

Board Meeting Agenda (open)

Auckland Future Fund Trustee Limited

Date: 31 October 2024 starting at 9:15am

Location: 135 Albert Street, Level 14, Room 6

Board: Christopher Swasbrook (*Chair*)
David Callanan (*Director*)
Craig Stobo (*Director*)

Attendees: Cr Christine Fletcher (*Lead Councillor*)
Ross Tucker (*Group Chief Financial Officer*)
John Bishop (*Group Treasurer/Lead Officer*)
Bram van Melle (*Associate General Counsel – Commercial*)
Megan Holley (*Treasury and Investments Relationship Manager*)

#	Agenda Item	Attachment
	<i>Open procedural Items</i>	
1	Introduction/Karakia	-
2	Apologies	-
3	Declaration of director interests register	A
4	Confirmation of the 27 September 2024 meeting minutes	B
5	Health and safety	-
6	Public input (if any)	-
7	Forward work programme and meeting schedule 2024-2025	C
	<i>Open Items for discussion/decision making</i>	
8	Statement of Intent 2024-2027 adoption	D & E
9	Directors and Officers Liability Insurance (D&O) (John Bishop)	F, G, H & I
10	Liquidity Support Facility - Draft Indicative Term Sheet (John Bishop)	J
11	Other business (if any)	-
	<i>Procedural motion to exclude the public</i>	
	<i>Confidential items for discussion/decision making</i>	
C1	Commercial activities	Confidential A-D
	Closing/Karakia	-

1. Introduction/Karakia

Board meetings are opened with a Karakia, followed by any remarks the chair wishes to make.

*Whakataka te hau ki te uru
Whakataka te hau ki te tonga
Kia mākinakina ki uta
Kia mātaratara ki tai
E hī ake ana te ata kura
He tio, he huka, he hauhu
Tīhei mauri ora!*

2. Apologies

At the time of publishing the agenda, no apologies have been received.

3. Declaration of Director Interests Register (see attachment A)

At each board meeting directors are asked to confirm any relevant interests they have so the register can be maintained and potential conflicts managed. The directors are also asked to identify any potential or perceived conflicts that might arise regarding any of the items on the agenda. Note, the register has been reviewed by Simpson Grierson.

Recommendations

- a) That the Board confirms any additions, deletions or corrections to the director interests register (noting that the register does not need to include interests arising from the purchase of regular services such as utilities and travel providers)**
- b) That the director interests register be attached to the minutes of the meeting.**

4. Confirmation of the 27 September 2024 meeting minutes (see attachment B)

Confirmation that the minutes of the previous board meeting are a true and correct record of the decisions and proceedings of the meeting.

Recommendation – That the board confirm the minutes of its meeting held on 27 September 2024 as a true and correct record.

5. Health and safety

Opportunity to raise any health and safety information or concerns affecting the board or board activities.

Recommendation – [this will depend on whether anything is raised and the nature].

6. Public input (if any)

At the time of publishing the agenda, the board has received no notification for public input.

Recommendation – [this will depend on whether anything is raised and the nature].

7. Forward work programme and meeting schedule 2024-2025 (see attachment C)

In accordance with best practice, the Board will review its forward work programme at each meeting to ensure it remains relevant and can be adapted to changes in the Company or the Trust's requirements or risk profile.

At this meeting, the Board are also requested to agree Board meeting dates for the remainder of 2024 and all of 2025, to be entered into the forward work programme.

Recommendations

- a) That the board approves the forward work programme.**
- b) That the Board agree the meeting dates for the remainder of 2024 and all of 2025.**

8. Statement of Intent 2024-2027 adoption (see attachments D & E)

At the Board meeting on 27 September 2024, the board approved the draft statement of intent and for it to be provided to the Governing Body for shareholder approval.

Branding/design work was applied to the draft SOI approved by the Board before the SOI was provided to the Governing Body. Minor editorial changes were also made and approved by the Chair.

On 24 October, the Governing Body approved the final SOI and thanked the Chair and Directors for accepting their positions (**attachment D**). The SOI (**attachment E**) can now be adopted by the board.

Recommendation – That the Board adopts the final Auckland Future Fund Trustee Limited Statement of Intent 2024-2027.

9. Directors and Officers Liability Insurance (D&O) (see attachments F, G, H and I)

The Directors are required to approve a placement of D&O insurance for AFFTL.

Two formal quotes for coverage have been received from the Auckland Council Group's broker, AON. They relate to side A and side B (defence costs) coverage. The council has not sought cover for side C (entity coverage) which is consistent with D&O cover for the council's other CCOs.

AON's summary and analysis of the quotes received is outlined in **attachment F**. The detailed individual quotes are provided as **attachments G** (BHSI) and **H** (Vero).

Insurer(s)	BHSI/QBE (50% each)	Vero
Limit – Side A	\$20 million	\$20 million
Limit – Side B	\$10 million	\$10 million
Deductible	\$50,000	\$25,000
Premium	\$75,000	\$60,000

It is suggested that coverage be placed through to 30 June 2025:

- to align with the renewal date of council’s other insurance policies
- because this date is likely to be a good time to reconsider the limit given the activities of AFTL is likely to be more of a “steady state” operation by this stage.

The quotes above are annualised figures and will be pro-rated for a partial year placement.

The BHSI/QBE quote may have generally slightly more comprehensive wording, however the Vero premium is cheaper with a lower deductible.

Auckland Council Group Treasury have reviewed the quotations, and also considered the limits and premiums paid by other Auckland CCOs and believe that the cost of effecting the insurance is fair to the company. Auckland Transport, Tātaki Auckland Unlimited and Eke Panuku are on the Vero Wording, Watercare are with BHSI.

Simpson and Grierson have provided a Directors’ Certificate (**attachment I**) for AFTL directors to sign, as required by the Companies Act 1993.

Recommendations – That the Board

- approve placing Directors and Officers with Vero with a limit of \$20 million (side A) and \$10 million (side B) for an annualised premium of \$60,000***
- confirm***
 - (Insurance): The Company is authorised to implement Directors and Officers Insurance with Vero on the terms and conditions presented to the meeting pursuant to section 162(5) of the Companies Act 1993 and clause 9 of the Company’s constitution, subject to the directors of the Company each signing a certificate for the purposes of section 162(6) of the Companies Act 1993***
 - (Disclosure of Interests): Each directors’ interest in authorising the effecting of insurance will be noted in the interests register of the Company pursuant to section 162(7) of the Act.***
- sign the Director Certificate (attachment I), in conjunction with these resolutions.***

10. Liquidity Support Facility – Draft Indicative Term Sheet (see attachment J)

The Auckland Future Fund Policy in the Auckland Council Group Long-term Plan 2024-2034, states:

“In consideration of council capitalising the Fund, the Trustee shall provide liquidity support to council on the following basis:

- *There shall be no commitment fees or margin payable for the existence of the liquidity support facility.*

- *Liquidity support shall otherwise be on arms-length terms including interest payable at a rate of BKBM (benchmark interbank interest rate in New Zealand) plus 200 basis points on any drawdowns.*
- *Appropriate documentation shall be entered into between the Trustee and council to document the terms of the facility.”*

Accordingly, a draft term sheet (**attachment J**) has been prepared by the council and Mayne Wetherell for the Board’s review.

Recommendation – That the Board review and request independent legal advice on the draft indicative term sheet.

11. Other business

Opportunity to address any other business raised that is not already on the agenda and is either for information only or requires an urgent decision.

Recommendation – [this will depend on whether any other business raised and its nature]

Procedural motion to exclude the public

Recommendation - The board resolves to exclude the public from the following part(s) of the proceedings of this meeting.

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution follows.

This resolution is made in reliance on section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected under section 6 or section 7 of that Act which would be prejudiced by the holding of the whole or relevant part of the proceedings of the meeting in public, as follows:

C1. Commercial activities

The reason for passing the resolution in relation to each matter	Particular interest(s) protected (where applicable)	Ground(s) under section 48(1) for the passing of this resolution
The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.	s7(2)(h) - The withholding of the information is necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities.	s48(1)(a) - The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.

Director Interests as at 27 September 2024

Member	Interest	Company/Entity
Christopher Swasbrook	Chair/Director	Auckland Future Fund Trustee Limited
	Board Member	Financial Markets Authority (FMA)
	Managing Director and Shareholder	Elevation Capital Management Limited (ECML) – FSP # 9601 – MIS Licensed Manager
	Director and Shareholder	Bethunes Investments Limited – principal investment (15%) SwimTastic Limited
	Director	Holland Family Stonebridge Holdings Limited
	Director	NZX-Listed New Zealand Rural Land Company Limited
	Director	NZRLC Dairy Holdings Limited (NZL subsidiary)
	Director	McCashin's Brewery Limited
	Director and Shareholder	EC Management Limited
	Director and Shareholder	Elevation Capital Funds Management Limited (FSP# 1007386) – MIS Licensed Manager
	Director and Shareholder	Elevation Capital Securities Limited
	Director	SSP NI Limited (NZL subsidiary)
	Chair	Auckland Art Gallery Advisory Board
	Investment	Elevation Capital Global Shares Fund via ECML
	Investment	New Zealand Rural Land Company shares & warrants (NZL.NZX) via ECML
	Investment	ECML Clients have holdings in various NZX, ASX and global companies – No client holds AIA shares.
	Banking	HSBC, Westpac, ASB
	Insurance	Vero, Berkshire Hathaway, Star, Partners Life, NIB, Fidelity Life, Southern Cross, AXA XL.
	KiwiSaver	SuperLife (NZX) – US500 Fund
	Past	NZX Listed - Allied Farmers
	Directorships/Memberships	NZX Listed - Satara Co-operative Group – now part of Eastpack
		TIL Logistics Group Limited (formerly Bethunes Investments and before that Mowbray Collectables)
		New Zealand Rural Land Management Limited
		New Zealand Markets Disciplinary Tribunal (2013-2022)
		ALF Nominees Limited
		Clearwater Hotel 2004 Limited
		Lifestyles of New Zealand Queenstown Limited
		LONZ 2008 Holdings Limited
		LONZ 2008 Limited
		NZ Farmers Livestock Limited
		NZ Farmers Livestock Finance Limited
		QWF Holdings Limited
		Rural Funding Solutionz Limited

Member	Interest	Company/Entity
		UFL Lakeview Limited
		5M No. 2 Limited
		NZRegCo Listing Subcommittee (2008 – 2023)
		SwimTastic Limited & MRA Liquidation Limited
		SSL Liquidation Co Limited
		Ruapehu Alpine Lifts (RAL)
	Past Employment	Goldman Sachs JBWere (NZ) Limited 1997-2006
		ANZ McCaughan Securities Limited 1995-1997
David Callanan	Director	Auckland Future Fund Trustee Ltd
	Employee. General Manager, Corporate Trustee Services	Public Trust performs services and/or obtains services, under commercial arms-length terms, for/from many participants in the NZ financial markets including investments managers, Kiwisaver providers, securitisation issuers, fund administrators, custodians, etc. The services generally entail overseeing client activities on behalf of beneficiaries/investors in an independent, fiduciary capacity as the supervisor/trustee. David is not incentivised (i.e. bonus or similar) as a result of the delivery of these services other than ordinary remuneration as an employee for the general performance of the Public Trust business.
	Director	Various Public Trust subsidiaries, e.g. nominee companies; established for the purpose of undertaking corporate trustee services.
	Retail customer	ASB, Kiwibank, Milford Asset Management Kiwisaver, Australian Retirement Trust Superannuation Fund, ING Bank Australia, AIA Life Insurance, and NIB Health Insurance.
	Personal investments	Various ETFs and direct investments. Portfolio <\$10,000 via the Sharesies platform; includes Mercer and Vanguard funds.
	Chair	Corporate Trustees Association New Zealand; industry body representing corporate trustees.
Craig Stobo	Director	Auckland Future Fund Trustee Ltd
	Chair	Financial Markets Authority
	Chair	NZ LGFA
	Chair	NZ Windfarms
	Director	Desert Holdings
	Director	Sahara
	Director	Legend Terrace
	Director	Biomarine
	Director	Indi
	Director	Maverick

Member	Interest	Company/Entity
	Director	Stobo Group
	Adviser	Capital Solutions Group
	Adviser	AMP Financial Services Investment Committee
	Adviser	Saturn Portfolio Management Investment Committee
	Shareholder	Saturn Portfolio Management
	Pro Bono	
	Chair	Waitaki Boys High School Foundation
	Chair	Finance Risk and Audit Committee Cancer Society Auckland Northern
	Taumata	Otago University Business School

Auckland Future Fund Trustee Limited (Company)

Meeting of the Board of Directors – Open minutes

HELD ON:	Friday 27 September 2024 at 9.15 a.m.	
AT:	Auckland Council, L29.1 Te Po Nui (West), Auckland	
PRESENT:	Christopher Swasbrook	Chair
	Craig Stobo	Director
	David Callanan	Director
ATTENDED:	Christine Fletcher	Lead Councillor
	Ross Tucker	Group Chief Financial Officer
	Kevin Ramsay	Fund Administrator (Interim)
	Bram Van Melle	Associate General Counsel–Commercial
	James Colvin	Principal Solicitor
	Katy Bexley	Principal Legal Counsel
	Andrew John	Head of Group Treasury
	Francis Caetano	Group Financial Controller
	Vanessa Feaver	Senior Specialist Corporate Comms & Media
	Alastair Cameron	Manager CCO Governance
	Hanna Woon	Project Manager
APOLOGIES:	Kerri Foote	Executive Officer
	John Bishop	Group Treasurer

1. INTRODUCTION

The Chair opened the meeting.

The Chair expressed gratitude to all involved in getting to this important milestone. Special acknowledgement was also made to Hanna Woon for providing highly responsive and very efficient support to the directors.

2. DIRECTOR INTERESTS REGISTER

The Board noted that the directors may have potential interests through brokerage accounts and market transactions and will deal with these as issues arise in accordance with the council's procurement processes for dealing with conflicts.

Director Craig Stobo provided his register of interests including past interests and read them out at the meeting.

Kevin Ramsay noted that the register does not need to include interests arising from the purchase of regular services such as utilities and travel providers.

Resolution: The Board confirmed that there were no other additions/deletions or corrections to the Director Interest Register

3. TRUST DEED EXECUTION

The Board noted that the Company proposes to enter into a Trust Deed relating to the Auckland Future Fund Trust (**Trust**), under which the Company will have overall control of, and responsibility for, the Trust and the administration of the Trust. In addition, the affairs and activities of the Trust will be managed by, or under the direction or supervision of, the Company. The Board discussed the Trust Deed and clarified some wording.

Resolution: The Board approved the execution of the Trust Deed and authorised the directors to sign the Trust Deed.

Meeting adjourned 9:30am

Meeting reconvened 9.48am

The Board noted that as the Company had executed the Trust Deed any further resolutions or actions of the Board recorded in these minutes shall also constitute resolutions and actions of the Company as trustee pursuant to the Trust Deed.

4. STATEMENT OF INTENT (2024-2027)

The Chair spoke to the paper and the directors suggested adjustments where necessary.

Resolution: The Board approved the draft Auckland Future Fund Statement of Intent 2024-27 subject to changes discussed at the meeting, with final directors' approval to be provided by email circulation, before forwarding it to the council for shareholder approval.

5. SERVICE AGREEMENT

Resolution: The Board agreed to use Auckland Council for the selected services and approved the signing of the Fund Administration Services Agreement by the directors.

6. MEETING SCHEDULE

Resolution: The Board approved the indicative Meeting Schedule which the Board will look to progressively populate with meeting dates and other details.

Resolution: The Board approved that the next Board meeting will take place on 31 October 2024.

7. LOCAL BILL UPDATE

Katy Baxley spoke to the paper and provided a progress update.

8. APPOINTMENT OF AUDITOR PROCESS

Francis Caetano spoke to the process and provided an update as to likely next steps.

9. CONTINUOUS DISCLOSURE OBLIGATIONS

Andrew John spoke to the papers provided and clarified processes.

10. COMMUNICATION AND MEDIA

Vanessa Feaver spoke to the paper, provided an overview on media launch and presented to the draft website.

11. OTHER BUSINESS

James Colvin spoke on Deeds of Indemnity and presented them to be signed. The directors noted their interests in the deeds of indemnity and agreed to have their interests noted in the interests registers of the Company.

Bram van Melle spoke on terms of legal engagement and provided the Board with a signed engagement letter.

The meeting closed at 12:12pm.

24-Month Board Work Programme: Auckland Future Fund

Month	Activity	Board Dates
Sep-24	<ul style="list-style-type: none"> Approval of Trust Deed, Draft Statement of Intent, and Fund Administrator Service Agreement 	27-Sep 2025 <i>Inaugural Meeting</i>
Oct-24	<ul style="list-style-type: none"> Adoption of Final Statement of Intent Approval of Directors and Officers Liability Insurance (D&O), and 2025 meeting schedule 	31 Oct 2024
Nov-24	<ul style="list-style-type: none"> TBC 	TBC
Dec-24	<ul style="list-style-type: none"> Approval of Draft SIPO; Responsible Investment Policy, and Liquidity Support Facility Planning for future meetings to meet accountabilities 	TBC
Jan-25		
Feb-25	<ul style="list-style-type: none"> Q2 Performance & Risk Reports Draft Statement of Intent 2025 – 2028 	TBC
Mar-25		
Apr-25	<ul style="list-style-type: none"> Q3 Performance & Risk Reports 	TBC
May-25		
Jun-25	<ul style="list-style-type: none"> Public board meeting – Shareholder feedback on draft SOI 	TBC <i>Public Meeting</i>
Jul-25		
Aug-25	<ul style="list-style-type: none"> Q4 Performance & Risk Reports Financial Reporting for Year ended 30 Jun 2025 	TBC
Sep-25		
Oct-25	<ul style="list-style-type: none"> Public board meeting – Performance against SOI targets for year ended 30 Jun 2025 Q1 Performance & Risk Reports 	TBC <i>Public Meeting</i>
Nov-25		
Dec-25	<ul style="list-style-type: none"> Letter of Expectation received 	TBC
Jan-26		
Feb-26	<ul style="list-style-type: none"> Q2 Performance & Risk Reports Financial Reporting for half-year ended 31 Dec 2025 Draft Statement of Intent 2026 - 2029 	TBC
Mar-26		
Apr-26	<ul style="list-style-type: none"> Q3 Performance & Risk Reports 	TBC
May-26		
Jun-26	<ul style="list-style-type: none"> Public board meeting – Shareholder feedback on draft SOI Finalise SOI 	TBC <i>Public Meeting</i>
Jul-26		
Aug-26	<ul style="list-style-type: none"> Q4 Performance & Risk Reports AFFT & AFFTL Annual Report Financial Reporting for Year ended 30 Jun 2026 	TBC

11 Auckland Future Fund establishment update and statement of intent 2024-2027 approval

Note: changes were made to the original recommendation, adding new clause c), as a chair's recommendation.

Resolution number GB/2024/153

MOVED by Cr C Fletcher, seconded by Deputy Mayor D Simpson:

That the Governing Body:

- a) **tuhi-ā-taipitopito / note the progress with preparatory work to establish the Auckland Future Fund.**
- b) **whakaae / approve the establishment Statement of Intent 2024-2027 for Auckland Future Fund Trustee Limited.**
- c) **whakamihi / thank the three new directors of the Auckland Future Fund Trustee Limited for accepting the positions of chair Christopher Swasbrook and directors Craig Stobbo and David Callanan.**

CARRIED

Statement of Intent

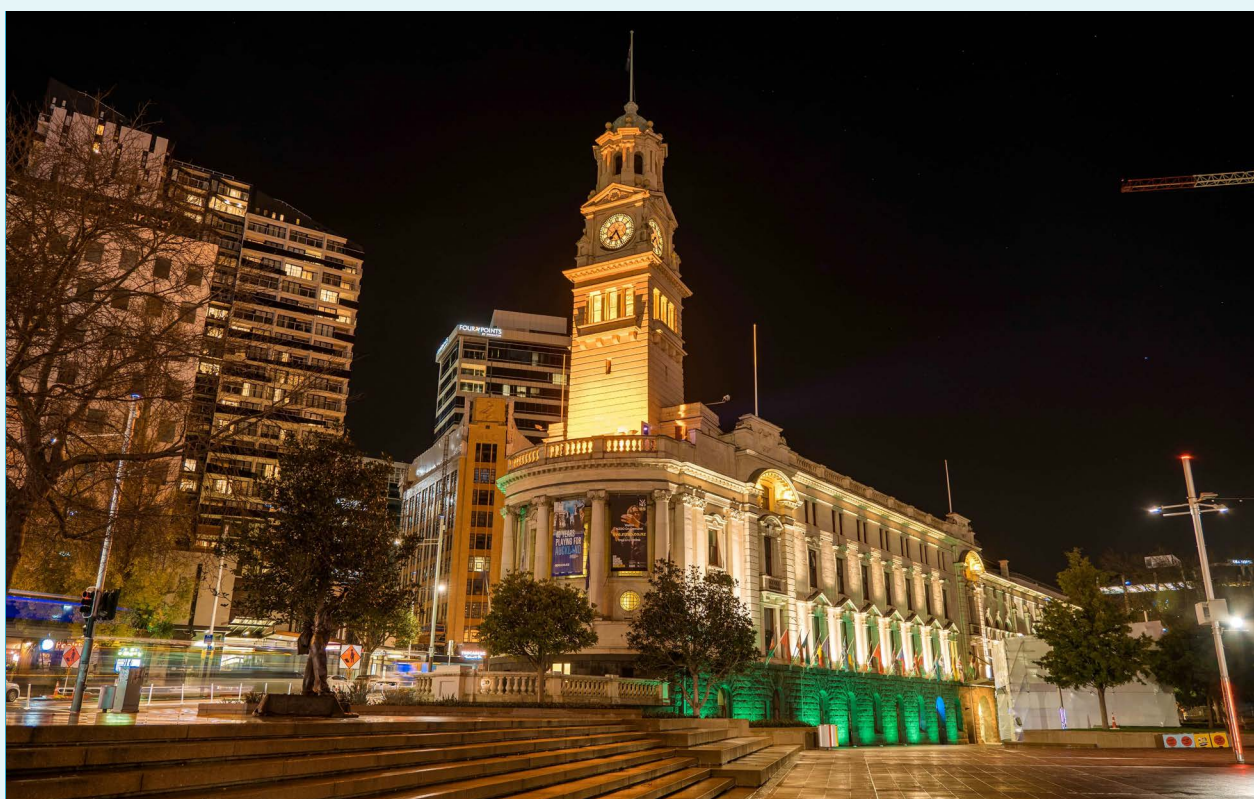
Auckland Future Fund
Trustee Limited

3 October 2024 to 30 June 2027



Contents

Message from the Chair of the Board	3
Part 1: Strategic overview	4
1.1. Purpose and Functions	4
1.2. Auckland Future Fund Structure	4
1.3. Objectives, nature and scope of activities – ‘what we do’	5
1.4. Responses to the Council’s strategic objectives and outcomes	6
1.5. About us – statement of board’s approach to governance	7
Part 2: Statement of Performance Expectations	9
2.1. Response to the Council’s annual letter of expectation	9
2.2. How we will deliver – annual work programme	9
2.3. How we will assess performance – performance measures and targets	9
2.4. Financials	10
2.5. Major accounting policies of the group	11



Message from the Chair of the Board

It is an honour to write to you as the inaugural chair of The Auckland Future Fund (AFF), an investment trust created for the long-term benefit of all Aucklanders and future generations who will reside in our dynamic city.

The Auckland Future Fund Trustee Limited (AFFTL) is the official name of the newly formed Council-Controlled Organisation (CCO) which will manage AFF.

AFF is intended to be a long-term investment fund for the benefit of current and future communities of Auckland, with the following purposes as set out in the Trust Deed:

- To maintain or increase the real value of assets that are put into the Fund over time so they can continue to benefit future generations; and,
- To provide a strong return to Auckland Council to fund services and infrastructure.

AFF has been established to directly contribute to three core goals of the Council's long-term financial strategy:

- Increase Auckland's financial and physical resilience;
- Ensure basic infrastructure and services can continue to be delivered affordably; and,
- Increase trust and confidence that the Council delivers value for current and future residents.

As Directors of AFFTL, our initial focus will be on establishing the Auckland Future Fund, ensuring robust policies and processes are implemented, and appropriately investing funds created through the sale of Auckland International Airport shares. This will enable the diversification of the Council's assets for the long-term benefit of all Aucklanders.

The Board's core responsibilities are to:

- develop and negotiate Statements of Intent with the Council;
- act consistently within the guidelines provided in the Statement of Expectations;
- actively review and direct the overall strategy, policies and delegations of AFFTL;
- obtain complete and timely information necessary to discharge its obligations;
- identify, evaluate and mitigate controllable risk factors;
- manage and monitor the Fund's performance; and,
- report to the Council on the performance of the CCO.

With the AFFTL established during the financial year, this initial Statement of Intent does not cover a full year but the period from its establishment to 30 June 2025.

While the Council has set clear and quantified expectations through the Auckland Future Fund Distribution Policy for our first two and a half years, we will seek to present updated projections for subsequent years to the Council.

During this initial phase, we will also seek to build strong relationships with our Lead Councillor, the Mayor, and other elected members and engage with Houkura (Independent Māori Statutory Board) to identify how AFFTL can support positive outcomes for Māori.

Christopher Swasbrook

Chair
Auckland Future Fund Trustee Limited

Part 1: Strategic overview

1.1 Purpose and Functions

As part of the Long-term Plan 2024-2034, Auckland Council (Council) decided to establish a long-term investment fund, to be called the Auckland Future Fund (the Fund), to improve the Council's financial and physical resilience.

The Fund is held in trust by the Auckland Future Fund Trustee pursuant to a Deed of Trust. The initial Trustee will be the Auckland Future Fund Trustee Limited, a company incorporated under the Companies Act 1993.

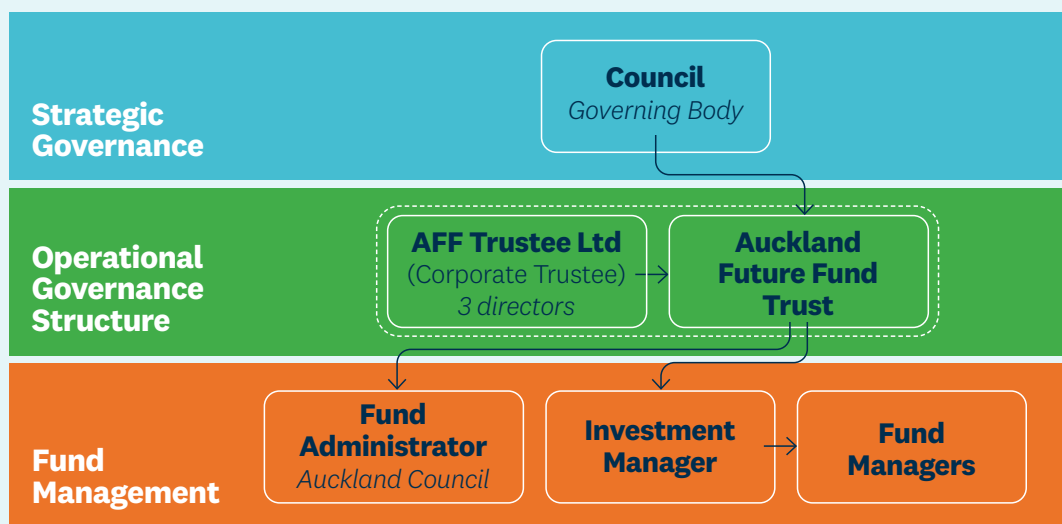
The role of AFFTL is to advance and achieve the purposes of the Auckland Future Fund, which are set out in the Trust Deed as follows:

- To maintain or increase the real value of assets that are put into the Fund over time so they can continue to benefit future generations; and,
- To provide a strong return to Auckland Council to fund services and infrastructure.

1.2 Auckland Future Fund Structure

The structure of AFF is shown in the following diagram, with the key components being:

- **Strategic Governance** – Auckland Council sets the strategic direction.
- **Operational Governance** – Auckland Future Fund Trustee Limited is the Trustee of the Auckland Future Fund Trust that has stewardship of the Fund.
- **Management** – The Trust is supported by a Fund Administrator under a services agreement with Auckland Council. The Trust Directors are charged with sourcing professional/independent managers for the Trust's assets.



AFFTL is a substantive CCO of Auckland Council.

The Fund will be initially capitalised with the Council's shareholding in Auckland International Airport Limited (AIAL), and the Council will work to identify opportunities to make further capital contributions to the Fund.

Trust decisions will be made independently by the Trustee in accordance with the governing documents of the Fund, which include:

- The Auckland Future Fund Trust Deed
- The Auckland Future Fund Policy
- The Auckland Future Fund Distribution Policy
- The Responsible Investment Policy.

All investment and transactional decisions of the Fund shall be made by the Trustee in accordance with the Trust Deed, Trusts Act 2019, and governing documents.

Auckland Council will not direct the Trustee through any other channel as to the investments or activities of the Fund, including any related party transactions or investments.

1.3 Objectives, nature and scope of activities – ‘what we do’

Unlike the other CCOs of Auckland Council, AFFTL does not directly provide services to Aucklanders beyond the protection of the value of the long-term assets with which it has been entrusted.

AFFTL is an enabler of services by providing strong returns to the Council that can be used to fund services and infrastructure, reducing the Council’s requirement to rate. It achieves this by being responsible for the stewardship of the Fund, including overseeing its investments and distributions to the Council.

By its nature, AFFTL has a long-term focus on protecting the real value of the Fund over time and managing the shorter-term variations that are inherent in the financial markets.

Purpose	Objectives	Activities	Performance Measures
<ul style="list-style-type: none"> • To maintain or increase the real value of assets that are put into the Fund over time so they can continue to benefit future generations; and, • To provide a strong return to Auckland Council to fund services and infrastructure. 	<ul style="list-style-type: none"> • Increase Auckland's financial and physical resilience; • Ensure basic infrastructure and services can continue to be delivered affordably; • Increase trust and confidence that the Council delivers value for current and future residents; and, • Effective stewardship of the Auckland Future Fund. 	<ul style="list-style-type: none"> • Monitoring the independent Investment Managers appointed to invest the Fund's assets; • Ensuring compliance with the Responsible Investing Policy and other reporting requirements; and, • Making distributions to the Council in accordance with the Auckland Future Fund Distribution Policy. 	<ul style="list-style-type: none"> • Real Growth of the Fund • Gross Return on Fund • Net Return on Fund; and • Distribution to the Council







Potential additional responsibilities

AFFTL acknowledges that there is potential for the Council as shareholder to request that it undertake additional responsibilities, under the existing AFF Trust or by an additional mandate to AFFTL. This would need to be agreed with the Council. AFFTL would expect to be empowered and resourced to manage any additional responsibilities to best achieve the Council’s commercial and other objectives. The AFFTL board commits to constructively engaging with the Council on any potential additional responsibilities.

1.4 Response to the Council's strategic objectives and outcomes

The Auckland Plan 2050 is Auckland Council's vision for a world-class city. It is the long-term spatial plan for Tāmaki Makaurau Auckland, which sets the strategic direction for the region and is underpinned by a set of six outcomes to achieve this vision.

As already noted, AFFTL is not a direct service provider; however, this does not mean that it doesn't contribute indirectly to the strategic outcomes of the Council as noted below:

Outcome	How we will contribute
 Belonging and participation	<p>As a trustee of substantial funds AFFTL contributes indirectly to all six outcomes.</p> <p>It focuses on maximising its contribution to Auckland by providing strong returns and protecting the real value of the Fund.</p> <p>Distributions from the Fund will drive outcomes for the Council.</p> <p>More specifically, the AFFTL looks to create the conditions for a more financially resilient Auckland.</p>
 Māori identity and wellbeing	
 Homes and places	
 Transport and access	
 Environment & cultural heritage	
 Opportunity and prosperity	

Contributions to the Council's Strategies

Auckland Council Financial Strategy

AFFTL also directly contributes to the first three of the identified four near-term goals of the Council's financial strategy:

- Increase Auckland's financial and physical resilience;
- Ensure basic infrastructure and services can continue to be delivered affordably;
- Increase trust and confidence that we are delivering value for current and future residents; and,
- A new approach to partnering with central government to provide regional leadership and deliver better outcomes for Aucklanders.

The financial markets in which AFF will invest impacts its ability to deliver on the Council's outcomes and goals. By taking a long-term perspective and diversifying its investments, AFF will seek to manage risks.

Achieving Māori Outcomes

A thriving Māori identity and Māori wellbeing outcome of the Auckland Plan 2050 highlights in Tāmaki Makaurau is our point of difference. Kia Ora Tamaki Makaurau – Māori Outcomes Framework identifies how the Council group contributes towards this thriving Māori identity and other outcomes.

AFFTL will work on developing an Achieving Māori Outcomes plan and reporting that is appropriate for the organisation, reflecting its scope and the nature of its activities. This will include consideration for how AFFTL aligns with the Māori Outcomes strategic direction for the Council group, gives effect to He Waka Kōtuia audit recommendations and engages with Māori (mana whenua, mātaawaka, and Māori entities).

Due to the nature of its activities, the AFFTL might not contribute to these outcomes; however, by managing risk and providing strong returns to the Council, it enables the achievement of these outcomes across the group.

Local Boards

The investment and distribution activities of AFFTL are not a local activity and so do not require engagement with local boards when making decisions. Distributions to the Council will be used to fund a range of activities, potentially including local activities decided by the Council through its planning.

Climate Change

AFFTL will be guided by the Responsible Investment Policy which incorporates climate change considerations.

1.5 About us – statement of the board’s approach to governance

Auckland Future Fund Trustee Limited (AFFTL) is the corporate trustee of the Auckland Future Fund Trust. Its Board consists of three directors (appointed by the Council) and meets regularly.

AFFTL will act in accordance with Auckland Council expectations as outlined within the CCO Accountability Policy and other key policies, along with its statutory obligations under the Companies Act 1993 and the Trusts Act 2019.

The Board’s core responsibilities are to:

- develop and negotiate Statements of Intent with the Council;
- act consistently within the guidelines provided in the Statement of Expectations;
- actively review and direct the overall strategy, policies and delegations of AFF;
- obtain full and timely information necessary to discharge its obligations;
- identify, evaluate and mitigate controllable risk factors;
- manage and monitor the Fund’s performance; and,
- report to the Council on the performance of the CCO.



To enable the AFFTL to carry out its role the Trustee through the Trust Deed generally has the widest possible powers, as if it were the absolute owner of, and beneficiary entitled to, the Fund.

Managing risk is a key component of the AFFTL’s role and so it will utilise independent and reliable advice on key assumptions and forecasts upon which it makes its decisions.

Fund Administrator Services Agreement

To support the Board in undertaking its activities AFFTL will utilise the services of the Council through a Services Agreement. Through this agreement AFFTL will not need to employ staff and can leverage off the scale and skills of the Council.

Houkura / Independent Māori Statutory Board

AFFTL is committed to working alongside the Council and Houkura / Independent Māori Statutory Board where applicable to meet the requirements of the tri-annual Treaty of Waitangi Audit and Houkura’s Schedule of Issue of Significance to Māori.

Climate Related Disclosures reporting

AFFTL has no statutory requirement to prepare climate reporting in its own right. However, as a Council group entity, AFFTL will participate in the Council's group reporting processes and provide the Council with information, including, if necessary, information obtained from AFF's fund managers, to enable the Council to meet its reporting requirements as a climate reporting entity, complying with the New Zealand External Reporting Board's Aotearoa New Zealand Climate Standards. This includes disclosing against the areas of governance, strategy, risk management and metrics and targets, and working to meet Auckland Council's work programme requirements as a result of the reporting standards.

Meetings

Auckland Council CCOs are required to hold two public meetings a year (Local Government (Auckland Council) Act 2009). The first of these meetings is to consider prior year performance against Statement of Intent targets, which will not be applicable for this first year as the Fund has just been established. The second is to consider shareholder comments on the draft Statement of Intent for the 2025/26 year.



Purpose of Public Meeting	Date	Form of Public Notification
Consider shareholder comments on draft SOI for 2025-2028	TBD (June)	Board meetings will be advertised on AFFTL's website and through the public notices section of the New Zealand Herald normally five days prior to the meeting date.
Consider prior year performance against SOI targets (not applicable for first year)	TBD (October)	

Members of the public are welcome to attend the two statutory meetings (as outlined in the table above).

Part 2: Statement of performance expectations

This section sets out AFFTL's performance expectations. As AFFTL does not deliver capital projects or services directly to Aucklanders, its expectations are focused on achieving the purposes of the Fund.

2.1 Response to the Council's annual letter of expectation

Although there is no Letter of Expectation for this initial SOI, substantial guidance has been provided to AFFTL through Council resolutions and AFF-related policies. In future years, Letters of Expectation from the Council, will outline goals and components that the Council expects to see in the AFFTL's Statement of Intent and subsequent performance.

2.2 How we will deliver – the annual work programme

AFFTL (through the Fund) is tasked with delivering strong returns while protecting the real value of the Fund for future generations. It will achieve this by appointing independent investment managers. The expected returns are outlined in the performance measures section below.

Promptly in its first term, the AFFTL will produce a key policy:

Policy	Description
Statement of Investment and Policy Objectives (SIPO)	<i>Policy that sets out the investment governance and management framework, philosophy, strategies and objectives of the Fund.</i>

On an ongoing basis the AFFTL will also provide input to additional policies:

Document	Description
Responsible Investment Policy	<i>Policy that sets out the principles and guidelines for responsible investment, including environmental, social and governance ESG), climate change considerations, and stated exclusions</i>
Auckland Future Fund Distribution Policy	<i>Policy that sets out the rules for distributions to the Council, which will need to be reviewed and updated regarding key assumptions around expected returns, operating costs, retention rates, and distributions</i>

2.3 How we will assess performance – performance measures and targets

The four objectives of the Fund (see diagram on page 4) can be summarised into two overarching objectives that link to the purposes of the Fund: Strong returns; and Protect the real value of the Fund.

The performance measures and applicable targets, which are subject to audit, for the first three years related to these two overarching objectives are detailed below:

Objective	Performance Measure	2023/24 Actual Targets			
			2024/25	2025/26	2026/27
Strong returns	Gross Return on Fund	N/A	7.64%*	7.64%	7.64%
	Net Return on Fund	N/A	7.24%*	7.24%	7.24%
	Distribution to Council	N/A	5.24%*	5.24%	5.24%
Protect the real value of the Fund	Real Growth of Fund	N/A	2.00%*	2.00%	2.00%

* For the first year these annual targets will be prorated for the portion of the year that AFFTL was operating

2.4 Financials

The following financial statements for AFFTL are based on the 2024/25 to 2026/27 budgets for the financial years ending 30 June included in the adopted 2024-2034 Long-term plan (LTP). These statements are based on the assumptions noted within the Long-term plan, including initial fund balance, timing of establishment, and expected returns.



Prospective Statement of Comprehensive Revenue & Expense

\$ million	LTP 2024/25	LTP 2025/26	LTP 2026/27
Revenue			
Dividend revenue	36.32	73.36	74.83
Total revenue	36.32	73.36	74.83
Expenditure			
Management fee	2.58	5.2	5.3
Total expenditure	2.58	5.2	5.3
Operating surplus before tax	33.74	68.16	69.53
<i>Operating surplus after tax attributable to:</i>			
AFF Trust	33.74	68.16	69.53
Other comprehensive income			
Gain on revaluation of financial assets held at fair value through other comprehensive revenue and expenditure	12.88	26.02	26.54
Total other comprehensive income after tax	12.88	26.02	26.54
Total comprehensive income after tax	46.62	94.18	96.07

Prospective Statement of Financial Position

\$ million	LTP 2024/25	LTP 2025/26	LTP 2026/27
ASSETS			
Bank	2.58	5.2	5.3
Other financial assets	1300.83	1326.85	1353.39
Total assets	1303.41	1332.05	1358.69
LIABILITIES			
Accounts payable	2.58	5.2	5.3
Total liabilities	2.58	5.2	5.3
Net assets	1300.83	1326.85	1353.39
Contributed Equity	1287.95	1287.95	1287.95
Retained earnings	0	0	0
Revaluation reserve	12.88	38.9	65.44
Total equity	1300.83	1326.85	1353.39

Prospective Statement of Changes in Equity

\$ million	LTP 2024/25	LTP 2025/26	LTP 2026/27
Opening balance 1 July	0	1300.83	1326.85
Total comprehensive revenue and expenses for the year	46.62	94.18	96.07
Owner transactions			
Contributed equity	1287.95	0	0
Distribution to AFF Trust	-33.74	-68.16	-69.53
Closing balance as at 30 June	1300.83	1326.85	1353.39

Prospective Statement of Cashflows

\$ million	LTP 2024/25	LTP 2025/26	LTP 2026/27
CASH FLOWS FROM OPERATING ACTIVITIES			
Dividends and interest received	36.32	73.36	74.83
Management fees paid	0	-2.58	-5.2
Net cash from operating activities	36.32	70.78	69.63
Net cash from investing activities	0	0	0
CASH FLOWS FROM INVESTING ACTIVITIES			
Distributions paid	-33.74	-68.16	-69.53
Net cash from financing activities	-33.74	-68.16	-69.53
Net increase/(decrease) in cash	2.58	2.62	0.1
Opening cash balance	0	2.58	5.2
Closing cash balance	2.58	5.2	5.3

2.5 Major accounting policies of the group

Auckland Council (the Council) is a local authority domiciled in New Zealand and governed by the following legislation:

- Local Government Act 2002 (LGA 2002);
- Local Government (Auckland Council) Act 2009 (LGACA 2009); and
- Local Government (Rating) Act 2002.

The Council is an FMC Reporting Entity under the Financial Markets Conduct Act 2013 (FMCA 2013).

AFFTL (whether acting in its capacity as trustee of the Auckland Future Fund Trust or otherwise) is not a reporting entity under the FMCA.

The Council's principal address is 135 Albert Street, Auckland Central, New Zealand.

The Auckland Council Group (the group) consists of the Council, its subsidiaries,



associates, and joint ventures. All entities are domiciled in New Zealand. Significant Council-controlled organisations and subsidiaries comprise:

- Auckland Transport
- Eke Panuku Development Auckland Limited
- Port of Auckland Limited
- Tātaki Auckland Unlimited Limited
- Tātaki Auckland Unlimited Trust
- Watercare Services Limited
- Auckland Future Fund Trust
- Auckland Future Fund Trustee Limited

The primary objective of the group is to provide services and facilities to the Auckland community for social benefit rather than to make a financial return. Accordingly, the group has designated itself as a public benefit entity (PBE) and applies New Zealand Tier 1 PBE Accounting Standards. These standards are based on International Public Sector Accounting Standards (IPSAS), with amendments for the New Zealand environment.

Basis of preparation

The prospective financial statements are presented in New Zealand dollars (NZD), which is the functional currency of each of the group's entities and are rounded to the nearest million dollars unless otherwise stated. All items in the prospective financial statements are stated exclusive of Goods and Services Tax (GST), except for receivables and payables which include GST.

The prospective financial statements have been prepared on a going concern basis and the accounting policies applied are consistent with those used for the year ended 30 June 2023.

Implementation of amended accounting standards by the group

2022 Omnibus Amendments to PBE Standards, issued June 2022

The 2022 Omnibus Amendments include several general updates and amendments to several Tier 1 and Tier 2 PBE accounting standards. The revised PBE standards are effective from the year ending 30 June 2024. The group has adopted the revised PBE standards, and the adoption did not result in a significant impact on the group financial statements.

Standard issued but not yet effective

The group will adopt the following accounting standard in the reporting period after the effective date.

PBE IFRS 17 *Insurance Contracts*

PBE IFRS 17 *Insurance Contracts* for public sector entities was issued in June 2023. This standard establishes principles for the recognition, measurement, presentation, and disclosure of insurance contracts. It is effective for reporting periods beginning on or after 1 January 2026 with early adoption permitted. The group has not assessed the effect of the new standard in detail.

Disclosure of Fees for Audit Firms' Services – (Amendments to PBE IPSAS 1)

Disclosure of Fees for Audit Firms' Services (the amending Standard) was issued in May 2023. This amending standard updates the required disclosures for fees relating to services provided by the entity's audit or review firm. The fees must be disaggregated into specified categories and there is guidance to assist entities in determining the types of services to include in each category. This amending standard is effective for reporting periods beginning on or after 1 January 2024 with early adoption permitted. The amendment is not expected to have any significant impact on the group's financial statements.

Significant accounting policies

Accounting policies that are considered critical to the portrayal of the group's financial condition and results, and contain judgements, estimates and assumptions about matters that are inherently uncertain have been included in the notes to these interim financial statements. These accounting policies are consistent with those applied in the comparative information.

Derivative financial instruments

The group may use derivative financial instruments, such as forward foreign currency contracts and interest rate swaps, to mitigate risks associated with foreign currency and interest rate fluctuations. The group does not hold or issue derivative financial instruments for trading purposes. Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured to fair value. Any gains or losses arising from changes in the fair value of derivatives are taken directly to surplus or deficit.

Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative.

Derivative assets and derivative liabilities are classified as current when the maturity is 12 months or less from balance date or non-current when the maturity is more than 12 months from balance date

Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities are recognised in the Statement of Comprehensive Revenue and Expense.

Current and deferred income tax

Income tax expense comprises both current tax and deferred tax and is calculated using tax rates (and tax laws) that have been enacted or substantively enacted by balance date. Income tax expense is charged or credited to the surplus or deficit in the Statement of Comprehensive Revenue and Expense, except when it relates to items charged or credited directly to equity or other comprehensive income.

Current tax is the amount of income tax payable based on the taxable surplus for the current period, plus any adjustments to income tax payable in respect of prior periods.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable surplus.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which AFFTL expect to recover or settle the carrying amount of its assets and liabilities.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable surplus will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset and liability in a transaction that is not a business combination and at the time of the transaction affects neither accounting surplus nor taxable surplus.

Cash and cash equivalents

Cash and cash equivalents are made up of cash on hand, on-demand deposits and other short-term highly liquid investments and are net of bank overdraft. The carrying value of cash on hand, on demand bank deposits and short-term deposits with original maturities of less than three months approximates the fair value



Financial assets and liabilities

For the purpose of measurement, the group's financial assets and liabilities are classified into categories according to the purpose for which the financial assets and liabilities are held.

Management determines the classification of financial assets and liabilities and recognises these at fair value at initial recognition. Subsequent measurement and the treatment of gains and losses are presented below:

Categories	Subsequent measurement	Treatment of gains and losses
Fair value through surplus or deficit	Fair value	Surplus or deficit
Fair value through other comprehensive revenue and expenditure	Fair value	Other comprehensive revenue and expenditure
Financial assets at amortised cost	Amortised cost less provision for impairment	Surplus or deficit
Financial liabilities at amortised cost	Amortised cost	Surplus or deficit

Derivatives are, by their nature, categorised as fair value through surplus or deficit unless they are designated into a hedge relationship for which hedge accounting is applied.

The fair values for financial assets and financial liabilities at amortised cost have been calculated as the net present value of future cashflows using discount rates from appropriate interest rate curves. The valuation for foreign debt instruments is based on market data from Bloomberg.

Financial assets and liabilities are offset, and the net amount reported in the statement of financial position when offset is legally enforceable and there is an intention to settle on a net basis. Revenue and expenses arising as a result of financial instrument earnings or fair value adjustments are recognised on a net-basis for like items.

Financial risk management

The group's core policies relating to financial risk are contained in the Treasury Management Policy (TMP). The TMP meets the requirements of the LGA 2002 and sets out the group's policies on how it will manage its key financial risks including risks associated with borrowing, interest rates, foreign exchange, counterparty credit, liquidity and investment.

Any changes to the TMP require the approval of the Governing Body. More detailed treasury policies are contained in the Treasury Operating Manual which must be consistent with the TMP and is approved by the Treasury Management Steering Group.

The significant financial risks to the group and the Council are set out below. Within each sub-section, a definition and explanation of the risk is detailed (risk definition), and then an explanation of how the Council manages each financial risk (risk management).

The following are the financial risks that are significant to the group and the Council:

- Interest rate risk
- Climate risk
- Credit risk
- Foreign exchange risk
- Liquidity risk



Auckland Council disclaims any liability whatsoever in connection with any action taken in reliance of this document for any error, deficiency, flaw or omission contained in it.

Directors and Officers Liability Insurance Quotation Report

Overview

Thursday, 17 October 2024

The Auckland Future Fund (AFF) was set up to be a fund to benefit future generation of Aucklanders. The purposes of the AFF are to

- a. Protect the real value of the Trust's assets over time, so they can continue to benefit future generations; and
- b. Provide a strong return to council to fund services and infrastructure as defined in the Auckland future fund policy.

Following the establishment of the Auckland Future Fund, Aon undertook a marketing exercise to obtain quotations for Directors and Officers Liability. A summary is below:

Marketing

- Submission to key insurers who either currently support the wider Auckland Council insurance programme or have an appetite for this type of business activity. Those insurers approached included:

- Vero Liability Insurance Limited
- Berkshire Hathaway Specialty Insurance
- AIG New Zealand Limited
- QBE Insurance (Australia) Limited
- Zurich New Zealand Limited

All insurers above are current participants on AC's liability and D&O insurance placements except for Zurich.

Limit Options

- Given the status of the fund, Aon sought limit options from insurers of:
 - Limit - \$20,000,000 in the aggregate for Loss (excluding Defence Costs)
 - Defence Costs - \$10,000,000 in the aggregate

Insurer Structure

- All insurers were approached on a 100% capacity basis in the first instance and then their participation was re-negotiated where required.

Quotation information

The supporting quotation information received from AFF is summarised as:

- Vero Liability Proposal form (completed and signed 04 September 2024)
- AFF Distribution Policy
- Responsible Investment Policy
- AFF Trust Feed signed
- Various Q&A feedback via email chain

Key Results/Outcomes

The key results of the quotation negotiations with insurers included:

Berkshire Hathaway (BH)

Formal quotation received. Coverage summary included in this document to be considered in conjunction with the policy wording.

- **Limit of Liability:** Limit \$20,000,000 and Defence Costs \$10,000,000
- **Capacity:** 50%
- **Excess:** \$50,000 each and every claim (excluding GST)
- **Premium:** \$75,000 excluding GST
- **Policy Wording:** BHSI D&O wording (2024 version) (AB)
- **Endorsements or Exclusions:**
 - USA/Canada Exclusion
 - Prospectus Liability Exclusion*
 - Professional Indemnity Exclusion with Writeback for Failure to Supervise
 - Co-insurance Exclusion
- **Subjectivities:**
 - Proposal form re-signed and re-dated by a Director of AFF within 14 days of policy inception date.

*The Prospectus Liability Exclusion relates to Auckland Future Fund Trustee Limited, and not to the activities of the Trust/Fund.

Vero Liability (VL)

Formal quotation received. Coverage summary included in this document to be considered in conjunction with the policy wording.

- **Limit of Liability:** Limit \$20,000,000 and Defence Costs \$10,000,000
- **Capacity:** 100%
- **Excess:** \$25,000 each and every loss (including GST)
- **Premium:** \$60,000 excluding GST
- **Policy Wording:** VL POL AON Enhanced D&O-092015
- **Endorsements or Exclusions:**
 - Financial Institutions Exclusion
- **Subjectivities:**
 - Resigned proposal form prior to binding of covers

AIG New Zealand

Non-binding indication received for lower limit.

- **Limit of Liability:** Limit \$10,000,000 and Defence Costs \$5,000,000

- **Capacity:** 100%
- **Premium:** \$50,000 excluding GST

AIG expressed they could support an alternative lead if required due to their limit reflected as noted above.

QBE Insurance

No lead quotation received however QBE have confirmed they will support the BH quotation with a 50% follow line subject to the following endorsement applicable to their share:

Sanctions Exclusion R2423.01

Notwithstanding any provision to the contrary within the policy or any endorsement thereto, it is understood and agreed that this policy does not insure any loss or provide any benefit under this policy where a claim payment would breach any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulation of any country.

Zurich New Zealand

Non-binding indication received.

- **Limit of Liability:** Limit \$20,000,000 and Defence Costs \$10,000,000
- **Capacity:** 50%
- **Excess:** TBC
- **Premium:** \$60,000 excluding GST
- **Subjectivities:**
 - Zurich noted more information will be required for them to provide formal quotations. Those requirements are pending but will only be queried if the quotation is pursued given they are not involved in the wider AC liability placements.

Next Steps

Aon recommends consideration be made to both options provided by BH and VL.

BH quotation provides the following:

- Generally speaking, a more comprehensive policy offering.
- A broader appetite for overseas exposure. Should there be investment made in overseas assets at a future date.
- Diversity of insurer.

VL quotation provides the following:

- Following internal review from VL, they have provided revised quotations for consideration:
- A lower excess of \$25,000
- A reduced premium from original quotation of \$75,000 to \$60,000
- Removal of the Non-Accumulation Clause

- Territory and Jurisdiction broadened from NZ only to Worldwide excluding USA and/or Canada

Important Notes:

- QBE have confirmed their support of the BH quote subject to their specific Sanction Clause as noted above.
- The some like other CCO's D&O policies, there is a possibility that in future years, BH may apply a PFAS exclusion.

Summary of Quotation – Directors and Officers Liability - Berkshire Hathaway

This summary of quotation terms has been prepared for general reference only. Nothing contained herein prevails over the terms, conditions and exclusions of the policy.

The Policy Covers	Provides cover to a board and officers, to defend and settle claims arising out of an alleged or actual breach of their governance duties.		
Class of Insurance	Directors and Officers Liability Insurance		
Policy Period	From 4.00 p.m. TBC to 4.00 p.m. TBC		
Policyholder	Auckland Future Fund Trustee Limited		
Limit of Indemnity	A. \$20,000,000 in the aggregate for Loss (excluding Defence Costs)		
	B. \$10,000,000 in the aggregate for Defence Costs		
Retention	For Claims brought and maintained entirely outside the USA or Canada:		
	Insuring Clause 1.1 and 1.4.1		Nil each and every Claim
	Insuring Clause 1.2 and 1.4.2		\$50,000 each and every Claim
	Insuring Clause 1.3		Not Applicable
	All Retentions are plus GST (if any)		
Insuring Clauses and Extensions:			Sub-Limit
	Insuring Clause 1.1 Side A Cover: Non-indemnified Loss of Insured Person	Included	
	Insuring Clause 1.2 Side B Cover: Company Indemnification of Insured Person Loss	Included	
	Insuring Clause 1.3 Side C Cover: Company Securities Claim	Not Included	
	Insuring Clause 1.4 Investigation/Insured Person Inquiry Costs Cover	Included	
	Extension 1.5 Discovery Period	Included	
	Extension 1.6 Discovery Period for Retiring Directors and Officers	Included	
	Extension 1.7 Spouses, Domestic Partners, Estates and Legal Representatives	Included	
	Extension 1.8 Court Attendance Costs	Included	\$100,000
	Extension 1.9 Public Relations Costs	Included	\$100,000
	Extension 1.10 Advancement of Costs and Expenses	Included	
	Extension 1.11 Emergency Costs	Included	\$100,000
	Extension 1.12 Health and Safety - Loss	Included	

Extension 1.12 Health and Safety - Defence Costs	Included	
Extension 1.13 Shareholder Costs	Included	
Extension 1.14 Continuous Cover	Included	
Extension 1.15 Reinstatement	Included	
Extension 1.16 Tax Liability	Included	
Extension 1.17 Assets and Liberty	Included	\$100,000

Retroactive Date	Date of incorporation of the Policyholder
Continuity Date	Policy Inception Date
Discovery Period	A. Discovery Period: 365 days B. Additional Premium: 100% of the current annual premium

Endorsements	<p>PROSPECTUS LIABILITY EXCLUSION</p> <p>The Insurer will not be liable to make any payment under this Policy in connection with that portion of any Claim based on or attributable to the actual or intended private placement or public offering of any securities of the Company or Outside Entity.</p> <p>All other terms and conditions of this Policy remain unchanged.</p>
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USA/CANADA EXCLUSION

The **Insurer** will not be liable to make any payment under this **Policy** in connection with that portion of any **Claim** arising out of the activities of the **Company** or any **Outside Entity** in the United States of America or Canada or any of their territories or possessions or where legal action or litigation is brought in a court of law constituted in the United States of America or Canada or any of their territories or possessions.

All other terms and conditions of this **Policy** remain unchanged.

PROFESSIONAL INDEMNITY EXCLUSION - GENERAL WITH FAILURE TO SUPERVISE COVER WRITEBACK

The **Insurer** will not be liable to make any payment under this **Policy** in connection with that portion of any **Claim** alleging, arising out of, based upon or attributable to the **Insured's** or **Outside Entity's** performance of or failure to perform professional services for others for a fee, or any act, error, or omission relating thereto. Provided, however, that this Exclusion will not be applicable to any **Claim** against the **Insured Persons** alleging a failure to supervise those who performed or failed to perform such professional services.

All other terms and conditions of this **Policy** remain unchanged.

CO-INSURANCE ENDORSEMENT

Definition 2.17 (Insurer) is deleted in its entirety and replaced with the following. **Insurer** means the following companies who severally agree each for the proportion set against its name to indemnify the **Insured** or the **Company** within the

terms of this **Policy** and the liability for each company individually in respect of any **Loss** or **Defence Costs** will be limited to its stated proportion.

<u>Company</u>	<u>Proportion</u>
Berkshire Hathaway Specialty Insurance Company (incorporated in Nebraska, USA)	50%
Other Insurer(s)	TBC

All other terms and conditions of this **Policy** remain unchanged.

Applicable to QBE 50% Share only.

Sanctions Exclusion R2423.01

Notwithstanding any provision to the contrary within the policy or any endorsement thereto, it is understood and agreed that this policy does not insure any loss or provide any benefit under this policy where a claim payment would breach any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulation of any country.

Warranties/Subjectivities	Copy of the D&O proposal that has been re-signed and re-dated (please can the proposal be signed by a director and dated within 14 days prior to the inception date).	
Policy Wording	BHSI-NZ-EP-DO-001-03/2024	
Insurer	Berkshire Hathaway Specialty Insurance Company	50%
	QBE Insurance (Australia) Limited	50%

Summary of Quotation – Directors and Officers Liability – Vero Liability

This summary of quotation terms has been prepared for general reference only. Nothing contained herein prevails over the terms, conditions and exclusions of the policy.

The Policy Covers	Provides cover to a board and officers, to defend and settle claims arising out of an alleged or actual breach of their governance duties.		
Class of Insurance	Directors and Officers Liability Insurance		
Policy Period	From 4.00 p.m. TBC to 4.00 p.m. TBC		
Policyholder	Auckland Future Fund Trustee Limited		
Limit of Indemnity	\$20,000,000 any one Loss / in the aggregate during the Period of Insurance including costs and expenses		
	\$10,000,000 any one claim & in the aggregate over all Underlying Policies during the Period of Insurance		
Excess	\$NIL each and every Loss including costs and expenses in respect of Insuring Clause A		
	\$25,000 each and every Loss including costs and expenses in respect of Insuring Clause B		
Coverage	Sub-Limit		
	Estates & Legal Representatives	Included	
	Extended Reporting Period - If Insured(s) Terminate/Non Renew	Included	
	Extended Reporting Period - If Company Terminates/Non Renew	Included	
	Representation at investigations and examinations	Included	
	Entity Defence Costs	Included	
	Outside Directorships	Included	
	Civil Fines and Civil Penalties	Included	\$500,000
	Cost of Challenging Administration Notices	Included	
	Extradition Costs	Included	\$250,000
	Public Relation Costs	Included	\$250,000
	Tax Liability	Included	\$500,000
	Foreign Corrupt Practices Act	Included	
	Superannuation Fund Trustees	Included	

	Management Buy-out	Included	
	Pollution Defence Costs	Included	\$500,000
	Pollution Shareholder Claims	Included	\$500,000
	Insured vs Insured Defence Costs	Included	\$50,000
	Health & Safety Defence Costs	Included	
	Continuity Date	Included	TBC
	Non-Executive Directors - Loss of Earnings	Included	\$20,000 any one claim, \$100,000 in total
	Emergency Defence Costs	Included	10% of the limit
	Bail Bonds	10% of the limit	
Retroactive Date	TBC		
Endorsements	<p>Financial Institutions Exclusion</p> <p>The Company shall not be liable under Insuring Clause A or Insuring Clause B to make payment for Loss in connection with any claim(s) made against any Insured Person(s):</p> <ul style="list-style-type: none"> a) based upon, arising out of, directly or indirectly resulting from or in consequence of, or in way of involving, any actual or alleged dealings of any nature whatsoever by which it is sought to affect the price of, or market in, any shares or debentures of any company, or of any food-stuff or raw material or commodity or currency, or of any negotiable instrument, other than dealings carried out in accordance with all laws, rules and regulations applicable to such dealings; b) based upon, arising out of, directly or indirectly resulting from or in consequence of, or in way of involving, any allegation that Insured Person(s) improperly benefited from securities transactions as a result of information that was not available to other sellers or purchasers of such securities. c) brought by or on behalf of any client or customer of the Insured Organisation resulting from the investment in, management of, or advice concerning any estate, trust or property; d) arising solely out of the depreciation or loss of investments when such depreciation or loss is a result of any fluctuation in any financial or stock or commodity or other markets when such fluctuation is outside of the influence or control of the Insured Person(s) or Insured Organisation; e) arising solely out of any stock or commodity or investment failing to perform as represented or as expected to perform. 		
Warranties/Subjectivities	Resigned proposal form within 14 days of covers binding		
Policy Wording	VL POL AON Enhanced D&O-092015 and VL POL DEFENCE COSTS-102014		
Insurer	Vero Liability Insurance Limited		100%

Insurer Ratings

In accordance with the Insurance (Prudential Supervision) Act 2010, Insurers' Financial Strength ratings are as follows.

COMPANY	RATING
AIG Insurance New Zealand Limited	A <i>Standard & Poor's</i>
Berkshire Hathaway Specialty Insurance Company	AA+ <i>Standard & Poor's</i>
Chubb Insurance New Zealand Limited	AA- <i>Standard & Poor's</i>
QBE Insurance (Australia) Limited	A+ <i>Standard & Poor's</i>
Vero Liability Insurance Limited	AA- <i>Standard & Poor's</i>
Zurich Australian Insurance Limited	AA- <i>Standard & Poor's</i>

SPECIAL NOTES

In respect of....

1. [QBE Insurance \(Australia\) Limited](#)

QBE Insurance (Australia) Limited ("QBE") has a policy of holding actual capital in excess of regulatory capital requirements. In the event that QBE is wound up, the claims of New Zealand policyholders will be paid out of the assets of QBE New Zealand, and possibly other countries, except for Australia. Australian Law requires that on a winding up of QBE the assets of the company in Australia are to be used to pay its liabilities in Australia before liabilities outside of Australia.

2. [Zurich Australian Insurance Limited \(ZAIL\)](#)

An overseas policyholder preference applies. Under Australian law, if ZAIL is wound up, its assets in Australia must be applied to its Australian liabilities before they can be applied to overseas liabilities. To this extent, New Zealand policyholders may not be able to rely on ZAIL's Australian assets to satisfy New Zealand liabilities.

STANDARD & POOR'S	AM BEST	FITCH
AAA Extremely Strong	A++ & A+ Superior	AAA Exceptionally Strong
AA Very Strong	A & A- Excellent	All class AA Very strong
A Strong	B++ & B+ Good	All class A Strong
BBB Good	B & B- Adequate	All class BBB Good
BB Marginal	C++ & C+ Fair	All class BB Moderately Weak
B Weak	C & C- Marginal	All class B Weak
CCC Very Weak	D Very Vulnerable	All class C Very Weak
CC Extremely Weak	E Under Supervision	All class D Distressed
SD Selective Default	F In Receivership	NR Fitch does not rate the issuer or issue in question
D Default		
Note	Standard & Poors Ratings AA-CCC with (+) or (-) show relative standing within the major rating categories.	

Items Insurer Guarantee

Aon New Zealand cannot guarantee the solvency of an insurer, but if you require any further information on these companies or their financial statements, please do not hesitate to ask.

Insurer Ratings Edition: 25 January 2024

Directors & Officers Liability Insurance Quotation

Policyholder:	Auckland Future Fund Trustee Limited
Policy Period:	From: Date TBC To: 30 June 2025 Both days at 4.00PM New Zealand Local Time
Limits of Indemnity:	A. \$20,000,000 in the aggregate for Loss (excluding Defence Costs) B. \$10,000,000 in the aggregate for Defence Costs
Retention:	For Claims brought and maintained entirely outside the USA or Canada: Insuring Clause 1.1 and 1.4.1 Nil each and every Claim Insuring Clause 1.2 and 1.4.2 \$50,000 each and every Claim Insuring Clause 1.3 Not Applicable For Claims brought and maintained in whole or in part in the USA or Canada: Insuring Clause 1.1 and 1.4.1 Not Applicable Insuring Clause 1.2 and 1.4.2 Not Applicable Insuring Clause 1.3 Not Applicable All Retentions are plus GST (if any)

Insuring Clauses and Extensions:			<u>Sub-Limit</u>
Insuring Clause 1.1	Side A Cover: Non-indemnified Loss of Insured Person	Included	
Insuring Clause 1.2	Side B Cover: Company Indemnification of Insured Person Loss	Included	
Insuring Clause 1.3	Side C Cover: Company Securities Claim	Not Included	
Insuring Clause 1.4	Investigation/Insured Person Inquiry Costs Cover	Included	
Extension 1.5	Discovery Period	Included	
Extension 1.6	Discovery Period for Retiring Directors and Officers	Included	
Extension 1.7	Spouses, Domestic Partners, Estates and Legal Representatives	Included	
Extension 1.8	Court Attendance Costs	Included	\$100,000
Extension 1.9	Public Relations Costs	Included	\$100,000
Extension 1.10	Advancement of Costs and Expenses	Included	
Extension 1.11	Emergency Costs	Included	\$100,000
Extension 1.12	Health and Safety - Loss	Included	
Extension 1.12	Health and Safety - Defence Costs	Included	
Extension 1.13	Shareholder Costs	Included	
Extension 1.14	Continuous Cover	Included	
Extension 1.15	Reinstatement	Included	
Extension 1.16	Tax Liability	Included	
Extension 1.17	Assets and Liberty	Included	\$100,000

Policy Wording:	BHSI-NZ-EP-DO-001-03/2024
Retroactive Date:	Date of incorporation of the Policyholder

Continuity Date: Policy inception

Discovery Period: A. Discovery Period: 365 days
B. Additional Premium: 100% of the current annual premium

Endorsements:

PROSPECTUS LIABILITY EXCLUSION

The **Insurer** will not be liable to make any payment under this **Policy** in connection with that portion of any **Claim** based on or attributable to the actual or intended private placement or public offering of any securities of the **Company** or **Outside Entity**.

All other terms and conditions of this **Policy** remain unchanged.

USA/CANADA EXCLUSION

The **Insurer** will not be liable to make any payment under this **Policy** in connection with that portion of any **Claim** arising out of the activities of the **Company** or any **Outside Entity** in the United States of America or Canada or any of their territories or possessions or where legal action or litigation is brought in a court of law constituted in the United States of America or Canada or any of their territories or possessions.

All other terms and conditions of this **Policy** remain unchanged.

PROFESSIONAL INDEMNITY EXCLUSION - GENERAL WITH FAILURE TO SUPERVISE COVER WRITEBACK

The **Insurer** will not be liable to make any payment under this **Policy** in connection with that portion of any **Claim** alleging, arising out of, based upon or attributable to the **Insured's** or **Outside Entity's** performance of or failure to perform professional services for others for a fee, or any act, error, or omission relating thereto.

Provided, however, that this Exclusion will not be applicable to any **Claim** against the **Insured Persons** alleging a failure to supervise those who performed or failed to perform such professional services.

All other terms and conditions of this **Policy** remain unchanged.

CO-INSURANCE ENDORSEMENT

Definition 2.17 (Insurer) is deleted in its entirety and replaced with the following.

Insurer means the following companies who severally agree each for the proportion set against its name to indemnify the **Insured** or the **Company** within the terms of this **Policy** and the liability for each company individually in respect of any **Loss** or **Defence Costs** will be limited to its stated proportion.

<u>Company</u>	<u>Proportion</u>
Berkshire Hathaway Specialty Insurance Company (incorporated in Nebraska, USA)	%
Other Insurer(s)	%

All other terms and conditions of this **Policy** remain unchanged.

Annual Premium (100%):	\$75,000 net + GST To be pro-rated for the Policy Period
BHSI Capacity:	50% lead line
Brokerage:	0%
Subjectivities:	<p>These terms are subject to receipt, review and acceptance by BHSI of the following <u>prior to binding</u>:</p> <ol style="list-style-type: none"> 1. Copy of the D&O proposal that has been re-signed and re-dated (please can the proposal be signed by a director, and dated within 14 days prior to the inception date). 2. Incorporation date of Auckland Future Fund Trustee Limited. 3. Copies of the following documents (or drafts if not finalised): <ul style="list-style-type: none"> Trust Deed Responsible Investment Policy Auckland Future Fund Distribution Policy SIPO 4. Will Auckland Future Fund Trustee Limited have any employees? If yes, please advise. 5. Update on the selection/appointment of the investment manager(s)? 6. In the short term will the Trust/Fund hold only the AIA shares (of approximately \$1.2bn in value), or will other assets/funds be included? <p><i>Terms are subject to change on receipt of this information.</i></p>
Insurer:	Berkshire Hathaway Specialty Insurance Company (BHSI)
Quote Conditions:	<p>These terms are valid until 18 October 2024.</p> <p>Subject to there being no material changes in the risk between time quoted and the inception of cover.</p> <p>This quotation is based upon the information provided by or on behalf of the proposed insured and in reliance of the accuracy of that information.</p> <p>Regardless of any disclaimers, waivers or warranties contained in any confidentiality agreement or submission (including any submissions transmitted through a portal) preceding this quotation, BHSI retains all remedies and rights of recovery for any losses which may be suffered as a result of any non-disclosure or misrepresentation of any information supplied for the purposes of quoting this risk.</p>

BHSI reserves the right to amend the policy terms, conditions, exclusions and premium if additional information or documentation changes BHSI's evaluation.

Any variations to this quotation are only valid if agreed to by BHSI in writing.

All figures are exclusive of GST.

Claims Excellence

- A long term relationship focus: We view every claim as an opportunity to strengthen our customer relationships and our industry reputation – whether by issuing advance payments, creatively mitigating a loss, or bringing in best-in-class resources quickly.
- Experience: We have the knowledge and expertise to navigate and innovate to support customers through unprecedented events.
- A collaborative culture: Our claims and underwriting groups work as one. Our claims professionals are happy to work with customers preparing for specific loss scenarios even before a claim occurs. When there is a claim, we will work with customers and brokers to determine how to handle the claim, from the strategies we pursue, to the resources we use.
- Communication: Our decision makers are readily accessible throughout the claims process. Communicating with customers and brokers is a priority every step of the way. Our senior managers are hands-on, actively engaged in creating a positive claims experience and achieving the best possible resolution for our customers.

Financial Strength Rating

The Insurance (Prudential Supervision) Act 2010 requires licensed insurers to have a current financial strength rating that is given by an approved rating agency.

Berkshire Hathaway Specialty Insurance Company has been given an **A++** insurer financial strength rating by A.M. Best and an **AA+** insurer financial strength rating by Standard & Poor's.

The A.M Best Financial Strength Rating Scale

A+ (Superior)	B+ (Good)	C+ (Marginal)	D (Poor)
A (Excellent)	B (Fair)	C (Weak)	

The ratings from 'A+' to 'C' includes a Rating Notch to reflect a gradation of financial strength within the category. A Rating Notch is expressed with either a second "+" or a minus "-".

The rating scale above is in summary form. A full description of this rating scale is available on the A.M Best website.

The Standard & Poor's Financial Strength Rating Scale

AAA Extremely Strong	BBB Good	CCC Very Weak	SD Selective Default
AA Very Strong	BB Marginal	CC Extremely Weak	D Default
A Strong	B Weak	C Regulatory Action	NR Not rated

The rating from 'AA' to 'CCC' may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories.

The rating scale above is in summary form. A full description of this rating scale is available on the Standard & Poor's website.

Berkshire Hathaway Specialty Insurance Company (Company Number 5737531, FSP445946), a licensed insurer regulated by the Reserve Bank of New Zealand.

Berkshire Hathaway Specialty Insurance Company is committed to providing you with excellent customer service. However, if you are not satisfied with the service you have received and wish to make a complaint, we will endeavour to resolve it promptly and professionally. Details of our internal complaints procedure are at www.bhspecialty.com. If we cannot do so, you can take your complaint to the Insurance and Financial Services Ombudsman, which provides a free complaints resolution service for our customers.



Berkshire Hathaway
Specialty Insurance

TAX NOTICE

**(DOES NOT APPLY TO THE EXTENT OF THE INSURER'S LIABILITY FOR COLLECTION OR PAYMENT OF
NEW ZEALAND PREMIUM TAXES)**

Premium may be subject to insurance premium taxes or other taxes outside New Zealand. The Insurer is not responsible for the payment, collection or remittance of any such taxes. The premium is exclusive of any applicable premium or other taxes outside of New Zealand, and it is the obligation of the Insured to pay any such applicable taxes either itself or through its broker. The Insurer does not provide tax advice and recommends the Insured consult its own tax advisor with respect to its tax obligations.

Directors & Officers Liability Insurance Policy Schedule

Policy Number:		
Item 1	Policyholder: Address:	C/o: <div></div>
Item 2	Policy Period:	From:

Insuring Clause 1.4	Investigation/Insured Person Inquiry Costs Cover	Included	
Extension 1.5	Discovery Period	Included	
Extension 1.6	Discovery Period for Retiring Directors and Officers	Included	
Extension 1.7	Spouses, Domestic Partners, Estates and Legal Representatives	Included	
Extension 1.8	Court Attendance Costs	Included	\$
Extension 1.9	Public Relations Costs	Included	\$
Extension 1.10	Advancement of Costs and Expenses	Included	
Extension 1.11	Emergency Costs	Included	\$
Extension 1.12	Health and Safety - Loss	Included	\$
	Health and Safety - Defence Costs	Included	\$
Extension 1.13	Shareholder Costs	Included	\$
Extension 1.14	Continuous Cover	Included	
Extension 1.15	Reinstatement	Included	
Extension 1.16	Tax Liability	Included	\$
Extension 1.17	Assets and Liberty	Included	\$


Item 6 Policy Wording: BHSI-NZ-EP-DO-001-03/2024

Item 7 Retroactive Date:

Item 8 Continuity Date:

Item 9 Discovery Period: A. Discovery Period: days
B. Additional Premium: % of the current annual premium

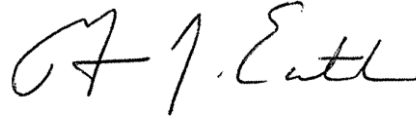
Item 10 Notice to Insurer: For all **Claims** or potential claims:
 Calling from New Zealand: 0800 99 88 44
 Calling from outside New Zealand: +64 9 303 3232
 By Email: claimsnoticenewzealand@bhspecialty.com
 By Mail: For street address, log on to:
www.bhspecialty.com/claims/claims-new-zealand
For all other Notices:
 By Mail: For street address, log on to:
www.bhspecialty.com/nz

Dated: 

Signature:



Ralph Tortorella, Secretary



Peter Eastwood, President

For and on behalf of Berkshire Hathaway Specialty Insurance Company

This policy is issued by Berkshire Hathaway Specialty Insurance Company (NZ Company No. 5737531, FSP 445946), which is licensed by the Reserve Bank of New Zealand to carry on general insurance business in New Zealand, and which holds a financial strength rating of A++ from AM Best and AA+ from Standard & Poor's.



Directors & Officers Liability Insurance Policy Wording

In consideration of payment of the premium and in reliance on the **Proposal**, and subject to the provisions of this **Policy**, the **Insurer** and **Insureds** agree as follows:

Section 1 INSURING CLAUSES AND EXTENSIONS

Cover is only provided for the following Insuring Clauses where these are shown on the **Schedule** as Included.

INSURING CLAUSES

1.1 Side A Cover: Non-indemnified Loss of Insured Person

The **Insurer** will indemnify an **Insured Person** for all **Loss** and **Defence Costs** as a result of a **Claim** first made against that **Insured Person** during the **Policy Period** for a **Wrongful Act** and reported to the **Insurer** as required by this **Policy**, except to the extent such **Loss** or **Defence Costs** have been paid or indemnified by the **Company**.

1.2 Side B Cover: Company Indemnification of Insured Person Loss

The **Insurer** will indemnify the **Company** for all **Loss** and **Defence Costs** for which the **Company** indemnifies an **Insured Person** as permitted or required by law, as a result of a **Claim** first made against that **Insured Person** during the **Policy Period** for a **Wrongful Act** and reported to the **Insurer** as required by this **Policy**.

1.3 Side C Cover: Company Securities Claim

The **Insurer** will indemnify the **Company** for all **Loss** and **Defence Costs** as a result of a **Securities Claim** first made against the **Company** during the **Policy Period** for a **Wrongful Act** and reported to the **Insurer** as required by this **Policy**.

1.4 Investigation/Insured Person Inquiry Costs Cover

1.4.1 The **Insurer** will indemnify an **Insured Person** for all **Defence Costs** incurred by that **Insured Person** as a result of:

- (a) an investigation by an **Enforcement Authority**; or
- (b) an **Insured Person Inquiry**;

first commenced during the **Policy Period** and reported to the **Insurer** as required by this **Policy**, except to the extent such **Defence Costs** have been paid or indemnified by the **Company**.

1.4.2 The **Insurer** will indemnify the **Company** for all **Defence Costs** incurred by an **Insured Person** as a result of:

- (a) an investigation by an **Enforcement Authority**; or

(b) an **Insured Person Inquiry**;

first commenced during the **Policy Period** and reported to the **Insurer** as required by this **Policy**, to the extent the **Company** pays or indemnifies such **Defence Costs**.

EXTENSIONS

Cover is only provided for the following Extensions where these are shown on the **Schedule** as Included. This cover is subject to the terms and conditions of this **Policy**. All payments made under any of the included Extensions for all **Insureds** combined will be subject to the respective aggregate sub-limit of indemnity specified at item 5 of the **Schedule**.

1.5 **Discovery Period**

- 1.5.1 In the event the **Insurer** refuses to renew this **Policy**, or the **Policyholder** does not renew this **Policy**, the **Company** and the **Insured Person** will have the right to elect an extension of the cover provided by this **Policy** for the time period and subject to the additional premium specified at items 9A and 9B of the **Schedule** respectively. The election to purchase this **Discovery Period** is not available if this Extension is shown on the **Schedule** as Not Included.
- 1.5.2 Cover for any:
 - (a) **Claim** deemed first made during the **Discovery Period** will apply only with respect to any **Wrongful Act** occurring prior to the expiry of the **Policy Period**.
 - (b) investigation by an **Enforcement Authority** or an **Insured Person Inquiry** first commenced during the **Discovery Period** will apply only if the conduct giving rise to the investigation by an **Enforcement Authority** or an **Insured Person Inquiry** actually or allegedly occurred prior to the expiry of the **Policy Period**.
 - (c) tax liability under Extension 1.16 (Tax Liability) first imposed on an **Insured Person** during the **Discovery Period** will apply only if the **Company's** insolvency occurs prior to the expiry of the **Policy Period**.
- 1.5.3 Cover is not available in the event of a transaction (as defined in General Condition 5.12 (Mergers, Acquisitions and Sales of the Policyholder or any Subsidiary) occurring during the **Discovery Period**.
- 1.5.4 As a condition precedent to the right to purchase the **Discovery Period**, the premium for this **Policy** must have been paid and, prior to the effective date of the non-renewal, a written request to elect the **Discovery Period** must be made to the **Insurer**. Payment of the additional premium for the **Discovery Period** must be made to the **Insurer** no later than 60 days following the effective date of the non-renewal. The premium paid for the **Discovery Period** is deemed fully earned at the inception of the **Discovery Period**.
- 1.5.5 The fact that the cover provided by this **Policy** may be extended by virtue of the purchase of the **Discovery Period** will not in any way increase the **Limits of Indemnity**, or any applicable sub-limit specified at item 5 of the **Schedule** or in any Endorsement. For the purposes of the **Limits of Indemnity** or applicable sub-limit, the **Discovery Period** is considered to be part of, and not in addition to, the **Policy Period**.

1.6 Discovery Period for Retiring Directors and Officers

- 1.6.1 In the event that this **Policy** is neither renewed nor replaced for any reason, other than for non-payment of premium, then any director or officer who retires or has retired from all paid employment and office with a **Company** prior to the end of the **Policy Period** and prior to any merger or acquisition of the **Policyholder** as set out at General Condition 5.12.1 (Merger or Acquisition of Policyholder or any Subsidiary) will be entitled to an automatic lifetime notification period under the terms of this **Policy** for **Claims** based on conduct or **Wrongful Acts** actually or allegedly occurring prior to their retirement, or tax liability under Extension 1.16 (Tax Liability) imposed due to a **Company's** insolvency which occurred prior to their retirement.
- 1.6.2 The time period for notification in Claims Condition 4.4 (Notification of Claims) does not apply to the cover provided under this Extension. Notification of **Claims** or circumstances under this Extension must be given as soon as practicable after the retired director or officer first learns of the **Claim** or circumstance.

1.7 Spouses, Domestic Partners, Estates and Legal Representatives

- 1.7.1 The cover provided by this **Policy** extends to an **Insured Person's** lawful spouse or domestic partner, but only for a **Claim** arising out of any **Wrongful Acts** of that **Insured Person**.
- 1.7.2 The cover provided by this **Policy** also extends to the estates, heirs, legal representatives or assigns of an **Insured Person** in the event of the **Insured Person's** death, incapacity or bankruptcy, but only for a **Claim** arising out of any **Wrongful Acts** of that **Insured Person** and to the extent that the **Claim**, if made against the **Insured Person**, would have been covered by this **Policy** in the absence of the **Insured Person's** death, incapacity or bankruptcy.

1.8 Court Attendance Costs

- 1.8.1 The cover provided by this **Policy** extends to court attendance costs of an **Insured Person** who is either required by law or with the prior written consent of the **Insurer** (which consent will not be unreasonably withheld or delayed) to attend as a witness in a **Claim** notified and covered under this **Policy**, to an amount not exceeding:
 - (a) for any **Insured Person** within the meaning of Clause 2.15.1 of this **Policy**: \$500 per day; and
 - (b) for any other **Insured Person**: \$250 per day.
- 1.8.2 The cover under this Extension is part of, and not in addition to, the **Limit of Indemnity** for **Defence Costs**.

1.9 Public Relations Costs

- 1.9.1 The cover provided by this **Policy** extends to cover **Public Relations Costs** reasonably incurred by an **Insured Person** with the prior written consent of the **Insurer** (which consent will not be unreasonably withheld or delayed).
- 1.9.2 The cover under this Extension is part of, and not in addition to, the **Limit of Indemnity** for **Defence Costs**.

1.10 Advancement of Costs and Expenses

The **Insurer** will, subject to Claims Conditions 4.2 (Defence/Consent for Costs, Expenses and Settlement/Allocation), advance **Defence Costs, Bail Bond and Civil Bond Premium, Prosecution Costs, Assets and Liberty Expenses, Public Relations Costs** and **Security Holder Derivative Demand Investigation Costs** on a current basis but no later than 30 days after the **Insurer** receives itemised invoices for such costs or expenses, and until such time that it is finally established that the **Insured** is not entitled to cover for such costs or expenses under the terms and conditions of this **Policy**, provided that to the extent it is finally established that any such amounts are not covered under this **Policy**, the **Insureds**, severally and according to their respective interests, will repay any previously advanced amounts to the **Insurer**.

1.11 Emergency Costs

1.11.1 If it is not possible for the **Insured** to obtain the **Insurer's** written consent prior to incurring **Defence Costs, Bail Bond and Civil Bond Premium, Prosecution Costs, Assets and Liberty Expenses, Public Relations Costs** and **Security Holder Derivative Demand Investigation Costs**, the **Insurer** will waive its consent for such fees, costs and expenses provided that the **Insurer's** consent is sought within 14 days of the first of such fees, costs or expenses being incurred.

1.11.2 The cover under this Extension is part of, and not in addition to, the **Limit of Indemnity** for **Defence Costs**.

1.12 Health and Safety

1.12.1 The cover provided by this **Policy** extends to include **Loss** and **Defence Costs** arising from a **Claim** for a **Wrongful Act** in respect of corporate manslaughter or breach of occupational health and safety legislation.

1.12.2 The cover under this Extension is part of, and not in addition to, the respective **Limits of Indemnity**.

1.13 Shareholder Costs

1.13.1 The cover provided by this **Policy** extends to provide cover to the **Company** for any reasonable fees, costs, and expenses incurred by any shareholder of the **Company** in pursuing a **Claim** against an **Insured Person** on behalf of the **Company** in the event that and to the extent that the **Company** is legally liable to pay such costs, charges and expenses pursuant to a Court order.

1.13.2 The cover under this Extension is part of, and not in addition to, the **Limit of Indemnity** for **Defence Costs**.

1.14 Continuous Cover

The **Insurer** will cover a **Claim** or circumstance that may reasonably have been expected by an **Insured** to give rise to a **Claim** which should have been notified under any earlier policy of which this **Policy** is a direct or indirect renewal or replacement, provided always that:

1.14.1 the **Insured** first became aware of the circumstances that might give rise to the **Claim** after the **Continuity Date**;

1.14.2 the failure to notify was not intentionally dishonest or fraudulent, or the **Insured** was legally prohibited from doing so by an **Enforcement Authority**; and

- 1.14.3 the cover provided by this Extension will be subject to either the terms, conditions and limitations of the policy in force when the **Insured** first became aware of such circumstances or this **Policy** at the **Insurer's** sole discretion.

1.15 Reinstatement

Notwithstanding General Condition 5.10 (Limits of Indemnity), in the event that:

- 1.15.1 a **Limit of Indemnity**; and

1.15.2 any valid and collectable insurance that is specifically excess of this **Policy**, are fully exhausted, the exhausted **Limit of Indemnity** will be reinstated once, but only for **Claims** under Insuring Clause 1.1 (Side A Cover) and Insuring Clause 1.4.1 (Investigation/Insured Person Inquiry Costs Cover) and only to the extent that such **Loss** or **Defence Costs** results from a **Claim** that does not involve the same **Wrongful Act** or **Related Wrongful Acts** as a **Claim** already made.

If the **Insurer** pays, under this Extension, any **Loss** or **Defence Costs** incurred by an **Insured Person** for which the **Company** is legally permitted or required to indemnify, then the **Company** will reimburse the **Insurer** for such amounts, and such amounts will become due and payable as a direct obligation of the **Company** to the **Insurer**.

The following Extensions 1.16 and 1.17 are deemed to be **Claims** for the purposes of this **Policy**.

1.16 Tax Liability

The **Insurer** will indemnify an **Insured Person** for any:

- 1.16.1 taxes imposed on a **Company** for which the **Insured Person** is legally obligated to pay solely by reason of the **Company's** insolvency; and
- 1.16.2 taxes imposed on the **Insured Person** which the **Company** would usually pay or provide an indemnity for but for which the **Insured Person** has become legally obligated to pay solely by reason of the **Company's** insolvency,

during the **Policy Period** and reported to the **Insurer** as required by this **Policy**, except to the extent such taxes have been paid by the **Company** or another party.

- 1.16.3 The cover under this Extension is part of, and not in addition to, the **Limit of Indemnity** for **Loss**.

1.17 Assets and Liberty

- 1.17.1 In the event of an **Assets and Liberty Proceeding** arising out of or in any way connected with a **Claim**, the **Insurer** will pay to or on behalf of an **Insured Person**:

- (a) **Defence Costs**;
- (b) **Bail Bond and Civil Bond Premium**;
- (c) **Prosecution Costs**; and
- (d) **Assets and Liberty Expenses**.

- 1.17.2 The cover under this Extension is part of, and not in addition to, the **Limit of Indemnity** for **Defence Costs**.

Section 2 DEFINITIONS

- 2.1 **Assets and Liberty Expenses** means, in the event of an interim or interlocutory order in the course of any **Assets and Liberty Proceeding** confiscating, controlling suspending or freezing rights of ownership of real property or personal assets of an **Insured Person** or creating a charge over real property or personal assets of the **Insured Person**, the reasonable day to day expenses and financial commitments of the **Insured Person** in excess of any personal allowance directed by a court, including but not limited to, schooling, housing, utilities, personal insurances and other household expenses incurred within a period of 12 months after the occurrence of such order, provided a court has granted a personal allowance to meet such expenses and that personal allowance is exhausted.
- 2.2 **Assets and Liberty Proceeding** means any proceeding brought against an **Insured Person** by any **Enforcement Authority** alleging a **Wrongful Act** and seeking:
- 2.2.1 to disqualify the **Insured Person** from holding office as a director or officer;
 - 2.2.2 confiscation, assumption of ownership and control suspension or freezing of rights of ownership of real property or personal assets of the **Insured Person**;
 - 2.2.3 a charge over real estate property or personal assets of the **Insured Person**;
 - 2.2.4 a temporary or permanent prohibition on the **Insured Person** from holding the office of or performing the function of a director or officer;
 - 2.2.5 a restriction of the **Insured Person's** liberty to a specified domestic residence or an official detention; or
 - 2.2.6 deportation of the **Insured Person** following revocation of otherwise proper, current and valid immigration status for any reason other than the **Insured Person's** conviction of a crime.
- 2.3 **Bail Bond and Civil Bond Premium** means the reasonable premium (but not collateral) for any bond or other financial instrument to guarantee the **Insured Person's** contingent obligation for a specified amount required by a court hearing an **Assets and Liberty Proceeding**.
- 2.4 **Claim** means:
- 2.4.1 a written demand against an **Insured** for monetary or non-monetary (including injunctive) relief;
 - 2.4.2 a civil (including arbitral) proceeding;
 - 2.4.3 a criminal proceeding;
 - 2.4.4 an administrative or regulatory proceeding (other than an investigation);
 - 2.4.5 an investigation of an **Insured Person** by an **Enforcement Authority**;
 - 2.4.6 an **Insured Person Inquiry**;
 - 2.4.7 an official request for the **Extradition** of an **Insured Person**, or the execution of a warrant for the arrest of an **Insured Person** where such execution is an element of **Extradition**; or
 - 2.4.8 a **Securities Claim**.
- 2.5 **Company** means the **Policyholder** and any **Subsidiary**.

- 2.6 **Continuity Date** means the date specified at item 8 of the **Schedule**.
- 2.7 **Defence Costs** means:
- 2.7.1 reasonable fees, costs and expenses incurred by or on behalf of the **Insured** with the **Insurer's** prior written consent (which consent will not be unreasonably withheld or delayed), in the investigation, defence, settlement or appeal of any **Claim**, including the costs of an appeal bond, attachment bond or similar bond, but does not include the obligation to apply for or furnish such bonds;
 - 2.7.2 reasonable fees, costs and expenses incurred by or on behalf of the **Insured** at the **Insurer's** request to assist the **Insurer** in investigating a **Claim**;
 - 2.7.3 reasonable fees, costs and expenses incurred by an **Insured Person** with the **Insurer's** prior written consent (which consent will not be unreasonably withheld or delayed), in preparation for and response to an investigation by an **Enforcement Authority** or an **Insured Person Inquiry**;
 - 2.7.4 reasonable fees, costs and expenses incurred by an **Insured Person** with the **Insurer's** prior written consent (which consent will not be unreasonably withheld or delayed), in relation to any **Assets and Liberty Proceeding** including seeking a declaration or injunction in relation to such proceedings; and
 - 2.7.5 **Security Holder Derivative Demand Investigation Costs**.
- Defence Costs** does not include (i) any salaries, wages, overheads, benefits or benefit expenses associated with any **Insured** or the cost of any **Insured's** time, except as provided for under Extension 1.8 (Court Attendance Costs), or (ii) any fees, costs or expenses incurred by an **Insured** prior to the time that the **Claim** is first made against the **Insured**.
- 2.8 **Discovery Period** means the period specified at item 9A of the **Schedule** immediately following the expiration of the **Policy Period** during which written notice may be given to the **Insurer** of **Claims** first made during such period of time, but only to the extent such **Claims** are based on conduct, events or **Wrongful Acts** actually or allegedly occurring prior to the expiry of the **Policy Period**.
- 2.9 **Enforcement Authority** means any local, federal, state or foreign regulator, government or administrative body or agency, judicial body, official trade body, Royal Commission, commission of enquiry, law enforcement, governmental authority or the law enforcement unit of any securities exchange or similar self-regulatory body that is legally empowered to investigate the affairs of companies or their directors, officers and managers in their capacity as such.
- 2.10 **Extradition** means any formal process by which an **Insured Person** located in any country is or is sought to be surrendered to any other country for trial, or otherwise to answer any criminal accusation, for a **Wrongful Act**.
- 2.11 **Financial Insolvency** means the appointment, including pursuant to local, federal or state law, of an administrator, receiver, liquidator, trustee or other official to control, supervise, manage or liquidate the **Company**.
- 2.12 **Foreign Jurisdiction** means any jurisdiction, other than New Zealand or any of its territories or possessions.

- 2.13 **Foreign Policy** means the standard directors and officers liability policy (including all mandatory Endorsements, if any) approved by the **Insurer** for use within a **Foreign Jurisdiction** that provides cover substantially similar to the cover afforded under this **Policy**. The term **Foreign Policy** will not include any partnership, pension trust or professional liability policy or similar cover.
- 2.14 **Insured(s)** means any **Insured Person** or **Company**.
- 2.15 **Insured Person** means any natural person who was, is or will be:
- 2.15.1 a duly elected or appointed director (including shadow directors, de facto directors, deemed directors and prospective directors identified in a **Company** prospectus or similar offering document), officer, in-house general counsel, risk manager or controller of a **Company**;
 - 2.15.2 a manager, member of any board of managers or the equivalent executive of a **Company**;
 - 2.15.3 an official of a **Company**, including a **Company** organised or operated in a **Foreign Jurisdiction**, while serving in a functionally equivalent position to those described in Clauses 2.15.1 or 2.15.2;
 - 2.15.4 an individual described in Clauses 2.15.1, 2.15.2 or 2.15.3 while serving at the specific direction or request of the **Company** in a position functionally equivalent to those described in Clauses 2.15.1, 2.15.2 or 2.15.3 for an **Outside Entity**; or
 - 2.15.5 any other employee of the **Company**, but solely with respect to a **Securities Claim** or any other **Claim** while such other **Claim** is brought and maintained against both such employee and an **Insured Person** as defined above in Clauses 2.15.1, 2.15.2, 2.15.3 or 2.15.4.
- 2.16 **Insured Person Inquiry** means a request or requirement made upon an **Insured Person** for an interview, a meeting, sworn testimony or the production of documents from:
- 2.16.1 an **Enforcement Authority** in connection with either the business of a **Company** or such **Insured Person** in his or her capacity as such;
 - 2.16.2 a **Company** in connection with an investigation of a **Company** by an **Enforcement Authority**; or
 - 2.16.3 a formal written notification to an **Enforcement Authority** of an actual or alleged material breach of an **Insured's** legal or regulatory duties,
- provided that an **Insured Person Inquiry** will not include any request by an **Enforcement Authority** that is part of a routine or regularly scheduled audit, inspection or general oversight or compliance activity.
- 2.17 **Insurer** means Berkshire Hathaway Specialty Insurance Company (incorporated in Nebraska, USA).
- 2.18 **Limits of Indemnity** mean the amounts specified at item 3 of the **Schedule**.
- 2.19 **Loss** means those amounts any **Insured** is legally obligated to pay as a result of a **Claim**, including but not limited to:
- 2.19.1 compensatory, punitive, exemplary and multiple damages or sentences of reparation;

- 2.19.2 settlements and judgments, including costs and fees awarded pursuant to a covered judgment and pre-judgment and post-judgment interest on that portion of a covered judgment; or
- 2.19.3 fines or pecuniary penalties assessed against an **Insured Person** for an unintentional and non-wilful violation of any local, federal, state or foreign law.

Loss does not include any of the following:

- 2.19.4 **Defence Costs;**
- 2.19.5 **Bail Bond and Civil Bond Premium;**
- 2.19.6 **Court Attendance Costs;**
- 2.19.7 **Prosecution Costs;**
- 2.19.8 **Assets and Liberty Expenses;**
- 2.19.9 **Public Relations Costs;**
- 2.19.10 **Security Holder Derivative Demand Investigation Costs;**
- 2.19.11 taxes, except as provided at Extension 1.16 (Tax Liability);
- 2.19.12 any amount incurred to test for, monitor, clean up, remove, contain, treat, detoxify or neutralise **Pollutants;**
- 2.19.13 solely with respect to Insuring Clauses 1.2 (Side B Cover) and 1.3 (Side C Cover), any portion of damages, judgments or settlements incurred by the **Insured** that represents or is substantially equivalent to an increase in the consideration paid or proposed to be paid in connection with the purchase of any securities, assets or entity;
- 2.19.14 any amount not insurable under the law of the jurisdiction in which the **Claim** is brought; or
- 2.19.15 costs incurred by an **Insured** to comply with any order for non-monetary relief (including injunctive relief) or with any agreement to provide such relief.

2.20 **Management Control** means:

- 2.20.1 owning an interest of an entity representing more than 50% of the power to manage or control said entity, including the power to elect, appoint or designate a majority of the board of directors or equivalent executives of the entity; or
- 2.20.2 having the right, pursuant to written contract or the by-laws, charter, operating agreement or similar documents of an entity, to elect, appoint or designate a majority of the board of directors or equivalent executives of such entity.

2.21 **Outside Entity** means:

- 2.21.1 any not-for-profit entity being a registered charity, trade association or other non-profit organisation; or
- 2.21.2 any for-profit entity, but only if the securities of such for-profit entity are not listed on any stock exchange; or
- 2.21.3 any entity that is specifically added as an **Outside Entity** by written Endorsement to this **Policy**.

An **Outside Entity** does not include any entity that is otherwise a **Company**.

- 2.22 **Policy** means this policy wording, the **Schedule**, the **Proposal** and any Endorsement attaching to and forming part of this policy wording either at the commencement of or during the **Policy Period**.
- 2.23 **Policyholder** means the company or entity specified at item 1 of the **Schedule**.
- 2.24 **Policy Period** means the period of time specified at item 2 of the **Schedule** unless this **Policy** is cancelled in which event the **Policy Period** will end on the effective date of cancellation.
- 2.25 **Pollutants** means any substance located anywhere in the world exhibiting any hazardous characteristics as defined by, or identified on any list of hazardous substances issued by, an environmental protection agency or any state, county, municipality or locality counterpart including, but not limited to, nuclear material or nuclear waste. Such substances include, without limitation, solids, liquids, gaseous, biological, radiological or thermal irritants, contaminants or smoke, vapour, dust, fibres, mould, spores, fungi, germs, soot, fumes, acids, alkalis, chemicals or waste materials and any other air emission, odour, waste water, oil or oil products, infectious or medical waste, asbestos or asbestos products and any noise.
- 2.26 **Proposal** means the signed proposal form or declaration submitted to the **Insurer** for this **Policy** together with any written materials attached to the proposal or submitted to the **Insurer** in connection with the underwriting of this **Policy**. **Proposal** also includes all publicly available documents filed by the **Company** with the applicable regulator or Companies Office during the 12 months preceding the effective date of this **Policy**.
- 2.27 **Prosecution Costs** means the reasonable fees, costs and expenses incurred by an **Insured Person** to bring legal proceedings to overturn, or obtain the discharge, revocation or stay of any judicial order obtained or sought by an **Enforcement Authority** in an **Assets and Liberty Proceeding**.
- 2.28 **Public Relations Costs** means reasonable fees and related expenses of a public relations or crisis management firm or law firm in order to prevent or limit negative publicity or effects which it is anticipated may arise from any **Claim** for which cover is provided under this **Policy**.
- 2.29 **Related Wrongful Acts** means all **Wrongful Acts** that are logically or causally connected by any fact, circumstance, event, transaction, cause or series of related facts, circumstances, events, transactions or causes.
- 2.30 **Retention** means the amounts specified at item 4 of the **Schedule**.
- 2.31 **Retroactive Date** means the date specified at item 7 of the **Schedule**.
- 2.32 **Schedule** means the schedule attached to and forming part of this **Policy**.
- 2.33 **Securities Claim** means a written demand for monetary or non-monetary (including injunctive) relief, a civil (including arbitral) proceeding, a criminal proceeding or an administrative or regulatory proceeding (other than an investigation) which is:
- 2.33.1 brought by any person or entity alleging, arising out of, based upon or attributable to, in part or in whole, the purchase or sale, or the offer or solicitation of an offer to purchase or sell, any securities of a **Company**; or
- 2.33.2 brought by a security holder of the **Company** in their capacity as such, whether directly, by class action, or derivatively on behalf of the **Company**.

Securities Claim also means a **Security Holder Derivative Demand**.

- 2.34 **Security Holder Derivative Demand** means a written demand by one or more security holders of the **Company** upon the board of directors of that **Company** to commence a civil proceeding against an **Insured Person** for a specified **Wrongful Act**.
- 2.35 **Security Holder Derivative Demand Investigation Costs** means reasonable fees, costs and expenses incurred solely by the **Company** (including its board of directors or any committee of its board of directors) in connection with its investigation or evaluation on behalf of that **Company** of:
- 2.35.1 a **Security Holder Derivative Demand**; or
 - 2.35.2 a civil proceeding by a security holder of the **Company** brought derivatively on behalf of that **Company** against any **Insured Person** for a specified **Wrongful Act** without first making a demand as described in the definition of **Security Holder Derivative Demand**.
- 2.36 **Subsidiary** means any entity with respect to which the **Policyholder** has **Management Control**.
- 2.37 **Wrongful Act** means:
- 2.37.1 any actual or alleged act, omission, error, misstatement, misleading statement, neglect, breach of duty, breach of trust or breach of warranty of authority by an **Insured Person** in their capacity as such;
 - 2.37.2 any matter claimed against an **Insured Person** solely by reason of their serving in such capacity;
 - 2.37.3 any actual or alleged act, omission, error, misstatement, misleading statement, neglect, breach of duty, breach of trust or breach of warranty of authority by the **Company**, but only with respect to a **Securities Claim** under Insuring Clause 1.3 (Side C Cover); or
 - 2.37.4 solely with respect to determining whether a securities holder derivative lawsuit which names any **Company** as a defendant (including as a “nominal” defendant) is a **Securities Claim** against the **Company** for purposes of Insuring Clause 1.3 (Side C Cover), any **Wrongful Act** of an **Insured Person** as described in Clauses 2.37.1 above will also be deemed to be a **Wrongful Act** of the **Company**.

Section 3 EXCLUSIONS

The **Insurer** will not be liable to make any payment under this **Policy** in connection with that portion of any **Claim**:

3.1 Bodily Injury/Property Damage

for any actual or alleged:

- 3.1.1 bodily injury, mental anguish, emotional distress, sickness, disease, or death of any person; or
- 3.1.2 damage to or destruction of any tangible property, including the loss of use thereof, provided, however, this Exclusion does not apply to (i) any **Securities Claim**, (ii) claims for mental anguish or emotional distress brought by a current, prospective or former employee in an employment-related **Claim** or (iii) the cover provided by Extension 1.12 (Health and Safety).

3.2 Conduct

based upon, arising out of, or relating to:

- 3.2.1 the gaining of any profit or advantage to which the **Insured** is not legally entitled;
- 3.2.2 the committing of any dishonest, fraudulent or malicious acts by the **Insured**; or
- 3.2.3 any knowing or wilful violation of any law or regulation by the **Insured**,

provided that this Exclusion will only apply if it is established through a judgment or any other final adjudication adverse to the **Insured**, or any formal written admission by an **Insured**, that the relevant conduct did in fact occur.

3.3 ERISA

for any actual or alleged violation of any of the responsibilities, obligations or duties imposed pursuant to the Employee Retirement Income Security Act of 1974 (United States of America), as amended, or any similar federal, state, local or foreign statutory law or common law; provided that this Clause only applies with respect to plans, programmes and trusts established or maintained in whole or in part for the benefit of employees of the **Company** or **Outside Entity**.

3.4 Insured v. Insured

brought or maintained by or on behalf of the **Company** or **Outside Entity** in the United States of America or any of its territories or possessions, except:

- 3.4.1 any **Claim** against any **Insured** for contribution or indemnity if such **Claim** directly results from another **Claim** that would otherwise be covered under this **Policy**; or
- 3.4.2 any **Claim**:
 - (a) against an **Insured Person** that is a derivative lawsuit brought and maintained on behalf of the **Company** or **Outside Entity**; or
 - (b) brought or maintained by any member of a compliance committee or advisory board who brings the **Claim**,without the active assistance or participation of more than one **Insured Person**, unless such assistance or participation is (i) solely pursuant to, or in compliance with, a subpoena or similar legal process, or (ii) protected pursuant to Section 806 of the Sarbanes Oxley Act 2002 (United States of America) or any similar whistleblower statute;
- 3.4.3 any **Claim** made against the **Company** or **Outside Entity** in the name of any **Insured** where such **Claim** is brought in compliance with the requirements of any statutory or regulatory authority empowered to govern the conduct of the **Company's** or **Outside Entity's** business;
- 3.4.4 any **Claim** brought or maintained by or on behalf of a bankruptcy or insolvency trustee, examiner, receiver or, liquidator (or equivalent in a foreign jurisdiction) of the **Company**, or any assignee of any of the foregoing; or
- 3.4.5 **Defence Costs.**

3.5 Prior Notice

based upon or arising out of any **Wrongful Act**, a **Related Wrongful Act**, fact or circumstance which has been the subject of any written notice given before the inception of the **Policy Period** under any directors and officers liability insurance policy, provided the insurer of that policy does not reject such notice as invalid.

This Exclusion does not apply to the cover provided by Extension 1.14 (Continuous Cover).

3.6 Retroactive Date

arising directly or indirectly out of or relating to any conduct, events or **Wrongful Acts** actually or allegedly occurring prior to the **Retroactive Date**.

3.7 Sanctions

and the **Insurer** will not provide any cover or benefit to the extent that the provision of such cover, payment of such claim or provision of such benefit would expose the **Insurer** to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of New Zealand, Australia, the European Union, United Kingdom, or United States of America.

3.8 Violation of Employment Law

- 3.8.1 for any actual or alleged violation of the Fair Labor Standards Act (United States of America), provided that this Clause shall not apply to any **Securities Claim**; or
- 3.8.2 for any actual or alleged violation of any other local, federal, state, or foreign statutory law or common law governing wage, hour or payroll policies of any **Company** or **Outside Entity**, provided that this Clause shall not apply to any **Claim** under Insuring Clause 1.1 (Side A Cover), 1.4.1 (Investigation/Insured Person Inquiry Costs Cover) or any **Securities Claim**.

Section 4 CLAIMS CONDITIONS

4.1 Co-operation of Insureds and Insurer's Right to Associate

- 4.1.1 The **Insurer** will at all times have the right, but not the duty, to associate with the **Insured** in the investigation, defence or settlement of any **Claim** that may be covered under this **Policy**. The **Insured** will co-operate with the **Insurer** and provide the **Insurer** with all information it may reasonably require in the investigation, defence or settlement of any **Claim**. The failure of one **Insured Person** or **Company** to comply with this provision will not impair the rights of any other **Insured Person** under this **Policy**.
- 4.1.2 The **Insured** waives all claims to legal professional privilege between themselves and any solicitor retained by the **Insurer** to act on the **Insured's** behalf in relation to any **Claim**. The **Insured** will allow the solicitor to disclose to the **Insurer** any information obtained in the course of the solicitor's duties.

4.2 Defence/Consent for Costs, Expenses and Settlement/Allocation

- 4.2.1 The **Insured**, and not the **Insurer**, will have the duty to defend all **Claims**.

- 4.2.2 The **Insured** (and any person, firm or company acting for or on the **Insured's** behalf) must not incur any **Defence Costs** or any other fees, costs or expenses under any Extension, or admit liability for, compromise, settle or make any offer or payment in respect of any **Claim** without the **Insurer's** prior written consent (which consent will not be unreasonably withheld or delayed). The **Insurer** will not be liable under this **Policy** for **Loss** incurred as a result of any such admission, offer or agreement to which the **Insurer** did not consent. The **Insurer** will not be liable under this **Policy** for any **Defence Costs** incurred without such consent. Provided that this condition does not apply to the cover provided under Extension 1.11 (Emergency Costs).
- 4.2.3 Notwithstanding the preceding Clause, the **Insured** may settle all **Claims** subject to a single **Retention** without the **Insurer's** prior written consent, if and only if the settlement amount plus **Defence Costs** for all such **Claims** does not exceed the applicable **Retention**.
- 4.2.4 The **Insured** will not be required by the **Insurer** to contest any legal proceedings against the **Insured** unless a King's Counsel (to be mutually agreed upon by the **Insurer** and the **Insured** and in the absence of agreement to be determined by the President of the New Zealand Law Society), advises that the proceedings can be contested with a reasonable prospect of success. The costs of that advice will be borne by the **Insurer**.
- 4.2.5 If the **Insured** does not agree with the decision by the **Insurer** to settle a **Claim**, the **Insured** can elect to contest the **Claim** at its own expense but the liability of the **Insurer** will not exceed the amount for which the **Claim** could have been settled in the opinion of a King's Counsel (to be mutually agreed upon by the **Insured** and the **Insurer** and in the absence of agreement to be determined by the president of the New Zealand Law Society). The costs of that advice will be borne by the **Insurer**.
- The **Insurer** will pay all **Defence Costs** incurred up to the date the **Insured** notifies the **Insurer** in writing of its election under this clause of this **Policy**, and will pay the **Insured** (subject to the **Retention**) the amount for which the **Claim** could have been so settled. The **Insured** expressly agrees that the **Insurer's** liability in respect of that **Claim** will then be at an end.
- 4.2.6 If in any **Claim** the **Insured** incurs **Loss**, **Defence Costs** or any other fees, costs or expenses under any Extension jointly with others (including other **Insureds**) who are not afforded cover under this **Policy** for such **Claim** or incur both **Loss**, **Defence Costs**, or any other fees, costs or expenses under any Extension covered by this **Policy** and other amounts which are not covered by this **Policy**, the **Insured** and the **Insurer** will allocate such amounts between covered **Loss**, **Defence Costs** or any other fees, costs or expenses under any Extension and uncovered **Loss** or **Defence Costs** based on the relative legal and financial exposures of the parties to covered and uncovered matters. If the **Insured** and the **Insurer** cannot agree on an allocation of **Defence Costs**, the **Insurer** will advance **Defence Costs** which the **Insurer** believes to be covered under this **Policy** until a different allocation is negotiated, arbitrated or judicially determined. In that event, that allocation will be applied retroactively to all **Defence Costs**.

4.3 Fraudulent Claims

If an **Insured** claims cover for any **Loss, Defence Costs** or any other fees, costs or expenses under this **Policy** knowing that claim to be false or fraudulent as regards amounts or otherwise, or uses fraudulent devices to advance what is otherwise a valid claim, that claim by that **Insured** will be excluded under this **Policy** and the **Insurer** will have the right to be reimbursed by that **Insured** for any payments made in connection with that claim. Provided that this does not exclude cover for any related claim made by any other **Insured** which is not knowingly false or fraudulent.

4.4 Notification of Claims

- 4.4.1 The **Insured** must give the **Insurer** notice in writing of any **Claim** which is made during the **Policy Period**, unless the **Insured** is legally prohibited from doing so by an **Enforcement Authority**. Any notice provided under this Clause must be given as soon as practicable after the risk manager or in-house general counsel or functional equivalent of the **Policyholder** first learns of the **Claim**, but in no event later than 60 days after the end of the **Policy Period** or **Discovery Period** (as applicable).
- 4.4.2 All notifications must be in writing and addressed via the **Insured's** insurance broker or to the **Insurer** as specified at item 10 of the **Schedule**.
- 4.4.3 Potential **Claims**:
- (a) During the **Policy Period** or the **Discovery Period** (if purchased), the **Insured** may give written notice to the **Insurer** of circumstances that may reasonably be expected to give rise to a **Claim**. That notice must set out sufficient particulars of the dates, persons/entities involved and the reason for anticipating the circumstance may reasonably be expected to give rise to a **Claim**.
 - (b) Any **Claim** which is subsequently made against the **Insured** alleging, arising out of, based upon or attributable to such circumstances, will be considered made at the time notice of those circumstances was first given to the **Insurer**.
 - (c) Notice of any subsequent **Claim** must be given to the **Insurer** as soon as practicable after the risk manager or in-house general counsel or functional equivalent of the **Policyholder** first learns of the **Claim**.

4.5 Related Claims

- 4.5.1 More than one **Claim**, including any **Claim** that is an **Insured Person Inquiry**, involving the same **Wrongful Act** or **Related Wrongful Acts** of one or more **Insureds**, or with respect to an **Insured Person Inquiry**, arising from the same or related facts or circumstances or series of causally or logically related facts or circumstances, will be considered a single **Claim**, and only one **Retention** will be applicable to such single **Claim**.
- 4.5.2 All such **Claims** constituting a single **Claim** will be deemed to have been first made on the earlier of the following dates: (i) the earliest date on which any such **Claim** was first made or (ii) the earliest date on which any of the **Wrongful Act, Related Wrongful Acts** or, with respect to an **Insured Person Inquiry**, the fact or circumstance, was reported under this **Policy** or any other policy providing similar cover, regardless of whether that date is before or during the **Policy Period**, or any applicable **Discovery Period**.

Section 5 GENERAL CONDITIONS

5.1 Authorisation

By acceptance of this **Policy**, the **Policyholder** agrees to act on behalf of all **Insureds** with respect to the giving and receiving of any notice provided for in this **Policy** (except the giving of notice to apply for any **Discovery Period**), the payment of premiums and the receipt of any return premiums that may become due under this **Policy**, and the agreement to and acceptance of Endorsements, and each **Insured** agrees that the **Policyholder** will act on its behalf.

5.2 Awareness and Severability

For the purposes of determining cover under this **Policy**:

- 5.2.1 the **Wrongful Acts** and knowledge of an **Insured Person** will not be imputed to any other **Insured Person** and any failure by one **Insured** to observe and comply with any provision of this **Policy** will not impair the rights of any other **Insured** under this **Policy**; and
- 5.2.2 solely with respect to payment of **Loss** under Insuring Clause 1.3 (Side C Cover), only the **Wrongful Acts** and knowledge of a **Company's** chief executive officer or chief financial officer or general counsel, or any of their functional equivalents, will be imputed to that **Company**.

5.3 Bankruptcy

Bankruptcy or insolvency of the **Company**, any **Subsidiary** or an **Insured Person** will not relieve the **Insurer** of any of its obligations under this **Policy**. In that event the **Insured** hereby waives and releases any automatic stay or injunction in any proceeding which may apply to this **Policy** or its proceeds and agree not to oppose or object to any efforts by the **Insurer** or any **Insured** to obtain relief from any such stay or injunction.

5.4 Cancellation

- 5.4.1 This **Policy** may be cancelled by the **Insurer** only for non-payment of premium. In the event of non-payment of premium, the **Insurer** will give at least 10 days' written notice of cancellation. If the **Policyholder** pays in full the premium due within the notice period, the **Insurer's** notice of cancellation will be ineffective. If the premium is not paid in full within the notice period, this **Policy** may be cancelled as of inception.

- 5.4.2 Except as provided in Clause 5.4.1 above, this **Policy** is non-cancellable.

5.5 Confidentiality

The **Insured** will not disclose to any third party any of the terms of this **Policy** or the amount of the premium except to the extent that they are required by law to do so or with the prior written consent of the **Insurer** (which consent will not be unreasonably withheld or delayed).

5.6 Currency

All premiums, limits, **Retentions**, **Loss**, **Defence Costs** and other amounts under this **Policy** are and will be expressed and payable in the currency of New Zealand unless specifically noted to the contrary. If any covered **Loss** or **Defence Costs**, including judgments or settlements, is expressed in, calculated on or otherwise based upon any other currency, payment of such **Loss** or **Defence Costs**, whether in such other currency or New Zealand dollars, will be made at the buy cash rate of exchange on the date the **Insurer's** obligation to pay such **Loss** or **Defence Costs** is established by judgment or settlement.

5.7 Entire Agreement

This **Policy** constitutes the entire agreement between the parties. The terms, conditions and limitations of this **Policy** can be waived or changed only by written Endorsement to this **Policy**.

5.8 Goods and Services Tax

5.8.1 Where, upon receiving any indemnity payment under this **Policy**, the **Insured** is liable to pay tax under section 5(13) of the Goods and Services Act 1985 (or any statutory amendment or re-enactment of the section or Act) and/or under the equivalent legislation of any other jurisdiction, the **Insurer** will indemnify the **Insured** for the amount of that tax. The indemnity under this Clause is payable by the **Insurer** in addition to the **Limits of Indemnity**.

5.8.2 All amounts indicated in this **Policy** and **Schedule** are exclusive of Goods and Services Tax or the equivalent tax in any other jurisdiction.

5.9 Innocent Non-Disclosure and Material Non-Disclosure

5.9.1 The **Insured** represent and acknowledge that statements made and information in the **Proposal** are accurate and complete, are the basis of this **Policy** and are incorporated in and constitute part of this **Policy**. The **Proposal** will be construed as a separate **Proposal** for each **Insured**.

5.9.2 With respect to any statements or other information provided in the **Proposal**, the knowledge possessed by any one **Insured Person** will not be imputed to any other **Insured Person**.

5.9.3 If any statement in the **Proposal** was (i) not accurate and complete and (ii) either was made with the intent to deceive or materially affected the acceptance of the risk or hazard assumed by the **Insurer** under this **Policy**, then the **Insurer** will not be liable to make any payment for **Loss** or **Defence Costs** in connection with that portion of any **Claim** based upon, arising out of or in consequence of the facts that were not accurately and completely disclosed in the **Proposal**, to the extent such **Loss** or **Defence Costs** are incurred by:

- (a) an **Insured Person** who knew, prior to the **Policy Period**, the facts that were not accurately and completely disclosed in the **Proposal**; or
- (b) any **Company**, if its chief executive officer or, chief financial officer or general counsel, or any of their functional equivalents, knew, prior to the **Policy Period**, the facts that were not accurately and completely disclosed in the **Proposal**.

5.9.4 The **Insurer** will not be entitled under any circumstances to rescind or void this **Policy** in whole or in part.

5.10 Limits of Indemnity

5.10.1 The maximum liability of the **Insurer** for all **Loss** (excluding **Defence Costs** and any Extension of this **Policy** that is subject to the **Limit of Indemnity** for **Defence Costs**) arising from all **Claims** combined will be the amount specified at item 3A of the **Schedule**.

- 5.10.2 The maximum liability of the **Insurer** for **Defence Costs** and any Extension of this **Policy** that is subject to the **Limit of Indemnity** for **Defence Costs** will be the amount specified at item 3B of the **Schedule**. **Defence Costs** will not be part of and are separate to the **Limit of Indemnity** specified at item 3A of the **Schedule**. Payment of **Defence Costs** will not reduce the **Limit of Indemnity** for **Loss** (excluding **Defence Costs**).
- 5.10.3 Sub-limits of indemnity specified in the **Schedule** or in any Endorsement attaching to and forming part of this **Policy** are the **Insurer's** maximum liability for those Insuring Clauses and Extensions and are part of and not payable in addition to the applicable **Limit of Indemnity**.
- 5.10.4 The inclusion of more than one **Insured** under this **Policy** does not increase the total amount payable by the **Insurer** under this **Policy**.

5.11 Loss in Foreign Jurisdictions

5.11.1 Liberalisation Clause for Claims in Foreign Jurisdictions

If permitted by applicable law, when determining cover under this **Policy** for **Loss** or **Defence Costs** from that portion of any **Claim** maintained in a **Foreign Jurisdiction** or to which the law of a **Foreign Jurisdiction** is applied, the **Insurer** will apply to that **Claim** the terms and conditions of this **Policy**, as amended to include the terms and conditions of the **Foreign Policy** in that **Foreign Jurisdiction** which are more favourable to the **Insured** in the **Foreign Jurisdiction**. However, this Clause will not apply to: (i) any provision of any **Foreign Policy** addressing limits of liability, retentions, other insurance, non-renewal, duty to defend, defence within or without limits, taxes, conformance to law or excess liability cover, or any claims made provisions, and (ii) any provision in this **Policy** that excludes or limits cover for specific events or litigation.

5.11.2 Loss Incurred by a Company in a Foreign Jurisdiction

Any **Loss** or **Defence Costs** incurred by a **Company** in a **Foreign Jurisdiction** may be deemed a **Loss** or **Defence Costs** of the **Policyholder** payable to the **Policyholder** at the address specified at item 1 of the **Schedule**. Any such payment by the **Insurer** to the **Policyholder** pursuant to this Clause will fully discharge the **Insurer's** liability under this **Policy** for such **Loss** or **Defence Costs** to such **Company**.

5.11.3 Side A Loss in a Foreign Jurisdiction

Any **Loss** or **Defence Costs** incurred by an **Insured Person** under Insuring Clause 1.1 (Side A Cover) and/or 1.4.1 (Investigation/Insured Person Inquiry Costs Cover) in a **Foreign Jurisdiction** will, to the extent permissible under applicable law, be paid to such **Insured Person** in a jurisdiction mutually acceptable to such **Insured Person** and the **Insurer**.

5.12 Mergers, Acquisitions and Sales of the Policyholder or any Subsidiary

5.12.1 Merger or Acquisition of Policyholder

If during the **Policy Period** any of the following events occur:

- (a) the **Policyholder** sells all or substantially all of its assets to any other person or entity or affiliated group of persons or entities, or merges or consolidates with another entity such that the **Policyholder** is not the surviving entity; or

- (b) any person, entity or affiliated group of persons or entities acquires **Management Control** of the **Policyholder**,

(each a “transaction”) then cover under this **Policy** will continue in force until the expiration of the **Policy Period**, but only for conduct, events or **Wrongful Acts** actually or allegedly occurring prior to the effective date of such transaction.

The entire premium for this **Policy** will be deemed earned as of the date of the transaction.

5.12.2 Acquisition of a Subsidiary

- (a) Except as set out in the following Clause 5.12.2(b) and subject always to Clause 5.12.2(c), if before or during the **Policy Period** any entity qualified as a **Subsidiary**, then that **Subsidiary** and its **Insured Persons** will be **Insureds** for the purpose of this **Policy**.
- (b) If an entity first qualifies as a **Subsidiary** during the **Policy Period** and if at that time:
 - (i) the **Subsidiary's** total assets exceed 25% of the total consolidated assets of the **Policyholder** as set out in the **Policyholder's** most recent consolidated financial statements;
 - (ii) the **Subsidiary** has any of its securities listed in the United States of America; or
 - (iii) the **Subsidiary** is a financial institution (unless the principal business of the **Company** is as a financial institution),then cover for that **Subsidiary** and its **Insured Persons** will cease 90 days after such entity first qualifies as a **Subsidiary** unless:
 - (iv) the **Policyholder** within such 90 days provides the **Insurer** with written notice of the creation or acquisition;
 - (v) the **Policyholder** and the **Insurer** agree on any revisions to this **Policy** either party may require; and
 - (vi) the **Policyholder** pays any additional premium required by the **Insurer** as a result of the addition of the new **Subsidiary**.
- (c) Cover for a **Subsidiary** and its **Insureds Persons** under this **Policy** is only available in respect of conduct, events or **Wrongful Acts** actually or allegedly occurring after that entity qualified as a **Subsidiary**.

5.12.3 Cessation of a Subsidiary

If during or prior to the **Policy Period** any entity ceases to be a **Subsidiary**, then cover for that former **Subsidiary** and its **Insured Persons** under this **Policy** will only be available, subject to all other terms and conditions of this **Policy**, for conduct, events or **Wrongful Acts** actually or allegedly occurring prior to the date it ceased to qualify as a **Subsidiary**.

5.13 Notice

Except as otherwise provided in this **Policy**, all notices under any provision of this **Policy** must be in writing and given by email, prepaid express courier or certified mail properly addressed to the appropriate party. Notice to the **Insured** must be given to the **Policyholder** at the address specified at item 1 of the **Schedule**. Notice to the **Insurer** must be given to the respective address specified at item 10 of the **Schedule**. If notice is given as described above, it will be deemed to be received and effective upon the date of transmittal, subject to proof of transmittal.

5.14 Order of Payments

- 5.14.1 The **Insurer** will be entitled to pay **Loss** or **Defence Costs** as they become due and payable under this **Policy** without consideration of other future payment obligations.
- 5.14.2 In the event **Loss** or **Defence Costs** under Insuring Clause 1.1 (Side A Cover) and/or 1.4.1 (Investigation/Insured Person Inquiry Costs Cover) and any other **Loss** or **Defence Costs** become due and payable concurrently, the **Insurer** will pay, subject to the **Limits of Indemnity**, **Loss** or **Defence Costs** covered under Insuring Clause 1.1 (Side A Cover) or 1.4.1 (Investigation/Insured Person Inquiry Costs Cover) first before paying any other **Loss** or **Defence Costs**.
- 5.14.3 The bankruptcy or insolvency of any **Insured** will not relieve the **Insurer** of any of its entitlements to prioritise payment of covered **Loss** or **Defence Costs** under this **Policy** as set out above.

5.15 Other Insurance

- 5.15.1 Where cover is provided under this **Policy** and a Statutory Liability policy also provided by the **Insurer**, then the Statutory Liability policy will respond first to any claim.
- 5.15.2 In all other circumstances the insurance as is provided under this **Policy** will apply only as excess over any other valid and collectible insurance. Provided that this **Policy** will apply on a primary basis with respect to any personal umbrella excess liability insurance policy purchased by an **Insured Person**.
- 5.15.3 This **Policy** will not be subject to the terms of any other insurance policy issued by any other insurer.
- 5.15.4 In the event a **Claim** is made against any **Insured Person** in their capacity as such for an **Outside Entity**, cover otherwise afforded under this **Policy** will be excess of any indemnification provided by the **Outside Entity** and any insurance maintained by the **Outside Entity** which covers its directors, officers, trustees or other equivalent executives.

5.16 Plurals, Headings, Titles and Legislation

- 5.16.1 The descriptions in the headings and titles of this **Policy** are solely for reference and convenience and do not lend any meaning to this contract. Words and expressions in the singular will include the plural and vice versa. In this **Policy** words in bold typeface have special meaning and are defined. Words that are not specifically defined in this **Policy** have the meaning normally attributed to them.
- 5.16.2 All references in this **Policy** to specific legislation include all amendments, replacements or re-enactments of such legislation, and any subordinate or delegated legislation issued thereunder.

5.17 Policy Jurisdiction

This **Policy** is governed by the laws of New Zealand whose Courts have exclusive jurisdiction in any dispute regarding this **Policy** or the interpretation of it.

5.18 Retention

- 5.18.1 The **Retention** will apply to **Loss** and **Defence Costs** resulting from each **Claim**, except that no **Retention** will apply to **Loss** or **Defence Costs** under Insuring Clauses 1.1 (Side A Cover) and 1.4.1 (Investigation/Insured Person Inquiry Costs Cover).
- 5.18.2 The **Insurer** will only pay for the amount of any **Loss** and **Defence Costs** in excess of the **Retention**. For the avoidance of doubt, the **Retention** also applies to **Defence Costs**. The **Retention** is to be borne by the **Company** and will remain uninsured.
- 5.18.3 If a **Company** refuses or fails after an **Insured Person's** request to indemnify or advance covered **Loss** or **Defence Costs** as it falls due or is payable, or if a **Company** is unable to indemnify or advance covered **Loss** or **Defence Costs** due to its **Financial Insolvency**, the **Insurer** will pay such covered **Loss** or **Defence Costs** without applying the applicable **Retention**. If the **Insurer** pays under this **Policy** any **Loss** or **Defence Costs** incurred by an **Insured Person** for which the **Company** is legally permitted or required to indemnify, then the **Company** will reimburse the **Insurer** for such amounts up to the applicable **Retention**, and such amounts will become due and payable as a direct obligation of the **Company** to the **Insurer**.

5.19 Subrogation

- 5.19.1 In the event of any payment under this **Policy**, the **Insurer** will be subrogated to all of the **Insureds'** rights of recovery and the **Company** and **Insured Persons** will execute all papers required and will do everything that may be necessary to secure those rights, including the execution of such documents as may be necessary to enable the **Insurer** to effectively bring suit in the name of any **Insured Persons** or the **Company**.
- 5.19.2 The **Insurer** will not exercise any available right of subrogation against an **Insured Person** under this **Policy** unless Exclusion 3.2 (Conduct) applies to that **Insured Person**.
- 5.19.3 In the event the **Insurer** recovers amounts it paid under this **Policy**, the **Insurer** will reinstate the applicable **Limits of Liability** of this **Policy** to the extent of the recovery, less the **Insurer's** costs incurred in obtaining such recovery. The **Insurer** assumes no duty to seek a recovery of any amounts paid under this **Policy**.

5.20 Territory

Cover applies to **Claims** made and **Wrongful Acts** occurring worldwide.

17 October 2024

Shannon O'Brien
Aon New Zealand - Auckland

By email: shannon.obrien@aon.com

Dear Shannon

New Business Quotation Summary for Auckland Future Fund Trustee Limited (140499)

Thank you for the opportunity to quote. We are pleased to provide terms as follows:

Directors & Officers Liability

Option	Limit	Excess	Premium (plus GST)
1	\$ 20,000,000	\$ 25,000	\$ 48,000

Defence Costs

Option	Limit	Premium (plus GST)
1	\$ 10,000,000	\$ 12,000

Subjectivities: Nil

The above terms will expire 30 days from the date of this quotation. This quotation is based upon the rating information and business description detailed in the attached quotation.

If cover is bound, the terms of this quotation will apply. Placing slips and closings issued by you which are at variance to these terms will not override the terms quoted above, unless expressly noted and agreed by Vero Liability.

For a full explanation of the coverage provided please refer to our website www.veroliability.co.nz

We look forward to your instructions.

Kind Regards

Duncan Boyd

Quotation

Auckland Future Fund Trustee Limited
C/- Shannon O'Brien
Aon New Zealand - Auckland

Quote No

374065-3
140499

Date

17-10-2024



QUOTED BY

Duncan Boyd, Vero Liability Insurance Limited

RATING INFORMATION

TOTAL TURNOVER

\$ 40,000,000

OVERSEAS EXPORTS

No

NO OF EMPLOYEES

To Be Advised

ASSETS/LIABILITIES

Assets \$ 1,300,000,000 Liabilities \$ 400,000

CLAIM HISTORY

Declaration/Claim History received - no claims

TOTAL FEES

OVERSEAS ADVICE

No

Directors & Officers Liability

WORDING

[VL POL AON Enhanced D&O-092015](#)

RISK PERIOD

12 months from inception

INSURED ORGANISATION

Auckland Future Fund Trustee Limited

RETROACTIVE DATE

Inception

TERRITORY

Worldwide excluding USA and/or Canada

JURISDICTION

Worldwide excluding USA and/or Canada

BROKERAGE

0.00%

OPTION 1

DIRECTORS & OFFICERS LIABILITY INCLUDING DEFENCE COSTS

LIMIT OF INDEMNITY

\$ 20,000,000 any one Loss / in the aggregate during the Period of Insurance including costs and expenses

EXCESS

\$ Nil each and every Loss including costs and expenses in respect of Insuring Clause A

EXCESS

\$ 25,000 each and every Loss including costs and expenses in respect of Insuring Clause B

PREMIUM

\$ 48,000 plus GST

COVERAGE

SUB-LIMIT

Estates & Legal Representatives Included

Extended Reporting Period - If Insured(s) Terminate/Non Renew Included

Extended Reporting Period - If Company Terminates/Non Renew Included

Representation at investigations and examinations Included

Entity Defence Costs Included

Outside Directorships Included

Civil Fines and Civil Penalties Included \$ 500,000

Cost of Challenging Administration Notices Included

Extradition Costs Included \$ 250,000

Public Relation Costs Included \$ 250,000

Tax Liability Included \$ 500,000

Foreign Corrupt Practices Act Included

Superannuation Fund Trustees Included

Management Buy-out Included

Pollution Defence Costs Included \$ 500,000

Pollution Shareholder Claims Included \$ 500,000

Insured vs Insured Defence Costs Included \$ 50,000

Health & Safety Defence Costs Included

Continuity Date 31 October 2024

Non-Executive Directors - Loss of Earnings Included \$20,000 any one claim, \$100,000 in total

Emergency Defence Costs Included 10% of the limit

Bail Bonds 10% of the limit

Quotation

Auckland Future Fund Trustee Limited
C/- Shannon O'Brien
Aon New Zealand - Auckland

Quote No

374065-3
140499

Date

17-10-2024



ENDORSEMENTS

DO4086

Financial Institutions Exclusion

The Company shall not be liable under Insuring Clause A or Insuring Clause B to make payment for Loss in connection with any claim(s) made against any Insured Person(s):

(a) based upon, arising out of, directly or indirectly resulting from or in consequence of, or in way of involving, any actual or alleged dealings of any nature whatsoever by which it is sought to affect the price of, or market in, any shares or debentures of any company, or of any food-stuff or raw material or commodity or currency, or of any negotiable instrument, other than dealings carried out in accordance with all laws, rules and regulations applicable to such dealings;

(b) based upon, arising out of, directly or indirectly resulting from or in consequence of, or in way of involving, any allegation that Insured Person(s) improperly benefited from securities transactions as a result of information that was not available to other sellers or purchasers of such securities.

(c) brought by or on behalf of any client or customer of the Insured Organisation resulting from the investment in, management of, or advice concerning any estate, trust or property;

(d) arising solely out of the depreciation or loss of investments when such depreciation or loss is a result of any fluctuation in any financial or stock or commodity or other markets when such fluctuation is outside of the influence or control of the Insured Person(s) or Insured Organisation;

(e) arising solely out of any stock or commodity or investment failing to perform as represented or as expected to perform.

Quotation

Auckland Future Fund Trustee Limited
C/- Shannon O'Brien
Aon New Zealand - Auckland

Quote No

374065-3
140499

Date

17-10-2024



Defence Costs

WORDING

[VL POL DEFENCE COSTS-102014](#)

RISK PERIOD

12 months from inception

INSURED

Auckland Future Fund Trustee Limited

BROKERAGE

0.00%

OPTION 1

LIMIT OF INDEMNITY

\$ 10,000,000 any one claim & in the aggregate over all Underlying Policies during the Period of Insurance

PREMIUM

\$ 12,000 plus GST

COVERAGE

Directors & Officers Liability	HO-LDO-TBA
Personal Directors & Officers Liability	N/a
Trustees Liability	N/a
Associations Liability	N/a
Office Bearers Liability	N/a
Professional Indemnity	N/a
Statutory Liability	N/a
Employers Liability	N/a

ENDORSEMENTS

Nil

**AUCKLAND FUTURE FUND TRUSTEE LIMITED
(NZCN: 9276872)
(Company)**

**DIRECTORS' CERTIFICATE RELATING TO DIRECTORS AND
OFFICERS LIABILITY INSURANCE IN ACCORDANCE WITH SECTION 162(6) OF THE
COMPANIES ACT 1993**

In accordance with clause 9 of the Company's constitution, we, the undersigned, being all of the directors of the Company who voted in favour of authorising the Company effecting the insurance referred to in the directors' resolutions dated on or about the date of this certificate certify that, in our opinion, the cost of effecting that insurance is fair to the Company.

DATED

SIGNED

Christopher Grant Swasbrook

Craig Hamilton Stobo

David Charles Callanan

(being all of the directors of the Company who voted in favour of the directors' resolutions referred to above)

Auckland Future Fund Trust/Auckland Council

Liquidity Support Facility - Draft Indicative Term Sheet

As part of the Long-term Plan 2024-2034 (LTP), Auckland Council (Council) decided to establish a regional wealth fund, to be called the Auckland Future Fund (Fund), to improve Council's financial and physical resilience.

The Fund will be initially capitalised with Council's shareholding in Auckland International Airport Limited (AIAL), and Council will work to identify opportunities to make further capital contributions to the Fund.

When the Governing Body approved the establishment of the Fund as part of the LTP, they approved the Auckland Future Fund Policy. The policy outlines how the Fund is to be established and protected, how distributions will be managed, **the liquidity support** and how this policy relates to other key policies. See section 3.10, page 428 <https://www.aucklandcouncil.govt.nz/plans-projects-policies-reports-bylaws/our-plans-strategies/budget-plans/Documents/long-term-plan-2024-2034-vol-2.pdf>

Borrower:	Auckland Council
Lender:	Auckland Future Fund Trustee Limited as trustee of the trust established in relation to the Fund
Guarantor:	None
Facility type:	Liquidity Support Facility
Security:	Secured facility under the Security Stock Certificate issued under a Debenture Trust Deed to the value of the Facility Amount.
Facility Purpose:	General corporate purposes, including to support Council's liquidity requirements.
Effective Date:	The date on which the shares in AIAL are transferred to the Fund.
Facility:	Committed facility in an amount not exceeding the Facility Limit
Facility Limit:	An amount equal to the total proceeds obtained from the sale of all assets of the Auckland Future Fund at any time less NZ\$10,000,000.
Currency:	New Zealand Dollars ("NZ\$")
Term:	Evergreen
Base rate:	The Bank Bill Rate for a specified term of 90 days as specified by the Borrower at the first business day of the Drawdown.

Margin:	2.00% per annum.
Interest Rate:	The sum of (i) the Bank Bill Rate for a specified term of 90 days as at the first business day of the drawdown and (ii) the relevant Margin.
Interest Period:	The Interest Period in respect of an advance shall begin on the drawdown date of that advance and finish on Repayment in full of that advance (or such other period as agreed between the Lender and the Borrower).
Interest Payment:	Interest on each advance accrues daily and is to be computed on a daily basis on a year of 365 days. Interest is payable in arrears on the last day of each Interest Period (but shall exclude the last day of each Interest Period).
Repayment:	The Borrower may repay each advance in up to three tranches as nominated by the Borrower in such amounts and at such times as specified by the Borrower, or as agreed between the Lender and Borrower.
Cancellation:	The Borrower will have the right to permanently cancel or reduce the facility by providing written notice to the Lender.
Prepayment:	An advance prepayment may be prepaid in whole or in part on five business days' notice, for a minimum amount of NZ\$50,000,000 and thereafter multiples of NZ\$10,000,000.
Drawdown Notice:	The Borrower may give notice to the Lender that it requires an advance to be provided by the Lender under the Facility in the form of a Drawdown Notice received via email no later than 10am (NZ time) [5 business days] before the day of the proposed advance.
Costs and Expenses:	The Borrower will pay all expenses (including legal fees) incurred by the Lender in connection with the preparation and entry of Liquidity Support Facility (all such costs to be reasonable).
Commitment Fee:	There shall be no commitment fees or margin payable for the existence of the liquidity support facility.
Representations and Warranties:	Usual for a standby liquidity facility under which Council is a borrower.
Assignment and Transfer:	Not applicable

Event of Default:	Usual for a standby liquidity facility under which Council is a borrower.
Limitation of liability:	The Lender's liability is limited to the assets of the trust.
Conditions Precedent:	Usual for a standby liquidity facility under which Council is a borrower.
Governing Law:	New Zealand Law