

Entrust Code of Conduct

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Part One: Introduction

Auckland Energy Consumer Trust, now Entrust ("Trust") was established by trust deed in 1993 to hold majority ownership in Vector Limited's predecessor, Mercury Energy on behalf of electricity consumers supplied by Mercury. The Trust fund currently comprises 75.1% ownership of the shares in Vector Limited ("Vector").

Trustees are subject to the provisions of the Trustee Act 1956 and general principles and obligations of trust law, and notwithstanding their being elected in triennial elections, retain fiduciary obligations under the general trustee duty of care to act at all times in the best interests of the beneficiaries of the Trust (see paper discussing Trustee Governance and Responsibilities included at Tab 1 of the Trustee Folder).

The Local Government Act 2002 requires that territorial authorities subject to its jurisdiction should ensure that the expected conduct of its members is clear and understood by elected representatives and the community. The Act requires territorial authorities to adopt a code of conduct and set out understandings and expectations about the manner in which the elected mayor and councillors may conduct themselves. This includes behaviour to each other, staff and the public.

Notwithstanding that the Trust is not subject to the requirements of the Local Government Act 2002, there remain many similarities in the general conduct expected of Trustees to those of elected members of territorial authorities not governed by the general principles of trust law, or meeting procedure, which this Trust recognises. Accordingly, the Trust has determined to adopt a code of conduct in the interests of the good governance of the affairs of the Trust.

The Trust code of conduct includes provisions in relation to:

1. A guiding Code of Ethical Behaviour.
2. Agreed statements of roles and responsibilities of Trustees and specifically for the Chair, Deputy Chair, Subcommittee Chairs and Chief Operating Officer (**COO**).
3. Agreed general principles regarding relationships with staff, the community, dealing with confidential information and compliance with protocols and policies including the contact with media and Vector protocols.
4. Specific codes of conduct for specific circumstances eg, conflicts of interest, claims for expenses, influencing others for personal, family or business interest.
5. The use of Trust resources for personal business, soliciting gifts and a policy for receiving gifts over a dollar value set by the Trust.

A breach of the code of conduct will be investigated by the Trust. The Trust, on finding a breach, may censure a Trustee, remove that Trustee from a subcommittee, dismiss that Trustee as the chair, deputy chair or subcommittee chair if applicable, or impose a monetary penalty by way of deduction from Trustee remuneration.

The code of conduct will be submitted for review following each triennial election.

Part Two: Guiding Code of Ethical Behaviour

Every trustee and employee must:

- 1. act honestly and with personal integrity in all actions;**
- 2. declare conflicts of interest and proactively advise of any conflicts;**
- 3. undertake proper receipt and use of Entrust Vector information, assets and property,**
- 4. maintain confidentiality in relation to Entrust Vector information;**
- 5. in the case of Trustees, give proper attention to the matters before them; and**
- 6. act honestly and in the best interests of the beneficiaries as required by law.**

Part Three: Roles and Responsibilities

This part of the code describes the roles and responsibilities of Trustees, the additional roles of the Chair, Deputy Chair and Subcommittee Chairs and the role of the COO.

Trustees

Trustees, acting as the Trust, are responsible for the prudent management of the affairs of the Trust, which includes:

1. Maintaining and enhancing the Trust fund, at present comprising 75.1% shareholding in Vector.
2. Appointing Vector's Board of Directors to govern Vector as a successful business.
3. Actively monitoring Vector Limited's performance and having monthly briefings with the chair of the board and the chief executive officer of Vector.
4. Receiving the report from the independent expert referred to in clause 7.1 of the Deed Recording Essential Operating Requirements (**NDREOR**) on or before 30 September in each year following the year for which the report applies addressing each of the following:
 - the state of Vector's electricity lines in the District with regard to the maintenance programmes and expenditure;
 - any need for upgrading the Company's electricity lines in the District;
 - the capacity of the Company's electricity lines in the District in relation to forecast demands;
 - any security risks to the Company's electricity lines network in the District (clause 7.1 New Deed Recording Essential Operating Requirements (**NDREOR**)).
5. Acting as a responsible shareholder of Vector including in relation to major transactions undertaken by Vector as required in terms of Vector's constitution or the

Deed of Essential Operating Services agreed between Vector and the Trust including in relation to the confidentiality of information disclosed by Vector.

6. Managing the Trust's expenses including maintaining an appropriate Delegation of Financial Authority (**DFA**) policy.

Each Trustee has one vote, with the Chair exercising a casting vote where necessary. No individual Trustee (including the Chair) has authority to act on behalf of the Trust unless the Trust has expressly delegated such authority.

The Trust employs a COO who is responsible for the day to day management and operation of the Trust.

Chair

The Chair is the leader of the Trust and chair of the meetings of the Trust.

The Chair is elected by Trustees following each triennial election and as one of its Trustee shares the same obligations and responsibilities as other Trustees of the Trust.

The Chair also has the following roles:

1. Preside at Trust meetings. The Chair is responsible for ensuring the orderly conduct of business during meetings (relying on the standing orders if necessary).
2. Lead policy identification and development.
3. Receive advice on and prepare Agenda items.
4. Provide leadership in managing the affairs of the Trust, in particular its shareholding in Vector.
5. Spokesperson for the Trust in accordance with the Contact with Media Protocol.
6. Point of liaison between the Trust and the Vector Board in accordance with Contact with Vector protocol.
7. Shall be a member of and Chair the Strategy and Regulation Committee (except where the Trust shall determine otherwise).
8. Shall be a member of and Chair the Nominations Advisory Panel (except where the Trust shall determine otherwise).
9. Shall be a member but not the Chair of the Communications and Dividend Subcommittee.
10. Shall be a member but not the Chair of the Finance and Risk Subcommittee.
8. Receive advice on administrative items including directing the COO of the Trust.
9. To direct the COO on day to day operational issues.
10. To approve expenses of the Trustees and the COO.
11. Monitor compliance with the Code of Conduct.

The Chair must follow the same rules as other Trustees about making public statements and committing the Trust to a particular course of action, unless acting under a delegation of

authority from the Trust and in accordance with the Contact with Media Protocol on behalf of the Trust.

The Chair may be removed from office by a Trust resolution. In respect of any such resolution the Chair shall vacate the Chair to the Deputy Chair and shall not have a casting vote.

Deputy Chair

The Deputy Chair is elected by Trustees following each triennial election and, as one of the Trustees, shares the same responsibilities as other members of the Trust. If the chair is absent or incapacitated the Deputy Chair must perform all of the responsibilities and duties and may exercise the powers of the Chair.

The Deputy Chair shall be a member of the Nominations Advisory Panel (except where the Trust shall determine otherwise).

The Deputy Chair provides leadership with the Chair on policy identification and development and in managing the affairs of the Trust, in particular its shareholding in Vector.

The Deputy Chair may be removed from office by a Trust resolution.

Subcommittee Chairs

The Trust may create one or more subcommittees of the Trust. A Subcommittee Chair presides over all meetings of the subcommittee, ensuring that the subcommittee acts within the powers delegated to it by the Trust, and provides leadership on policy identification and development in its area of responsibility. Subcommittee Chairs may be called on to act as an official spokesperson on a particular issue relevant to the subcommittee's work. They may be removed from office by a Trust resolution.

Chief Operating Officer

The COO is the principal employee of the Trust and responsible for the day to day management and operation of the Trust.

The COO is responsible for implementing and managing the Trust's policies and objectives within the budget established by the Trust. In particular, the responsibilities of the COO are:

1. Implementing the decisions of the Trust.
2. Providing advice to the Trust and individual Trustees including working with the Chair on day to day operational issues.
3. Ensuring that all responsibilities, duties and powers delegated to the COO or any other person employed by the Trust or imposed or conferred on the Trust or Trustees by any act, regulation or bylaw are properly performed or exercised.
4. Managing the activities of the Trust effectively and efficiently.
5. Maintaining systems to enable effective planning and accurate reporting of the financial and service performance of the Trust.
6. Providing leadership for any other staff of the Trust.
7. Overseeing the employment of any other staff of the Trust on behalf of the Trust (including negotiating terms of employment).

8. Ensuring good and cordial relationships are maintained with Vector and liaising with Vector's senior management on behalf of the Trust.
9. Identifying, engaging and managing any advisors or contractors to the Trust as authorised by the Trust.
10. Approving the expenses of the Chair of Entrust and any staff.

Part Three: Relationships and Behaviours

This part of the code sets out the Trust's agreed standards of behaviour.

Relationships with other Trustees

Successful team work is a critical element in the success of any organisation including a democratically elected organisation or trust.

No team will be effective unless mutual respect exists between members. With this in mind Trustees will conduct their dealings with each other in ways that:

1. Maintain public confidence in the office of trustee to which they have been elected and the Trust itself.
2. Are open and honest.
3. Focus on issues rather than personalities.
4. Avoid aggressive, offensive or abusive conduct.

Relationships with staff

The effective performance of the Trust also requires a high level of cooperation and mutual respect between Trustees and Trust staff. To ensure that the level of cooperation and trust is maintained, Trustees will:

1. Recognise that the COO is the principle employee of the Trust, responsible for the day to day management and operation of the Trust, reporting to and taking direction from the Chair between Trust meetings, whilst maintaining accountability to all Trustees.
2. Inform themselves of the obligations that the Trust has as employer and observe those requirements at all times.
3. Treat all employees with courtesy and respect (including the avoidance of aggressive, offensive or abusive conduct towards employees).
4. Observe any guidelines that the COO puts in place regarding contact with other Trust employees.
5. Not do anything which compromises, or could be seen as compromising, the impartiality of any Trust employee.
6. Avoid publicly criticising any Trust employee in any way that reflects on the competence and integrity of the employee.
7. Raise concerns about another employee with the COO and any concern about the COO only with the Chair.
8. Copy any correspondence with Trust staff or advisors or contractors to the COO.

Trustees should be aware that failure to observe this portion of the code of conduct may compromise the Trust's obligations to act as a good employee and may expose the Trust to civil litigation and financial sanctions.

Relationships with Beneficiaries and the Community

Trustees will ensure that individuals and groups of Beneficiaries of the Trust or from the community at large are accorded respect in their dealings with the Trust, and have any concerns listened to and deliberated on in accordance with the requirements of Trustees' obligations.

Trustees will act in a manner that encourages appropriate (and values) Beneficiary involvement in the affairs of the Trust.

Contact with Vector

The Trustees will abide by the Engagement with Vector Protocol at all times.

Contact with the Media

The Trustees will abide by the Contact with Media protocol at all times.

Confidential Information

The majority of information received by the Trustees in the course of their duties is confidential as it is either commercially sensitive, particularly to the interests of Vector, or is personal to a particular individual or organisation.

The Trustees must be aware of the continuous disclosure rules of the New Zealand Stock Exchange and maintain confidentiality in information and material received from or in relation to Vector at all times.

Trustees must not use or disclose confidential information for any purpose other than the one for which the information was supplied, or deliberations where Beneficiaries or the general public are not entitled to that information.

Because of the confidential nature of most of the information received by the Trust, all minutes and resolutions made by the Trust must remain confidential unless approved for public release by any Trust meeting or the Chair.

Trustees should be aware that failure to observe these provisions may result in breach of the continuous disclosure rules of the NZX and will impede the performance of the Trust by inhibiting information flows and undermining Beneficiary and Vector's confidence in the Trust. Failure to observe these provisions may also expose the Trust to prosecution under the Privacy Act 1993 and/or civil litigation.

Conflicts of interest

Trustees must be careful that they maintain a clear separation between their personal interest and their duties as an elected Trustee. This is to ensure that people who fill positions of authority carry out their duty free from bias (whether real or perceived). Trustees therefore need to familiarise themselves with the legal requirements concerning both financial and non-financial conflicts of interest.

Trustees must complete the interests register annually.

Where a Trustee, whether directly or indirectly, has a material interest in any contract or proposed contract or arrangement with the Trust (other than as a Consumer or through a

company or organisation which is a Consumer) or with Vector on which the Trust must resolve or vote (including director remuneration), the Trustee must disclose the nature of that interest at the meeting of Trustees at which the contract or arrangement is to be discussed and the disclosure must be recorded in the minutes.

Where a Trustee discloses an interest, the Trustee may be counted in the quorum present for the meeting but shall not vote in respect of the matter in which the Trustee is interested. The Trustee is to leave the room while the matter is discussed, unless otherwise authorised to remain by the remaining Trustees.

The same rules also apply where a Trustee's spouse (including de-facto partners) has a pecuniary interest.

If a Trustee is in any doubt as to whether or not a particular course of action (including a decision to take no action) raises a conflict of interest, then the Trustee must seek guidance through the COO from the Trust's legal advisor or their own independent legal advisor *immediately*.

If any question arises at any meeting of Trustees as to the materiality of a Trustee's interest or as to the entitlement of any Trustee to vote and the Trustee does not voluntarily agree to abstain from voting, such question shall be referred to the Chair of the meeting and their ruling on the matter shall be final and conclusive (except in a case where the nature or extent of the interest of the Trustee has not been fairly disclosed).

Standing orders

The Trust has adopted standing orders. If the Chair considers it necessary, the Chair may require the Trustees to adhere to the standing orders of the Trust. The same requirements as this code of conduct apply to adoption, amendment or revocation of the standing orders.

Ethical guidelines regarding expenses, influence, Trust resources, gifts and whistleblowing

The Trust seeks to promote the highest standards of ethical conduct amongst its Trustees. Accordingly, Trustees will:

1. Claim only for legitimate expenses as laid down by any remuneration and policy decisions of the Trust [Discuss whether want Expenses Policy].
2. Not influence, or attempt to influence, any Trust or Vector employee to take actions that may benefit that member, or the member's family or business interest.
3. Not use Trust resources for personal business (including campaigning).
4. Not solicit, demand or request any gift, reward or benefit by virtue of their position.
5. Notify the COO of any gifts intended to influence or reward specific decisions of Trustees in their roles as trustees.

Substantial gifts as shall be determined by the Trust received by the Trustees in the course of their duties are gifts to the Trust and shall be retained by the Trust.

Disqualification of Trustees from office

Trustees must declare at any time whether:

1. they are or become an undischarged bankrupt;
2. they are convicted of any offence punishable by a term of imprisonment of two or more years;
3. their principal residence ceases to be within the Trust Beneficiaries' area entitling a Trustee to remain in office as a Trustee;
4. they cease to be a Parliamentary elector for the purposes of the Electoral Act 1956; or
5. they cease to be a Vector Consumer.

Part Four: Compliance and Review

This part deals with ensuring that the Trustees adhere to the code of conduct and mechanisms for the review of the code of conduct.

Compliance

Compliance will be monitored by the Chair in respect of other Trustees and by the Deputy Chair in respect of the Chair.

Any allegation of a breach of the code of conduct must be authored, in writing directed to the Chair of the Trust (or to the Deputy Chair where it concerns the Chair), be specific and provide corroborating evidence.

On receipt of an alleged breach in the appropriate form, either a subcommittee of the Trust shall be constituted ("Complaints Subcommittee") comprising the Chair (or the Deputy Chair in respect of any complaint against the Chair) and at least one other Trustee nominated by the Chair (or the Deputy Chair, as the case may be) or it will be referred to an external consultant. Neither any complainant Trustee nor the Trustee, the subject of any complaint, shall be eligible to be a member of the Disciplinary Subcommittee to consider such complaint.

The Complaints Subcommittee or external consultant will investigate the alleged breach and have prepared a written report for the consideration of the Trust. Before beginning any investigation, the Complaints Subcommittee will notify the Trustee that is the subject of the complaint in writing of the complaint, explaining when and how they will get the opportunity to put their version of events.

The Trust will consider any Complaints Subcommittee or external consultant's report at the next ordinary meeting of the Trust (with the Trustee that is the subject of the complaint being required to leave the meeting during the discussion of the report)

Responses to breach of the code

The exact nature of the action the Trust may take depends on the nature of the breach. The Trust may take the following action:

1. Censure (by recording the censure and the reason for it in the minutes of the Trust). Conduct worthy of censure (or the further responses set out below) may include but is not limited to:
 - a. disruption of meetings (shouting, use of profanity, personal attacks against fellow trustees or employees, etc.);

- b. breach of confidentiality;
 - c. interference with the operation of associated entities;
 - d. improper behaviour toward associated entities or employees;
 - e. breach of trustee duties; or
 - f. undisclosed conflicts of interest
2. Removal of the Trustee from a Subcommittee.
 3. Dismissal of the Trustee from the position of Chair, Deputy Chair of the Trust or as Subcommittee Chair (if applicable).
 4. Impose such financial penalty as it considers reasonably appropriate in the circumstances to a maximum sum of \$1,000.00 per breach, to a maximum of the equivalent of one calendar months' remuneration in any one calendar year.
 5. Consideration of whether the breach is sufficiently serious that the Trustee could be considered to be refusing to act as a Trustee and therefore incapable of holding office pursuant to clause 8.1(c) of the Schedule to the Trust Deed.

Any financial penalty imposed shall be by means of deduction from the Trustees' authorised remuneration for fulfilling their role as Trustee without further authorisation from the Trustee concerned being required.

A decision to apply one or more of these actions requires a Trust resolution to that effect.

Review

Once adopted, the code of conduct continues in force until amended by the Trust. The code can be amended, replaced with another code, or revoked at any time. However, any amendment, or revocation with or without replacement, requires a resolution supported by 75% or more of the trustees of the Trust (i.e. 4 of 5 Trustees).

The Trust will formally review the code of conduct as soon as practicable after the beginning of each triennial period.

The results of that review will be presented to the Trust for their consideration and vote.

Policy renewal: This policy is to be reviewed within six months of each triennial election.

Policy approved by: Trustees at their meeting of Tuesday, 21 July 2020.