

Shareholders' Committee – Conflict of Interest Policy

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ISSUE DETAILS	
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Approved By:	Shareholders' Committee at meeting held on 13 February 2026
Policy Review Date:	Two years after the Effective Date, although it may be reviewed and amended earlier, for example if required by regulatory changes

Shareholders' Committee Conflict of Interest Policy

This policy (the **Policy**) was implemented on and from 13 February 2026.

1. Purpose

1.1 This Policy sets out the framework for identifying, disclosing, and managing conflicts of interest affecting the Shareholders' Committee (the **Committee**) established under the Terms of Reference to provide governance oversight of Central Districts Water Limited (the **Company**), including its delivery of water, wastewater and stormwater services (the **Water Services**) in the Horowhenua, Palmerston North and Rangitikei District.

1.2 The purpose of this Policy is to:

- (a) outline a framework to identify, disclose and manage conflicts of interest;
- (b) establish the Committee's obligations and expectations in relation to conflicts of interest; and
- (c) foster public confidence in the integrity, impartiality and fairness of decision making by the Committee by promoting a culture where conflicts of interest are properly identified, disclosed and managed in a fair, transparent, accountable and impartial manner.

1.3 This Policy deals with situations in which all members (**Members**) and alternates (**Alternates**) of the Committee, and other individuals covered by this Policy, may have an actual, perceived or potential conflict of interest between their role with the Committee and their personal interests.

1.4 This Policy aligns with and should be read in conjunction with the Committee's Terms of Reference, the Company's Constitution, and any standing orders, confidentiality protocols, or code of conduct adopted by the Committee.

1.5 In the event of an inconsistency between this Policy and any standing orders adopted under the Terms of reference, the Code will prevail.

2. Scope

- 2.1 This Policy applies to the following individuals participating in Shareholders Committee business (referred to as **Individuals**):
- (a) Members appointed by the Shareholders, both Council representatives and Mana whenua representatives (the **Members**), and their respective alternates (the **Alternates**).
 - (b) The Independent Chair of the Committee.
 - (c) Any individual acting under the authority of, or reporting to, the Committee in connection with Committee business (including when engaging with the Company).

3. Principles & Values

- 3.1 This Policy is based on the following principles:
- (a) integrity;
 - (b) honesty;
 - (c) transparency;
 - (d) openness;
 - (e) independence;
 - (f) good faith; and
 - (g) service to customers and the public.
- 3.2 This Policy provides guidance to deal with conflicts of interest as they arise but is not exhaustive. It is not wrong or unethical to have a conflict of interest, it is however important that it is appropriately disclosed and managed.
- 3.3 The Committee is committed to ensuring that its public decision making and actions are procedurally fair and free from bias or predetermined outcomes.

4. Definitions and description

- 4.1 A conflict of interest arises when the personal interest of a covered Individual conflicts with, or could reasonably be perceived to conflict with, their responsibilities in relation to Committee business.

4.2 Personal interests may be pecuniary or non-pecuniary.

- (a) **Pecuniary:** a pecuniary interest refers to an actual or potential financial gain or loss for the Individual, their appointing Shareholder, their Iwi, or to family members or close associates.
- (b) **Non-pecuniary:** a non-pecuniary interest refers to an interest that is not financial or monetary but arises from such things as personal or professional relationships, beliefs or involvement in social, cultural, religious or sporting activities.

4.3 A conflict of interest may be actual, perceived or potential.

- (a) **Actual:** a direct conflict exists now.
- (b) **Perceived:** a perceived conflict of interest occurs when a reasonable person, knowing the facts, would consider that a conflict of interest may exist, whether or not this is the case. A perceived conflict is just as important as an actual conflict.
- (c) **Potential:** a personal interest could foreseeably conflict with the Committee's responsibilities in the future.

4.4 A conflict of interest extends to an Individual's appointing Shareholder, their Iwi and family members and close associates.

- (a) Family member: spouse/partner, parents, siblings and children.
- (b) Close associates: questions of judgement and degree arise when considering friends and other associates. Simply being acquainted with someone, or having worked with them, or having had official dealings with them, will not usually create any problem. However, a longstanding, close, or very recent association or dealing might. The key test is to consider how a reasonably informed third party would view the situation.

4.5 In this Policy, **Secretariat** means the body, person or persons providing logistical and administrative support to the Committee, as made available by a Shareholder or the Company from time to time.

5. Roles and Responsibilities

5.1 Individuals must be alert to possible situations where they have or could be perceived to have an opportunity to gain or benefit.

5.2 The Secretariat will be the key point of contact that is responsible for:

- (a) maintaining the Interests Register;

- (b) ensuring Individuals have completed the Interests Register;
- (c) review the mitigating actions;
- (d) training and support; and
- (e) handling breaches and complaints.

5.3 **Members and Alternates:** Remain alert to actual, perceived, or potential conflicts and disclose promptly. Must comply with mitigation measures, update disclosures as circumstances change, complete annual declarations and meeting-by-meeting confirmations.

5.4 **Invited observers/advisers:** Disclose any relevant conflicts and comply with any participation limits set by the Chair.

5.5 **Appointors:** Support representatives to comply with this Policy and to disclose relevant appointor-level interests when they are or may be relevant to Committee matters.

6. **Additional Information – Guidelines**

6.1 A conflict of interest may affect an Individual's judgement as to what is in the public interest or may lead to a bias in their decision making. It is not always possible to avoid a conflict of interest. It is important that any actual, perceived or potential conflict of interest is identified, disclosed and effectively managed (including avoided if possible).

6.2 Identifying a conflict of interest:

- (a) A conflict can arise in a number of situations and is often not clear. If an Individual is unsure whether a situation gives rise to a conflict, they should seek advice from the Chair of the Committee or the Secretariat. If the Individual is unsure as to the existence of a conflict, it is better to err on the side of openness when deciding and to declare the interest anyway.
- (b) Written disclosure of a conflict of interest should be made at the earliest possible opportunity after the conflict arises and must be made within seven days. Conflicts of interest should be recorded in the Committee's Interests Register maintained by the Secretariat.

7. **Disclosing a Conflict of Interest**

7.1 Conflicts of interest can arise at any time. Individuals need to remain ever alert to this possibility. In the event a conflict is identified, Individuals are required to disclose a conflict to the Chair of the Committee and the Secretariat immediately.

This enables the Chair of the Committee to ensure appropriate mitigating actions are in place at the earliest possible stage.

- 7.2 Individuals are to notify and obtain authority of the Chair of the Committee before proceeding with the proposed activity.
- 7.3 Conflict of interest will be a standing agenda item on the agenda for meetings of the Committee allowing for further opportunity for disclosure.

8. **Managing a Conflict of Interest**

- 8.1 Once an actual, potential or perceived conflict of interest has been identified and declared, the Chair of the Committee will work with the Individual to determine whether a conflict exists, the significance of the conflict, if it can be managed and/or what mitigating action should be applied. Such decisions will usually be made following discussion with the Individual.
- 8.2 Assessment of any conflict will consider a number of factors such as:
 - (a) the nature and extent of the interest;
 - (b) identification of affected persons;
 - (c) the significance of the decision or activity being carried out by the Committee;
 - (d) the involvement of the Individual in the activity or decision;
 - (e) public perception; and
 - (f) likely outcomes arising from the conflict of interest.
- 8.3 In general, there are five main actions that may be taken:
 - (a) **Remove:** Remove the Individual from all involvement with the conflict. In severe cases, the Individual may need to be removed from their role with the Committee if the conflict cannot otherwise be managed.
 - (b) **Restrict:** Restrict an Individual's involvement to certain tasks or responsibilities.
 - (c) **Relinquish:** Relinquish the private interest that is creating the conflict.
 - (d) **Review:** Review or oversight of the task is completed by third party.
 - (e) **Retain:** Retain the conflict (i.e. simply being aware the conflict exists but no action required) by recording in the Interests Register and revisiting the conflict if necessary.

- 8.4 Some situations will need to be the subject of discretionary judgements as and when they arise. Conflicts of interest sometimes cannot be avoided, and can arise without anyone being at fault, but they need to be managed carefully. When a conflict arises, an Individual should contact the Chair of the Committee immediately to discuss further action.
- 8.5 When exercising judgement, the Committee needs to consider the significance of the conflict (likelihood and consequence of the conflict occurring) and the range of mitigating options available.
- 8.6 One or more of the above actions may be implemented at the Committee's sole discretion, and this will depend on the nature and seriousness of the conflict. If the Committee determines that there is a conflict, and identifies action to manage that conflict, it is expected that the Individual will take all reasonable steps to comply and work with Committee to manage the conflict. Any failure to comply by the Individual may be treated as a breach of this Policy.

9. Interests Register

- 9.1 If an Individual believes that they have a conflict of interest or wishes to make a general disclosure, they should discuss the matter with the Chair of the Committee and the Secretariat.
- 9.2 The interest or declaration will be added to the Committee's Interests Register, which is a confidential register maintained by the Secretariat and used to assist determinants for mitigating conflict of interest risks.
- 9.3 Individuals are reminded that a conflict of interest relates to Individuals as well as their family members and close associates.

Date of Entry	Conflict	Nature of conflict	Type of conflict	Mitigation

10. Examples of Conflicts of Interest

- 10.1 The following list is illustrative only and is not exhaustive, it may be amended at any time. Conflicts can arise from:
- (a) An Individual's financial or business affairs.
 - (b) An appointing Shareholder's or Individuals' Iwi's financial or business affairs.
 - (c) A relationship (family or otherwise).

- (d) An opinion or view held by the Individual.

10.2 The following provides some examples of common conflicts of interest:

- (a) Being actively involved in external interest groups that have an interest in water services. This includes political, economic or environmental interest or lobby groups.
- (b) Expressing strong or biased personal opinions in the media about activities affecting water services.
- (c) Selecting a supplier in which an Individual, an appointing Shareholder or Individuals' lwi has a direct or beneficial ownership interest.
- (d) Owning shares in, assisting with governance of or working for an organisation that has or may have dealings with the Company.
- (e) Conducting business on behalf of the Company with an affiliate's company.

11. **Restricted and Prohibited Activities**

The following outlines some activities which the Committee has identified as being prohibited. A second category of restricted activities is also identified. These activities require discussion with the Secretariat and may be permitted on a case by case basis. This is not an exhaustive list.

12. **Prohibited Activities**

Individuals of the Committee cannot influence or be involved in:

- (a) Accepting any gift of cash or cash equivalents of any value in relation to the performance of their duties. Any offer of such a gift must be reported immediately to the Chair of the Committee.
- (b) A decision to conduct business with an appointing Shareholder or Individuals' lwi or a close associate or family member.
- (c) Awarding grants or contracts to applicants with whom they have a personal association.
- (d) Any decision where they have a personal or external business association with an interested party.
- (e) Investigating a complaint where the Individual has a personal or external business association with the complainant or the person or entity complained about.

- (f) Directing Shareholder resources to influence an external entity's development where they, their close associates or family members, are directors or shareholders of that entity.

13. Restricted Activities - Notification

13.1 Individuals must notify the Chair of the Committee if the Individual:

- (a) Has an interest in or works for organisations that deal directly with the Company or have a significant influence on the Company's activities.
- (b) Makes public submissions to the Company or a local authority in a private capacity. Submitter names are generally publicised. This may give rise to a conflict of interest depending on:
 - (i) the functional position held by the submitter;
 - (ii) the nature of the submission; and
 - (iii) the submitter's involvement in making decisions in respect of the content of their submission.

13.2 It is requested that Individuals notify the Chair of the Committee if they or their appointing Shareholder or their Iwi intend to make submissions to the Company, or to a local authority relating to water services. This allows proactive management of perceived or actual conflicts of interest.

13.3 Individuals should also use their judgement to determine whether they need to disclose submissions made to other organisations (for example, to central government) and whether to notify the Chair of the Committee of any involvement in lobby groups or other political activity.

14. Adoption, Review and Amendment

14.1 This Policy takes effect upon adoption by the Committee. It remains in force until amended or replaced by the Committee.

14.2 The Committee should review this Code as soon as practicable after the beginning of each triennium or upon material changes to the Terms of Reference, Company Constitution, or relevant legislation, to ensure continued alignment with governance objectives and best practice.