

# Conflicts of Interest Policy



## Staff and Directors

Category: Governance		Contact: Chief Executive/GM Corporate Services
Approval: Board		
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### 1. Purpose and Scope

As the industry body under the Gas Act, Gas Industry Company must avoid actual or potential perceived conflicts of interest, including to meet relevant requirements of the Gas Act 1992 ('the Act') and the Company's Constitution.

This Policy should be read in conjunction with the:

1. Gifts and Hospitality Policy; and
2. Confidential Information and Privacy Policy.

### 2. Roles and Responsibilities

Section 3 applies to Company employees, while section 4 applies to the Board.

### 3. Employee Policy

Employees will immediately inform the Chief Executive in writing if they propose to enter (or have entered) into any business arrangement or have personal interests that might conflict, or might reasonably be expected to conflict, with the Company's business or might affect the full, effective, and impartial discharge of the employee's obligations with the Company.

For the purposes of this Policy, a conflict of interest is defined as a circumstance where a material interest of the employee (be it a personal, financial, or other interest, and whether direct or indirect) is, or might be, in conflict with the employee's employment obligations.

Whether an interest is 'material' is determined by asking the question: *Is the interest held by the employee so remote or insignificant that it cannot be reasonably be regarded as likely to influence the employee in carrying out his or her responsibilities as an employee of Gas Industry Co?*

Of particular importance to the Company are conflicts of interest in industry participants (as that term is defined in Part 4A of the Act). In general, employees should normally aim to hold no interest, or otherwise not to knowingly accumulate, a significant interest in an industry participant - including one which may approach a "material interest".

The Company deems that a conflict of interest will always exist when an employee has a material financial interest in an industry participant or is otherwise directly or indirectly materially interested in an industry participant. The following examples particularly apply:

1. **Any shareholding in an industry participant;**
2. **An intimate relationship that the employee may have with an employee or director or a person with a financial interest in an industry participant; and**

### 3. Any informal or formal employment offer received by an employee from an industry participant.

Further examples of conflicts of interest could be (these are not exhaustive):

- Having material investments, such as shareholdings, in entities that are likely to be significantly affected by the decisions of the Company; and
- Any business or personal interests that conflict with the ability and availability of the employee to undertake the work the Company requires them to perform to the required professional standards.

Employees are also prohibited from trading based on knowledge of a related, but different, company (eg a client, supplier, or competitor).

The Chief Executive will determine whether an actual or potential conflict of interest exists and what steps are required to be put in place to manage it.

If requested by the Chief Executive, the employee must divest or otherwise remove the interest causing the conflict.

No compensation will be provided to an employee by the Company for any loss suffered as a result of the required divestment.

## 4. Directors Policy

The Act and the Company's Constitution recognise that industry-associated directors will have interests in industry participants.

The Board recognises the requirements under the Act and the Constitution for Independent Directors to:

1. Have no material interest in an industry participant (as that term is defined in the Act);
2. Not be a director, **member**, employee, or trustee of an industry participant, and
3. Not be otherwise directly or indirectly materially interested in an industry participant.

Having received independent legal advice<sup>1</sup>, the Board considers that for the purposes of this Policy:

1. The requirement not to be a **member** of an industry participant precludes shareholdings in Independent Directors' own names (including individually, jointly or as a trustee).
2. That it will not always be possible for Independent Directors to determine with certainty at any given time who is an industry participant. Management is to provide a quarterly report giving the best available list of industry participants, so that Independent Directors can review their affairs and confirm that they remain independent.

Subject to the specific context at hand, an interest (in the general sense of the word) will not be a 'material interest' if it is *so remote or insignificant that it cannot reasonably be regarded (on an objective basis) as likely to influence the director in carrying out his or her responsibilities as such.*

If any question arises as to whether an Independent Director has, or might acquire a material interest, the Chair is to instruct the Company to obtain external legal advice to use the above criteria to advise whether a material interest exists. If it does, the Independent Director will

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<sup>1</sup> Simpson Grierson: 13 May 2014

need to declare that interest and decide whether to divest the interest or to step down from the Board.

All Directors are otherwise to declare any interests in accordance with the Board's normal processes, including for the purpose of inclusion in the Interests Register and external reporting.