-yearly basis.

## 9. Executive remuneration

Remuneration policies are designed with research and developments in organisational psychology and remuneration consultancy advice in mind. The HR and Remuneration Committee periodically reviews the effectiveness of the remuneration policy to provide recommendations to the Board for approval.

The Executive Remuneration Framework is overseen and approved by the Board and corresponds to company strategy, shareholder value creation and the company's capacity to pay. Powerco uses a job matching approach to determine appropriate base salary for each executive role. Job matching values positions according to their internal contribution and value in the outside marketplace. Remuneration is aligned (within  $\pm 5\%$ ) to the market median according to consultancy data.

Incentive plans operate at the discretion of the Board and reward performance against company strategy and KPIs, and performance assessment and payment may be subject to initial hurdle gates.

## 10. Approval

This is the original unedited statement established and approved by the Board on 22 November 2023.

Signed on behalf of the Board

