

## DETAILED EXPLANATION

### 1 Proposed amendments in relation to meeting procedure

The company considers that it is desirable for its constitution to be updated to reflect new flexibility in relation to the meeting procedure for directors, shareholders, and the Shareholders Committee.

#### *Shareholder meeting procedure*

**1.1** In 2012, the Companies Act 1993 was amended to enable meetings of shareholders to be held through a combination of shareholders attending at a physical address and shareholders attending by audio, audio and visual or electronic means, with shareholders participating by any of those means being considered present and part of the quorum.

**1.2** The company's constitution currently only allows for a meeting to be held by shareholders attending **either** in person **or** via audio, audio and visual electronic means – but not a combination of both methods. The company considers it appropriate to take advantage of the legislative amendments and allow for shareholder participation through a combination of these methods. This would allow the company to hold a “hybrid” shareholder meeting if it wished, with shareholders being able to attend in person or electronically via a personal computer with a broadband connection.

**1.3** It is also proposed that the provisions in the constitution relating to voting, postal votes and proxies be updated to allow shareholders to participate electronically. Consistent with best practice and for the flexibility of shareholders, the proposed amendments to proxy voting allow for electronic submission of the prescribed proxy appointment form, which may be updated by the Board as appropriate for each annual general meeting.

**1.4** The proposed amended constitution will provide that shareholder participation by electronic means may only occur where the Board approves those means and where the shareholder, proxy or representative complies with any conditions imposed by the Board relating to that participation.

#### *Director meeting procedure*

**1.5** As with shareholder meetings, it is proposed that the provisions in the constitution relating to Board meetings be updated to clarify that a meeting can be held by a combination of attendance at a physical location and by contemporaneous linking together of telephone or other means of communication (including audio or audio-visual communication). The proposed amended constitution will clarify that directors can always participate via electronic means, if required, including when a director is absent from New Zealand or cannot attend the Board meeting in person.

#### *Written resolutions of the Board and Shareholders Committee*

**1.6** To provide greater flexibility in the manner in which written resolutions may be approved by the Board and the Shareholders Committee, the proposed amended provisions relating to written resolutions of the Board and the Shareholders Committee allow for directors and members of the Shareholders Committee to assent to written resolutions by electronic means (for example, confirming by email).

#### *Shareholders Committee meeting procedure*

**1.7** The proposed amended provisions relating to Shareholders Committee elections permit the usage of electronic voting forms as an alternative to physical voting forms and postal ballots. The process for conducting Shareholders Committee elections currently only contemplates the usage and distribution of physical/paper voting forms. The proposed amended constitution would allow those shareholders who have consented to receive communications from the company by electronic means to receive their voting forms in their preferred way.

*Threshold for calling meeting of shareholders*

- 1.8** The proposed amended constitution also clarifies that a meeting of shareholders may be called by written notice of such request to the Shareholders Committee by shareholders holding no less than 5% of the rebate shares on issue.

*Methods of giving notices*

- 1.9** It is proposed that the provisions in the constitution relating to a notice of meeting (of the shareholders and the Board) be updated to allow for that notice to be delivered to intended participants either by post or electronic means, including by email, which the shareholder or director has provided to the company for that purpose. The proposed amended constitution will remove the requirement of the company to deliver notices by post to shareholders or directors who do not have a registered address in New Zealand or have notified the company they will be absent from New Zealand.

- 1.10** The proposed amended constitution will also allow for the notice of resignation of directors to be delivered to the company by modern methods of delivery, including by email, rather than outdated methods such as by telegram and facsimile.

**2 Proposed amendments to the payment of dividends and rebates**

- 2.1** The proposed amended provisions relating to the manner of payment of a dividend and a rebate are updated to reflect modern methods of payment typically used day-to-day by shareholders. In particular, the removal of cheques as a method of payment recognise that cheques have generally been discontinued in New Zealand and are no longer reflective of common practice.

**3 Proposed amendments to appointments and nominations**

*Director appointment*

- 3.1** The proposed amended provisions relating to the appointment of directors by the Shareholders Committee are updated to require in the Board composition, a minimum of three directors from within the District and a maximum of three directors from outside the District. The Board composition under the company's constitution currently requires a minimum of two directors from within the District and a maximum of two directors from outside the District. The company considers the proposed Board composition, by ensuring at least a majority of the Board to be composed of directors from within the District, would reflect a fairer representation of the needs and interests of the company than the existing provisions.

- 3.2** For the appointment of a director who is or was an employee of the company, the proposed amendments would require a three-year standdown period. This proposed standdown period seeks to balance the ability of employees to become a director, with the need for directors to be appropriately independent.

*Shareholders Committee appointment*

- 3.3** As with director appointments, for the appointment of a member of the Shareholders Committee who is or was an employee or director of the company, the proposed amendments would require a three-year standdown period. This proposed standdown period is intended to ensure appropriate independence of those appointed as members of the Shareholders Committee, and therefore applies to spouses of the employee or director being considered for appointment as a member of the Shareholders Committee.

- 3.4** The proposed amended provisions relating to Shareholders Committee appointment further clarify that a person who is a director of a retailer, generator, or trader in electricity may not be appointed as a member of the Shareholders Committee.

*Shareholders Committee nomination*

- 3.5** It is also proposed that the provisions relating to Shareholders Committee rotations and election procedures be updated to clarify that the two longest-serving members are required to retire (and, if certain directors have the same tenure, then which of them is required to retire shall be determined by lot).
- 3.6** The proposed amended provisions further clarify the Shareholders Committee election procedures to be followed, including in relation to the notices of any director retiring by rotation and vacancies. Clearer election procedures ensure consistency and transparency in the process for nominees and shareholders.
- 3.7** For notices of director nominations to the Shareholders Committee, the proposed amended provisions provide clearer requirements to enable shareholders to make informed decisions, including requirements that the notice be signed, be accompanied by the nominee's consent, and include information about the nominee's qualifications and whether they are a farmer within the District.

**4 General modernisation of provisions**

*Outdated legislation references*

- 4.1** It is proposed that any references in the constitution to any outdated legislation (now repealed and replaced) be updated with references to the equivalent replacement legislation. The proposed amended constitution will, as appropriate, provide for defined terms within the constitution to cross-refer to the corresponding definition in the relevant legislation.

*General improved consistency*

- 4.2** The proposed amended constitution will reflect the witnessing requirements under the Companies Act 1993 when entering into a contract or other enforceable obligation by the company. The company's constitution currently contemplates that any two persons authorised by the Board may execute deeds on behalf of the company, but does not require that their signatures be witnessed. The proposed amendments will clarify that the signatory's signatures must be witnessed in accordance with requirements under the Companies Act 1993.
- 4.3** The proposed amended constitution also clarifies any drafting inconsistencies or removes any duplicative provisions that are captured or exist elsewhere in the company's constitution. Removing such inconsistencies and duplication helps to streamline the company's constitution and clarify any confusion that may arise from inconsistent or duplicative provisions.

**ANNUAL REPORT**

Notice is hereby given that the Annual Report for Electricity Ashburton Limited trading as EA Networks (NZBN 9429039316172) for the year ended 31 March 2024 was published online at [eanetworks.co.nz/disclosures](https://eanetworks.co.nz/disclosures) (under "EA Networks Financial Reports").

You may access and download a copy of the Annual Report electronically from the above website, free of charge.

Alternatively, if you wish to receive a hard copy by post, free of charge, please contact General Manager, Finance, of the company at [enquiries@eanetworks.co.nz](mailto:enquiries@eanetworks.co.nz) or 0800 430 460 / +64 (3) 307 9800 within 15 working days. In accordance with section 209 of the Companies Act 1993, EA Networks will post a hard copy of the Annual Report and Summary Annual Report only to those shareholders who elect to receive it.