

**MINUTES OF THE TWENTY SIXTH ANNUAL MEETING OF THE
TRUSTEES AND BENEFICIARIES
OF THE COUNTIES POWER CONSUMER TRUST
(afterwards known as Counties Energy Trust)**

**Held at the Counties Manukau Rugby Football Union
Navigation Homes Stadium, 21 Stadium Drive, Pukekohe
And also held via 'Zoom'**

On Wednesday 8th December 2021 at 5:30pm

(Twice postponed meeting dates of 30th August 2021 and 27th October 2021
delayed due to Covid-19 restrictions)

**TRUSTEES
PRESENT**

Mrs C P Rupp (Chair) and Messrs P S Beston, D W Thomson,
A D Eyes, and D M Spratt (retiring).
Mr Norman Foote (Secretary).

IN ATTENDANCE

Counties Energy Limited - Board

Mr Ben Iosefa (Director)
Mr Keith Watson (Director)

Counties Energy Limited – Management

Mr Conrad Harvey (Group Chief Financial Officer and Secretary)
Mr Paul Blue (GM Network)
Ms Tracey Kay (GM People, Safety and Communications)
Ms Genelle Palmer (Environment & Sustainability Manager)
Mr Andrew Toop (GM Commercial)
Mr Moonis Vegdani (Group GM Technology & Digital)

RSM Hayes Audit

Mr Steve Hayes (Managing Partner)

ZOOM ATTENDEES

David Tompkins (Director - Counties Energy Limited)
Judy Nicholl (CEO – Counties Energy Limited)
Phil Caffyn (Director - Utility Consultants) Observer.
David Walter (past Trustee)
Dianne & Gemma Lasenby

*(A total of 36 Consumers were present, plus 12 Observers, as per
the attendance lists, and including those who joined online via
'Zoom')*

APOLOGIES

Vern Dark (Chair - Counties Energy Limited)
Hamish Stevens (Director – Counties Energy Limited)
Dale Carline (GM Field Operations – Counties Energy Limited)
Brian Littlewood (Consumer)
Ross Robertson (Consumer)
Jackie & Brian Taylor (Consumers)

WELCOME

Mrs Rupp (Chair) declared the meeting open, as a quorum existed
and she welcomed all those present.
The Zoom Attendees introduced themselves to those also
attending online via Zoom, with assistance from Zoom Host (Louise
Holmes – Red Office), and Chair announced their names to all
attending in person.


Chair

Mrs Rupp informed attendees that Consumers could speak at the meeting and may only vote on specific resolutions; appointing the Auditor and the fixing of their fees and expenses.

Mrs Rupp introduced two past Chairs of the Company in attendance - Messrs G Calvert, and P Muir.

Mr Vern Dark - Counties Energy (Board Chair) had given his apologies, as had Mr Hamish Stevens. Mrs Rupp introduced two Company Directors appointed to the Board 18 months ago, Messrs K Watson and B Iosefa, each of whom gave a brief overview of their involvement on various Boards together with their background and experience that contribute to their Directorship roles with Counties Energy.

The Trustees were introduced, including newly elected Trustee, Mr M Marr, who will replace Mr D Spratt who did not seek re-election after a term of four years.

Mrs Rupp next introduced the Company's Management Team.

MINUTES

Resolution

Moved Mr D M Spratt
Seconded Mr D W Thomson

That the minutes for the Twenty Fifth Annual Meeting of the Trustees and Beneficiaries of Counties Power Consumer Trust held on 22 September 2020 having been circulated and taken as a true and correct record at a meeting of Trustees held on 22 October 2020, now be confirmed.

CARRIED UNANIMOUSLY

ANNUAL TRUSTEES' REPORT

Mrs Rupp took the position that all present will have read the circulated narrative of the Annual Report and explained that the report will be discussed informally, once the formal part of the meeting has concluded.

Moved Mr D W Thomson
Seconded Mr A D Eyes

That the Annual Report for the year ended 31 March 2021 be received.

CARRIED UNANIMOUSLY

FINANCIAL STATEMENTS AND AUDITORS REPORT

Resolution

Moved Mr D M Spratt
Seconded Mr D W Thomson

The Financial Statements for the year ended 31 March 2021 of Counties Power Consumer Trust had been circulated to meeting attendees, and had been made publicly available from 24th August, via both the Trust's office and its website.

CARRIED UNANIMOUSLY


Chair

**APPOINTMENT OF
AUDITOR**

Resolution

Mrs Rupp introduced Mr Steve Hayes (Managing Partner, RSM Hayes). The incumbent audit firm, RSM Hayes Audit, indicated they were available for reappointment.

Moved Mr G Cousins

Seconded Ms S Arnet

That RSM Hayes Audit be appointed as the Trust's Auditor for the ensuing year.

CARRIED WITHOUT DISSENT

**REMUNERATION
AND EXPENSES OF
AUDITOR FY 2022**

Resolution

Moved Ms T Cousins

Seconded Mrs S Beston

That the fees (including expenses) of RSM Hayes Audit be fixed at \$21,850.00 including GST, for the audit of the Consolidated Financial Statements for the year ending 31 March 2022.

CARRIED WITHOUT DISSENT

**REMUNERATION OF
TRUSTEES**

Resolution

Moved Mr D W Thomson

Seconded Mr P S Beston

That, effective 1 January 2022, the base annual remuneration of Trustees is increased by 5% from \$96,000 (excluding meeting fees) to \$100,800 (excluding meeting fees), to be divided by the Trustees as they see fit; and meeting fees, including special events as approved by the Trustees, be increased by \$20 per meeting to each attending Trustee from \$280 to \$300, with the Chair of the meeting receiving an increase of \$50 per meeting from \$50 to \$100.

CARRIED UNANIMOUSLY

SPECIAL BUSINESS

Any matter, other than those attended to above, is deemed to be special business and which requires no less than 28 days notice in writing to the Secretary. The Secretary advised he had received no such notice.

**ANNUAL TRUSTEES'
REPORT (continued)**

Mrs Rupp stated that the five elected Trustees hold 100% of the Company shares in trust for the present and future Consumers. She gratefully acknowledged the availability of Mr Vern Dark (Company Chair), the Board Directors and Management Team to consult with over the course of the year.

Mrs Rupp considered it timely to restate the foundation of the Trust, which was formed from the old Franklin Electric Power Board, 26 years ago. The Beneficiaries of the Trust are those who are connected to the Counties Energy network.

She highlighted that the advantage of Trust ownership, is that as a connected Consumer, the Company is directed and managed, so that Consumers receive the benefits.




Compared with private ownership where the company is managed to maximise profits for those outside the area or outside of NZ.

Trust ownership of our network ensures the economic benefits remain in our area. Every 10 years the Trustees undertake an ownership review, which is presently underway for a report due next year. Consumers will have the opportunity to provide comments on the review, and to contribute their ideas.

One of the most important roles of the Shareholder Trustees is to appoint the Company Directors. Eighteen months ago, Mr Keith Watson and Mr Ben Iosefa were appointed for their proven leadership background in innovation and technology. The Trustees, however, have no power, no authority nor discretion to participate in the management of the Company. The Company's Board of Directors is responsible for the governance of the Company.

The Trust is supportive of the Company in its sponsorships, i.e. Counties Rugby, Northern Stars (netball), Glenbrook Christmas Train, Coastguard, Sunset Beach Lifesavers, Rural Agricultural Days, Schools, Swimming Lessons, etc.

The company is required by law to report its performance against targets in the Statement of Corporate Intent, and the Company granted discounts of \$12.5 million inclusive of GST in the calendar year ended 31 December 2020.

Growth in the Franklin area has seen an increase of approximately 1,000 Consumers in the past financial year with a total of 44,500 connections as at 31st March 2021.

It is considered that the annual discount is the most cost effective way to provide tax-free returns to the Beneficiaries. In the past year the Trust has worked with Conrad Harvey (Group CFO) to address the ongoing matter of GST raised by IRD as to the GST content of the annual discount.

The Trust regularly canvasses strategic issues with the Company Directors and makes submissions on Government proposals. Twice a year the Trust meets with Directors and Management Team to review the long-term strategy of the Company, and to consider technical advances, present and future impacts on the Company, and for the Trust ownership.

The Company provides a quarterly report, which is discussed openly with the Board and Management. There is open communication between the Trust, Board and Management, and with matters able to be discussed robustly, there are 'no surprises'.

Counties Energy holds 75% of ECL Group, of whom Mr Vivek Rajendran (ex Counties Energy) is now the Chief Executive.


Chair

During the year, the Trust secured, in conjunction with the Company, the property adjacent to Counties Energy, which was settled in June this year. The Company's portion is approximately 1/3 and the Company entered into a contract to lease and develop the remaining 2/3 land owned the Trust.

The Trustees believe this is a very good investment which had been negotiated approximately two years ago.

The growth in Franklin district continues to place great demand to provide electricity in an efficient and customer focussed manner. Lines prices have not been increased for six years, which is to be commended, but next year a small price increase is to be expected.

Last year the new Pokeno Substation was completed, and a \$40m upgrade to Bombay substation is planned and this will cover the area of Kaiaua, Mangatawhiri, Maramarua, and Drury. It is always a balancing act to provide a robust lines company to meet current needs as well as to provide for future demand and emerging technologies.

Over the years, the Company has been involved in emerging technologies and this has led to the Company name change to Counties Energy to better reflect the Company's status.

The Trust takes an active interest in considering broader industry and ownership issues through national organisation – ETNZ. (Energy Trusts of New Zealand).

There have been no Beneficiary requests for information through the year, and there have been no amendments to the Trust Deed. With the ownership review taking place next year, the Trustees feel that if any alterations are necessary, these will go out to Consumers for consultation.

In conclusion, Mrs Rupp stated that the Trustees will continue to monitor the Trust's investments with the objective to strive for the best outcome for Consumers.

She again thanked the Directors and Leadership Team, and the Staff who carry out the day-to-day functions. Most of the time it is the Staff who are the 'face' of the Company, especially dealing with outages and this has been a difficult time through Covid and dealing with stressed Customers.

Next, Mrs Rupp announced the retirement of Mr Norman Foote (Secretary) and thanked him for his four years of service, having taken over from the previous long-serving Secretary.

Mr Foote responded that he had taken pleasure in seeing the Company perform exceeding well in troubled times, to deliver it's service to the Community who are connected to it's network.

Lastly, Mrs Rupp farewelled resigned Trustee, Mr D Spratt.



Chair

Mr Spratt responded that he has a new appreciation of what it takes to 'keep the lights on'. He attributed the success of the Company to its talented Leadership, and focussed Trustees who have always have the Consumer in mind. They think about safety and pricing, as well as about the Company being a stable and long-term proposition to the benefit of its Consumers. He thanked the Company's Board and Management, and he especially thanked the Trust Chair, Mrs Rupp, for her incredible leadership.

The Chair invited the Company's Group CFO, Mr Conrad Harvey, to speak about Counties Energy.

Mr Harvey explained that the energy industry is fascinating, and there are many facets. He believes the Company is in a 'reset' position within the industry as to how they move forward with new technology. Mr Harvey reviewed another successful year against the backdrop of uncertainty and challenges during Covid times, citing that next year is expected to be more positive than the past two years, and he highlighted the following:

- The Leadership took immense pride in the way Staff responded to the impact of Covid on business operations, as well as the conscious awareness of the impact it was having on Customers – whether households or businesses.
- Teams worked diligently throughout the 'lockdown' in maintaining the network, trying to keep as many Customers connected at all times despite the challenges of changing Covid requirements and border restrictions. The Company had made a decision to keep clean work to a minimum during lockdowns, prioritising least disruption to Customers. Despite its best efforts there were still unplanned outages, and Mr Harvey explained that some were caused by cars hitting power poles, or were otherwise outside of the Company's control.
- In recognition of financial hardship faced by Consumers, the Company paid out 50% of the annual discount in June 2020 and the balance in December.
- The Company changed its name from Counties Power to Counties Energy, and this was associated with the Company's branding refresh to align with an update of the Company's values and to encapsulate the strategic direction into which the business is now headed, with a shift to a digitalised energy future offering energy solutions to solving Consumers complex energy needs.
- The Company continues to enjoy great success in many areas, however it remains focussed on lifting its performance in those areas where it believes it can make improvements and perform better.
- The vision of the business is that the Company is committed to enable regional growth on the network by enabling future development. This involves making strategic investments in the network, such as the indoor Pokeno substation. The Company strived to integrate the substation into the Community by making it visually appealing while it also comprises technology that is leaps and bounds ahead of historic substations.
- The \$40m investment in Barber Road, Bombay, represents a significant project that is currently under construction. It is a renewal asset to replace assets that have come to the end of their useful life, as well as an upgrade to

accommodate growth, which will cement the Company's 110kV strategy to complete the Eastern side of the network – a significant milestone.

- The Company has an Asset Management Plan which is reviewed each year and Mr Harvey confirmed the Company is still on a trajectory to complete the investments forecasted in prior years. In draft planning, some investment is being brought forward to earlier years to match increased growth. These investments will also provide future benefits, such as increased capacity and improved reliability. These significant projects are complex and will take time to complete.
- The Company is aiming to be the highest performing urban/rural electricity distributor in the country. At the same time the Company will never lose sight that at it's core will always be it's Staff, Customers, and the Community.
- Safety, as well as physical and mental wellbeing, is a top priority and the Company continually evaluates it's safety systems and procedures, and the Company is committed to it's goal to achieve zero harm. The Company reported 3 lost time injuries this year, compared with 8 last year. These are investigated and work practices are evaluated and updated as necessary. There is a good culture amongst the Staff with an awareness of safety and wellbeing.
- Fiscally, it was another strong year of results for Shareholders / Consumers, with revenue of \$135m, slightly up on last year, and ECL Group's unregulated revenue remained consistent with last year. Net Profit after Tax was \$16.3m. Profits have been reinvested into the new capital projects. Operating cashflow is \$30-\$35m while network investment commitment is \$55-60m over the next few years and is expected to continue to rise sharply. 2021 was the 7th year in a row that the Company held it's distribution component of it's line tariffs so that charges to Consumers are unchanged.
- On the regulatory front, Mr Harvey addressed:
 1. The industry-wide matter of GST on the annual discount and highlighted that this is a great example of where the governance structure is working well together at all levels towards a common goal.
 2. The government finalised it's electricity pricing review last year and there are a number of recommendations for the industry upon which the Company is committed to focussing, i.e. innovation, and working more closely with Customers. On this front the Company continues to work on it's 'Open Loop' platform and the re-use of second-hand Nissan Leaf batteries. This fits with the Company's priorities and commitment to being a good corporate citizen to help where it can, to be involved to meet the changing needs for the future.
- The Company is also committed to investigating solar solutions and opportunities for wind generation.
- Network performance, sustainability, security and reliability of supply always remain a critical consideration. Severe weather is always an issue. Out of zone vegetation is also a big issue and the Company does what it can that is within the rules. There is also the issue of cars vs poles, which on average is occurring once per week.

Mr Harvey concluded by looking to the future, that the Company wishes to maintain it's reputation for innovation, which is reflected in the Company's 'thinking' and also in the calibre of it's Directors, and translates into action. Technology is key in an evolving EV market that the Company is keen to be at the forefront of, in particular with Open Loop, solar, and the Company is investigating alternative generation

opportunities. Altogether, there is a bright future ahead. Customers continue to provide positive feedback on the interactive 'outages' app that was developed to give Consumers an up-to-date status of the network, and Mr Harvey encouraged those present to download it as well as visit their new website: www.CountiesEnergy.co.nz

Looking ahead for the next 12 months, the Company will have more focus on working towards an environmentally sustainable 'carbon zero' future and maintaining the level of investment needed in the network.

Mr Harvey proceeded to thank everyone all the Staff at Counties Energy for their contribution, and the Board for their guidance, as well as to the Trustees for their support and guidance. He farewelled Mr Spratt and acknowledged his contribution at strategy meetings; and took the opportunity to welcome Mr Marr as a newly elected Trustee.

In his final closing, Mr Harvey spoke of Mr Norman Foote's history with the Company, formerly, as it's past CFO, and latterly as Secretary of the Trust. Mr Harvey extended his personal appreciation to Mr Foote for 'coming out of retirement' to onboard Mr Harvey in his new role when he joined as CFO.

Mr Harvey also personally thanked the Company's CEO, Ms Judy Nicholl, and the Leadership Team, for a stellar year. He expressed that their high calibre and competence makes it a pleasure to come to work each day, and he looks forward to the next 12 months.

The Trust's Chair, Mrs C Rupp, thanked Mr Harvey for his enjoyable speech and for the information he shared.

Mrs Rupp asked if anyone from the floor had any questions for Trustees or Directors.

Questions included:

Mr Maurice Hoskins (Consumer, and ex-Employee of Counties Power)

1. Mr Hoskins shared that he was once a Planning Engineer and explained that he had read the Asset Management Plan and wished to pass on his congratulations for such a fine document – that this should be passed on to the Staff.
He asked if the plan could show future replacement or development of the long-term assets.
2. Mr Romi Patel, Consumer, questioned the necessity of the Company's rebranding, in light of the cost versus benefit. He quoted Sir Peter Blake (paraphrased) "Don't do anything that doesn't make the boat go faster". He thanked Mr Harvey for his explanation of the rebranding while emphasising that one of the requirements of the Trust is to ensure the value of the Company and the Company's objectives to maximise it's return to Shareholders is met. On this basis, he questioned as to how the Company's decision has 'made the boat go faster'?

Mr Harvey responded by thanking Mr Patel for his question, and confirmed that 'making the boat go faster' analogy helps to contextualize his answer, and he made the following points:



Chair

- o Part of the re-brand is due to the Company's future and forward-looking focus on where it is heading, strategically. One of the key things that has already been 'seen' by changing from Counties Power to Counties Energy is the opportunity to have more conversations with Consumers about smart energy solutions.
- o Although no revenue has yet been generated by the rebrand investment, it was also an opportunity to refresh it's brand and values.

Mrs Rupp further explained that the Company had made a presentation to the Trust on it's proposed branding refresh, and that the Trust were in full agreement that the branding refresh was needed to bring the Company into the 'new' world when comparing the old branding with the new. The Trust fully endorsed the decision made by the Company.

3. Mr Foote thanked the Red Office team, Sheena O'Flaherty, Louise Holmes and Scott Brunsdon for their expertise in onboarding the Secretarial role, including bringing systems up to date.

Next, as a Consumer, he questioned – in light of the name change - as to whether there has been any change to:

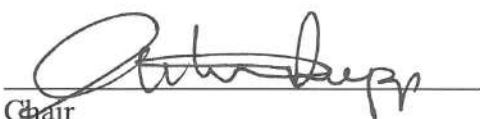
- (i) The rights of Beneficiaries;
- (ii) The annual discount

Mrs Rupp gave every assurance that there would be no changes to the rights of Beneficiaries or to the annual discount due to the cost of the Company's rebranding.

She thanked everyone for coming and invited everyone to stay for drinks and light refreshments.

The meeting concluded at 6.32pm

Read and confirmed this 29 day of August 2022.


Chair