

CONTACT ENERGY LIMITED

EXPLANATORY TABLE OF CHANGES MADE BY PROPOSED NEW CONSTITUTION

Contact Energy Limited (the **Company**) is proposing to adopt a new constitution at the 2019 Annual Meeting of Shareholders as detailed in the Notice of Annual Meeting dated 15 October 2019.

Many of the changes in the proposed new constitution are due to the Company's transition on 22 January 2019 to the new NZX Listing Rules dated 1 January 2019 (**New Rules**). In addition, the Company is taking this opportunity to update the existing constitution to reflect legislative developments, changes in market practices and other improvements.

What is included in this table?

This table explains the key differences between the Company's proposed new constitution and its existing constitution. The changes are described in the following categories:

- A. Changes to align the constitution with the New Rules and other legislative amendments;
- B. Removal of provisions that have been repeated in full in the constitution as required by previous versions of the NZX Listing Rules, but which are no longer required to be included or incorporated by reference in a company's constitution;
- C. Removal of certain Companies Act 1993 provisions that have been repeated in full in the constitution and other redundant provisions;
- D. Amendments to reflect current market practices and other improvements; and
- E. Consequential amendments.

The only other changes in the proposed new constitution are minor (such as consequential alterations in numbering throughout the constitution) or inconsequential improvements.

How to read the table

The table should be read in conjunction with the proposed new constitution (available on the Company's website at www.contact.co.nz/shareholder-meeting) which is marked to show the changes to the Company's existing constitution.

The clause references in the first column of the table refer to the clauses as they appear in the proposed new constitution unless otherwise stated.

Glossary

The following defined terms are used in this table:

Companies Act	Companies Act 1993
Company	Contact Energy Limited
existing clause	A reference to an "existing clause" is a reference to that clause as included in the existing constitution.
existing constitution	Contact Energy Limited's constitution adopted at the 27 October 2010 annual meeting, a copy of which is on the Company's website at https://contact.co.nz/aboutus/investor-centre/governance#Constitution
FMC Act	Financial Markets Conduct Act 2013
New Rules	The NZX Listing Rules dated 1 January 2019 (which may be viewed on the NZX website at www.nzx.com)
Rules	The NZX Listing Rules of NZX Limited in force from time to time

A. Changes to align the constitution with the New Rules and other legislative amendments

Clause reference	Topic	Summary of proposed change
1.1	<i>Definitions</i>	<p>Several definitions in clause 1.1 have been changed and some new definitions have been added. These include:</p> <ul style="list-style-type: none"> • Changes made to the wording of definitions or the defined term for consistency with the equivalent definitions under the New Rules and the FMC Act. • The replacement of the term “securities” with the defined term “Financial Products” for consistency with the terminology used in the New Rules following changes introduced under the FMC Act. (As a consequence, throughout the constitution references to “securities” have been replaced with references to “Financial Products”, or “Equity Securities” or “Shares”, as appropriate.) • New definitions to assist with readability or otherwise to cross reference to the Companies Act or the Rules where the relevant provisions or concepts are no longer set out in full in the constitution.
5	<i>Incorporation of Rules</i>	<p>The New Rules retain a requirement that certain specific Rules be included, or incorporated by reference, in a constitution (Rule 2.20.1(a)). Those specific Rules remain in the proposed new constitution.</p> <p>The new clause 5 provides for Rules to be incorporated by reference to ensure that the constitution will remain compliant with the Rules, and may limit the need for further amendments to be made to the constitution if there are future changes to the Rules listed in New Rule 2.20.1(a).</p>
6	<i>Company must comply with Rules while Listed</i>	<p>Clause 6 has been amended to provide that the requirements under the Companies Act or any other applicable legislation or regulations take priority over the requirements of the Rules. This does not change the position under the existing constitution; it has been included in the proposed new constitution for clarity.</p>
7	<i>Rules prevail</i>	<p>The substance of new clause 7 reflects part of existing clause 4. The new clause 7 has been included to reflect the wording in New Rule 2.20.1(e). There has been no change in substance to existing clause 4.</p>
8	<i>NZX’s rulings</i>	<p>Clause 8 (clause 6 of the existing constitution) has been updated to reflect the wording in New Rule 2.20.2. There has been no change in substance to this clause.</p>
9	<i>Failure to comply with Rules has limited effect in some cases</i>	<p>Clause 9 (clause 4 of the existing constitution) has been updated to reflect the wording in New Rule 2.20.1(d). There has been no change in substance to this clause.</p>
12 and 13 (and the deletion of the existing clause 11)	<i>Voting restrictions</i>	<p>Clauses 12 and 13 have been updated to reflect the wording in New Rule 6.3. There has been no change in substance to these clauses.</p> <p>Existing clause 11 has been deleted as there is no requirement under New Rule 6.3.4 to supply a list of disqualified holders to equity security holders on request. The Company remains subject to the obligation under New Rule 6.3.4 to supply a list of disqualified holders to NZX on request.</p>
22	<i>Right to transfer shares</i>	<p>Clause 22 has been updated to reflect the repeal of the Securities Transfer Act 1991 by the applicable provisions in the FMC Act and the Reserve Bank of New Zealand Act 1989. There is no change to a shareholder’s ability to transfer shares.</p>
25.2(c)	<i>Power to refuse to register shares</i>	<p>Clause 25.2(c) has been updated so it is consistent with New Rule 8.1.4(b). This ensures that the Company can refuse to register a share transfer if either a transferor or a transferee (and not just a transferee) would hold less than the prescribed minimum holding.</p>
44 (and the deletion of the existing clause 68)	<i>Director number and residence requirements and independent directors</i>	<p>The existing clause 68 (relating to the Board’s determination of independent directors) has been deleted because the New Rules no longer require it to be incorporated into the constitution. The Company remains subject to corresponding provisions under New Rule 2.6. The deletion of clause 68 includes the deletion of the requirement for the number of independent directors to be increased “if there are eight or more Directors” to “the greater of three or one-third of the total number of Directors (rounded down to the nearest whole number)”. The Rules now require only that there to be two independent directors, with a recommendation in the NZX Corporate Governance Code that a majority of the Board should be independent directors. The requirement that there be two independent directors has been moved to clause 44.</p>

		Clause 44 (clause 67 of the existing constitution) addresses the number and residence requirements for directors. It has been amended to reflect the wording in New Rule 2.1.1.
46, 48, 65 and 66 (and the deletion of existing clause 74)	<i>Appointment and rotation of Directors (including Managing Directors)</i>	<p>Minor changes have been made to clause 46 (existing clause 70) to clarify that any director appointed by ordinary resolution or by the board must be made in accordance with the Rules. Reference to the old director rotation requirements has also been removed from this clause.</p> <p>The rules on director rotation and re-election have been changed under the New Rules as follows:</p> <ul style="list-style-type: none"> • Under the previous Rules (and under clause 74 of the existing constitution), one-third of the directors, or the number nearest one-third, were required to retire at the annual meeting each year, and were eligible for re-election. The directors to retire were those who had been longest in office. Under the New Rules, directors are required to stand for re-election at the later of the third annual meeting or three years after their appointment. • Under the previous Rules (and under clause 105 of the existing constitution) a managing director was not required to retire by rotation. The New Rules remove this exception so a managing director is required to retire by rotation in the same manner as all of the other directors. <p>A new clause 48 has been included in place of clause 74 of the existing constitution and new clauses 65 and 66 have been included in place of clause 105 of the existing constitution.</p>
Deletion of existing clause 71	<i>Nominations of Directors</i>	Existing clause 71 (relating to the nomination of directors by shareholders entitled to attend and vote at meetings) has been deleted because it is no longer required to be incorporated into the constitution under the New Rules. The Company remains subject to corresponding provisions under New Rules 2.3.1 and 2.3.2.
Deletion of existing clause 72	<i>Appointment of Directors to be voted on individually</i>	Existing clause 72 (relating to the appointment of directors needing to be voted on individually) has been deleted because it is no longer required to be incorporated into the constitution under the New Rules. The Company remains subject to corresponding provisions under New Rule 2.3.3. However, the New Rules remove the option to appoint two or more directors by single resolution if a separate resolution permitting such a resolution be passed has first been approved without a vote being passed against it.
16 of Schedule 2	<i>Lien on unpaid and partly paid shares</i>	Clause 16 of Schedule 2 has been updated to reflect the wording in the New Rule 6.6.1. There has been no change in substance to this clause.
3 of Schedule 3	<i>Contents of notice of shareholders' meetings</i>	Clause 3 (clause 4 of the existing constitution) of Schedule 3 has been updated to reflect that the text of any resolution to be put to a meeting of an Issuer required under the Rules must be included in a notice of meeting under New Rule 7.8.1. The Company remains subject to the requirements for notice of shareholder meetings as set out in New Rule 7.8.1
Deletion of existing clause 3 of Schedule 3	<i>Service of notices outside New Zealand</i>	The clause 3 of Schedule 3 of the existing constitution is based on a previous Rule that has been amended in the New Rules. This Rule is no longer required to be incorporated into the constitution in full or by reference. Accordingly, it has been deleted from the constitution.
8 of Schedule 3	<i>Methods of holding shareholders' meetings</i>	<p>Clause 8 of Schedule 3 has been updated to provide more up-to-date wording in relation to holding meetings by electronic means. This change provides flexibility for using technology as part of shareholders' meetings.</p> <p>The amendments align the constitution with changes made to the Companies Act.</p>
Clause 19 and 20 of Schedule 3	<i>Voting</i>	Clauses 19 and 20 (existing clause 20 and 21) of Schedule 3 have been updated to reflect the requirement in the New Rule 6.1.1 that certain shareholder votes must be by poll.
26 of Schedule 3	<i>Shareholder participation by electronic means</i>	The existing clause 25A of Schedule 3 was inserted before provisions were included in the Companies Act to allow for electronic participation by shareholders at meetings. The new clause 26 of Schedule 3 replaces the existing clause 25A of Schedule 3 to align the constitution with the wording in clause 14 of Schedule 1 of the Companies Act.
44 of Schedule 3	<i>Postal votes for shareholders' meetings</i>	The amendment to clause 44 of Schedule 3 (clause 45 of Schedule 3 of the existing constitution) is consistent with clause 14 of Schedule 1 of the Companies Act. It has been added to provide further clarity.
42 of Schedule 3	<i>Lodging proxy</i>	Clause 42 of Schedule 3 has been updated to reflect changes to the Companies Act relating to lodging proxies. It clarifies that a notice of meeting may provide for different matters for different kinds of proxies (for example, a different specified time for the receipt of a proxy by electronic means).

B. Removal of provisions that have been repeated in full in the constitution under the requirements of previous versions of the Rules, but are no longer required to be included or incorporated by reference in a company's constitution

Clause reference	Topic	Summary of proposed change
Deletion of existing clause 9.3	<i>Rights of equity security holders and directors relating to notices of shareholders' meetings</i>	The existing clause 9.3 has not been included in the proposed new constitution. However, New Rule 2.14.1 still provides that equity security holders of all classes are entitled to: <ul style="list-style-type: none"> attend meetings of shareholders; and receive copies (or have access to electronic copies) of all notices, reports and financial statements issued generally to holders of financial products carrying voting rights.
Deletion of existing clauses 14 and 16	<i>Modification of rights of equity security holders / actions taken not invalid</i>	The existing clause 14, which modifies the provisions of sections 116 and 117 of the Companies Act to apply those sections to different types of security holders, has not been included in the proposed new constitution. The Company will continue to be subject to corresponding provisions to the existing clause 14 under New Rule 6.7. The deletion of existing clause 16 is a consequence of the deletion of existing clause 14.
18 (and the deletion of existing clauses 21 to 30)	<i>Issues of new equity securities</i>	The existing clauses 21 to 30 (which restrict the Board's power to issue equity securities) have not been included in the proposed new constitution. A new clause 18 has been inserted in their place to clarify that all issues of equity securities must be made in compliance with the New Rules. The Company will continue to be subject to corresponding provisions to clauses 21 to 30 under Section 4 of the New Rules. However, the New Rules make two substantive changes to the previous Rules and existing clauses 23 and 24: <ul style="list-style-type: none"> Issues of new equity securities under a share purchase plan must now not be greater than 5% of the number of fully paid shares already existing on issue in any 12 month period, rather than the 30% threshold specified in the existing constitution. The limit for placements of new equity securities has been reduced from a 20% limit to a 15% limit.
32, 33 and 35 (and the deletion of existing clauses 48, 49 and 52 to 56)	<i>Acquisition of own shares, redemptions and financial assistance</i>	Clauses 32, 33 and 35 (clauses 46, 47 and 51 of the existing constitution) have been simplified to state that all buybacks, redemptions of equity securities and financial assistance must be made in compliance with the New Rules. The existing clauses existing clauses 48, 49 and 52 to 56, that restrict the acquisition or redemption by the Company of its own equity securities or the Company's ability to give financial assistance, have not been included in the proposed new constitution. The Company will continue to be subject to corresponding provisions to existing clauses 48, 49 and 52 to 56 under New Rules 4.14 to 4.16.
59 (and deletion of existing clauses 97 and 98)	<i>Fixing directors' remuneration</i>	The director remuneration provisions in existing clauses 97 and 98 have not been included in the proposed new constitution. The Company will continue to be subject to the matters covered by the deleted clauses under New Rules 2.11.1, 2.11.2, and 2.11.3. In addition, clause 59 (as a revised clause 97) has been included in the constitution to state that the power conferred on the Board by section 161 of the Companies Act to authorise remuneration and other benefits to and for directors is subject to the New Rules.
Deletion of existing clauses 82 and 83	<i>Major transactions</i>	Existing clauses 82 and 83 which require shareholder approval for certain major transactions have not been included in the proposed new constitution. The Company will continue to be subject to corresponding provisions to the existing clauses 82 and 83 under New Rules 5.1.1 and 5.1.2.
Deletion of existing clauses 84 and 85	<i>Transactions with related parties</i>	Existing clauses 84 and 85 which require shareholder approval for certain related party transactions has not been included in the proposed new constitution. The Company will continue to be subject to corresponding provisions to the existing clauses 84 and 85 under New Rules 5.2.1 and 5.2.2.
Deletion of existing clause 91 and 92	<i>Audit Committee</i>	The existing clause 91 which required the Company to have an Audit Committee and set out the composition and responsibilities of that committee has not been included in the proposed new constitution. The Company will continue to be subject to corresponding provisions under New Rule 2.13.

Deletion of existing clause 100	<i>Payments upon cessation of office</i>	The existing clause 100 which restricted payments which could be made to a director (or his or her dependents) on cessation of office of a director has not been included in the proposed new constitution. The Company will continue to be subject to the matters covered by the existing clause 100 under New Rule 2.11.4.
C. Removal of certain Companies Act provisions previously set out in full and other redundant provisions		
Clause reference	Topic	Summary of proposed change
Deletion of existing clause 7	<i>Shareholder may alter or revoke this constitution</i>	The existing clause 7 which states that shareholders may alter or revoke this constitution by special resolution has not been included in the proposed constitution. Shareholders will still be able to alter or revoke the constitution by special resolution under section 32 of the Companies Act.
11 (and deletion of existing clause 9.3)	<i>Share confers rights on shareholder</i>	The existing clause 9 set out the section 36(1)(a) of the Companies Act in full. New clause 11 amends existing clause 9 to cross refer to section 36(1)(a) of the Companies Act. There is no change to the effect of the clause.
Deletion of existing clause 13	<i>Statement of rights to be given to holders of securities</i>	The existing clause 13 which sets out that shareholders request a statement of rights from the Company has not been included in the proposed constitution. Shareholders may still request a statement of rights from the Company under section 83 of the Companies Act.
Deletion of existing clauses 31 and 33	<i>Share Register</i>	Existing clauses 31 and 33 have been deleted as the requirements under these clauses are set out in the Companies Act. The deletion of these clauses does not affect the Company's obligation to keep a share register nor does it affect the status of registered shareholders under the Companies Act. A new definition of "Share Register" has been included in clause 1.1 to clarify that the Company remains subject to the requirement to keep a share register under the Companies Act.
Deletion of existing clause 74.4	<i>Deemed re-election of retiring directors</i>	The existing clause 74.4 has been deleted as in practice directors are only re-elected by ordinary resolution (and not through a deemed re-election).
Deletion of existing clauses 64 and 65	<i>Meetings of shareholders</i>	Existing clauses 64 and 65 which state that the Company must hold an annual shareholders meeting and set out the rules around holding a special meeting of shareholders have not been included in the proposed new constitution. The Company remains subject to the requirement to hold an annual meeting of shareholders and special meeting of shareholders under sections 120 and 121 of the Companies Act.
Deletion of existing clause 70.3	<i>Existing directors to continue in office</i>	The existing clause 70.3 has been deleted. The effect of this clause is covered by the more general provision in the proposed new clause 3.
Deletion of existing clauses 79 to 81	<i>Management of the company</i>	Existing clauses 64 and 65 which state that the board is responsible for managing the Company and has all powers necessary to do so (subject to the requirement for shareholder approval for major transactions) have not been included in the proposed new constitution. The Board remains responsible for managing the Company and will still have all powers to do so, and shareholders will still need to approve major transactions, under sections 128 and 129 of the Companies Act.
Deletion of existing clauses 93 to 95	<i>Interested directors</i>	Existing clauses 64 and 65 have not been included in the proposed new constitution as these obligations are set out in full in the Companies Act. The removal of these clauses does not changes the requirement that directors must disclose their interests nor does it change the rules around interested directors and entering into transactions.
Deletion of Schedule 5 (and the consequential deletion of clause 42 of Schulte 3)	<i>Proxy form</i>	The proxy form contained at Schedule 5 of the existing constitution has not been included in the proposed new constitution. This allows flexibility to change the proxy form as needs change over time. The Company remains subject to the requirements for proxy forms under the Companies Act and the Rules.

D. Amendments to reflect current market practices and other improvements		
Clause reference	Topic	Summary of proposed change
New clause 2.4 and 2.5	<i>Construction</i>	New clause 2.4 provides that any reference to any Rule means that Rule as amended from time to time. This, alongside new clause 5 (discussed in category A), will limit the need for further amendments to be made to the constitution if there are subsequent changes to the Rules. New clause 2.5 provides that any references to the Company's previous constitution include that constitution as amended from time to time. This has been added to avoid any possible uncertainty in the application of clauses 3 or 72.
New clause 3	<i>Confirmation of Office</i>	The proposed new clause 3 clarifies and confirms that the adoption of a new constitution does not affect offices and appointments (including director appointments) and any acts of authority under any previous constitution. It replaces existing clause 70.3 which simply confirmed the continuation in office of directors.
Clause 7 of Schedule	<i>Board may differentiate between shareholders as to calls</i>	Minor updates have been made to improve clarity around how the board may differentiate between Shareholders with respect to calls. This change reflects current market practice.
Deletion of existing clause 109	<i>Company name</i>	Existing clause 109 has been deleted to remove the requirement that shareholders' approval by ordinary resolution be sought before the Company may change its name. The position under the Companies Act now applies and a director may apply to change the name of the Company with the approval of the Board.
Schedule 1	<i>Sale of less than a minimum holding</i>	Minor updates have been made to Schedule 1 to improve the wording in relation to the Company's power to sell shares where a shareholder holds less than a minimum holding. There is no change to the Company's powers in respect of minimum holdings.
New clause 21 of Schedule 3	<i>Voting by electronic means</i>	A proposed new clause 21 of Schedule 3 has been included to reflect developing market practices for the use of personal and other electronic devices for voting at shareholders' meetings. This clause is consistent with amendments to the Companies Act.
Deletion of clause 31 of Schedule 3	<i>Auditor of Company to be Scrutineer at shareholders' meetings</i>	Clause 30 of Schedule 3 has been deleted to remove the requirement that the Company's auditor must act as the scrutineer of polls conducted at annual shareholders' meetings. The Company's share registrar (currently Link Market Services) conducts these polls and therefore a scrutineer is not considered necessary.
41 of Schedule 3	<i>Appointment of Proxy must be in writing and specify restrictions</i>	Clause 41 has been amended to reflect current market practice relating to appointment of proxies by electronic means and to reflect changes to the wording used in the New Rules. The changes do not affect rights to appoint a proxy.
E. Consequential Amendments		
Clause reference	Topic	Summary of proposed change
1.6	<i>Definitions</i>	A number of definitions have been deleted to reflect deletion of provisions in which the defined terms were used. These include the deletion of the following definitions: <ul style="list-style-type: none"> • "Average Market Capitalisation" following the deletion of the existing clauses 52 and 82. • "Disqualifying Relationship" following the deletion of the definition of "Independent Director". • "Independent Director" following the deletion of existing clauses 68, 71, 85 and 91. • "Material Transaction" following the deletion of the existing clauses 84 and 85. • "Related Party" following the deletion of existing clauses 84 and 85. • "Substantial Security Holder" following the deletion of the definition of "Disqualifying Relationship".

Deletion of existing clause 2.4	<i>Construction</i>	The deletion of existing clause 2.4 is a consequence of the deletion of existing clauses 84 and 85.
16 and 17	<i>Consolidation and subdivision / bonus issues</i>	Minor amendments have been made to both clauses 16 and 17 to remove references to existing clauses 20 to 30 as such clauses have now been deleted.