



CORPORATE GOVERNANCE STATEMENT

Compliance with NZX Corporate Governance Code

As a listed issuer, Trustpower is required to disclose in its Annual Report whether, and to what extent, its corporate governance principles materially differ from the NZX Corporate Governance Code.

Trustpower believes that it complies in all material respects with the Code. Any divergence from the Code is recorded within this Statement.

Trustpower's corporate governance policies, practices and procedures can be found on the corporate governance section of the website - <https://www.trustpower.co.nz/investor-centre/governance-documents>.

PRINCIPLE 1: CODE OF ETHICAL BEHAVIOUR

Code of Ethics

A Code of Ethics has been developed and approved by the Board. Trustpower is committed to maintaining the highest standards of honesty, integrity and ethical conduct and has adopted a Code of Ethics to deter wrongdoing and to promote:

- Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- Full, fair, accurate, timely and understandable disclosure in reports and documents filed by the Company and in other public communications made by the Company;
- Compliance with applicable laws, rules and regulations;
- Internal reporting to the Board of Directors of violations of this Code of Ethic; and
- Accountability for adherence to the Code of Ethics.

The Code of Ethics is not an exhaustive list of acceptable or non-acceptable behaviour, rather it is intended to guide decisions, so they are consistent with Trustpower's values, business goals and legal and policy obligations.

The Code of Ethics applies to the Board of Directors and the Company's employees, consultants and contractors.

Whistleblowing Policy

Trustpower has established a Whistleblowing Policy in order to facilitate the disclosure and impartial investigation of any serious wrongdoing. This policy advises employees of their right to disclose serious wrongdoing and sets out Trustpower's internal procedures for receiving and dealing with such disclosures. The policy is consistent with, and facilitates, the Protected Disclosures Act 2000.

Conflicts of Interest

Where any Trustpower Director has a conflict of interest or is otherwise interested in any transaction, that Director is required to disclose his or her conflict of interest, and thereafter neither participate in the discussion nor vote in relation to the relevant matter. The Company maintains a register of disclosed interests.

Insider Trading

In order to protect Trustpower's reputation and safeguard employees who may want to buy or sell Trustpower securities, the Company's Financial Product Dealing (Insider Trading) Policy requires an approved procedure to be followed by all staff and Directors. Certain employees of the Company are required to make additional disclosures under the Financial Markets Conduct Act 2013.

PRINCIPLE 2: BOARD COMPOSITION AND APPOINTMENT

Director appointments

Prior to appointing a Director, the Company undertakes a rigorous evaluation process of the current skill set of the Board and identifies the desired skills and experience of a new Director. The Governance and Nominations Committee undertakes a search and makes a recommendation to the full Board. The director then stands for election at the next shareholders' meeting.

Prior to appointment or re-election, Directors are required to specifically acknowledge that they have the time to fully discharge their responsibilities to the Company. Directors are expected to comply with all relevant legislation and regulation in fulfilling their roles.

Role of the Board of Directors

The Directors are elected by the shareholders and are responsible to the shareholders for the performance of the Group. Their focus is to enhance the interests of shareholders and other key stakeholders and to ensure the Group is properly managed. The Board draws on relevant corporate governance best practice principles to assist and contribute to the performance of the Group.

The Board has developed a charter that outlines responsibilities that encompass the following:

- assisting the Company serve the interests and expectations of customers, employees, investors, partners and external stakeholders ethically, honestly, fairly, diligently and in accordance with applicable laws;
- creating a culture of inclusion, excellence and performance, particularly in respect of people, financial performance and health and safety;
- approval of the strategic plan of the Company and monitoring management's implementation of that plan;
- approval of the annual budget;
- selection and appointment (and, if appropriate, removal) of the Chief Executive Officer, determining his/her conditions of service and monitoring his/her performance against established objectives;
- approval, implementation and monitoring of financial, audit and risk policies (that are more extensively described in the Audit and Risk Committee Charter);
- approval, implementation and monitoring of health and safety policies;
- setting specific and general delegations for the Chief Executive Officer (which may be further sub-delegated); and
- monitoring compliance with regulatory and legal requirements.

Each year the Board has eight scheduled one day meetings, at least one extended strategic planning meeting, and several unscheduled meetings to consider and/or review substantial projects and any other special circumstances that may arise from time to time.

The full Board determines the board size and composition, subject to limits imposed by the Company's Constitution, which is required to comply with the NZX Listing Rules. The Constitution provides for a maximum of seven directors.

The Constitution and NZX Listing Rules also require that while there is a total of seven directors, at least two must be independent directors. The Board has determined that David Gibson, Joanna Breare and Sheridan Broadbent are independent directors and that all of Paul Ridley-Smith, Peter Coman and Kevin Baker (by

being associated with Infratil Limited) and Keith Turner (by being associated with Tauranga Energy Consumer Trust) are non-independent directors.

Recommendation 2.8 of the NZX Corporate Governance Code is that a majority of the board should be independent directors. Trustpower has not adopted Recommendation 2.8. Trustpower has four non-independent directors (determined as noted above) and three independent directors. While the non-independent directors are a majority, they represent two different parties that are independent of each other, and no one grouping represents an equality or majority of directors.

Recommendation 2.9 of the Corporate Governance Code is that an issuer should have an independent chair of the Board and if the chair is not independent, the chair and the Chief Executive Officer should be different people. Trustpower is partially compliant with Recommendation 2.9 in that the Chair and the Chief Executive Officer are different people. However, at the request of majority shareholder Infratil Limited, which request the Board has accepted, a nominee of Infratil Limited (currently Paul Ridley-Smith) is chair.

Director agreements

Trustpower has in place director agreements for all director appointments from April 2019.

Director Training

Directors undertake a comprehensive induction upon joining the Board. A section of each Board meeting is set aside to upskill directors on key issues facing the company. The company supports and funds external training for directors on key governance issues. The Governance and Nomination Committee monitors director training including external training undertaken by the director.

Diversity

Trustpower values diversity of views, background and experience. We believe diversity leads to better decision making, innovation and creativity. Diversity also helps build the capability to be successful for shareholders, meet the needs of our customers and aspirations of our staff.

We commit to integrating a variety of skills, attitudes and behaviours into our business.

We recently reviewed our approach to measuring our success in becoming a more diverse business. In the discussions we recognised that many initiatives run the risk of becoming tick box exercises which can fail the core objective of genuinely opening the organisation to maximising the value diversity brings. As a result, we have challenged ourselves to frame our approach to diversity as a statement of intent which we will use to guide our everyday behaviour, conversations and actions.

Annually we will determine the most appropriate activities and actions to make a real difference. We want to understand any barriers to opportunity and participation in our workplace from all points of view, and work to reduce these barriers. We will use internal dialogue groups to understand and address barriers to participation.

We appreciate and understand that individuals have inherent biases based on our history and experiences. Our objective is to surface these biases so we can work to understand them. We undertake unconscious bias training to start meaningful conversations in the business on the implications of bias.

We believe that recruitment practices have a significant impact on achieving our Diversity and Inclusion aspirations. We continuously review our recruitment pipelines, language, criteria and markets to ensure our recruitment approach is inclusive and open.

Committee meetings and attendance

Meetings and attendance for the year ended 31 March 2021 are listed below.

Director	Board meeting	Audit & Risk Committee	People & Remuneration Committee	Governance & Nominations Committee	Comments
Total Meetings held	22	5	4	2	
Kevin Baker	22	5	-	-	
Samuel Knowles	14	3	-	2	Resigned 24 July 2020
Susan Peterson	22	5	4	2	
David Prentice	22	5	-	-	
Paul Ridley-Smith	22	-	4	2	
Geoffrey Swier	18	3	2	-	Resigned 5 November 2020
Keith Turner	22	-	-	-	
David Gibson	4	2	2	1	Appointed 7 September 2020
Peter Coman	4	-	-	-	Appointed 6 November 2020

Review of Board Performance

An annual review of the performance of the Board, its committees and individual directors is overseen by the Governance and Nominations Committee.

PRINCIPLE 3: BOARD COMMITTEES

The Board has established three standing Subcommittees being; the Audit and Risk Committee, the Governance and Nominations Committee and the People and Remuneration Committee.

Audit and Risk Committee

The Board has established a standing Audit and Risk Committee consisting of at least three directors at least two of whom must be independent directors. The Chair must not be the chair of the Board.. The Committee meets at least four times a year. Members of the Committee are: Kevin Baker (Chair), Peter Coman, Sheridan Broadbent and Joanna Breare.

The role of the Audit and Risk Committee is formally recorded in a charter document approved by the Board of Directors. The primary objective of the Committee, as set out in the charter, is to assist the Board in fulfilling its responsibilities relating to overseeing the accounting and reporting practices and managing the risks of the Group. In particular, the Committee's main responsibilities are to:

- Review and report to the Board on the annual report, the interim financial report and all other financial information published by the Group or released to the market;
- Assist the Board in reviewing the effectiveness of the organisation's internal control environment;
- Determine the scope of the internal audit function and ensure that its resources are adequate and used effectively, including co-ordination with external auditors;
- Assist the Board to discharge its responsibilities to exercise due care, diligence and skill in relation to the oversight of the effective management of the Company's material business risks;
- Recommend to the Board the appointment, removal and remuneration of the external auditors, and review the terms of their engagement, and the scope and quality of the audit; and
- Review and approve, within established procedures, and before commencement, the nature and scope of non-audit services being provided by the external auditors. These procedures include quantitative and qualitative thresholds for the review and include all relatively significant projects.

In fulfilling its responsibilities, the Audit and Risk Committee receives regular reports from Management and the internal and external auditors. It also meets with the internal and external auditors at least three times a year – more frequently if necessary. The internal and external auditors have a clear line of direct communication at any time to either the Chairperson of the Audit and Risk Committee or the Chairperson of the Board.

The People and Remuneration Committee

The Board has established a People and Remuneration Committee, consisting of at least three directors the majority of whom must be independent directors. The Chair must also be an independent director. The Committee meets at least two times a year. Members of the Committee are: David Gibson (Chair), Paul Ridley-Smith and Joanna Breare.

The role of the People and Remuneration Committee is formally recorded in a charter document approved by the Board of Directors. The primary objectives of the Remuneration Committee are to establish coherent people and remuneration strategies, policies and practices which meet the Board's people and remuneration policies as outlined in principle 5 below.

The responsibilities of the Committee include:

- reviewing and recommending to the Board for approval the remuneration policies and specific remuneration levels and packages for directors, the Chief Executive Officer and his/her direct reports;
- reviewing and recommending to the Board for approval the remuneration policies and aggregate remuneration levels for non-executive staff;
- reviewing succession planning and associated executive development plans for the critical senior executive roles;
- reviewing and recommending to the Board for approval the diversity, code of ethics and protected disclosures policies;
- approval of all other “people and culture” policies or delegating this approval to the Chief Executive Officer if appropriate;
- reviewing and reporting to the Board on compliance with policies with a focus on monitoring unconscious bias e.g. gender bias;
- review the key measurable objectives of diversity and ensure progress is reviewed regularly;
- manage the employment or removal of the Chief Executive Officer, including overall employment terms;
- participate in the process of employment or removal of the Chief Financial Officer and recommend to the Board their confidence in any appointment or removal; and
- monitor the Company's key people risks including compliance with employment law and regulations.

Governance and Nominations Committee

The Board has established a Governance and Nominations Committee, consisting of at least three directors the majority of whom must be independent directors. The Chair must also be an independent director. The Committee meets at least two times a year. Members of the Committee are: David Gibson (Chair), Peter Coman and Sheridan Broadbent.

The purpose of the Committee is to assist the Company with:

- ensuring the Company has good corporate governance and a process in place to promote continuous improvement in corporate governance;
- ensuring that the Board has an appropriate balance of skills, experience, knowledge, judgement, and diversity to govern the Company appropriately; and
- selection and retention of directors based on merit, the collective needs of the Board and the Company's strategic objectives.

The key responsibilities of the Committee are to:

- establish, develop and oversee a process for the Board to annually review and evaluate the performance of the Board, Board Committees and individual directors;

- establish, develop and oversee a process for the Board to annually review the skills mix and composition of the Board and Board Committees, and develop and review Board succession planning;
- oversee selection processes for new directors, including making recommendations to the Board for the establishment of selection panels of directors with the most relevant experience;
- review and oversee the induction of new directors and the continuous education of the Board;
- review and make recommendations to the Board on the criteria for director independence and which directors are considered independent;
- review corporate governance standards, disclosures and other practices applicable to NZX listed companies and other entities of a similar nature to the Company and make recommendations to the Board;
- establish, develop and oversee a process for the annual reviews of Board Charter, Committee Charters, Code of Ethics, and director disclosures; and
- consider and make recommendations to the Board, as and when the Committee considers appropriate, for the establishment of a Conflicts Committee to assist the Company to address and consider a Conflict Matter.

Other Sub Committees

The Board establishes sub-committees on an as required basis to consider such things as special projects, conflicts of interest and share buybacks.

Takeover Protocols

The Board has adopted the Takeover Response Policy to assist Trustpower Limited in the event of an unsolicited offer or unsolicited approach by a potential acquire for a controlling stake in Trustpower.

The overall objective of Trustpower' takeover response strategy is to maximise value for shareholders. The specific objectives of this strategy and the Policy are to ensure that:

- Trustpower is well prepared for any takeover or similar approach;
- Trustpower is able to respond in a professional, timely and co-ordinated manner;
- Trustpower shareholders are fully informed with respect to the value of Trustpower, the value of the offer and the offer process; and
- Trustpower complies with all of its legal, regulatory and Listing Rules requirements.

PRINCIPLE 4: REPORTING AND DISCLOSURE

Continuous Disclosure Policy

The Group has a Continuous Disclosure Policy to:

- ensure Trustpower achieves best practice in complying with its continuous disclosure obligations under the Act and the Listing Rules;
- ensure that all of Trustpower's shareholders have the same access to Material Information about the company and its prospects in a timely manner; and ensure Trustpower and individual officers do not contravene the Act or the Listing Rules (which carry serious penalties).

This will be achieved by ensuring that procedures are in place for:

- identifying Material Information;
- reporting such potential information for review; and
- timely disclosure of Material Information.

Delegated Authorities Policy

The Group has a Delegated Authorities Policy in place that has been approved by the Board. The Policy provides limited authority to certain Group employees to purchase goods and services, enter into sales contracts and approve credit, sign deeds, indemnities and guarantees, and sign other contracts and documents. The Policy is reviewed annually.

PRINCIPLE 5: REMUNERATION

The Board has established coherent people and remuneration strategies, policies and practices which:

- ensure the Company has the appropriate level of capability, culture, leadership and diversity within its workforce to meet its current and future requirements;
- ensure that there is appropriate succession planning, including in respect of the Chief Executive Officer;
- ensure that employees are treated fairly and respectfully, given opportunities for vocational and professional development, irrespective of identity, and that the employment environments are welcoming;
- enable the Company to attract, retain and motivate employees who will facilitate the efficient and effective management and operation of the Company and create value for shareholders;
- fairly and reasonably reward employees having regard to the performance of the Company, the performance of the employees and the external market; and
- comply with the relevant provisions of the Employment Relations Act, Holidays Act, Human Rights Act, Companies Act, NZX Listing Rules and any other legal requirements relevant to people and remuneration issues.

These policies are overseen by the People and Remuneration Committee. Full disclosure of the Chief Executive's and Directors' remuneration is included in the annual report.

PRINCIPLE 6: RISK MANAGEMENT

Risk Management

The Group has developed a comprehensive, enterprise-wide risk management framework. Management actively participates in the identification, assessment, and monitoring of new and existing risks. Particular attention is given to market risks that could impact on the Group. Management undertakes regular reporting to appraise the Audit and Risk Committee and the Board of the Company's risks and the treatment of those risks.

The Audit and Risk Committee reviews and if considered satisfactory, recommends for approval by the Board annually, the Company's insurance programme.

Energy Trading Policy

The Group has adopted an Energy Trading Policy to manage the risk relating to the purchasing of electricity and gas from wholesale energy markets and the trading of carbon related products. Derivative instruments are used to set the price of electricity at a future nominated time. The Energy Trading Policy allows wholesale energy and carbon trading to occur within risk limits set by the Board.

Treasury Policy

The Group has a Board approved Treasury Policy to manage finance, interest rate, foreign exchange and foreign investment risks. The Policy approves the use of certain instruments for risk management purposes, and it prohibits any activity that is purely speculative in nature. It also sets out exposure limits, delegated authorities and internal controls. The Policy is reviewed by Management annually and independently every three years.

Environmental Policy

The Group recognises the importance of environmental issues and is committed to the highest levels of performance. To help meet this objective the Group has developed and implemented both environmental policies and a comprehensive environmental management system. These have been established to facilitate the systematic identification of environmental issues and to ensure that they are managed in a structured manner. These measures allow the Group to:

- Monitor its compliance with all relevant legislation.
- Continually assess and improve the impact of its operations on the environment.

- Encourage employees to actively participate in the management of environmental issues.
- Use energy and other resources efficiently.
- Encourage the adoption of similar standards by the Group's principal suppliers, contractors and distributors.
- Ensure procedures are in place to appropriately deal with any adverse environmental event that may occur.

Other Corporate Policies

The Group has a number of other policies covering but not limited to human resource activities, health and safety, buildings and security, business continuity and disaster recovery planning. These policies are regularly reviewed and approved by senior management and where appropriate the Board.

PRINCIPLE 7: AUDITORS

Internal Control

The Group has adopted a system of internal control. The system is based upon written procedures, policies, guidelines and organisational structures that provide an appropriate division of responsibility, sound risk management, a programme of internal audit, and the careful selection and training of qualified personnel.

While the Board acknowledges that it is responsible for the overall control framework of the Group, it recognises that no cost-effective internal control system will preclude all errors and irregularities.

Internal Audit

The Group has established an internal audit function that is responsible for monitoring the Group's system of internal financial control and the integrity of the financial information reported to the Board. Internal audit operates independently from the Board and reports its findings directly to the Audit and Risk Committee. Internal audit liaises closely with the external auditor, who reviews the internal audit work undertaken to the extent necessary to support its audit opinion.

External Audit

The Board has engaged PricewaterhouseCoopers to act as external auditor. The auditors' report describes the work undertaken and the results of that work. A copy of the report can be found in the annual report.

PRINCIPLE 8: SHAREHOLDER RIGHTS AND RELATIONS

The Role of Shareholders

The Board aims to ensure that shareholders are informed of all major developments affecting the Group's state of affairs. Information is communicated to shareholders in the annual, interim reports, and various announcements to NZX. Quarterly operational information is also provided following the end of each quarter via NZX announcement and also published on the Trustpower website. The Board encourages full participation of shareholders at the annual meeting to ensure a high level of accountability and identification with the Group's strategies and goals.

Voting rights

Every shareholder present in person, by proxy or by representative, on a vote by voices or a show of hands has one vote, and on a poll has one vote for each fully paid share held. Shares held as treasury stock do not have voting rights. Trustpower has a policy of only voting by way of poll at its shareholder meetings.

Signed:



David Prentice
CHIEF EXECUTIVE

Date: 23 September 2021

