



Stand Alone Public Disclosure Document

The purpose of this report is to publicly disclose additional ESG (Environmental Social Governance) data points for FY21, that are currently not disclosed through other means.

Contents

1. Emerging Risks
2. IT Security/ Cybersecurity Governance
3. Breaches of Customer Privacy: Complaints
4. Direct Mercury Emissions
5. Hiring
6. Employee Turnover Rate
7. Workforce Breakdown Gender
8. Lost-Time Injury Frequency Rate (LTIFR) – Employees & Contractors

2022 Emerging Risks

	Emerging Risk 1: On-set of extreme climate related events	Emerging Risk 2: Electricity security of supply as electricity becomes a more integral part of the energy system and intermittent wind and solar become dominant
Category	Environmental	Societal
Description	<ul style="list-style-type: none"> - Climate related events are becoming more frequent. Infrastructure has been designed for historical climate conditions and is more vulnerable to future weather extremes placing pressure on Contact assets and potentially security of supply. 	<ul style="list-style-type: none"> - Electricity security of supply refers to the electricity system’s capability to ensure uninterrupted availability of electricity. - While this concept is a known feature / risk within electricity markets, the significant anticipated change in the demand for electricity and the characteristics of the new renewable technologies to meet the demand mean the impacts are uncertain, complex with an uncertain time horizon. - As the market decarbonises the electricity system will become a larger and more integral component of the energy system increasing the potential consequences from any disruption.

		<ul style="list-style-type: none"> - New renewables will also be predominantly intermittent. - Currently we use flexible hydro generation and thermal assets to provide this system support. It appears unlikely that there will be further investments in these technologies. This is evidenced by limited investment in flexible gas supply chain and storage and no appetite to invest in flexible thermal assets. Development of new hydro resources appears incompatible with resource management rules. While there are a number of technologies in the future that could provide this firming, they are currently uneconomic or unproven and difficult to quantify.
Impact	<ul style="list-style-type: none"> - Material deviations in national hydrology patterns vs history impacts Contact’s South Island hydro generation volumes: this includes both total expected rainfall and frequency and intensity of weather events - Potential for coastal power stations (e.g. Whirinaki) to be inundated with rising sea levels - Traditional electricity usage patterns change with historical demand patterns impacting the volume of energy required to purchase - Impact on the ability to insure thermal assets - Potential for societal rejection of thermal generation (impacting the ability to own / operate Contact’s thermal assets) - Extreme weather events impacting transmission and distribution potentially leading to blackouts 	<ul style="list-style-type: none"> - New generation will be dominated by variable and intermittent supply from wind and solar. These technologies are only a very small contributor to our supply today (Wind 4%, Solar <1%) and do not contribute to grid reliability with higher potential for blackouts. - In the medium-term there will be greater connection between electricity security and gas delivery putting more risk on the requirement to consistently deliver gas. - Over and under supply risks may lead to reduced earnings or adverse government intervention. With a reduction in the reliance of coal, NZ will need to use natural gas to provide flexibility. But this is creating “a more intimate link” between security of electricity supply and natural gas deliverability. - Connected devices and smart grid technologies, can unlock larger demand response resources,

		<p>improve energy efficiency, and facilitate the integration of higher shares of variable renewables in a cost-effective and secure manner. However, the growth in connected devices and distributed energy resources is also expanding the potential cyberattack surface of electricity systems. If Contact’s information technology infrastructure was interrupted, compromised or damaged, Contact could suffer loss of control of assets, inability to dispatch electricity or gas into the market or adjust to pricing variations, resulting in revenue loss, material harm to its reputation and/or significant expenditure to restore functionality</p>
<p>Mitigating actions</p>	<ul style="list-style-type: none"> - Long-term impact assessment of climate change on assets with NIWA and other governmental agencies - Supporting governmental climate change efforts - Flexible / diverse (fuel type and geographic) generation portfolio - Decarbonisation strategy which includes: <ul style="list-style-type: none"> o The build of a new geothermal power station Tauhara o Reviewing thermal assets in our portfolio o Investigating renewables and storage (battery) options o Pipeline of renewable development options 	<ul style="list-style-type: none"> - For added resilience against physical supply disruptions and fuel-price fluctuations, diversifying power supplies (but leaning toward low-carbon sources), ramping up flexibility in supply and demand response. - Distributed generators can be more resilient than centralised systems - Battery and deep storage investments - Mature approaches to cyber resilience and investments to keep pace with evolving cyber threats

IT Security/ Cybersecurity Governance

We have a dedicated member of the executive management team who oversees the company’s cybersecurity strategy: the Chief Information Officer. The CIO is responsible for overseeing cybersecurity within the company.

Breaches of Customer Privacy: Complaints

The total number of substantiated complaints received concerning breaches of customer privacy in the last financial year, categorized into complaints received from regulatory bodies and those from other outside parties.

FY21 customer privacy	FY20	FY21
Total number of complaints received from outside parties and substantiated by the organization concerning breaches of customer privacy	6	1
Total number of complaints received from regulatory bodies concerning breaches of customer privacy	0	0

Direct Mercury Emissions

	FY18	FY19	FY20	FY21
Direct mercury emissions (metric tonnes)	0.226	0.303	0.174	0.079

Hiring

Total number of new employee hire rates and the percentage of open positions filled by internal candidates.

	FY18	FY19	FY20	FY21
Total number of new employee hires	172	197	198	175
Percentage of open positions filled by internal candidates (internal hires)	54	54.5	48.6	45

Employee Turnover Rate

Total and voluntary turnover rates for the last four years as a percentage of total number of employees.

	FY18	FY19	FY20	FY 21
Total employee turnover rate	22	19	17	17
Voluntary employee turnover rate	13	12	12	12

Workforce Breakdown: Gender

We monitor the following indicators regarding workforce gender diversity.

Diversity indicator	Percentage (0 - 100 %)
Share of women in total workforce (as % of total workforce)	47%
Share of women in all management positions, including junior, middle and top management (as % of total management positions)	35%
Share of women in junior management positions, i.e. first level of management (as % of total junior management positions)	34%

Share of women in top management positions, i.e. maximum two levels away from the CEO or comparable positions (as % of total top management positions)	38%
Share of women in science, technology, engineering and mathematics (as % of total workforce)	18.9%
Share of women in sales (as % of total workforce)	48.6%

Lost-Time Injury Frequency Rate (LTIFR) – Employees & Contractors

	FY17	FY18	FY19	FY20	FY 21
Employees (n/million hours worked)	1.9	4.8	3.9	0.5	0.0
Contractors (n/million hours worked)	7	3.1	2.1	4.6	8.1