



# Board Charter

13 March 2019

## 1. Purpose

- This Board Charter sets out the responsibilities and framework for the operation of the Board of Directors (“Board”) of Contact Energy Limited (“Contact”). It is to be read in conjunction with Contact’s Constitution.
- The shareholders have elected the directors and have authorised them to manage the business of Contact and to exercise the powers and perform the duties and obligations as set out in the Constitution and under the law.

## 2. Responsibilities of the Board and each Director

- The Board is responsible for the governance, direction, management and performance of Contact and guiding Contact in what the Board believes to be the best interests of Contact (being the company and its shareholders generally to whom the Board is accountable).
- The Board retains all rights and powers conferred upon it by the Constitution and the law.
- The Board has established delegated limits of authority, which define the matters that are delegated to management and those which require Board approval, and from time to time the Board approves policies that govern the management and operation of the business.
- All policies and delegated limits of authority are reviewed on a regular basis.
- The primary duty of the Board is to act in what it believes is in the best interests of Contact. The key objective of the Board is to enhance the sustainable long-term value of Contact. Specific responsibilities of the Board include:
  - approving the strategic direction, policies and budgets of Contact and ensuring that these are followed;
  - approving major investments and monitoring the return on those investments;
  - monitoring financial performance including approval of the interim and annual financial statements and reports;
  - appointing the Chief Executive Officer and supervising and monitoring the performance of the Chief Executive Officer and senior management;
  - overseeing the remuneration, development and succession planning for the Chief Executive Officer and senior management, and ensuring that appropriate human resource management systems are in place;
  - identification and control of significant risks;
  - reviewing and approving Contact’s risk capacity and tolerance;
  - ensuring appropriate audit and risk management systems are established to manage risk within Contact’s risk capacity and tolerance;
  - monitoring selected risks including but not limited to funding and liquidity, strategic and project delivery risks, potentially catastrophic reputational risks, including reviewing controls and treatment plans to reduce risk, and seeking assurance on controls;

- The Audit and Risk Committee will assist the Board by assessing the effectiveness of, and monitoring compliance with, the risk management framework, and identifying significant risks for escalation to the Board.
- reviewing and approving Contact’s compliance systems, including relevant corporate governance policies;
- ensuring that Contact provides continuous disclosure of information to the investment community, and that shareholders have available all information they reasonably require to make informed assessments of Contact’s prospects;
- overseeing Contact’s commitment to its values, sustainable development, the environment and the health and safety of employees, contractors, customers and the community; and
- protecting and enhancing Contact’s reputation.
- Each director will minimise the possibility of any conflict of interest with Contact by restricting their involvement with other businesses that would be likely to lead to a significant conflict of interest. Where a conflict of interest does arise, the interested director will disclose the interest to the Board and, as appropriate, excuse themselves from the discussion and will not exercise their right to vote in respect of relevant matters.
- The Chair is responsible for fostering a constructive governance culture and applying appropriate governance principles among directors and with management.
- The Board may establish other policies and practices to ensure that the Board fulfils its functions and ensures that it remains an effective decision making body.

### 3. Meetings

- The Constitution governs the regulation of meetings and proceedings of the Board. The Board will meet as required, normally a minimum of eight times per year. Meetings will usually include a director only private session where the Board meets without management present.
- The General Counsel will provide assistance to the Board in the preparation of agenda and minutes of meetings and will provide secretarial support to the Board.
- Any Board committee or individual director may, with the approval of the Chair, obtain independent advice at Contact’s expense where the committee or director considers it necessary to carry out its or his or her functions.

### 4. Committees of the Board

- The Board has established committees to assist in the execution of its duties and to allow detailed consideration of complex issues or areas of special interest. Current committees established by the Board are:
  - Audit and Risk Committee;
  - Health, Safety and Environment Committee; and
  - People Committee.
- The Board may establish other committees, as required from time to time.
- Each of the committees has its own written charter setting out its purpose, responsibilities, composition, and the manner in which the committee is to operate. All charters of committees of the Board are reviewed on a regular basis and made available on the Contact website.

### 5. Performance and Continuous Education

- The Board will ensure that new directors receive induction training, which will cover

governance, key policies and the key strategic and operational issues facing Contact. New directors will also visit Contact generation and call centre sites.

- The Board is committed to the ongoing development and continuing education of directors. A fund is available for director development opportunities, a portion of which is made available upon approval by the Chair where the training opportunity is of benefit for both Contact and the individual director.
- Reviews of the performance of the Board and individual directors will be carried out regularly to ensure the Board as a whole and individual directors are performing to a high standard. A comprehensive review will be carried out every two years.

## 6. Directors' Remuneration

- Directors' remuneration will be paid from a total fee pool approved by shareholders. In addition, directors will be reimbursed for costs directly associated with carrying out their duties, such as travel costs.
- The Board has determined that directors should hold a minimum of 20,000 Contact shares within three years of appointment to further align the interests of directors with the interests of shareholders.

## 7. Review of Charter

- The Board shall regularly review the charter to ensure its relevance.