

Corporate Governance Statement

2023



Contact Energy Limited (**Contact**) is committed to maintaining high standards of corporate governance. The Board and management recognise its importance to protect the interests of all stakeholders, along with creating and enhancing long-term value. We regularly review our corporate governance systems and are always looking for opportunities to improve the way we do things.

Contact has chosen to report against the latest version of the NZX Corporate Governance Code (1 April 2023). All information is current as at 30 June 2023 unless otherwise stated. As at 30 June 2023, we comply with the recommendations of the NZX Corporate Governance Code in all material respects.

This Corporate Governance Statement was approved by the Board on 11 August 2023 and all the policies and charters referred to are available on our **website**.

Principle 1 – Ethical Standards

Directors should set high standards of ethical behaviour, model this behaviour and hold management accountable for these standards being followed throughout the organisation.

Recommendation 1.1

The board should document minimum standards of ethical behaviour to which the issuer's directors and employees are expected to adhere (a code of ethics).

The Contact **Code of Conduct** is our core policy document and it applies to everyone working for Contact, including the Board. It sets out our expectations for the standards of honesty, integrity and ethical behaviour we expect our people to meet.

Our Tikanga is the set of beliefs that guide how we bring our purpose to life. It enshrines what we stand for expressed as a series of principles and commitments and sits at the heart of the Code of Conduct. These beliefs guide the actions we take, both as individuals and as an organisation, our decision-making, and the way we treat each other, our customers, shareholders and the communities we are part of. We expect our people to always act conscientiously, reasonably and in good faith and in accordance with the law at all times, having regard for Contact's best interests as well as the welfare of our customers, colleagues and communities.

The Code of Conduct summarises the key elements of our policies in areas such as diversity and inclusion, preventing harassment, bullying and discrimination, human rights and flexible work. It covers our legal and privacy obligations, health, safety and wellbeing, sustainability and the environment, our information and assets and our communications and brand. It sets out our policy on conflicts of interest, gifts and hospitality and anti-bribery and corruption.

We refreshed our whistleblowing system during FY23, creating a new "ReportIt!" internal website and communicating it to the business. The new website provides anonymous and non-anonymous options for Contact's people to report any behaviour, action or information they see at Contact that they believe could breach our Code of Conduct, policies, or legal obligations. These reports go to the General Counsel and Chief Executive Officer and, if appropriate, to the Chair of the Board.

We take breaches of the Code of Conduct seriously. Our people are strongly encouraged to report any suspected or actual serious wrongdoing. The final section of the Code of Conduct explains how people can speak up and report actual or suspected breaches of Contact policy. They can:

- talk to their people leader, another people leader or someone in the People Experience team; or
- make a report – either anonymously or non-anonymously – from our internal ReportIt! whistleblowing site.

In addition, directors can bring concerns to the attention of the Chair of the Board or the Chair of the Audit and Risk Committee.

In FY23, no material breaches or material suspected breaches were reported.

Our Code of Conduct was rewritten in 2023 and will be reviewed every two years. We require all Contact people to complete training on the Code of Conduct every two years.

Recommendation 1.2

An issuer should have a financial product dealing policy which applies to employees and directors.

Our **Securities Trading Policy** sets out Contact's expectations and requirements for all our people, including directors, when buying, selling or otherwise dealing with Contact shares or bonds.

In addition to the prohibition on insider trading, Contact people must not buy or sell Contact securities during 'blackout periods'. These blackout periods occur twice a year, before the half-year and full-year results.

Certain Contact individuals who are classed as 'restricted persons' must obtain the written consent of the company before buying or selling Contact securities (which can only occur outside blackout periods). Restricted persons at Contact include the directors, the Chief Executive Officer, all members of the Leadership Team and their direct reports, and others classed as restricted persons due to the nature of their role. Through our share registrar, Link Market Services, we actively monitor trading in Contact shares by our restricted persons.

Principle 2 – Board Composition and Performance

To ensure an effective board, there should be a balance of independence, skills, knowledge, experience and perspectives.

Recommendation 2.1

The board of an issuer should operate under a written charter which sets out the roles and responsibilities of the board. The board charter should clearly distinguish and disclose the respective roles and responsibilities of the board and management.

The Board is responsible for the governance, direction and performance of Contact, and for guiding what the Board believes to be the best interests of Contact with the key objective being to enhance the sustainable long-term value of Contact. This includes approving strategic direction, policies and budgets along with major investments and monitoring return on those investments. The Board also plays a critical role in risk management including the identification and control of significant risks and reviewing and approving Contact's risk capacity and tolerance. More detail and specific responsibilities are set out in the **Board Charter**.

Management is responsible for implementation of the strategic objectives set by the Board along with the day-to-day management of business affairs. This, along with a number of other activities, has been delegated to the Chief Executive Officer (and further sub-delegated to management) enabling efficient, effective and professional decision-making at the most appropriate level of management.

The Board Charter was last approved by the Board in February 2023 and is regularly reviewed to ensure it remains fit for purpose.

Recommendation 2.2

Every issuer should have a procedure for the nomination and appointment of directors to the board.

The full Contact Board, rather than a dedicated nominations committee, is responsible for the nominations function. This reflects the importance all directors place on ensuring the Board has the necessary skills and experience while performing well. The Board is responsible for assessing the desired skills and experience for the Board and the

extent to which these are represented. It is also responsible for recommending suitable candidates for appointment to the Board, having regard to those skills, diversity, independence and experience. The Board's assessment of the skills of current directors is set out in the director skills matrix in the **Integrated Report**.

In accordance with the NZX Listing Rules, each director must retire by rotation every three years at the Annual Shareholder Meeting. Retiring directors are eligible to stand for re-election by shareholders. Any director who is appointed by the Board will stand for election at the next Annual Shareholder Meeting after their appointment. Information about candidates for election or re-election is included in the notice of meeting, to assist the shareholders' decision whether to elect or re-elect the candidate.

Recommendation 2.3

An issuer should enter into written agreements with each newly appointed director establishing the terms of their appointment.

Contact enters into written agreements with each newly appointed director. These agreements include information about term of appointment, expectations, time commitment, remuneration, indemnity and insurance arrangements, a requirement to disclose interests that may affect the director's independence, a requirement to comply with applicable corporate policies, confidentiality obligations, and access to information and independent advice.

Recommendation 2.4

Every issuer should disclose information about each director in its annual report or on its website, including (a) a profile of experience, length of service, and ownership interests, (b) the director's attendance at board meetings, and (c) the board's assessment of the director's independence, including a description as to why the board has determined the director to be independent if one of the factors in the NZX Corporate Governance Code applies to the director, along with a description of the interest, relationship or position that triggers the application of the relevant factor.

Director profiles detailing experience, length of services and committee memberships can be found on our website [here](#). The table in Recommendation 3.5 outlines director attendance at Board and committee meetings. The Board encourages directors to hold a minimum of 20,000 Contact shares within three years of appointment, subject to personal circumstances, to further align the interests of directors with the interests of shareholders. Ownership interests are detailed in our [Integrated Report](#).

The Board considers all current directors, including the Chair, to be independent in that they are not executives of the company and do not have a direct or indirect interest, position, association or relationship that could reasonably influence, in a material way, their decisions in relation to Contact. In making this assessment, the Board has considered the NZX Listing Rules and the factors in the NZX Corporate Governance Code that may affect director independence and confirms that all directors meet the requirements for independent directors.

Recommendation 2.5

An issuer should have a written diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving diversity (which at a minimum, should address gender diversity) and to assess annually both the objectives and the entity's progress in achieving them.

An issuer within the S&P/NZX 20 Index at the commencement of its reporting period should have a measurable objective for achieving gender diversity in relation to the composition of its board, that is to have not less than 30% of its directors being male, and not less than 30% of its directors being female, within a specified period. An issuer should disclose its diversity policy or summary of it.

Contact has an [Inclusion and Diversity Policy](#), which applies to all Contact directors and employees. The policy outlines the company's commitment to providing an equitable work environment where inclusion is deeply embedded and differences in gender, age, ethnicity, religion, sexual orientation, gender identity, background and experience are valued. It is based around a set of key principles which include encouraging people to bring their "true selves" to work; recognising that all our people own and lead an inclusive One Contact culture; and committing to develop peoples' skills to support and embrace diverse individuals. It sets out our approach to supporting the ongoing education and enhancement of inclusion and diversity initiatives, and explains how we review, measure and comply with our policy.

Our diversity objectives, strategy and plan are reviewed and set by the People Committee on recommendation from management which occurs on an annual basis. In addition, our People Experience team conducts regular reviews at all levels of the organisation in order to identify levels at which diversity may be improved. Appropriate disclosures are made in our [Integrated Report](#).

Contact's [Board Charter](#) requires the Board to ensure that its composition is structured so that it has the appropriate size, knowledge, skill, experience and diversity to enable it to discharge its responsibilities and duties effectively having regard to the law and the highest standards of governance. The charter states that the Board recognises the significant value of diversity, and considers factors such as gender, ethnicity and cultural background in its nomination process. As part of that commitment, Contact has set an objective that the Board will comprise at least 30% male and 30% female directors at any time. The objective is currently met with Contact's Board made up of 43% male directors and 57% female directors.

Recommendation 2.6

Directors should undertake appropriate training to remain current on how to best perform their duties as directors of an issuer.

The Board ensures that new directors receive induction training covering governance, policies and the key strategic and operational issues facing Contact. We are committed to strong on-going development and continuing education. All Board members have the opportunity to visit generation and call centre sites.

Other professional development includes briefings and presentations to upskill the Board on new developments and topical issues, deep-dive workshops and guest speakers. We recommenced international Board study tours this year. These study tours are an excellent opportunity for the Board and management to gain insight from companies seeing similar challenges and opportunities as Contact.

Recommendation 2.7

The board should have a procedure to regularly assess director, board and committee performance.

Board performance and ensuring directors are performing to the expected high standard is very important to Contact. Accordingly, we have procedures to assess both the Board as a whole and individual directors.

A comprehensive review is carried out approximately every two years. The most recent external review was undertaken by Propero Consulting Limited at the start of 2022. Results are reported back to the Board to ensure that appropriate actions are taken to further improve Board performance. Some changes made as a result of the 2022 review included refining our Board paper template to ensure that material is consistent and presented at the appropriate level, Board charters were reviewed, and the Development Committee was disestablished (see commentary at Recommendation 3.5 for further context). The next review is scheduled for FY24.

Recommendation 2.8

A majority of the board should be independent directors.

All directors have been assessed as independent directors – further detail discussed in Recommendation 2.4 commentary above.

Recommendation 2.9

An issuer should have an independent chair of the board.

Contact's Chair of the Board is an independent director.

Recommendation 2.10

The chair and CEO should be different people.

The Chair of the Board is Robert McDonald. Mike Fuge is the Chief Executive Officer.



Principle 3 – Board Committees

The board should use committees where this will enhance its effectiveness in key areas, while still retaining board responsibility.

Contact has three standing committees, established by the Board, to focus on specific responsibilities to support the full Board. These are the Audit and Risk Committee, the Health, Safety and Environment Committee and the People Committee. All committee proceedings are reported back to the full Board.

Recommendation 3.1

An issuer's audit committee should operate under a written charter. Membership on the audit committee should be majority independent and comprise solely of non-executive directors of the issuer. The chair of the audit committee should be an independent director and not the chair of the board.

Contact's Audit and Risk Committee operates under a written **charter**. All Committee directors including the Committee Chair (who is not the Chair of the Board) are independent, non-executive directors. The Committee's role is to assist the Board to fulfil its responsibilities in relation to Contact's external financial reporting, internal control environment, business assurance and external audit functions and risk management.

Members of the Committee are:



Sandra Dodds
Chair



Victoria Crone
Member



Rukumoana Schaafhausen
Member

You can view their profiles on our website [here](#).

Recommendation 3.2

Employees should only attend audit committee meetings at the invitation of the audit committee.

The Chief Executive Officer, Chief Financial Officer, General Counsel, Head of Risk and Assurance and other employees attend Audit and Risk Committee meetings at the discretion and invitation of the Audit and Risk Committee. The Committee holds private sessions with the Head of Business Assurance, the external auditors, the Chief Executive Officer and the Chief Financial Officer regularly as required.

Recommendation 3.3

An issuer should have a remuneration committee which operates under a written charter (unless this is carried out by the whole board). At least a majority of the remuneration committee should be independent directors. Management should only attend remuneration committee meetings at the invitation of the remuneration committee.

Contact's People Committee is responsible for all functions traditionally carried out by a remuneration committee and operates under a written **charter**. All directors on the Committee are independent, non-executive directors. The Committee's role is to assist the Board to fulfil its responsibilities in relation Contact's people, policies and strategies, remuneration policies, inclusion and diversity policies, and the appointment and performance of the Chief Executive Officer and Leadership Team.

Members of the Committee are:



Jon Macdonald
Chair



Robert McDonald
Member



Sandra Dodds
Member

You can view their profiles on our website [here](#).

At the invitation of the Committee, the Chief Executive Officer, Chief People Experience Officer and other management participate in meetings as required.

Recommendation 3.4

An issuer should establish a nomination committee to recommend director appointments to the board (unless this is carried out by the whole board), which should operate under a written charter. At least a majority of the nomination committee should be independent directors.

Contact's full Board carries out the functions that a traditional nominations committee would typically fulfil. More information on our nominations functions is set out in Recommendation 2.2 above and in the **Board Charter**.

Recommendation 3.5

An issuer should consider whether it is appropriate to have any other board committees as standing board committees. All committees should operate under written charters. An issuer should identify the members of each of its committees, and periodically report member attendance.

Health, safety and the environment are critical matters for Contact to get right, especially given the nature of our operations. As this is such an important topic, Contact has a Health, Safety and Environment Committee which operates under a written **charter**. The Committee's primary objective is to assist the Board to fulfil its responsibilities in relation to health, safety and wellbeing, and environmental matters.

Members of the Committee are:



Elena Trout
Chair

Rukumoana Schaafhausen
Member

David Smol
Member

You can view their profiles on our website [here](#).

At the invitation of the Committee, the Chief Executive Officer, Chief Generation Officer, Chief People Experience Officer, Chief Corporate Affairs Officer, General Counsel and other management participate in meetings as required.

Until March 2023, we operated a standing Board Development Committee to advise and support the Board on the development pipeline, growth opportunities and major project delivery. These functions are now carried out by the full Board, ensuring all directors have oversight of key strategic project development and execution.

From time to time, the Board may create ad-hoc committees to oversee specific areas on its behalf.

The table below records the number of Board and committee meetings each director has attended as a member, alongside the number of meetings held while that director was a member.

	Board	Audit and Risk Committee	Health, Safety and Environment Committee	People Committee	Development Committee**
Robert McDonald*	9/9			4/4	
Victoria Crone	9/9	3/4			
Sandra Dodds	9/9	4/4		4/4	
Jon Macdonald	9/9			4/4	3/3
Rukumoana Schaafhausen	9/9	4/4	4/4		
David Smol	9/9		4/4		3/3
Elena Trout	9/9		4/4		3/3

* The Chair of the Board attended every Board committee meeting held during the year.

** The Development Committee was disestablished effective March 2023.

Recommendation 3.6

The board should establish appropriate protocols that set out the procedure to be followed if there is a takeover offer for the issuer including any communication between insiders and the bidder. The board should disclose the scope of independent advisory reports to shareholders. These protocols should include the option of establishing an independent takeover committee, and the likely composition and implementation of an independent takeover committee.

Contact has prepared a Takeover Response Manual, in line with Recommendation 3.6 of the NZX Corporate Governance Code. The manual is updated each year.

Principle 4 – Reporting and Disclosure

The board should demand integrity in financial and non-financial reporting, and in the timeliness and balance of corporate disclosures.

We have robust processes in place to ensure the integrity of financial and non-financial reporting. We understand the importance of disclosure to maintain high standards of corporate governance and to provide investors with timely access to accurate information.

Recommendation 4.1

An issuer's board should have a written continuous disclosure policy.

Our **Market Disclosure Policy** explains how Contact complies with its continuous disclosure obligations. The policy is designed to ensure that material information is identified, reported for review and disclosed at the right time, and to prevent the selective disclosure of material, non-public information.

The policy requires Leadership Team members and other executives to escalate any potential 'material information' matters to the Disclosure Committee, which comprises of the Chief Executive Officer, Chief Financial Officer, Chief Corporate Affairs Officer and General Counsel. The Disclosure Committee is ultimately responsible for approving the form and content of material information that is disclosed. The General Counsel (or delegate) is responsible for disclosure to the market. We also monitor market information about Contact and will release information to the extent necessary to prevent development of a false market for Contact shares.

Recommendation 4.2

An issuer should make its code of ethics, board and committee charters and the policies recommended in the NZX Code, together with any other key governance documents, available on its website.

Contact's key governance documents are available on the **website**. These include Board and committee charters, the Constitution, trust documents and the code of conduct and many key corporate policies.

Recommendation 4.3

Financial reporting should be balanced, clear and objective.

The Audit and Risk Committee oversees the preparation of our financial statements, including materiality guidance. It also sets policy to ensure that information is useful for investors and stakeholders. We strive to make our financial statements easy to understand by using plain language, providing guidance where appropriate and presenting the most relevant information at the beginning.

In addition to the full-year audit, our auditors complete a review of the half-year financial statements and we undertake an internal certification process to ensure that the information presented is accurate, balanced and objective. We have processes in place to ensure that our financial reporting meets the requirements of the Companies Act 1993, the Financial Markets Conduct Act 2013 and the NZX Listing Rules and provide explanation all throughout our reporting to ensure readers understand the context. Our **Integrated Report** focuses on the Contact26 strategy with clear links to Contact's business model while outlining key risks and opportunities. We are proud of our integrated reporting and believe that it enables stakeholders to obtain a clear picture of Contact.

Recommendation 4.4

An issuer should provide non-financial disclosure at least annually, including considering environmental, social sustainability and governance factors and practices. It should explain how operational or non-financial targets are measured. Non-financial reporting should be informative, include forward looking assessments, and align with key strategies and metrics monitored by the board.

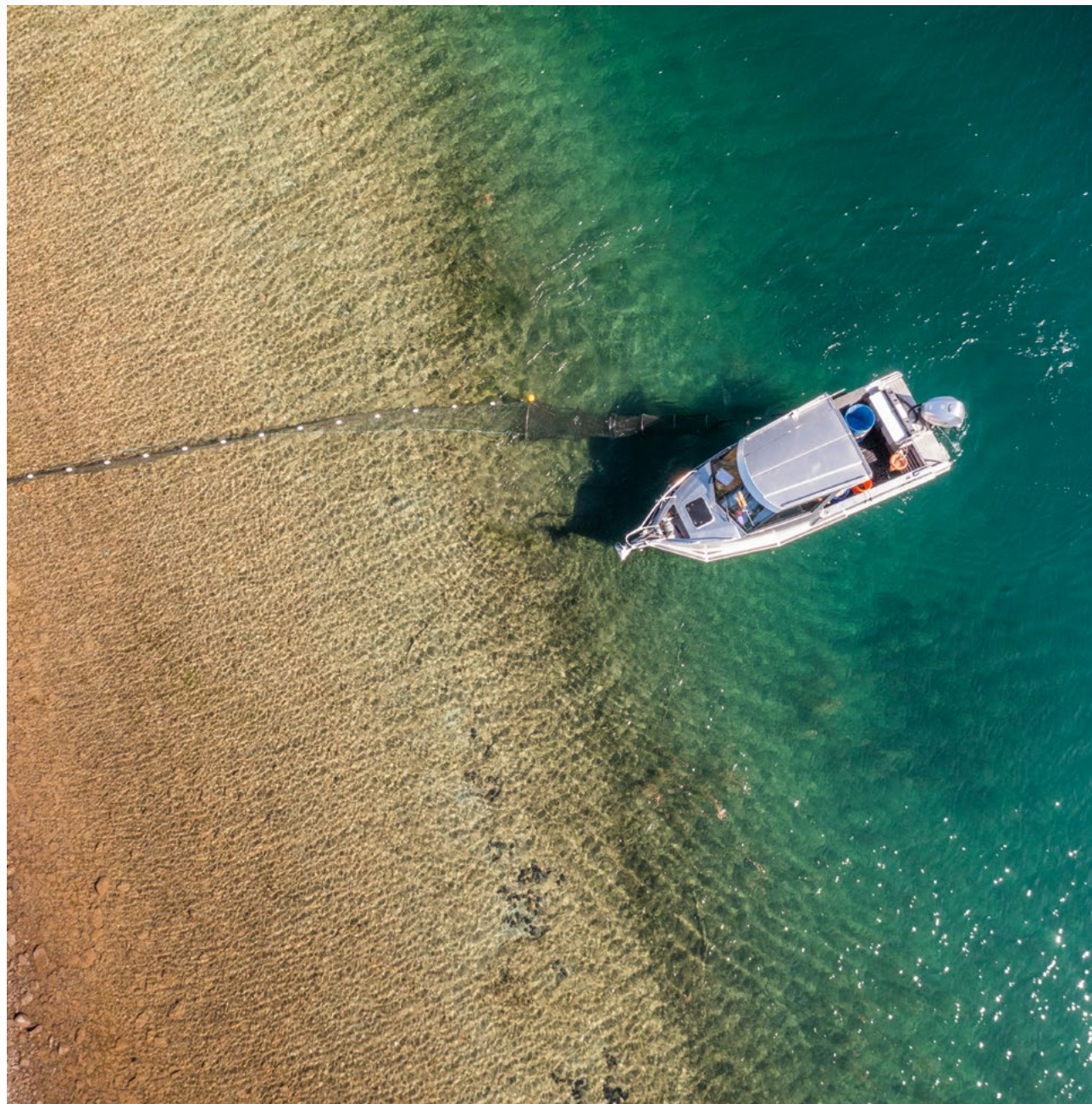
Since 2020, we have published an **Integrated Report** which provides for both financial and non-financial disclosure and sets out how Contact creates value over time. It follows a principles-based approach and reflects our focus on continuous improvement.

We consider integrated reporting as best practice disclosure and use the Global Reporting Initiative (GRI) guidelines (core option) and the International Integrated Reporting Council Framework to report on material Environment, Social and Governance (ESG) activities and to provide a balanced view of our performance. ESG is a key pillar of the Contact26 strategy and we place particular importance on providing useful and informative ESG disclosures.

We also report our climate change risks using the best practice guidance of the Task Force on Climate-Related Financial Disclosures (TCFD) framework. We continue to refine our approach to climate-related disclosures and will be ready to report on the XRB Standards for the FY24 integrated report.

Contact was the only new inclusion in the DJSI Asia Pacific Index from New Zealand in 2022 and we achieved the second highest ranking of any New Zealand company. By entering the DJSI Asia Pacific Index, Contact joins the top 20% of the 600 largest companies in the Asia-Pacific developed region. We continue to refine our practices using insights we gain each year in participating.

Contact also issues a monthly operating report to provide investors with access to timely information on the electricity market and Contact's performance. The report addresses current conditions in the electricity market, such as national hydro storage levels and forward wholesale prices, as well as Contact's operating performance in the previous month.



Principle 5 – Remuneration

The remuneration of directors and executives should be transparent, fair and reasonable.

Recommendation 5.1

An issuer should have a remuneration policy for the remuneration of directors. An issuer should recommend director remuneration to shareholders for approval in a transparent manner. Actual director remuneration should be clearly disclosed in the issuer's annual report.

In accordance with our **Remuneration Policy**, Contact is committed to ensuring that director remuneration is transparent, fair and reasonable. The “Remuneration Report” in our **Integrated Report** sets out the remuneration practices and details of the directors. For the directors, this includes a breakdown of the Board and committee fees and actual amounts paid.

Contact's director fee pool was approved by shareholders in 2008 and has not been increased since. Actual fees paid to directors are determined by the Board on the recommendation of the People Committee. Between FY22 and FY23, Board and committee fees increased by around 2 percent. The overall remuneration reflects the complexity and wide-ranging skills needed to perform the role well, along with the commitment and expertise of the directors.

Recommendation 5.2

An issuer should have a remuneration policy for remuneration of executives which outlines the relative weightings of remuneration components and relevant performance criteria.

The **Remuneration Policy** sets out the general policy for executive remuneration with specific information outlining weightings, components and relevant performance criteria stated in the Remuneration Report.

Our remuneration structure is designed to attract, reward and retain high performing people who are able to enhance the company's performance. We are committed to creating a rewarding workplace for our people by valuing everyone's contribution, encouraging personal development, recognising good performance and fostering equality of opportunity.

Total remuneration payable to the Contact executives is made up of three components being fixed remuneration, at-risk/variable remuneration to reward performance and other benefits. The weighting of each component is aligned with position grades to reflect the complexity of the role. We annually test our remuneration against external market information to ensure market relativity and internally to test pay equity, including by gender.

Recommendation 5.3

An issuer should disclose the remuneration arrangements in place for the CEO in its annual report. This should include disclosure of the base salary, short-term incentives and long-term incentives and the performance criteria used to determine performance based payments.

The remuneration arrangements in place for the Chief Executive Officer are set out in our latest **Integrated Report** and our general policy and guidance on remuneration is in our **Remuneration Policy**. In the Integrated Report disclosures include the following:

- Each component of the Chief Executive Officer's remuneration including base salary, short-term incentives and long-term incentives.
- The performance measures including descriptions and exercise hurdle timing.
- A breakdown of the remuneration payments along with historical data.



Principle 6 – Risk Management

Directors should have a sound understanding of the material risks faced by the issuer and how to manage them. The Board should regularly verify that the issuer has appropriate processes that identify and manage potential and material risks.

Recommendation 6.1

An issuer should have a risk management framework for its business and the issuer's board should receive and review regular reports. An issuer should report the material risks facing the business and how these are being managed.

Excellence in risk management underpins our approach to create and protect value. Our Board has established a robust risk management framework which ensures that:

- appropriate systems are in place to identify material risks;
- we understand the potential impacts of identified risks and that appropriate tolerance limits are set by the Board;
- responsibilities are assigned to individuals to manage identified risks and that material changes to risk profiles are monitored.

Responsibility for the risk management framework sits with the Board, supported by the Audit and Risk Committee which assesses the effectiveness of, and monitors compliance with, the framework. The integrated nature of our business means that current and emerging risks are assessed frequently and reported regularly to the Board, to help inform their decision-making.

Risks rated “high” and above are actively monitored and managed by the Leadership Team, with top risks reported to the Audit and Risk Committee on a quarterly basis. While responsibility for risk management generally sits with the leadership, all of our people are encouraged to identify and manage potential risks where possible.

Our **Risk Management Policy** and the latest **Integrated Report** provide more information on our risk management approach, together with details of current material risks and how we are managing them.

Recommendation 6.2

An issuer should disclose how it manages its health and safety risks and should report on its health and safety risks, performance and management.

Health, safety and wellbeing at Contact is owned by everybody. We are always looking to improve our health, safety and wellbeing performance by working with our people to give us the solutions that lead to safer ways of work.

We believe that safe and healthy ways of working are generated by work that is well thought out, well designed, well planned, and thoroughly risk and hazard assessed by passionate, well trained, and competent people who know the job. We make sure our people have the right tools and resources at their fingertips when they need them.

We have gained a deep knowledge of the work we do and have collaborated with our workforce to identify our critical risks. We use “Bow Tie” risk assessment methodology not only to understand how to mitigate risks, but also to plan for when things go wrong with the development of robust emergency responses to potential events.

We put in place prioritised action plans that address identified risks through the implementation of effective controls. Our people and leaders play an important role in verifying that these controls are working, and we regularly review our risks to make sure that we are focusing on the right things and addressing any emergent risks.

Safety is enabled and enhanced through health and safety management systems which are designed for an easy user experience, focussing on operational excellence which in turn leads to a safer and healthier workplace. We are a learning organisation, learning not just from when things go wrong but also seeking to understand why normal work is successful most of the time.

Some of the environments we work in can present long-term health risks for our workers if they are not suitably managed. We ensure our workers receive

training and understand the health risks associated with their work. We provide appropriate personal protective equipment and monitor potentially hazardous environments. We also provide health monitoring to our workers to make sure their work is not adversely impacting their health.

We identify relevant development and learning opportunities for our people, ensuring our people are trained and knowledgeable in all aspects of process and occupational health and safety. We regularly run health, safety and wellbeing campaigns, initiatives and learning seminars to maintain high levels of engagement with health, safety and wellbeing topics.

We form mutually beneficial and inclusive partnerships with our contractors, treating them as part of the team. We hold them to the same high health, safety and wellbeing standards we expect of our own workforce, and they must demonstrate that they have a strong commitment to health, safety and wellbeing. Assessment of contractor health, safety and wellbeing performance is an important aspect of our procurement strategy.

Our commitment to health, safety and wellbeing is outlined in our **Health and Safety Policy** and our **Wellbeing Policy**. We have a dedicated Health, Safety and Environment Board Committee – more information on the Committee is outlined in the commentary under Recommendation 3.5 above. You can also find out more about our health and safety risks, performance and management in the **Integrated Report**.



Principle 7 – Auditors

The board should ensure the quality and independence of the external audit process.

Recommendation 7.1

The board should establish a framework for the issuer's relationship with its external auditors. This should include procedures (a) for sustaining communication with the issuer's external auditors, (b) to ensure that the ability of the external auditors to carry out their statutory audit role is not impaired, or could reasonably be perceived to be impaired, (c) to address what, if any, services (whether by type or level) other than their statutory audit roles may be provided by the auditors of the issuer, and (d) to provide for monitoring and approval by the issuer's audit committee of any service provided by the external auditors to the issuer other than in their statutory audit role.

The role of the external auditor is critical for the integrity of our financial reporting. Our external auditor for FY23 was Ernst & Young (appointed in 2022).

Our **External Audit Independence Policy** sets out the framework for our relationship with the external auditor and ensures independence is maintained. It is vital that the ability of the external auditors to carry out their statutory audit roles is not impaired, or could not reasonably be perceived to be impaired. Under the policy:

- the external auditor may not undertake any work for Contact that compromises, or is seen to compromise, the independence and objectivity of the external audit process. The policy also outlines what services, other than their statutory audit roles, may be provided by the auditor.
- before the external auditor undertakes any other non-audit work for Contact, specific approval must be given by the Chair of the Audit and Risk Committee (or Committee as a whole) or in their absence, the Chair of the Board.
- the external auditor confirms their continuing independent status to the Board every six months.

- the Audit and Risk Committee ensures that the audit partner is changed at least every five years with a two-year cooling-off period following rotation.
- the maximum tenure of any external audit firm will be 15 years, followed by a cooling-off period of two years.
- the Chief Financial Officer has delegated authority to engage the external auditors for any additional audit related costs or services of up to 5% of the audit fee.

In FY23, Ernst & Young conducted the following other assurance activities:

- Assurance of greenhouse gas emissions reporting
- Assurance of Global Reporting Initiative disclosures
- Assurance over our Green Borrowing Programme
- Assurance over our Sustainable Finance Framework and sustainability linked loan
- Audit of subsidiary financial statements

In FY23, Ernst & Young conducted the following non-assurance work:

- R&D tax incentive compliance
- Remuneration benchmarking and survey services

The R&D tax incentive compliance work will not be conducted by Ernst & Young in future years. Going forward, the only non-assurance services to be provided by Ernst & Young will be in relation to remuneration services as those are unable to be completed by an alternative provider.

We have procedures to ensure good communication between the external auditor and the Audit and Risk Committee, including quarterly meetings and a direct line of communication between the audit partner and the Chair of the Audit and Risk Committee.

Recommendation 7.2

The external auditor should attend the issuer's Annual Meeting to answer questions from shareholders in relation to the audit.

Representatives from the external auditor attend Contact's Annual Shareholder Meeting, where they are available to answer any questions from shareholders in relation to the audit.

Recommendation 7.3

Internal audit functions should be disclosed.

Our Business Assurance team fulfils Contact's internal audit function by providing objective assurance over our internal controls and frameworks. We use a risk-based assurance approach driven by our risk management system and external expertise is available to the team where required. The team also assists external audits by providing information from internal assurance reviews to the external auditor to consider when providing their opinion on the financial statements.

The team, overseen by the Audit and Risk Committee, has a strong mandate to perform agreed assurance programmes. The Head of Business Assurance meets quarterly with the Chair of the Audit and Risk Committee and separately with the whole Committee where required. Findings are reported to the Committee and Leadership Team (and where required, to the Health, Safety and Environment Committee). Independence is an important feature of the team. It has a direct line to the Chief Executive Officer, Chief Financial Officer and the Audit and Risk Committee (and in extreme cases, to the Chair of the Board) where it considers that a significant issue should be reported.



Principle 8 – Shareholder Rights and Relations

The board should respect the rights of shareholders and foster constructive relationships with shareholders that encourage them to engage with the issuer.

Recommendation 8.1

An issuer should have a website where investors and interested stakeholders can access financial and operational information and key corporate governance information about the issuer.

Investors and interested stakeholders can access key investor information at our [investor website](#).

Recommendation 8.2

An issuer should allow investors the ability to easily communicate with the issuer, including by designing its shareholder meeting arrangement to encourage shareholder participation and by providing shareholders the option to receive communications from the issuer electronically.

Our investor relations programme is designed to facilitate effective two-way communication with investors. Its primary aim is to allow investors and other stakeholders to better understand Contact's business, governance, financial performance and prospects. Investors and other stakeholders have the opportunity to express their views on matters of interest or concern with those views distilled and communicated to the Board.

Our investor website is updated regularly and contains all the key governance and performance information relevant to investors and stakeholders. We also release monthly operating reports that set out key and regular information about Contact's performance which can be found on the Contact and NZX websites.

We strongly encourage investors to receive electronic communications. The benefits of electronic communications are providing faster access to key information, reducing the environment impacts from printing and postage, and keeping costs down. Any investor currently receiving hard copy communications can visit the [Link Investor Centre](#) to move to electronic communications.

The 2022 Annual Shareholder Meeting was a "hybrid" meeting that shareholders could either attend in person at Eden Park in Auckland or participate

virtually by attending, asking questions and voting via the online platform. We plan to use this hybrid structure again for the 2023 Annual Shareholder Meeting. Our directors, Chief Executive Officer and members of the Leadership Team attend the meeting each year and welcome the opportunity to meet with shareholders.

Shareholders can contact us at investor.centre@contactenergy.co.nz.

Recommendation 8.3

Quoted equity security holders should have the right to vote on major decisions which may change the nature of the issuer in which they are invested.

Major decisions that may change the nature of Contact and require shareholder approval would be presented to shareholders for their vote at an Annual Shareholder Meeting. There have been no major decisions made during FY23 that required shareholder approval. Where required, we would seek shareholder approval in accordance with the requirements of the NZX Listing Rules and Companies Act 1993.

Recommendation 8.4

If seeking additional equity capital, issuers of quoted equity securities should offer further equity securities to existing equity security holders of the same class on a pro rata basis, and on no less favourable terms, before further equity securities are offered to other investors.

Except for the Dividend Reinvestment Plan, Contact has not sought additional equity capital this year.

Recommendation 8.5

The board should ensure that the notice of annual or special meeting of quoted equity security holders is posted on the issuer's website as soon as possible and at least 20 working days prior to the meeting.

Our notice of meeting is sent to all of our shareholders and posted on our website at least 20 working days before the meeting.