



mainpower

STATEMENT OF CORPORATE INTENT

**2025–2028
MAINPOWER NEW ZEALAND LIMITED**

DIRECTORY

MainPower New Zealand Limited

Board of Directors

Tony King	Chair
Graeme Abbot	Director
Janice Fredric	Director
Fraser Jonker	Director
Stephen Lewis	Director
Brian Wood	Director

Executive Leadership Team

Damien Whiffen	Acting Chief Executive
Sarah Barnes	General Manager Finance and Information Technology
Peter Cairney	General Manager Service Delivery
Penny Kibblewhite	General Manager Customer and Corporate Relations
Sandra O'Donohue	General Manager People and Culture
Todd Voice	General Manager Commercial

Address

MainPower New Zealand Limited
172 Fernside Road, RD1, Kaiapoi 7691
PO Box 346, Rangiora 7440

Phone 0800 30 90 80
www.mainpower.co.nz

Shareholder

MainPower Trust

The MainPower Trust manages the shareholding of MainPower New Zealand Limited and other assets for the benefit of Qualifying Customers.

Trustees

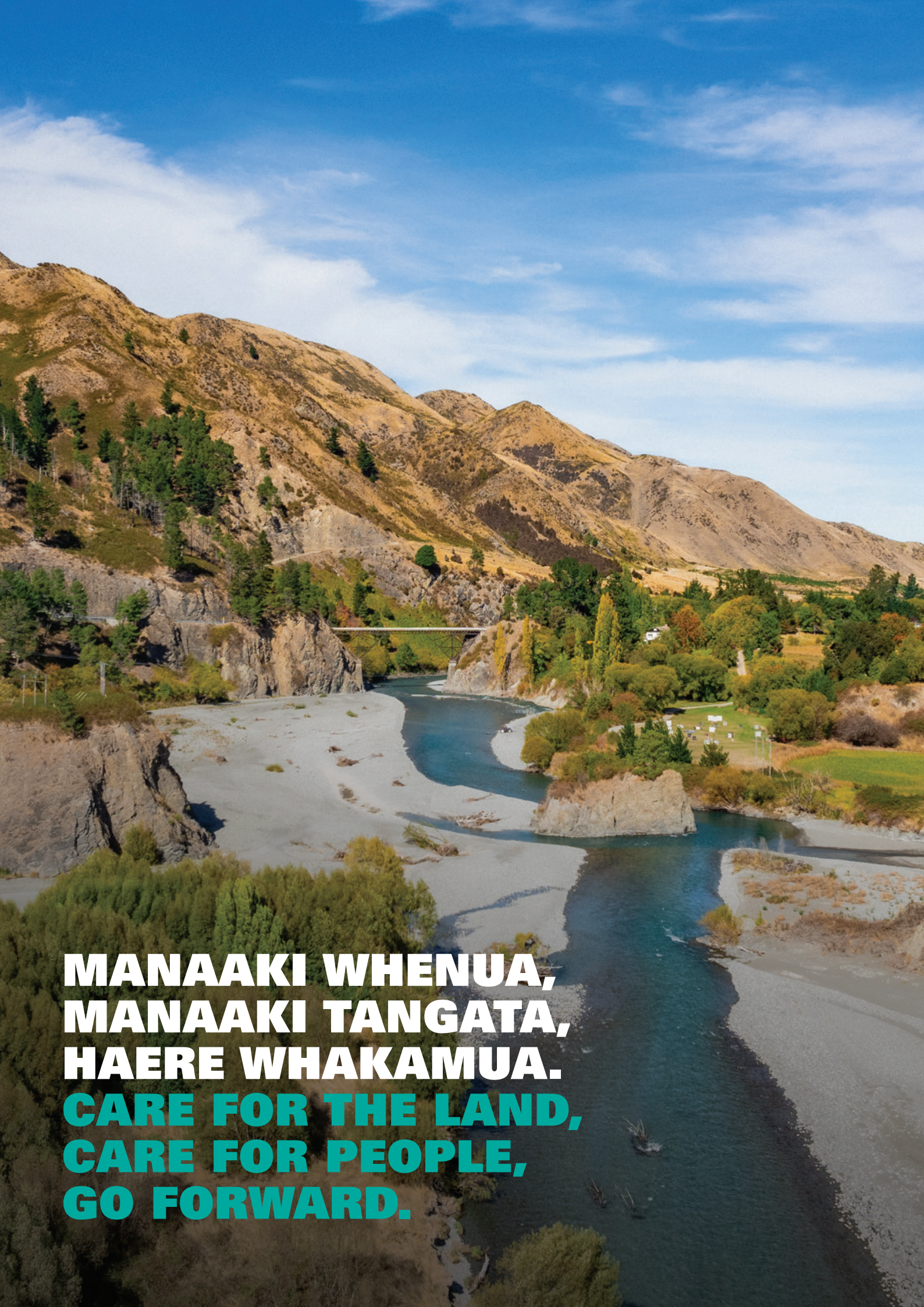
Kevin Brookfield	Chair
Richard Allison	Deputy Chair
Jo Ashby	Trustee
Allan Berge	Trustee
Cameron Henderson	Trustee
Andrew Thompson	Trustee
Gary Walton	Trustee

Address

c/o Ms K Hansell, Trust Secretary
MainPower Trust
PO Box 370, Rangiora 7440

Phone (03) 313 8103
Email info@mainpowertrust.co.nz
www.mainpowertrust.co.nz





**MANAAKI WHENUA,
MANAAKI TANGATA,
HAERE WHAKAMUA.
CARE FOR THE LAND,
CARE FOR PEOPLE,
GO FORWARD.**

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1 INTRODUCTION

This Statement of Corporate Intent (“SCI”) is submitted to the MainPower Trust (the “Trust”) by the Board of MainPower New Zealand Limited (“MainPower”) (the “Board”).

This SCI is prepared in accordance with clause 37.3 of MainPower’s Constitution.

The SCI covers the activities of MainPower and its subsidiaries, and sets out MainPower’s intentions and the objectives agreed between the Board and the Trustees for the Financial Year commencing 1 April 2025, and the two succeeding financial years.

The following appendices are made available in support of the SCI:

- Corporate Governance Statement
- Statement of Accounting Policies

Clause 37.3 of MainPower’s Constitution requires the SCI to provide detail on the following:

- | | |
|---|---|
| <ul style="list-style-type: none"> (a) the objectives of the group; (b) the nature and scope of the activities to be undertaken; (c) the ratio of consolidated Ordinary Shareholders’ funds to total assets, and definitions of those terms; (d) the accounting policies; (e) the performance targets and other measures (including the rate of return on Ordinary Shareholders’ funds after payment of tax) by which the performance of the group may be judged in relation to its objectives; (f) an estimate of the amount or proportion of accumulated profits and capital reserves that is intended to be distributed to the Ordinary Shareholders; (g) the kind of information to be provided to the Ordinary Shareholders by the group during the course of those Financial Years, including the information to be included in each half-yearly report; (h) the procedures to be followed before any member of the group subscribes for, purchases, or otherwise acquires shares in any company or other organisation; | <ul style="list-style-type: none"> (i) the details of all transactions intended to be entered into between any member of the group and- <ul style="list-style-type: none"> (I) any local authority that is a shareholder in any member of the group; (II) every company that, in relation to any member of the group, is a related company (as defined in section 2(3) of the Act); (III) every company in relation to which any member of the group is a related company (as so defined); and (IV) every company that, in relation to any local authority that is a shareholder in any member of the group, would be a related company (as so defined) if the local authority were a company; (j) an estimate of the amount and proportion of the Company’s electricity distribution network operating revenue that relates to the use of and connection to the Company’s electricity distribution network that is to be credited to Residential Qualifying Customers and to Other Qualifying Customers in the form of Rebates; (k) an estimate of the amount and proportion of the Company’s electricity distribution network operating revenue that relates to the use of and connection to the Company’s electricity distribution network that is to be paid or credited to Non-Qualifying Customers in the form of Discounts; (l) the Company’s health, well-being and safety initiatives; (m) the Company’s initiatives to run its business in an environmentally sustainable way to help mitigate the impacts of climate change; (n) such other matters as are agreed by the Ordinary Shareholders and the Company. |
|---|---|



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LETTER OF EXPECTATIONS 2025/28

Safety-first Culture

The Company should prioritise safety for all staff and extend this to all members of the wider community.

Community Benefit & Leadership

MainPower will be a good employer, fostering new staff and encouraging career paths in the electricity supply industry. The intention is to maintain a corporate culture that values each staff member's part in it and where everyone works to a common goal.

The Trust expects that the Board will ensure customers are given appropriate attention and consideration. The level of customer satisfaction will be regularly monitored.

Financial Sustainability

MainPower should demonstrate a commitment to long-term financial sustainability in the face of evolving energy landscapes and regulatory frameworks.

The Trust's expectation is that the Company's financial performance relating to its core lines business remains above average when benchmarked against comparable lines companies.

Investment Strategy

The Trust appreciates the Board communicating their strategic directions. Regular joint meetings will assist the Trustees in assessing the SCI's alignment with those objectives.

The Board should investigate and, if deemed appropriate, invest in opportunities for both core and other related business expansion within and beyond the Company's traditional area of operation.

The Board will, when making investment decisions, consider the Trustees' obligations under Sections 30 and 59 of the Trusts Act 2019

Network Performance and Innovation

We expect the Board's ongoing focus to be the development and operation of the electricity network in the Waimakariri, Hurunui and Kaikōura districts.

Reliability of supply remains an essential priority from the Trust's perspective. The Board should ensure that this network performance remains above average, when benchmarked against comparable lines companies.

The Trust acknowledges that the energy industry continues to face rapid change, and that traditional methods of energy supply and usage will be increasingly impacted by technological developments. The Board is expected to evaluate any opportunities for innovation. This may include collaboration with other lines companies.

Environmental

The Board will adopt responsible environmental practices and will provide its services in a manner that is consistent with the Company's commitment to sustainability.

Reporting Against Expectations

The Trust expects that the Company will report annually against the above expectations by provision of a summary of results against KPIs; the results of the annual Health & Safety audit; customer survey statistics and any other information which would assist the Trust to evaluate Company.

The Trust thanks the Directors for their ongoing efforts and looks forward to continuing to work constructively and cooperatively with the MainPower Board.



Kevin Brookfield

Chair
MainPower Trust

**OUR VISION:
CREATE A SMARTER
FUTURE TO DELIVER
LOCAL VALUE.**

3 STRATEGIC OBJECTIVES

Our purpose

MainPower New Zealand Limited (MainPower) is an electricity distribution business owned by a consumer trust (The MainPower Trust).

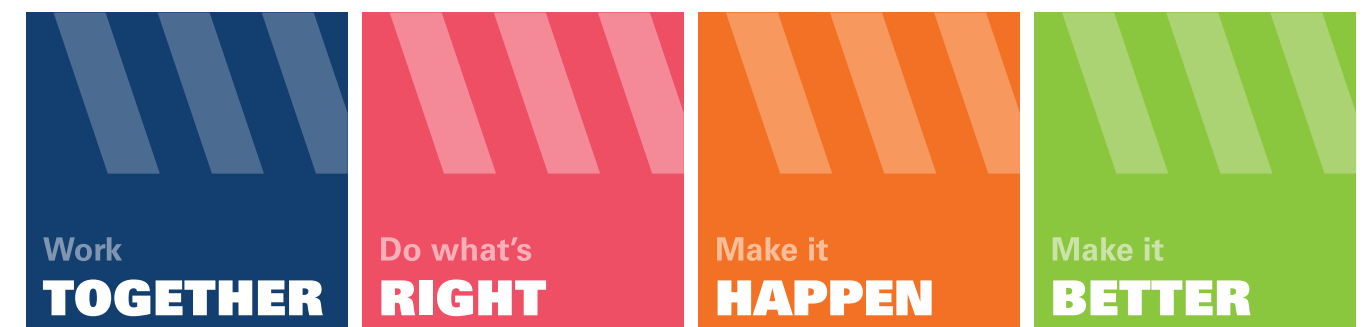
We are responsible for constructing, owning, operating, and maintaining the electricity distribution network in the North Canterbury region.

Our service area spans the Waimakariri, Hurunui, and Kaikōura districts, providing network services to more than 44,000 residential and business connections.

MainPower plays a crucial role in meeting the energy demands of local communities and contributes significantly to the development of a dynamic and thriving region.

Our values

Everything we do at MainPower is built on our values. These values define who we are and give all employees a benchmark for the standards we strive to embody and maintain each day.



Our changing role

The energy sector continues to evolve as we electrify and innovate. MainPower remains committed to ensuring it provides a safe and reliable supply of electricity to the region as new technologies and the changing environment influence how we plan and build our network and associated services.

Customers now have more choice and are playing an increasingly greater role in controlling their energy consumption. The electricity industry is seeing a significant increase in new innovations and technologies which provide greater choice and autonomy for our consumers.

4 OUR STRATEGY –

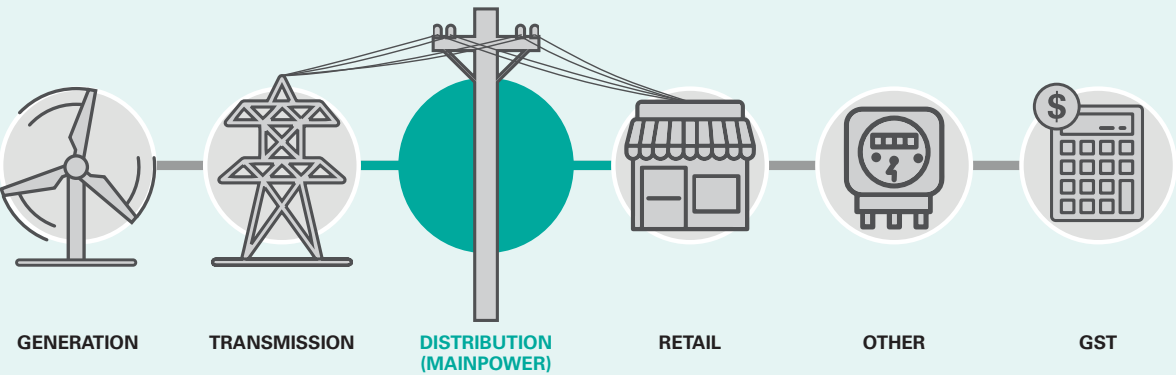
MPowered Future

To deliver a MPowered Future, MainPower’s core business must be resilient, agile and prepared for the future.

MPowered Future is our strategy to proactively and confidently engage in the new innovations and technologies in the evolving electricity sector. It provides us with a clear strategic path to evaluate and respond to the constantly changing energy landscape while better understanding our customers’ behaviour into the future.

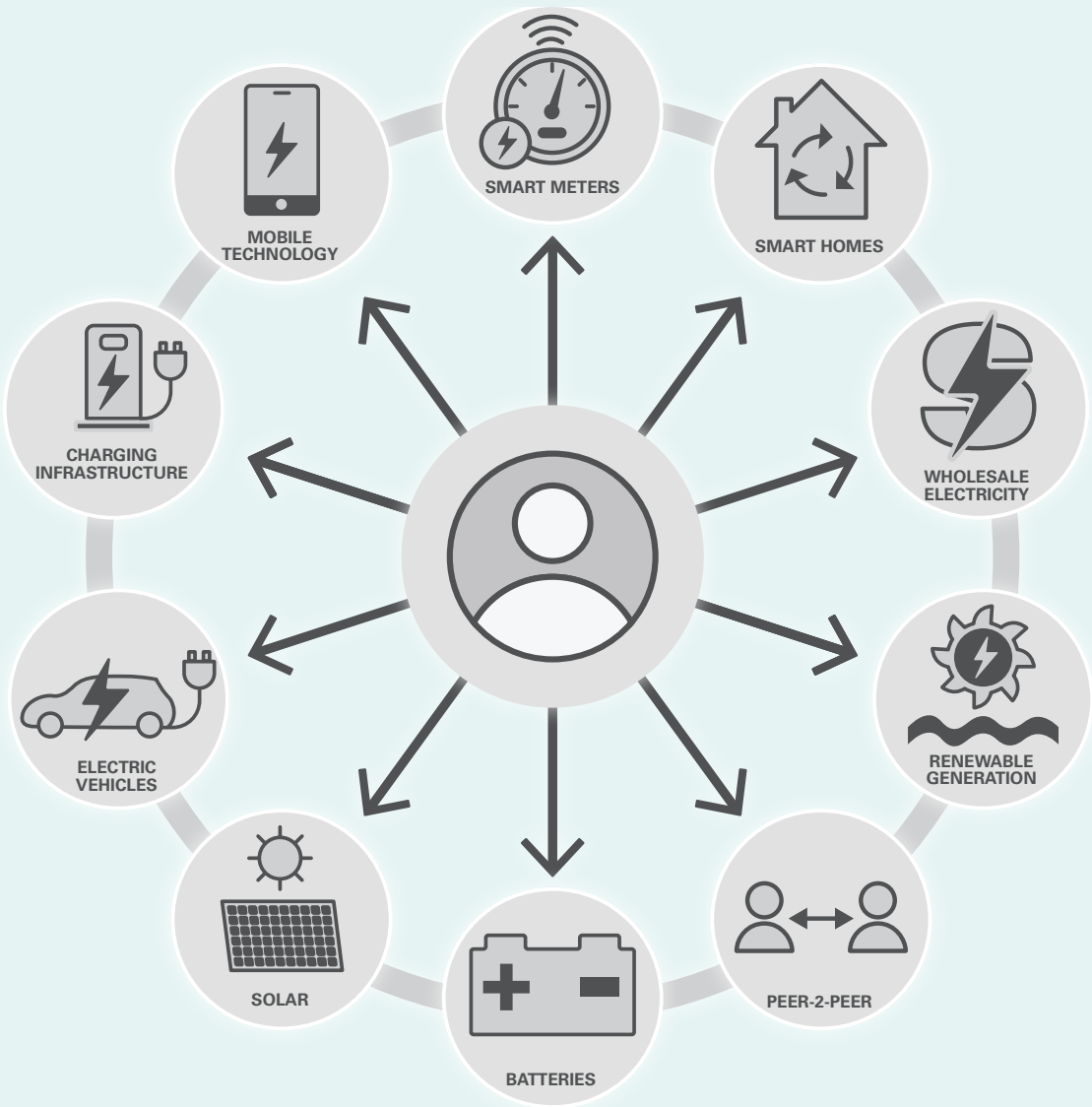
What is MPowered Future?

New energy technology including electric vehicles and solar are giving electricity consumers more choice and autonomy than ever before. The change from consumers simply receiving electricity to now occupying an increasingly central role in the electricity sector is fundamental to how we operate our network and plan for the future.



Historically, the customer was at the end of a one-way energy journey. The customer had no choice in how they received energy, and limited options in how they used energy.

Now, customers have more choice and control. The energy sector is changing from a one-way energy process to a complex environment where customers have choice.



To ensure MainPower thrives in this shifting landscape, the MPowered Future strategy will ensure that MainPower is able to proactively respond to changes and new opportunities while investigating new technologies to ensure a sustainable and viable future.

A MPowered Future will protect the value of our current assets and future-proof our organisation so that we may continue to provide a positive return for North Canterbury for years to come.

STRATEGY			
An engaged community	Customer-focused organisation	Decarbonising our place	Create a sustainable future
GOALS			
Enhance MainPower's leadership role in our community.	Anticipate customer needs.	Network readiness and resilience to climate change.	Maximise shareholder value.
Drive value through stakeholder engagement.	Evolve our customer centric culture.	Energising our community and lead renewable energy in North Canterbury.	Strengthen and grow organisational capability.



Supporting MPowered Future

Safety-first culture

MainPower remains focused on ensuring the safety of our people, customers and community as our highest priority. From toolbox talks at work sites, to our far-reaching advertising campaigns, the safety of our people and communities is a deeply embedded part of our culture.

Our dedication to safety is supported by our Integrated Management System Policy, which combines and strengthens our commitment to health, safety, environment and quality (HSEQ). In addition, our Risk Management Plan provides guidance on anticipating and proactively managing risk.

Network performance and innovation

At the heart of a resilient and future-focused electricity distribution network is a commitment to high performance and innovation.

Over the past year, we have made significant strides in engaging with our customers to gain insights into their energy requirements. This collaboration has led to improved planning processes and forecasting methodologies, ensuring that our investments align with the growth and resilience of our network.

We continue to make upgrades across the network to support forecasted growth, as well as actively exploring innovative solutions and advanced technologies such as fleet electrification, enabling distributed generation, and smart technology. With a focus on customer-centric solutions and adaptability, we plan to invest prudently in our electricity distribution network and related services over the next decade, enhancing the delivery of safe, reliable, and sustainable low-carbon energy.

Our customers

In a rapidly changing industry, MainPower continues to focus on understanding and anticipating our customers’ needs, while delivering a high-quality service in our day-to-day interactions. MainPower is committed to ensuring the voice of our customers and the views of the communities we serve inform our planning and business decisions, and that our customer experience continues to be a positive one.

Customer satisfaction and experience is measured regularly to better understand our customers changing energy needs, identify opportunities to improve our processes and the overall service experience. We regularly survey the wider community and our shareholders, to get feedback on ideas and issues important to them.

Through this work, MainPower connects with a broad range of community groups and stakeholders, forging strong ties within the community and strengthening our place as a positive part of the region we work in.

Community leadership

MainPower plays a key role in the North Canterbury community, powering the homes, businesses and schools of the region. Our responsibility extends beyond providing a safe, secure supply of electricity; we also support our community with both long term and one-off sponsorship initiatives. Through this work, MainPower connects with a broad range of community groups and stakeholders, forging strong ties within the community and strengthening our place as a positive part of the region we work in.

People and culture

At MainPower, we aim to create a workplace where every employee feels valued and invested in the future of our business. Our team members engage in formal learning and development conversations at least twice a year, offering opportunities to reflect, explore career options, and set meaningful goals. In 2024, we celebrated the graduation of the second intake of our 12-month MainPower Accelerated Leadership Development Programme (ALDP), designed to build a strong pipeline of future leaders across all areas of the company.

We are committed to encouraging career pathways in the electricity supply industry through our comprehensive graduate and apprentice programmes, which we continue to grow and refine. To inspire the next generation, we actively participate in local and regional career exhibitions, showcasing opportunities at MainPower.

Our sought-after employee benefits, including subsidised health insurance and a nine-day fortnight flexible working arrangement, play a key role in attracting and retaining top talent. These initiatives help us maintain an engaged and enthusiastic workforce, ready to meet the challenges of tomorrow.

Environmental responsibility

MainPower takes a holistic approach to managing, delivering, and continually improving the environmental aspects of our business activities, services and products. Using the United Nations Sustainable Goals as a foundation, we have identified three key areas where we believe we can make the most difference. They are; prosperity, people, and planet. Below is a selection of the sustainable initiatives MainPower is committed to:

- reducing waste
- reusable and refillable products
- rethinking how we do things (changing to more sustainable products)
- greener supply chain (through prequalification)
- enabling electrification (LV monitoring)
- supporting renewable energy (hydro, wind and solar)
- prioritising energy efficiency (installing LEDs)
- engaging with our community
- supporting inclusion, diversity, and equity
- reducing carbon emissions
- repurposing materials (e.g. cable drums and power poles)

Our sustainability strategy considers the energy trilemma of finding balance between energy reliability, affordability and sustainability and its impact on everyday lives. We plan to achieve this by:

- reviewing the implications for the speed and direction of energy transition;
- being a low carbon energy enabler to support innovation, economic recovery, and positive image; and;
- accelerating digitalisation opportunities in energy and the challenges of resilience to adapt to climate change.

5 PERFORMANCE

5.1 Financial Performance

The summaries of the expected financial performance and performance statistics for the 2024-2028 financial years for the MainPower Group (Group), and for MainPower New Zealand Limited (Parent) are provided in the tables on pages 17 and 19.

The Group comprises of MainPower New Zealand and its subsidiaries: MainPower Investments Limited, Kākāriki Power Limited, GreenPower New Zealand Limited (Greenpower) and Mt Cass Wind Farm Limited (Mt Cass). Greenpower and Mt Cass were classified as joint ventures during FY2024 to reflect the reduction in ownership from 100% to 50% during FY2024. Both companies became 100% subsidiaries of the Group in July 2024. The FY26 budget and forecasts for FY27 and FY28 assume both companies will continue to be 100% subsidiaries of the Group. No investment, or related term debt, in relation to the Mt Cass wind farm project, has been included in the forecasts presented. This assumption is subject to change.

The results for the Parent in the current and future years show the continued commitment in meeting the goals of our Asset Management Plan (AMP) through a programme of scheduled maintenance and capital expenditure on the network. The forecast uplift in capital expenditure for FY2026 and FY2027 is due to the replacement of three key substations, future-proofing the network as the current substations meet the maximum utilisation capacity for which they were built.

The summary forecast for the year ended March 2025 compared to the financial budget for that year and the audited financial performance for the year ended March 2024 are also reported.

5.2 Budget and Forecast

The FY2026 budget numbers were approved by the MainPower Board in December 2024. The FY2025, FY2027 and FY2028 forecast numbers have been prepared by management and are based on the latest available information from the business, and that received from Mt Cass.

Numbers presented have been prepared in accordance with relevant accounting standards where appropriate. Note that the 2024 actuals and FY2025 budget for the Group present Mt Cass as a 50% equity-accounted joint venture whereas all other Group numbers from FY2025 onwards show Mt Cass as a 100% subsidiary reflecting the re-purchase of equity in FY2024.

The following assumptions have been made when presenting the financial budgets for FY2025-2026 and forecasts for subsequent years:

- MainPower is actively seeking an investment partner for the Mt Cass wind farm project. At time of writing, no investment partner has been secured hence all numbers have been prepared assuming the wind farm is on hold. All numbers presented are subject to material change should a suitable investment partner be secured.
- Rebates will continue to be credited throughout 2025-2028 at a cost of \$5 million in 2025 and increasing to \$10 million by FY26. This allows for a balance between returning value to the shareholders and being able to internally fund the AMP.
- Total network maintenance expenditure of \$9.7 million has been budgeted for 2025-2026.
- Budgeted network capital expenditure of \$37.5 million during the 2026 financial year is to be funded by way of operating cash flows \$35.5 million and an increase in net borrowings \$2.0 million for the Parent.
- All forecast costs and revenues are based on best estimates using judgments made at the time that they were prepared.

5.3 Service Performance

Service level performance measures our key asset management objectives and include:

- safety
- compliance
- quality of service-reliability
- quality of service-customer service
- risk management
- efficiency and effectiveness-asset utilisation
- efficiency and effectiveness-operational effectiveness
- efficiency and effectiveness- financial efficiency

Actual and planned service level performance is included in our Asset Management Plan, accessible at mainpower.co.nz.

SAIDI, the average minutes a customer is without power during the year and SAIFI, the average number of supply interruptions per customer during the year, continues to be the two key measures of service performance.

Forecast performance is detailed in the table on page 19.

FINANCE

5.3 Performance Statement Financial MainPower – Group

For the years ending 31 March.

	Actual* (audited) 2024 \$000	Budget* (not audited) 2025 \$000	Forecast* (not audited) 2025 \$000	Budget (not audited) 2026 \$000	Forecast (not audited) 2027 \$000	Forecast (not audited) 2028 \$000
Financial performance						
Operating Revenue	75,841	81,227	81,232	97,501	106,093	113,843
Rebates	(4,931)	(5,000)	(5,054)	(10,000)	(10,000)	(10,000)
Net Revenue	70,910	76,227	76,178	87,501	96,093	103,843
Mt Cass Net Profit / (Loss) Attributed to the Group	(133)	–	(300)	–	–	–
Profit before Tax	9,695	5,520	14,117	14,002	15,994	20,242
Taxation	(5,332)	(1,546)	(4,037)	(3,921)	(4,478)	(5,668)
Profit after Rebates, Tax, Dividends, and Discontinued Operations	4,363	3,974	10,080	10,081	11,516	14,574
Total Network Maintenance Expenditure	9,223	8,909	8,241	9,692	9,766	9,697
Total Network Capital Development Expenditure	29,159	30,366	29,351	37,477	38,568	36,881
Financial position						
Net Working Capital	17,663	8,085	7,636	1,947	7,405	7,242
Mt Cass Equity Investment (50% equity-accounted JV for FY24)	–	80,400	–	–	–	–
Mt Cass Assets (100% consolidated from FY25)	–	–	17,977	17,977	17,977	17,977
Other Non-Current Assets	370,907	388,200	389,786	423,411	444,523	462,832
Total Assets	403,975	485,451	430,431	461,387	484,772	503,590
Debt for Mt Cass Equity Investment	–	(80,000)	–	–	–	–
Other Liabilities	(132,255)	(126,557)	(145,338)	(166,213)	(176,050)	(179,702)
Ordinary Shareholders' Funds (Equity)	271,720	278,894	285,093	295,174	308,722	323,888
Cash Flows from Operations	27,659	25,706	37,005	35,497	33,906	42,511
Cash Flows from Investing Activities	(36,798)	(34,334)	(40,611)	(50,817)	(40,995)	(39,057)
Cash Flows from Financing Activities	8,077	8,351	986	15,320	7,089	(3,763)
Financial ratios						
	%	%	%	%	%	%
Profit before Tax / Equity	3.57	1.98	4.95	4.74	5.18	6.25
Profit after Tax / Total Assets	1.08	0.82	2.34	2.18	2.38	2.89
Profit after Tax / Equity	1.61	1.42	3.54	3.42	3.73	4.50
Total Equity / Total Assets	67.26	57.45	66.23	63.98	63.68	64.32

* The Mt Cass SPV is an equity-accounted joint venture in FY24 and FY2025 budget, but is 100% consolidated line-by-line for FY25 forecast onwards.

FINANCE

5.4 Performance Statement Financial (MainPower New Zealand Limited – Parent)

For the years ending 31 March.

	Actual* (audited) 2024 \$000	Budget* (not audited) 2025 \$000	Forecast* (not audited) 2025 \$000	Budget (not audited) 2026 \$000	Forecast (not audited) 2027 \$000	Forecast (not audited) 2028 \$000
Financial performance						
Operating Revenue	74,262	81,227	81,232	97,501	106,093	113,843
Rebates	(4,931)	(5,000)	(5,054)	(10,000)	(10,000)	(10,000)
Net Revenue	69,331	76,227	76,178	87,501	96,093	103,843
Profit before Tax	9,447	5,520	14,417	14,002	15,994	20,242
Taxation	(5,303)	(1,546)	(4,037)	(3,921)	(4,478)	(5,668)
Profit after Rebates, Tax, Dividends, and Discontinued Operations	4,144	3,974	10,380	10,081	11,516	14,574
Interest Cost for Mt Cass Equity Investment (included above)	–	(5,200)	–	–	–	–
Total Network Maintenance Expenditure	9,223	8,909	8,241	9,692	9,766	9,697
Total Network Capital Development Expenditure	29,159	30,366	29,351	37,477	38,568	36,881
Financial position						
Net Working Capital	22,385	8,085	25,873	20,184	25,642	25,479
Mt Cass Equity Investment	400	80,400	400	400	400	400
Other Non-Current Assets	374,629	388,200	389,786	423,411	444,523	462,832
Total Assets	406,693	485,451	431,091	462,047	485,432	504,250
Debt for Mt Cass Equity Investment	–	(80,000)	–	–	–	–
Other Liabilities	(135,814)	(126,557)	(145,338)	(166,213)	(176,050)	(179,702)
Ordinary Shareholders' Funds (Equity)	270,879	278,894	285,753	295,834	309,382	324,548
Cash Flows from Operations	28,977	25,706	37,305	35,497	33,906	42,511
Cash Flows from Investing Activities	(36,894)	(34,334)	(38,781)	(50,817)	(40,995)	(39,057)
Cash Flows from Financing Activities	8,136	8,351	986	15,320	7,089	(3,763)
Financial ratios						
	%	%	%	%	%	%
Profit before Tax / Equity	3.49	1.98	5.05	4.73	5.17	6.24
Profit after Tax / Total Assets	1.02	0.82	2.41	2.18	2.37	2.89
Profit after Tax / Equity	1.53	1.42	3.63	3.41	3.72	4.49
Total Equity / Total Assets	66.61	57.45	66.29	64.03	63.73	64.36

NETWORK

5.5 Performance Statement Customer¹ Service Statistics

For the year ending 31 March. These figures are based on network metrics.

	Actual (audited) 2023	Actual (audited) 2024	Forecast (not audited) 2025	Budget (not audited) 2026
Quality of Supply				
SAIDI (normalised) ²	292.5	303.3	299.8	298.1
SAIFI (normalised) ³	2.13	2.05	2.19	2.15
Network Performance				
Total Line Service Customers (#)	44,109	44,918	45,721	46,524
Gigawatthours Delivered to Customers (GWh)	620	640	640	645
Network Maximum Coincidental Demand (MW)	122	120	120	121
Circuit Length Lines (kms)	5,198	5,234	5,244	5,254
Efficiency Performance				
	\$	\$	\$	\$
Capital Cost (per km)	5,161	5,744	5,719	6,808
Operating Cost (per km)	1,161	1,491	1,614	1,826
Capital Cost (per ICP)	608	174	656	769
Operating Cost (per ICP)	137	174	185	206

Notes:

¹ Customer is defined as a person named in the records of the company as a person whose premises are connected to the company's distribution network and who is liable to the company for the payment of an amount in respect of the use of and connection to the company's distribution network.

² SAIDI = Average minutes a customer is without power during the year.

³ SAIFI = Average supply interruptions per customer during the year.



6 OTHER MEASURES

6.1 Distributions to the MainPower Trust

The vesting and distributing by the MainPowerTrust of Redeemable Preference Shares to Qualifying Customers, in accordance with clause 4.11 and Schedule 8 of the Deed provides the Board with the opportunity to maintain its Rebate Scheme in favour of Qualifying Customers.

This Scheme will remain in place until such time as a Capital Distribution has occurred. The Board will not be recommending any dividend for the current financial year.

The 2025-2026 financial budget provides for \$10 million to be credited to Qualifying Customers as Rebates and as discounts to customers connected to the former Kaiapoi Electricity network.

This represents approximately 11.0% of total distribution lines revenue.

6.2 Rebates and Discounts to Customers

The issue of Redeemable Preference Shares to Qualifying Customers in accordance with Clause 4.10 and Schedule 8 of the Deed gives the Board the opportunity to provide a Customer Rebate Scheme in favour of Qualifying Customers. The FY2025 and FY2026 financial budgets provide for \$5 million and \$10 million respectively to be credited to Qualifying Customers as rebates. The rebate is a percentage discount off the fixed charge and this benefit is allocated between customer groups to reflect the Trust Deed.

6.3 Acquisition of Shares in Other Companies

The acquisition of shares in other companies or organisations will only proceed where the Board concludes such an acquisition is in the best interests of MainPower.

The Board will consult the Trust in circumstances where an acquisition is considered to be significant.

The Board will be guided by the major transaction rule in MainPower's Constitution and the Companies Act 1993. A major transaction is defined as the acquisition of, or an agreement to acquire, whether contingent or not, assets equivalent in value to 25 percent or more of the assets of MainPower before the acquisition.

6.4 Return on Investment for the MainPower Regulatory Lines Business

The following information reflects the Return on Investment for the regulatory lines business, after deducting rebates from returns, calculated according to the Commerce Commission rules as applied to the Information Disclosure completed annually. Figures below therefore exclude non-regulated activity such as generation, and returns are measured against MainPower New Zealand Limited's Regulated Asset Base.

MainPower New Zealand Limited's Return on Investment for the year ended 31 March 2024 was 4.50%, below the Commerce Commission's 75th percentile estimate of 6.73%.

For the 2024-2025 financial year, the after-tax Return on Investment of the regulated lines business (after rebates) is expected to be 2.08%.

6.5 Return on Shareholders' Equity for the MainPower Group of Companies (Consolidated)

The Return on Equity for the Group for the financial year ended 31 March 2024, after rebates and taxation, was \$4.4 million (1.6%). The Return on Equity for the Group, before rebates and after adjusting for 28% notional tax on rebates, was \$7.9 million (2.9%).

The forecast Return on Equity for the Group for the financial year ending 31 March 2025, after rebates and taxation, is expected to be around \$10.1 million (3.5%). The Return on Equity for the Group, before rebates and after adjusting for 28% notional tax on rebates, is expected to be around \$13.7 million (4.8%).

6.6 Information to be Provided to Shareholders

The following information will be made available to the Trust and, where applicable, to other Shareholders:

- Annual Report
- Interim Report
- Statement of Corporate Intent
- Asset Management Plan
- Electricity Information Disclosures
- Any other information the Board considers should be in the public arena

The Board will meet with Trustees on a regular basis throughout the year in order to update Trustees on the performance of the Group. The Board will also report to Trustees on significant operational matters, changes to MainPower New Zealand Limited's company structure and progress on current and new business initiatives.

APPENDIX 1:

CORPORATE GOVERNANCE STATEMENT

1. Role of the Board

The Board is responsible for the overall corporate governance of MainPower. The Board guides and monitors the business and affairs of MainPower on behalf of the Ordinary Shareholder, the MainPower Trust to whom it is primarily accountable and the Preference Shareholders of the Company. The Board’s primary objective is to satisfy the shareholders’ wish of enhancing shareholder value through a commitment to customer service and regional prosperity.

Customer service is measured in terms of:

- financial return;
- ability to deliver excellence in electricity distribution network security and reliability;
- responsiveness to customers;
- quality of service; and
- price competitiveness.

Regional prosperity is measured in terms of MainPower’s role in leading and/or supporting regional initiatives for economic development.

The Board also aims to ensure that MainPower is a good employer and corporate citizen.

2. Board Responsibilities

The Board acts on behalf of and is accountable to the shareholders. The Board seeks to identify the expectations of shareholders, as well as other legislative and ethical expectations and obligations. In addition, the Board ensures areas of significant business risk are identified by management and that arrangements are in place to adequately manage these risks. To this end the Board will:

- Provide leadership in health and safety and will ensure that employee and public safety remains an integral part of MainPower’s culture, its values and performance standards;
- Continue to monitor all legislation and regulatory changes impacting on Health and Safety requirements and compliance and will ensure that they are complied with;
- Set the strategic direction of the Company in consultation with management, having regard to rate of return expectations, financial policy and the review of financial performance against strategic objectives;
- Maintain an understanding of the electricity industry, and continue to monitor industry reform, security of supply, industry governance and Government regulations in order to identify the impact on MainPower’s business;
- Monitor and understand the expectations and needs of the growing North Canterbury community;
- Remain informed about the Group’s affairs in order to exercise judgement about management and its procedures;

- Identify risks and manage those risks by ensuring that the Group has implemented comprehensive systems of internal control together with appropriate monitoring of compliance activities;
- Approve and foster corporate culture which requires all directors, executive and staff to demonstrate the highest level of ethical behavior;
- Appoint, review the performance of, and set the remuneration of the Chief Executive;
- Approve transactions relating to acquisitions and divestment, and capital expenditure above delegated authorities;
- Approve operating and development budgets, review performance against these budgets, and monitor corrective actions by management;
- Ensure the preparation of the Statement of Corporate Intent, Interim and Annual reports;
- Enhance the relationship with all stakeholders.

3. Delegation

The Board delegates the day-to-day responsibility for the operation and administration of MainPower to the Chief Executive. The Chief Executive is responsible for ensuring MainPower achieves its business objectives and values. The Board ensures that the Chief Executive, and through him, the senior management are appropriately qualified, experienced, and remunerated to discharge their responsibilities.

4. Codes and Standards

All Directors, senior management, and staff of MainPower New Zealand Limited are expected to act with integrity and promote and enhance the Company’s reputation with its various stakeholders. Behavioral standards and accountabilities, the use of confidential information, trade practices, health, safety, and environmental management are set out in a range of formal codes, policies, and procedures. These are subject to regular independent review to ensure they remain current and appropriate.

5. Conflicts of Interest

All Directors and senior management are required to disclose any specific or general interests which could be in conflict with their obligations to MainPower New Zealand Limited and its subsidiaries.

6. Board Review

The Board will undertake a self-assessment of its performance and the performance of individual Directors at least bi-ennially. A summary of this review will be made available to the MainPower Trust.

7. Company Constitution

The Company’s Constitution sets out policies and procedures on the operations of the Board, including the appointment and removal of Directors. The Constitution specifies that the number of Directors will not at any time be more than eight nor less than four, and that one-third of the Directors will retire by rotation each year. Non-Executive Directors of MainPower are elected by the Ordinary Shareholder. The board currently comprises six Non-Executive Directors. The Directors of the Company currently in office are Anthony Charles King (Chair), Graeme David Abbot (Director), Janice Evelyn Fredric (Director), Brian John Wood (Director), Jan Fraser Jonker (Director) and Stephen Paul Lewis (Director).

8. Board meetings

The Board generally meets monthly to review, monitor and initiate action in respect of the health and safety, strategic direction, financial and operational performance, risk management and compliance of the Company and subsidiaries. In addition to the scheduled meetings, the Board meets several times each year to consider specific opportunities and other matters of importance to the Company. Annually, the Board takes the opportunity to debate and review its long-term strategic direction. Senior managers and independent experts are regularly involved in Board discussions. Directors may also obtain further information and independent expert advice.

9. Committees

The Board has three standing committees. They provide guidance and assistance to the Board with overseeing certain aspects of the Board’s corporate governance. Each committee is empowered to seek any information it requires and to obtain independent legal or other professional advice if it is considered necessary.

9.1 Audit and Risk Committee (ARC)

The ARC operates under a comprehensive Charter, which outlines the ARC’s authority, membership, responsibilities, and activities and which is approved by the Board. The Charter is reviewed annually against best practice and emerging trends.

Three Non-Executive Directors are appointed to the ARC on an annual basis. Current membership of the ARC is Janice Fredric (Chair), Brian Wood and Tony King. The ARC invites the Chief Executive, General Manager Finance & IT with support from other senior management and the external advisors to attend meetings of the Committee from time to time in accordance with the Charter. Following meetings of the Committee, the Chair reports all findings and recommendations to the Board. The activities of the ARC are reported annually.

Along with oversight of risk, the Audit and Risk Committee’s primary function is to provide the Board with assurance on the quality and reliability of financial information used by management and the Board on the published Group financial statements issued under the Companies Act 1993 and the Energy Companies Act 1982.

The ARC also monitors the independence of the auditor and approves and reviews those services provided by the auditor other than in its statutory audit role.

Risk Management and Compliance is considered critical to the successful operation of the Group and accordingly is a permanent item on the Board Agenda. The ARC’s role in this regard includes monitoring the adequacy and effectiveness of MainPower’s internal control framework and structure, and provide risk management oversight by reviewing the Risk Management Framework and Policy.

9.2 Safety, Health, Wellbeing and Environment Committee (SHWE)

The Board takes an integrated approach to managing health and safety. This is incorporated within the risk management framework. The Board SHWE was historically governed by the Board as a whole but has now moved to a subcommittee to provide a more concentrated focus on safety, health, wellbeing and environment.

Current membership of the SHWE is Stephen Lewis (Chair), Tony King and Graeme Abbot. Meetings are attended by the Chief Executive, Chief Assets and Operations Officer and General Manager People and Culture, with support from other executive and senior managers.

9.3 People and Remuneration Committee

The People and Remuneration Committee’s primary role is to assist the Board in reviewing MainPower’s people strategies, remuneration policies and practices, and monitoring. The committee also advises the Board on performance reviews, remuneration policies and practices and to make recommendations on remuneration packages and other terms of employment for Non-Executive Directors, the Chief Executive and senior executives which fairly reward individual performance in relation to their contribution to the Company’s overall performance. Three Non-Executive Directors are appointed to the Remuneration Committee on an annual basis.

To retain and attract directors and executives of sufficient calibre to facilitate efficient and effective governance and management, the Committee seeks advice of external advisors where needed.

Current membership of the Remuneration Committee is Janice Fredric (Chair), Tony King and Brian Wood. Following meetings of the committee, the Chair reports all findings and recommendations to the Board.

APPENDIX 1:

CORPORATE GOVERNANCE STATEMENT

10. Risk Management

The Board puts considerable emphasis on risk management, given the critical nature of this to the Group's operations, and continually monitors the operational, (including health and safety) and financial aspects of the Group's activities and the Group's exposure to risk. "Risk Management and Compliance" is a permanent item on the agenda of the meetings of Directors.

An annual review of the level and appropriateness of the Group's insurance cover and regular reporting by management addressing the major areas of risk supports the Board's risk management process.

To fulfil its responsibility, management maintains appropriate accounting records and systems of internal control.

The Audit and Risk Committee oversees the Governance internal audit programme to ensure the Group meets its statutory and legal requirements. The audit programme covers all levels of safety and business critical risks identified through the risk management framework.

MainPower has developed a comprehensive Business Continuity Plan. This Plan details the criteria and guidelines applied to cope with a number of crisis scenarios. MainPower actively participates with Civil Defence and other relevant agencies in order to test the plan for effectiveness.

11. Non-Executive Directors' Fees

Fees for Non-Executive Directors are based on the nature of their work and responsibilities.

Independent professional advice on the level and structure of Non-Executive Directors' fees is made available to the Board on an annual basis. Any recommendation made to shareholders at the Annual Meeting on a change in Directors' fees is in accordance with this independent advice.

12. The Role of Shareholders

The Board aims to ensure that shareholders are informed of all major developments affecting the Group's state of affairs. Each year, the Ordinary Shareholder (MainPower Trust) provides a Letter of Expectations to the Group and in response a Statement of Corporate Intent is developed between the Board and the MainPower Trust. This statement details the Group's intent with respect to:

- Strategic Objectives
- Trust Statement of Expectations
- Business Activities
- Non-core Activities
- Performance
- Distribution to Shareholders
- Rebates
- Corporate Governance

Information is also communicated to shareholders in accordance with an agreed engagement plan and includes the Annual Report, the Interim Report, the Group's website, and at regular formal and informal meetings with the MainPower Trust. The Board encourages full participation of all shareholders at the Annual General Meeting. The Statement of Corporate Intent is subject to consultation between the Board and the Trust, prior to its adoption.

13. Customers

MainPower uses a number of communication channels to connect with its customers and the wider community. This includes regular website updated and local advertorials covering related public safety messaging, regular customer surveys, focus group sessions and participation in sponsorships and other community-based initiatives.

The Company also fulfils its regulatory obligations with the publication of the Asset Management Plan, Annual and Interim Reports, Statement of Corporate Intent, Pricing Methodology and annual disclosures. This contributes to the fulfilment of the Group's corporate objectives in regard to community relations.

14. Subsidiary and Associate Companies

Each trading entity within the Group has a formally constituted Board of Directors. The MainPower Board receives frequent updates from each trading entity and monitors the performance of all trading entities within the Group.



APPENDIX 2:

ACCOUNTING POLICIES

Statement of Compliance

MainPower New Zealand Limited (the Company) is a profit-oriented company incorporated in New Zealand under the Companies Act 1993. The Group consists of MainPower New Zealand Limited, its subsidiaries, and joint venture (the “Group”).

MainPower New Zealand’s parent and ultimate controlling entity is the MainPower Trust. These financial statements have been prepared in accordance with Generally Accepted Accounting Practice (GAAP). They comply with New Zealand Equivalents to International Financial Reporting Standards Reduced Disclosure Regime (‘NZ IFRS RDR’) and other applicable financial reporting standards as appropriate for profit-oriented entities.

The Group has adopted External Reporting Board Standard A1 ‘Accounting Standards Framework (For-profit Entities Update)’ (‘XRB A1’). For the purposes of complying with GAAP, the Group is eligible to apply Tier 2 For-profit Accounting Standards (New Zealand Equivalents to IFRS Accounting Standards – Reduced Disclosure Regime (‘NZ IFRS RDR’)) on the basis that it does not have public accountability and it is not a large for-profit public sector entity.

Principal Activities of the Group

MainPower was established in accordance with the requirements of the Energy Companies Act 1992 and the Companies Act 1993. The Group owns and manages the electricity distribution network throughout the North Canterbury region.

Basis of Financial Statement Preparation

These financial statements are presented in New Zealand dollars, rounded to the nearest thousand.

These financial statements have been prepared on the basis of historical cost, except for the revaluation of certain financial instruments, and property, plant and equipment. Cost is based on the fair value of the consideration given in exchange for assets.

Accounting policies have been selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

Critical Judgements, Estimates and Assumptions in Applying the Group’s Accounting Policies

Preparing financial statements to conform with NZ IFRS RDR requires management to make judgements, estimates, and assumptions that affect the application of policies and reported amounts of assets, liabilities, income, and expenses. The estimates and associated assumptions have been based on historical experience and other factors that are believed to be reasonable under the circumstances. These estimates and assumptions have formed the basis for making judgements about the carrying values of assets and liabilities, where these are not readily apparent from other sources. Actual results may differ from these estimates.

In the process of applying the Group’s accounting policies, management has made the following judgements, estimates and assumptions that have had the most significant impact on the amounts recognised in these financial statements:

- Electricity distribution network valuation.
- Property, plant and equipment useful lives.
- Carrying value of generation assets.

Other Material Accounting Policies

(a) Capital works Programme

The Group operates an extensive integrated electricity distribution network comprising large numbers of relatively minor individual network asset components. These components are replaced over time as part of an ongoing maintenance/refurbishment programme, consistent with the Group’s approved network Asset Management Plan.

(b) Revenue Recognition

The Group’s principal activities are providing electricity distribution services and contracting services for end users of its network. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

(c) Distinction between Capital and Revenue Expenditure

Capital expenditure is defined as all expenditure incurred in the creation of a new asset and any expenditure that results in a significant restoration or increased service potential for existing assets. Constructed assets are included in property, plant and equipment as each becomes operational and available for use. Revenue expenditure is defined as expenditure that has been incurred in the maintenance and operation of the property, plant and equipment of the Group.

Basis of Consolidation

(a) Subsidiaries

Subsidiaries are entities controlled by the Company. The consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the consolidated entity, being MainPower New Zealand Limited and its subsidiaries. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

(b) Joint Ventures

A joint venture is where the Group shares joint control over an entity and has rights to the net assets of the arrangement. Investments in joint ventures are accounted for using the equity method.

Forecast Information

Forecast financial information has been prepared on the basis of assumptions as to future events reasonably expected to occur within the Group, including the Mt Cass Project, and have been compiled on the basis of existing accounting policies.

MainPower New Zealand Limited
172 Fernside Road, RD1, Kaiapoi 7691
PO Box 346, Rangiora 7440
Phone 0800 30 90 80
www.mainpower.co.nz

