



Building a better Aotearoa New Zealand





Welcome to our third integrated report. This report explains how Contact creates value over time, or as we say in our company vision, how we are building a better Aotearoa New Zealand.

Our leadership team has reviewed the report and our CEO Mike Fuge and the Board have confirmed it is a true and accurate picture of how Contact created value for our stakeholders in the 12 months to 30 June 2022.

We expect it to be of interest to our people, customers, investors, suppliers, business partners, local communities, tangata whenua, legislators, regulators, policymakers and all other stakeholders.

It follows the principles-based approach of the Integrated Reporting Framework and reflects our ongoing journey towards integrated thinking, focused on value creation.

This report is dated 15 August 2022 and is signed on behalf of the Board of Directors of Contact Energy:

Robert McDonald
Chair

Sandra Dodds
Chair, Audit and Risk Committee

Our Chair Robert McDonald and the Board of Directors will host shareholders at the Contact Energy AGM in November 2022. The notice of meeting and agenda will be provided to shareholders in October 2022.

More than 98 percent of Contact Energy shareholders receive digital reports from us. We are very keen for shareholders to move to digital, and in the meantime, we have ensured the 1,500 integrated reports we print use environmentally responsible paper and inks.

We are listed on both the NZX and the ASX.

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Jargon buster

ASX	Australian Securities Exchange.
CEN	Contact's stock ticker on NZX and ASX.
Contact	The company called Contact Energy Limited. Unless otherwise stated, all activities and indicators in this report are for Contact.
Contact26	Contact's strategy which sets out the company's priorities and key activities for the five years from 2021–2026.
EBITDAF	Earnings before interest, tax, depreciation, amortisation, and changes in fair value of financial instruments. EBITDAF is a non-GAAP (generally accepted accounting practice) measure. Information regarding the usefulness, calculation and reconciliation of this measure is provided within note A2 to the financial statements.
ESG	The environmental, social and governance factors used to evaluate performance.
FY21	The financial year ended 30 June 2021.
FY22	The financial year ended 30 June 2022.
GRI	The Global Reporting Initiative is an international independent standards organisation that helps businesses, governments and other organisations understand and communicate their impacts on things like climate change, human rights and corruption.
The Group	This is Contact Energy Limited, Contact Energy Trustee Company Limited (a subsidiary), Contact Energy Risk Limited (a subsidiary), Simply Energy Limited (a subsidiary), Western Energy Services Limited (a subsidiary), Drylandcarbon One Limited Partnership (an associate) and Forest Partners Limited Partnership (an associate).
HSE	Health Safety and Environment.

<IR>	An abbreviation for The Integrated Reporting Framework, a principles-based framework for corporate reporting.
NZAS	Aotearoa New Zealand's Aluminium Smelter is the country's only aluminium smelter and is located on Tiwai Peninsula, across the harbour from Bluff in Southland.
NZX	New Zealand Stock Exchange.
SDGs	Sustainable Development Goals are 17 global goals designed to be a "blueprint to achieve a better and more sustainable future for all". The SDGs were set in 2015 by the United Nations General Assembly and intended to be achieved by 2030.
TCFD	The Task Force for Climate-related Financial Disclosures provides a framework for climate-related financial risk disclosures.
Terrawatt hour (TWh)	A unit of energy equal to outputting one million million watts for one hour.
TISR	Total Incident Severity Rate is a leading indicator measure that assesses the potential severity of HSE and process safety incidents.
TRIFR	Total Recordable Injury Frequency Rate is a globally recognised measure of injury rates that can be benchmarked.
TWoW	Transformative Ways of Working is one of our major strategic themes. It is focused on reimagining our traditional ways of working.

Glossary of commonly used Te Reo Māori (Māori language)

Ākonga	Student	Marae	Traditional Māori meeting house
Aotearoa	New Zealand	Rangatahi	Youth
Awa	River, stream	Taonga	Treasure, anything prized
Hapū	Kinship group, subtribe	Tangata whenua	People of the land, in Aotearoa New Zealand Māori as the Indigenous People are known as the tangata whenua
Iwi	Extended kinship group, tribe	Te Tiriti o Waitangi	The Treaty of Waitangi, Aotearoa New Zealand's founding document between the British Crown and Māori chiefs
Kaitiaki	Guardian, steward	Tikanga	Custom, protocol
Kaitiakitanga	Guardianship, stewardship	Whakapapa	Genealogy, lineage, descent
Kaumātua	Elder, elderly person, person of status within the whānau	Whānau	Extended family, family group
Māori	Indigenous Peoples of Aotearoa New Zealand	Whenua	Land, ground
Mahi	Work, activity		
Mana whenua	The hapū and iwi groups that have territorial rights and authority over land		

Translations have primarily been sourced from Te Aka Māori Dictionary.

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Key activity this financial year

July

Began seeking registrations of interest to develop the world's largest green hydrogen plant in Southland, in conjunction with Meridian.



August

Delivered FY21 results with EBITDAF¹ of \$553m and net profit of \$187m.

Launched 'Good Nights' retail plan with free power between 9pm and midnight, and donated \$50,000 to Women's Refuge Safe Night-athon fundraising appeal.

Announced we will supply Genesis Energy with up to 62.5MW of renewable electricity for 15 years from 2025.

September

Sandra Dodds joined the Board as an independent director.

Paid 21c per share FY21 final dividend to investors, following interim dividend of 14c per share paid in April 2021.



21c
per share

October

Inked deals to supply Oji Fibre Solutions and Pan Pac Forest Products with renewable electricity until 2034.



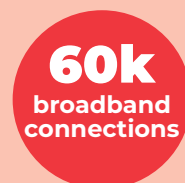
November

Successfully raised \$225m from investors for Aotearoa New Zealand's first certified green capital bond/corporate hybrid issue.

Hosted a fully virtual Annual Shareholder Meeting due to Covid-19 lockdown restrictions in Auckland, with Jon Macdonald and David Smol re-elected as directors. Sandra Dodds and Rukumoana Schaafhausen formally elected to the Board.

December

Hit milestone of 60,000 broadband connections.



January

Launched 'It's good to be home' brand campaign.

Donated \$30,000 each to the I AM HOPE, Women's Refuge and Plunket charities via a vaccination drive for our people.



February

Upgraded Tauhara geothermal power station capacity to 168MW, and revised project costs to \$818m.

Announced FY22 interim results with EBITDAF¹ of \$322m (up 31% from FY21) and net profit of \$134m (up 72% from FY21).

Four potential development partners from around the world shortlisted for the Southern Green Hydrogen Project.

March

Launched free power for three months to more than 1,000 Kiwi families with a newborn baby via our 'Fourth Trimester' initiative.

Acknowledged we have work to do on gender pay equity as part of the Mind the Gap initiative where our overall gap between men and women is 49 percent.



April

Announced joint venture with global solar developer Lightsource bp for a series of grid-scale solar generation projects by 2026.



May

Picked up two awards at the 2022 INFIZ Awards for our green capital bond and best investor relations.

Launched Bring Your Own (BYO) device capability for broadband modems.



June

Contact won the top honour of Energy Retailer of the Year at the New Zealand Energy Excellence Awards and Simply Energy won the Innovation in Energy Award.

Announced that Te Rapa power station will close in June 2023, reducing Contact's long-term scope 1 and 2 greenhouse gas emissions by 20 percent.

Announced 2.5 year major sponsorship agreement with Women's Refuge.

¹ EBITDAF is a non-GAAP (generally accepted accounting practice) measure. Information regarding the usefulness, calculation and reconciliation of this measure is provided within note A2 to the financial statements.

Chair and CEO report

Welcome to Contact Energy's FY22 integrated report. We are pleased to share our perspectives on another successful year. In a period of unprecedented global volatility, Contact remains focused on delivering strong performance and opportunities for growth – as we continue to create a better Aotearoa New Zealand.

We're proud of the Contact team's achievements in FY22. The Covid-19 pandemic and associated disruptions for our own workforce, our contractors, and supply chains continued to create a challenging environment, but our people have consistently risen to the challenge.

We continue to deliver good returns for our shareholders, and we have ensured Contact is in a strong position for the future.

Strategy

We continue to deliver on Contact26 – our strategy to build a better Aotearoa New Zealand by leading the country's decarbonisation.

Contact26's strategic pillars are to grow demand for renewable electricity, develop new, flexible renewable electricity generation, decarbonise our portfolio, and create outstanding customer experiences. This is underpinned by our commitment to strong environmental, social and governance (ESG) practices, a focus on operational excellence and the ongoing transformation of how we work.

This report is structured around the Contact26 strategy. It also uses the Global Reporting Initiative (GRI) standards and the International Integrated

Reporting Council <IR> Framework to report on material ESG activities, and provide a balanced view of our performance.

Our Contact26 strategy positions us well to play to our strengths and respond to external drivers. This includes rapidly changing stakeholder expectations and regulatory pressure around natural resource management and the imperative to reduce Aotearoa New Zealand's greenhouse gas emissions.

New renewable electricity generation

Contact will continue to bring new renewable projects to market to meet demand. This year we made solid progress with our Tauhara geothermal development near Taupō – a nationally significant renewable generation project that will materially support the decarbonisation ambitions of Contact and Aotearoa New Zealand.

In February we announced that the Tauhara power station is now expected to generate 168 MW of renewable electricity, up from 152 MW when the investment was announced in early 2021 – the result of the geothermal fluid reservoir proving more productive than anticipated. This capacity expansion, together with Covid-19 headwinds

including materials, freight and supply chain challenges, have increased the overall costs of the development by about 20 percent and will delay the expected completion to the later part of 2023.

We have announced a \$300m investment to develop a new 51.4 MW geothermal power station at Te Huka, near Taupō, which we expect to be onstream in 2024.

We have also lodged consent applications for the redevelopment of Wairakei geothermal station when consents expire in 2026. Importantly, the development will move our operations away from the Waikato river supporting the mauri of the river.

Our future development pipeline of wind and solar options is progressing rapidly, as we work alongside partners including Roaring4Os and Lightsource bp (LSbp). We expect our first joint venture solar project with LSbp to begin generating in 2024, and our first wind generation to start operation around 2027.

Decarbonising generation assets

We are committed to substantial decreases in carbon emissions from our own portfolio. As we grow new renewable generation, we're preparing to decarbonise our generation portfolio in an orderly way – managing the balance between

Robert McDonald
Chair



Mike Fuge
Chief Executive Officer



continued security of supply, minimising emissions and ensuring energy affordability for New Zealand.

We announced the planned closure in 2023 of our Te Rapa co-generation power station, and expect to decommission the gas-fired Taranaki Combined Cycle (TCC) power station in 2024 after the Tauhara power station commences operation.

The retirement of these thermal generation plants will ensure Contact delivers on its target to reduce Scope 1 and 2 emissions 45 percent by 2026 when compared to 2018.

The planned closures of Te Rapa and TCC, together with the closure of Otahuhu in 2015, will result in Contact's emissions reducing by more than 70 percent over a 10-year period.

We are continuing to reduce emissions at existing generation sites. And we've started a trial at our existing Te Huka geothermal site, exploring how we can capture emissions from geothermal energy production and inject them back into the earth.

Growing demand

We continue to pursue new large-scale electrification opportunities, and are seeing good demand for our new renewable electricity generation, with an increasing appetite from major customers for long-term renewable power supply agreements. We have signed significant long-term power purchase contracts that will take around half of the total renewable energy output from Tauhara over the next 10 years.

We see significant opportunities for demand growth including green hydrogen and New Zealand Aluminium Smelter indicating that it will continue operations at Tiwai Point.

Customer experiences

Our commitment to innovative products and experiences for our customers has also paid off with growth in customer satisfaction, retention and acquisition this year. This year we have grown our connections by 9 percent to 580,000.

We launched two major innovations for customers: our Good Nights plan offering three hours of free night-time power to all customers, and Fourth Trimester offering three months of free power to more than 1,000 families with newborns. Both attracted a great response.

We also continue to work hard to look out for our most financially vulnerable customers, offering a wide range of plans, payment options and tailored support to ensure customers stay connected and out of debt. Disconnections and debt write-offs were significantly down this year.

Customer surveys show our customers are happier and more likely to recommend us than ever.

We're winning lots of awards for our customer service excellence too – including Energy Retailer of the Year at the New Zealand Energy Excellence Awards, and four awards at the NZ Compare Awards: Best Customer Support – Power; Best Mobile Application; Power Provider of the Year; and the Supreme Champion Award across Broadband and Power – awards that our team can feel very proud of.

People

We have a fantastic team, engagement is high, and we are continuing to build our capability to grow our business and to support the wellbeing of our people.

Customer surveys show our customers are happier and more likely to recommend us than ever.

Our engagement survey results show we are moving in the right direction, and we know where we need to keep evolving and improving.

We're doubling down on the wellbeing of our people, including launching the Wellbeing Tick programme and reviewing our existing mental health and Employee Assistance Programme support. The Wellbeing Tick programme will transform our wellbeing culture for the long term.

Our people told us last year that they wanted more access to training and development, so this year we launched Contact University – an online learning portal. Course completions across the business are up more than 500 percent year-on-year.

We have had some changes to our Leadership Team this year. Deputy CEO James Kilty and Chief Corporate Affairs Officer and General Counsel Catherine Thompson left us. James and Catherine were both highly valued members of the Leadership Team and each made a significant contribution to Contact. On behalf of the Contact whānau, we thank them and wish them both well.

We are very pleased to have a number of talented and experienced individuals join the Leadership team this year. This includes Tighe Wall as Chief Digital Officer, Iain Gauld as Chief Information Officer, Jacqui Nelson as Chief Development Officer, Matt Bolton as Chief Retail Officer, Chris Abbott as Chief Corporate Affairs Officer, and John Clark as Chief Generation Officer.

On the Contact Board, Dame Therese Walsh left in August 2021, and Sandra Dodds joined the Board in September 2021.

We are committed to substantial decreases in carbon emissions from our own portfolio.

Financial performance

This year we've delivered a solid financial performance with EBITDAF¹ of \$537m, a 2.9 percent decline from last year, with a net profit after tax of \$182 million.

Our operating costs and capital expenditure have been carefully managed. This result has been achieved in a year with highly variable hydrology, and while contending with unprecedented global volatility, inflationary pressures and supply constraints.

In FY22 we will deliver investors a 35 cents per share annual dividend, equal to FY21.

The Future

We are pleased with our FY22 performance, our strong pipeline of renewable generation and executional capability. We are optimistic and ambitious for the future.

While we see continuing turbulence in global energy markets, the domestic market is performing well and we remain well-positioned to perform strongly.

Our strategy is closely aligned to Aotearoa New Zealand's focus on achieving net zero emissions by 2050. We will make major steps forward with the completion of Tauhara and Te Huka generation plants, further geothermal investments, our first solar and wind projects, and the closure of thermal generation assets.

We have a lot more to do to transition to carbon zero, and to address major issues such as energy wellbeing, and the diversity in our workforce – and we are putting increasing energy into that.

We have a lot more to do to transition to carbon zero, and to address major issues such as energy wellbeing and the diversity in our workforce – and we are putting increasing focus into that.

It continues to be a hugely exciting time to be involved in the electricity sector. We have set audacious goals. There is a lot to do but we are confident we have the people and the capability to do it.

Lastly, we would like to thank everyone at Contact for their stellar work throughout the year. We are proud of you and all that you have delivered.



Ngā mihi nui,

Robert McDonald
Chair

Mike Fuge
Chief Executive Officer

¹ EBITDAF is a non-GAAP (generally accepted accounting practice) measure. Information regarding the usefulness, calculation and reconciliation of this measure is provided within note A2 to the financial statements.

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Our Board

Jon Macdonald

**INDEPENDENT
NON-EXECUTIVE DIRECTOR**

Appointed Nov 2018

Chair, People
Committee

Member, Development
Committee

Victoria Crone

**INDEPENDENT
NON-EXECUTIVE DIRECTOR**

Appointed Nov 2015

Member, Audit and Risk
Committee

David Smol

**INDEPENDENT
NON-EXECUTIVE DIRECTOR**

Appointed Oct 2018

Chair, Development
Committee

Member, Safety
and Sustainability
Committee

Sandra Dodds

**INDEPENDENT
NON-EXECUTIVE DIRECTOR**

Appointed Sep 2021

Chair, Audit and Risk
Committee

Member, People
Committee

Robert McDonald

**INDEPENDENT
NON-EXECUTIVE CHAIR**

Appointed Nov 2015

Member, People
Committee

Rukumoana Schaafhausen

**INDEPENDENT
NON-EXECUTIVE DIRECTOR**

Appointed Mar 2021

Member Safety
and Sustainability
Committee

Member Audit and
Risk Committee

Elena Trout

**INDEPENDENT
NON-EXECUTIVE DIRECTOR**

Appointed Oct 2016

Chair, Safety and
Sustainability
Committee

Member, Development
Committee

Our directors bring broad knowledge, deep understanding and strong experience to the boardroom table. Their governance sets our strategic course and enables Contact to thrive, succeed, and navigate risk-taking. They ask the hard questions until they are satisfied with decisions, help us seize the right opportunities, and ensure we balance the interests of all our stakeholders.

In the **Governance** section of this report we include a matrix setting out the Board's expertise across a range of strategic skills. You can also find **profiles of the directors** on our website.

Our leadership team

Jan Bibby	John Clark	Dorian Devers	Chris Abbott	Mike Fuge	Matt Bolton	Jacqui Nelson	Iain Gauld	Jack Ariel	Tighe Wall
CHIEF PEOPLE AND TRANSFORMATION OFFICER	CHIEF GENERATION OFFICER	CHIEF FINANCIAL OFFICER	CHIEF CORPORATE AFFAIRS OFFICER	CHIEF EXECUTIVE OFFICER	CHIEF RETAIL OFFICER	CHIEF DEVELOPMENT OFFICER	CHIEF INFORMATION OFFICER	MAJOR PROJECTS DIRECTOR	CHIEF DIGITAL OFFICER
Joined 2019	Joined 2018	Joined 2018	Joined 2019	Joined 2020	Joined 2009	Joined 2004	Joined 2017	Joined Apr 2021	Joined 2020
	Joined leadership team Feb 2022		Joined leadership team Feb 2022		Joined leadership team Mar 2021		Joined leadership team Sep 2021		Joined leadership team Sep 2021

Our leadership team implements the strategy approved by the Board. They also ensure the Board receives accurate and timely information about Contact's operations, performance, legal obligations, reputation, financial conditions and prospects.

They demonstrate strong and clear leadership inside Contact and to our external stakeholders. They manage the day-to-day operations of our people and our resources to ensure we operate effectively and efficiently. They demonstrate strong and clear leadership inside Contact and to our external stakeholders.

You can find **full profiles of our leadership team** on our website.

Ngā Tikanga – our moral compass

Our Tikanga guides our actions, both as individuals and as Contact, and is our set of principles, commitments and behaviours.

Principles

We act professionally at all times.

We care about the health and safety of our people and minimise health, safety and environmental impacts on customers and communities.

We put our energy into things that matter by:

- adding value to resources under our control
- being inclusive, encouraging diversity and expression of ideas and opinions
- creating value for our stakeholders
- ensuring the sustainability of our business
- looking after natural and shared resources
- being a good neighbour in communities.

We're authentic and make sound decisions knowing they'll be subject to scrutiny.

Commitments

Creating value for our customers and communities by developing smart solutions that make life easier.

Creating a rewarding workplace for our people by valuing everyone's contribution, encouraging personal development, recognising good performance and fostering equal opportunity.

Respecting the rights and interests of communities by listening, and understanding and managing the environmental, economic and social impacts of our activities.

Respecting the rights and interests of our business partners so we work collaboratively to create valued, rewarding partnerships.

Delivering market-leading performance for shareholders by identifying, developing, operating and growing value-creating businesses.

Staying a step ahead, anticipating the things that are going to matter to our business and Aotearoa New Zealand.

Behaviours

Pointed focus sharpens us

Human kindness connects us

Curiosity propels us

Progressive defines us

Our operations

1,179
employees

61k
shareholders

714k
spent in communities
(Contact only)

0
tier 1 process safety incidents
(Contact only)

8TWh
contracted electricity sales

\$2.8b
net assets

35c
per share dividend

87%
renewable generation

\$89m
tax paid

+39
Net Promoter Score
(Contact only)

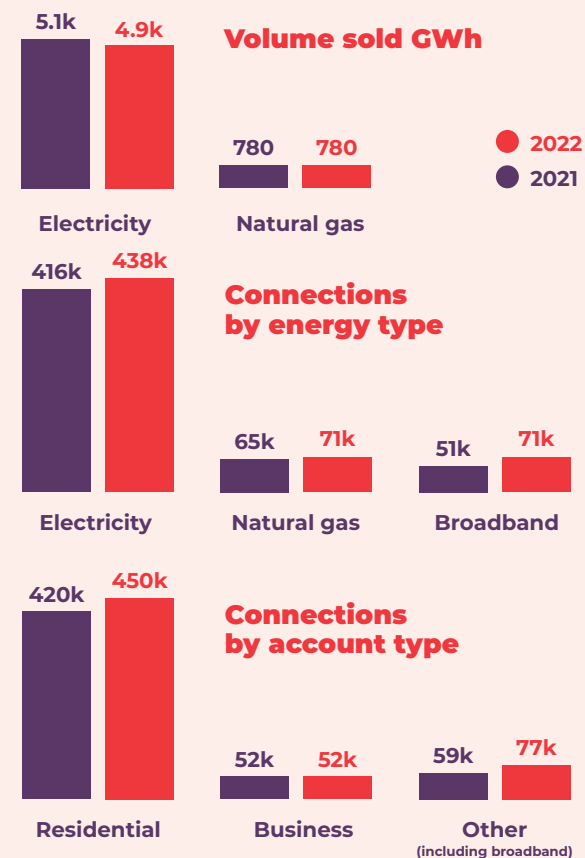
95.2%
gender pay equity

787k
tCO₂e Scope 1 Group emissions

Connections

580k

total customer connections at 30 June 2022

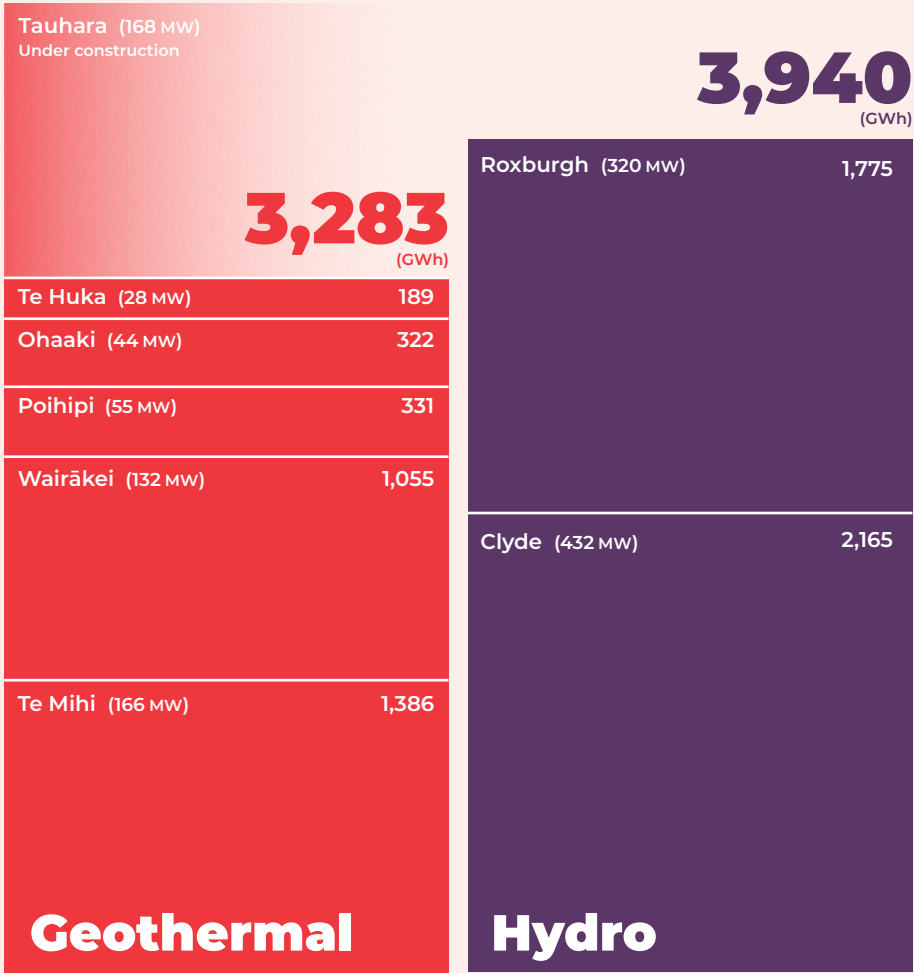


These connection figures include Simply Energy connections.

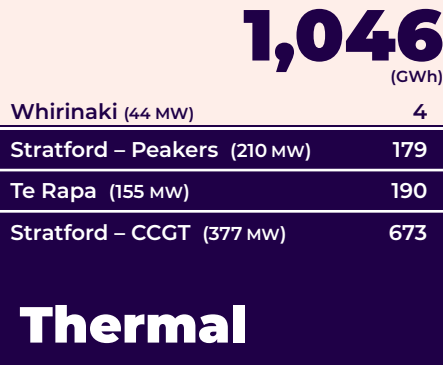
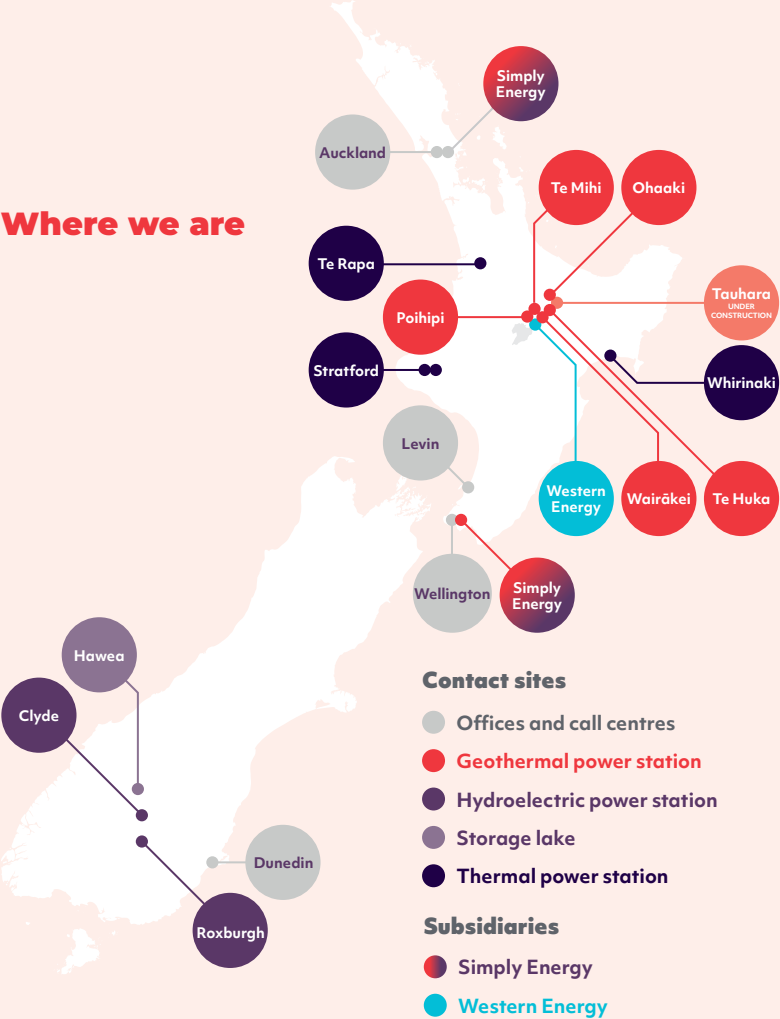
All figures at 30 June 2022 or for FY22. The data on this page is for the group (excluding associates) unless otherwise identified.
Read more about Contact on our [website](#).

2022 generation output by station and type

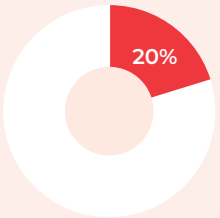
This graph shows the relative size of generation output from each station during the FY22 year.



Where we are



Contact delivers
20 percent of Aotearoa
New Zealand's
electricity generation.



Creating value

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Creating value

We are contributing to a better Aotearoa New Zealand by putting our energy where it creates sustainable value.

We start by looking at what matters most and reviewing our supply chain and where impacts occur. We consider the environment in which we operate and our business model when we develop our strategy, to ensure we create value.

It includes an overview of the resources and relationships (or 'capitals') that are used by, or impact on, our business. This includes external influences such as access to natural resources, relationships with our communities, and partnerships with tangata whenua.

The outcomes that emerge from these interactions are ultimately how we create value for our business, our suppliers and customers, and for Aotearoa New Zealand over the short, medium and long term.

Sam and Andy from our sustainability team take part in a local planting day in Taupō.



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What matters most

We use the **Global Reporting Initiative (GRI) standards** and the **Integrated Reporting Council <IR> Framework** to report on material environmental, social and governance activities, and aim to provide a balanced view of our performance. We also report our climate change risks using the **Task Force for Climate-related Financial Disclosures (TCFD) framework**.

“Contact could be a bigger leader, especially explaining the decarbonisation story and helping people grasp that.”

Assessing our material impacts

We undertook an annual review of our material environment, social and governance (ESG) impacts to ensure we are effectively identifying and managing them. This year’s review involved scanning our external environment and in-depth interviews with internal and external subject matter experts, in accordance with the updated 2021 GRI standards guidance.

Working with independent consultants Proxima, we identified 15 subject matter experts with knowledge about our sector, communities, environment and other key material topics. Proxima interviewed each expert about these topics, with a focus on each individual’s areas of expertise. Interview responses helped inform our list of material topics which considers areas of positive and negative impact of Contact’s business activities, both current and potential, and their relative significance.

In partnership with Proxima, a leadership steering group then evaluated the significance of the topics and prioritised them as high, medium or low impact.

As part of the prioritisation, we considered how harmful or beneficial the impact is for the stakeholders affected, how widespread the impact is, how long the effects last and how likely and severe the potential impacts are. The material topics were then presented to, and endorsed by, the Safety and Sustainability Committee. The inclusion of a material topic does not mean that the issues are not being addressed or are being addressed poorly, but that the impacts of them are significant.

Areas of expertise covered by interviews

The areas of expertise covered by the subject matter experts are listed below. We also incorporated insights gained from our stakeholders throughout the year, along with feedback from an internal workshop of Contact “future thinkers”.

- Geothermal land impacts
- Legal/regulatory
- Infrastructure
- Tangata whenua
- Value creation, including financial
- Environment, water and biodiversity
- Environment and community
- Renewables and innovation
- Customer relationships
- Market economics
- Climate and carbon
- Geothermal environmental and community impacts
- Energy hardship
- Energy efficiency/demand response

What we heard

Four clear themes emerged from our review:

- **Opportunities for positive impact through collaboration, partnership and leadership:** Collaboration with large customers, business partners, communities, community groups and tangata whenua are seen as essential to make progress on issues of decarbonisation, energy hardship, energy efficiency, demand response, community engagement, biodiversity and the environment.
- **Addressing energy hardship and affordability could be a point of difference:** Contact and other major retailers will be expected to do more to address energy hardship and affordability issues for those most in need. Affordability and access to the benefits of micro distributed generation (and emerging peer-to-peer markets) are seen as challenges needing to be addressed for a just transition.
- **Impacts on biodiversity and water will continue to grow in significance:** Contact is seen to have an important role to play in ecosystem health, and this should consistently go beyond compliance. Community interest in impacts on water and biodiversity are expected to increase. The health of native fish species that are threatened with extinction is particularly significant.
- **Innovation on the retail side of the business can provide system benefits and opportunities:** Contact has an opportunity to explore innovation on the retail side of the business. Grid flex and demand response were seen as areas ripe for innovation that could help achieve national decarbonisation goals. Stakeholders saw reputation benefits for Contact from being more active and vocal on working for the wider interests of Aotearoa New Zealand.

Our next step is to look at these impacts across the business to drive and embed a greater sustainability focus, and to select two or three impact areas to focus on where Contact can deliver leadership and show significant progress in the short term.

“Contact could proactively address the coming spike in energy hardship and affordability issues arising from the current economic climate.”

“Contact has lots of opportunities for different and better partnerships with mana whenua; and needs to be aligned with mana whenua given their importance as investors as well as customers.”

United Nations Sustainable Development Goals

We also mapped the 13 material topics against the United Nations' 17 **Sustainable Development Goals**, and identified six goals where we believe Contact can have the greatest positive impact.

You will see these icons in the report where they relate to specific sections.

7 AFFORDABLE AND CLEAN ENERGY



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



13 CLIMATE ACTION



14 LIFE BELOW WATER



17 PARTNERSHIPS FOR THE GOALS



The material topics map

Within these four themes, we identified 20 key impacts that are material to our business. These are shown below and on the next page. **Our supply chain** shows where these impacts occur.

Material topic	Definition of topic	Sections of the report
High impact		
Generation emissions	Greenhouse gas emissions from electricity generation activities and burning fossil fuels in power plants.	<ul style="list-style-type: none"> • Grow renewable energy • Decarbonise our portfolio • Environment, social and governance
Renewable energy supply	Secure, reliable and sufficient supply of renewable energy.	<ul style="list-style-type: none"> • Grow renewable development
Decarbonisation and electrification	Decarbonisation of commercial and residential energy use through more energy efficiency and increasing electrification to replace fossil fuels.	<ul style="list-style-type: none"> • Grow demand • Decarbonise our portfolio
Demand flexibility	Managing electricity time of use/demand flows and battery storage to maximise the use of renewable electricity, and minimise thermal generation to reduce national carbon emissions and maximise efficiency.	<ul style="list-style-type: none"> • Grow demand
Tangata whenua partnerships	Partnership approach and manage whenua, awa and other taonga in the spirit of Te Tiriti to preserve and restore cultural heritage affected by generation assets and activities.	<ul style="list-style-type: none"> • Environment, social and governance
Freshwater system health	The health and wellbeing of native freshwater fish species; and the health of river systems relating to river flows and the discharge of cooling water from geothermal generation.	<ul style="list-style-type: none"> • Environment, social and governance
Biodiversity protection and restoration	The health of above and below ground biodiversity is affected by hydro, gas and geothermal generation activity.	<ul style="list-style-type: none"> • Environment, social and governance
Community wellbeing	Community wellbeing and job creation in the local economy.	<ul style="list-style-type: none"> • Environment, social and governance
Energy hardship and affordability	The inability of individuals, households, whānau and businesses to access adequate energy services to support wellbeing. The impact is exacerbated by current high costs of microgrid and self-generation opportunities that could reduce energy costs for customers, and support a just transition to a low carbon future.	<ul style="list-style-type: none"> • Creating outstanding customer experiences

In contrast with last year's material topics:

- Tangata whenua wellbeing is now a separate topic from community wellbeing.
- Climate change is now broken down into decarbonisation and electrification, generation emissions, and demand flexibility to acknowledge more clearly the different ways carbon emissions arise and can be addressed, with the climate change topic covering impacts arising from climate change risks.
- Energy hardship is expanded to include affordability, referring to both residential and business customers.
- Water is clarified to refer specifically to the health of freshwater systems, including life in the water.
- Customer wellbeing and experience is refined to customer trust.
- Privacy is extended to include cyber security.
- Biodiversity is clarified to include restoration (positive impact) as well as protection.
- Natural resource protection is added to cover stewardship impacts of land ownership and management.
- Ethical and sustainable procurement now incorporates resilient supply chain.
- Diversity and inclusion incorporates human rights.
- Regulation has been removed as it is not an impact, but an influence.

The remaining key impacts are shown on this page.

Material topic	Definition of topic	Sections of the report
Medium impact		
Reliable energy supply	Constant and continuous energy supply to customers and broader society in the face of future change, including increased demand and impact from extreme weather events.	• Grow renewable development
Customer trust	Trust levels with customers affected by interactions with and services provided by Contact.	• Creating outstanding customer experiences
Team culture	The way that teams work together based on common goals, values, beliefs, expected and accepted behaviours and ways to treat each other.	• Transformative ways of working
Workforce health and wellbeing	The safety, physical health and mental wellbeing of all workers affected by issues such as fair and flexible work practices, remuneration levels and opportunities for personal development.	• Transformative ways of working
Diversity and inclusion	Equitable treatment and equal opportunity, irrespective of personal characteristics such as age, gender, sexual orientation, ethnicity, country of origin, or disability.	• Transformative ways of working
Natural resource protection	Harm to the integrity and health of the land and Earth's natural resource systems from the extraction of renewable and non-renewable resources, including geothermal liquid, and downstream effects of hydro dam generation, such as flooding or drought due to dams holding back or releasing flows.	• Environment, social and governance
Infrastructure safety	The potential of infrastructure connected to Contact and its operations to cause harm, injury or loss to people, society or environment.	• Transformative ways of working
Climate change impact on assets	Potential harm resulting to others as a result of climate change impacts on Contact's assets and infrastructure.	• Environment, social and governance
Privacy and cybersecurity	Privacy and security of customers' personal information and other information required for Contact's operations, as well as potential social and economic harm resulting from cyber-attack on Contact's systems.	• Operational excellence
Environmental pollution	Pollution of air, land and water either directly from the operation of geothermal and thermal energy stations, or through ancillary activities such as cleaning, weed control and drilling on well pads as well as waste generated from station activities.	• Environment, social and governance
Sustainable procurement	Procurement practices that have the potential to cause adverse impacts on the environment, economy and society, including people's human rights.	• Environment, social and governance



Our supply chain

1. We generate

We own and operate **11 power stations** and produce the majority of our electricity from our renewable hydro and geothermal stations. Our natural gas and diesel-fired power stations operate to ensure the lights stay on for New Zealanders when intermittent renewable plants cannot operate.

2. We trade

We sell the electricity we generate on the wholesale market. We purchase goods and services from more than **2,000 suppliers**. We also trade a range of financial products to manage our risk and create value.

3. We innovate

We create **smart solutions** that are good for people (tiaki tangata) and the environment (tiaki taiao) to help customers, partners, suppliers and communities have a better quality of life. We are an innovative, safe and efficient generator, actively working with our customers, partners and suppliers to improve energy efficiency, reduce emissions and fight climate change.

4. We sell and serve

As a retailer we sell products and services to thousands of individuals and businesses to meet their energy and broadband needs.



Our impacts

Generation

- Generation emissions
- Renewable energy supply
- Freshwater system health
- Biodiversity protection and restoration
- Decarbonisation and electrification
- Demand flexibility

Corporate activities

- Tangata whenua partnerships
- Renewable energy supply
- Demand flexibility
- Community wellbeing
- Energy hardship and affordability

Operational presence

- Freshwater system health
- Biodiversity protection and restoration
- Community wellbeing

Customer service

- Demand flexibility
- Energy hardship and affordability

HIGH

MEDIUM

- Infrastructure safety
- Climate change impact on assets
- Environmental pollution
- Natural resource protection

- Workforce health and wellbeing
- Diversity and inclusion
- Team culture
- Privacy and cyber security
- Climate change impact on assets
- Sustainable procurement

- Infrastructure safety
- Climate change impact on assets
- Environmental pollution

- Reliable energy supply
- Customer trust
- Privacy and cybersecurity

External environment

The external environment impacts how we create value.

This includes economic conditions such as the Covid-19 response, technological change, regulatory policymaking such as planning material greenhouse gas emissions reductions over the coming decades and implementing the recommendations of the Electricity Price Review, societal change as the population ages and diversifies, and environmental factors such as climate change. For more detailed observations about the external environment for Contact in FY22 and beyond, please read the **report** from our Chair Robert McDonald and our CEO Mike Fuge, and **Contact26**.

“The global energy sector is facing unprecedented change as countries strive to decarbonise and shape a more inclusive energy transition as they seek to recover from the economic shocks generated by the pandemic.”

The World Energy Council



The energy trilemma

The World Energy Council's energy trilemma is a three-dimensional problem that involves balancing the security of energy supply with environmental sustainability and affordability.

It provides a framework for focusing the areas where Contact puts its energy to create sustainable value for New Zealanders; we're working hard to improve accessibility, demonstrate reliability and look after the environment.

The trilemma also demonstrates the competing demands and trade-offs at play. Pushing harder on one dimension of the trilemma may require concessions from the others. For example, requiring energy production in Aotearoa New Zealand to be 100 percent renewable would likely be prohibitively expensive, but a focus on electrification of industrial heat and a target of 95 percent renewable energy would still deliver excellent environmental outcomes.

In the Contact context:

- **accessibility** is focused on customer wellbeing, energy hardship and tailoring our products and services to customer needs.
- **reliability** is focused on the resilience of our supply chain, the impact of regulation, financial sustainability, the reliable supply of energy, and the safety and wellbeing of our people.
- **environmental sustainability** is focused on community wellbeing, climate change and greenhouse gas emissions, renewable energy, water and biodiversity.

“New Zealand's energy sector has again been ranked as one of the top 10 worldwide by the World Energy Council. We should be proud to be one of only nine countries globally – and the only country outside Europe – to achieve the top ‘AAA’ rating across the Energy Trilemma's three metrics of security of supply, affordability and sustainability.”

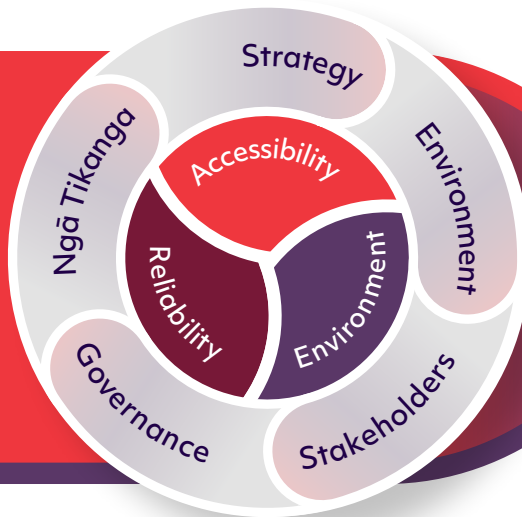
ERANZ

Our business model – creating value by:

- undertaking business activities in alignment with our Tikanga, vision and strategy, overseen by good governance
- deploying financial, natural, relationship, physical asset and people capitals factoring in external environment influences
- delivering outcomes in alignment with our strategy.

Capitals

- Nature >
- People >
- Relationship >
- Finance >
- Asset >



Contact26 – Building a better Aotearoa New Zealand

- > Growing electricity demand
- > Growing renewable development
- > Decarbonising our portfolio
- > Creating outstanding customer experiences
- > Operating with great ESG practices, operational excellence and transformative ways of working

We depend on various forms of capital for our success and the stocks of these increase, decrease or change in the course of our business activity.

Nature

Using, caring for and managing natural resources and environmental assets are fundamental parts of Contact's business. This includes water, biodiversity, geothermal steam/fluid, gas, air quality, land, carbon, pest control and ecosystem impacts.

People

The expertise, competence and passion of everyone from our Board and Leadership Team through to those in our offices and sites underpins our operations. Our approach is embodied in our Tikanga. This includes how we work together, manage risks, look for improvements and treat each other with respect.

Relationships

Our social licence to operate relies on myriad relationships within and between our communities, stakeholders and networks. It relies on building goodwill and earning trust with all our stakeholders including tangata whenua, customers, communities, investors, regulators, media, suppliers and our own people.

Finance

We have a pool of funds that we deploy to produce and deliver energy, serve our customers and undertake all of our other activities. This has been generated through our business activities, investors and debt arrangements, and relies on us delivering on our strategy.

Assets

We use many physical and intellectual assets to deliver reliable, affordable and environmentally sustainable electricity. These include power stations, offices, vehicles, transmission/distribution connectivity, and our reputation, website and application software, IT systems, customer databases, brands, licences and internal 'know-how'.

Our strategy: Contact26

Our strategy to lead New Zealand's decarbonisation

Themes



Grow demand

We're **growing demand** for New Zealand's renewable electricity in a range of ways.



Grow renewable development

We're **developing new, renewable, flexible electricity generation** as the market evolves.



Decarbonise our portfolio

We're **decarbonising our portfolio** of generation assets (and the New Zealand electricity market) via an orderly transition to renewable generation (managing the balance between continued security of supply, minimal emissions and affordability).



Create outstanding customer experiences

We're creating **outstanding customer experiences** as we build New Zealand's leading energy and services brand to meet more of our customers' needs.

This will be underpinned by three key enablers

Enablers



Environmental, Social, Governance (ESG)

- Create long-term value through our strong performance across a broad set of environmental, social and governance factors.



Transformative ways of working (TWoW)

- Use technology to modernise our operating model
- Increase employee engagement to attract and retain talent.



Operational excellence

- Use innovation to continue to improve business efficiency
- Prudent management of stay-in-business capital expenditure to deliver value
- Capture economies of scale and further digitise our business.

We are pursuing our long-term vision to create and contribute to a better Aotearoa New Zealand by leading the country's decarbonisation journey.

Our Contact26 strategy sets out our approach to achieving this by 2026, underpinned by the energy trilemma and two structural shifts.

The first key shift was Rio Tinto's agreement in January 2021 to extend the operation of the New Zealand Aluminium Smelter (NZAS) at Tiwai Point to 2024. Rio Tinto is now looking to continue operating NZAS beyond 2024 and has begun exploring potential pathways with electricity generators. This news provides some much-needed certainty that a transition away from the electricity sector's reliance on this significant source of demand (13 percent of total electricity demand in Aotearoa New Zealand) could be achieved in an orderly way.

The second is the profound societal shift brought on by growing awareness and concern about the impact of climate change. Stakeholder expectations and regulatory pressure continue to accelerate around natural resource management, and the drive for action to reduce Aotearoa New Zealand's greenhouse gas emissions.

The drive for decarbonisation is combining with advances in technology to accelerate the shift toward electrification across the economy. Fossil fuel input costs have rapidly risen, and are expected to keep rising. Although there is near-term volatility around costs associated with green technologies (particularly off the back of Covid-19 supply chain issues), our long-term view is that technology will evolve to become more accessible, affordable and widely used.

Clean, low-cost, renewable electricity is now becoming increasingly attractive and in demand, with a strong focus to electrify and move away from thermal.

Opportunities within our strategy allow for reduced reliance on NZAS and the ability to deliver on decarbonisation by electrifying Aotearoa New Zealand's energy needs as well as growing demand for renewable energy.

Strategic themes

Our Contact26 strategy has four strategic priorities:

- we're **growing demand** for Aotearoa New Zealand's renewable electricity in a range of ways;
- we're **developing renewable energy generation** to remain flexible as the market evolves;
- we're **decarbonising our portfolio** of generation assets (and the Aotearoa New Zealand electricity market) via an orderly transition to renewable generation, as we manage the balance between secure supply, minimal emissions, and affordability; and
- we're creating **outstanding customer experiences** as we build Aotearoa New Zealand's leading energy and services brand to meet more of our customers' needs and support renewable development ambitions.

Strategic enablers

These priorities are underpinned by three programmes of work that are our strategic enablers:

- a commitment to **environment, social and governance** outcomes, as we know strong ESG credentials will help us create long-term value;
- the continuation of our **operational excellence programme** driving efficiency and best practice through innovation and digitalisation; and
- our **transformative ways of working** to create a flexible and high-performing environment to attract and retain talented people.

Why will we succeed?

The key capabilities that will allow us to move on our Contact26 strategy and set us apart from our peers include:




- **Renewable assets and a development pipeline to back this demand.** Our portfolio is able to provide firm and flexible electricity supply and low costs. Our hydro power stations deliver low-cost electricity and flexibility and attract new demand from new sources (e.g. international data centres). Our geothermal power is the lowest cost baseload power in the market, and our operating costs are unmatched. We have a strong pipeline to build on this, as we look to complement the Tauhara development with additional geothermal options when market conditions allow. Our future pipeline of wind and solar options is also progressing strongly, as we work alongside our world-class partners Roaring4Os and Lightsource bp.
- **Commodity risk management.** We have considerable flexibility in our portfolio, with our hydro assets, demand flexibility capacity, thermal plant and gas storage. This allows us to manage our risks and make choices between different fuel sources. This will become more important as Aotearoa New Zealand's proportion of renewable electricity generation grows, and prices become more volatile.
- **Knowledge and capabilities in decarbonisation** that provide us with a growth platform. For example, Western Energy brings innovative capabilities that maximise well efficiency, production and value; and Simply Energy brings commercial and industrial customers with a package of demand flexibility, long-term power pricing agreements, and deep knowledge around electrification options. Last year we were also the first gentailer to complete a large-scale industrial electrification, working with Open Country Dairy on their new electrode boiler.



























Measuring success

Each of the strategic themes has a set of ambitious measures that provide insights into the anticipated areas of activity and define what success will look like.

Progress against strategic themes

Eighteen months into strategy execution, we have seen solid progress.

-  Complete/On-track
-  Minor delay
-  Major delay

Strategic theme	FY22 Achievements/progress	Contact26 strategy targets ¹
Grow demand 	<ul style="list-style-type: none">  Southern Green Hydrogen RFP completed, down to the final two participants  Engaging with several parties about industrial electrification opportunities  Lake Parime data centre construction underway, interest from other data centre operators  Lock in major industrial user electrification  NZAS negotiations underway  Supported around 50MW of new-to-market lower South Island electricity demand 	<ul style="list-style-type: none"> • Senior in-house capability to support industry electrification partnerships by 2021 • 100 MW of new commercial and industrial demand by 2025 • Identify 300+ MW of market-backed demand opportunities, replacing NZAS in the lower South Island by end of 2024 (e.g. hydrogen).
Grow renewable development 	<ul style="list-style-type: none">  Build Tauhara  Te Huka 3 investment decision  Secure solar partnership or add capability  Wind monitoring mast erected  Completed the economic assessment of a 100MW battery energy storage system investment  Current battery commodity costs make the project challenging, investment will be reconsidered when market conditions allow 	<ul style="list-style-type: none"> • Tauhara online by 2023 • Final investment decision on next renewable build (e.g. Wairākei geothermal, new wind, new solar) by 2024 • Decision on North Island battery by end of 2023, for delivery in 2024 • 100 MW of demand response capacity by 2025.
Decarbonise our portfolio 	<ul style="list-style-type: none">  Outline lowest cost/least carbon solutions for thermal assets in transition to 100% renewable  Announced the closure of Te Rapa in 2023, 12 month extension to TCC to 2024. On target to meet carbon reduction commitments.  Thermal review ongoing  Electricity 'swaption' with Meridian agreed for 2023 and 2024 	<ul style="list-style-type: none"> • Complete thermal review in 2021, and executed by the end of 2022 • TCC decommissioned by end of 2023 • Reduce Scope 1 and 2 GHG emissions 45% compared to 2018 baseline by 2026.
Create outstanding customer experiences 	<ul style="list-style-type: none">  Launch time of use offer, with extension into EVs  Targeted growth in broadband and energy connections  SAP finance and generation on track, CRM implementation experiencing delays  Pilot launch of wireless broadband  Investigate data driven energy monitoring commercial models  Launch new brand position 	<ul style="list-style-type: none"> • Top 10 'most trusted brand' by 2025² • +650,000 customer connections by 2025 • CTS < \$90 per connection³ • 75% of customer interactions through digital channels.

¹ Set in May 2021.

² As per the Colmar Brunton Rep Track report.

³ Re-based for operating cost reclassifications in FY22.

Strategic themes



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Grow demand

Material topics

Decarbonisation and electrification

Demand flexibility

7 AFFORDABLE AND
CLEAN ENERGY



9 INDUSTRY, INNOVATION
AND INFRASTRUCTURE



We're growing demand for Aotearoa New Zealand's renewable electricity in a range of ways. We're making investments to help accelerate the country's transition from thermal to renewable energy sources, and working with customers, partners and suppliers to grow demand for renewable electricity at their end.

We are pursuing new large-scale demand opportunities, and have announced our first project from that pipeline – a new data centre in Otago.

We are also making good progress with Southern Green Hydrogen, our Joint Venture with Meridian Energy to build the world's first large-scale green hydrogen plant.

Our work with Simply Energy is helping industrial customers to adopt energy solutions that help them reduce energy consumption, encourage off-peak power use, and to shift from coal boilers to electrification.

We have also signed long-term power purchase agreements for around half of the electricity that our Tauhara geothermal power station

will produce. These sorts of deals are a vote of confidence from industrial customers who are willing to make long-term commitments to support new investments in renewable generation.

Growth in Demand Flex

We continue to grow our demand flexibility services through our subsidiary Simply Energy's innovative Demand Flex programme.

We've added 16 new customers, and now have 46 customers across 59 sites signed up to the programme, providing an average flexible load of over 17 MW and a maximum potential load of more than 36 MW.

As well as customers being paid to power down equipment when the grid needs a helping hand (balancing supply and demand), Simply is expanding the programme to offer additional demand flexibility benefits.

Customers will soon be able to reduce their energy costs by participating in 'Demand Management', following a proof-of-concept pilot with two customers, Mancold and Venison Lamb Packers. Demand Management will enable customers to manage load onsite by shifting consumption out of peak periods when electricity typically costs more and has a higher carbon footprint. Customers can also make further cost and carbon savings by reducing load when the local network is constrained – such as on cold winter evenings.

On the electrification front, Simply is combining its flexibility services with other energy strategies, such as energy efficiency and long-term structured supply deals, to help customers shift from fossil fuels to electricity for their industrial heat demands, reducing long-term costs and carbon emissions.

Simply is also providing solutions that better use existing network capacity and have the smarts to match real-time generation with consumption, alongside creating the commercial models required to deliver low-carbon solutions.

CASE STUDY

A plug for efficiency

Simply Energy ran a pilot this year with the **Energy Efficiency and Conservation Authority (EECA)**, **Wellington City Council**, and **Open Country Dairy** to help reduce energy waste from buildings.

EECA estimates that, on average, building energy performance could be improved by 20–25 percent. With commercial buildings using 21 percent of Aotearoa New Zealand's electricity, there's a big opportunity to reduce carbon emissions by reducing energy waste.

The pilot uses innovative technology through a partnership with United States-based smart plug and building insights company Sapien. Installed throughout buildings, the smart plugs capture efficiency data for equipment plugged into them. After a few weeks, the system makes efficiency suggestions, and indicates how much money could be saved by implementing the suggestions. Customers can accept, override or automate the suggestions at the press of a button.

Based on the pilot, the technology is expected to deliver plug load savings of around 20 percent when it is rolled out later this year. It's another way we're adding value for customers and creating a better Aotearoa New Zealand.

CASE STUDY

Working with Alliance

In May Simply signed a three-year flexibility services agreement with **Alliance**, to support the operation of an electrode boiler being installed at its Lorneville plant near Invercargill.

Simply worked closely with Alliance, the local network company and Transpower to identify how much spare network capacity was available to operate the boiler on terms that made the project commercially viable.

The Simply team also helped Alliance size how much network capacity was needed to meet its steam requirements and materially reduce coal usage.

Network capacity is normally sized by making sure the site can meet the new load in addition to running other operational activities, such as heating, cooling and refrigeration, at peak times.

With limited cost-effective extra capacity available from the local network, rather than settle for a smaller boiler, Simply identified ways to increase the size of the boiler and the potential carbon savings, using its Demand Flex technology.

The technology will enable Alliance to use up to 10 MW of the site's upgraded 14 MW electrical capacity when it's not needed elsewhere.

While the upgrade doesn't provide enough capacity to displace coal entirely, it keeps further electrification options open for Alliance and has given them the confidence to select a 16 MW electrode boiler for when additional network capacity becomes commercially viable.

Simply is enabling further carbon and cost savings by using Demand Flex to allow Alliance to switch to using its coal boiler when carbon emissions are lower from burning coal onsite than using electricity produced by thermal generation.

The electrode boiler is expected to be up and running by October 2023 and will save 16,800 tonnes of carbon a year, halving carbon emissions from coal at Alliance's Lorneville plant within three years.

As well as giving customers an added revenue stream, the programme gives them more control over their electricity use and empowers them to take climate action.

Simply is on track to deliver 100 MW of targeted load growth by 2025, and earned the award for Innovation in Energy at this year's Energy Excellence Awards.



Decarbonising process heat

One of the biggest opportunities to reduce greenhouse gas emissions is through decarbonising process heat.

The energy sector (including transport) accounts for around 40 percent of Aotearoa New Zealand's greenhouse gas emissions, and process heat makes up 27 percent of this. More than half the country's process heat demand is met by burning carbon intensive fossil fuels.

Simply Energy helps customers find commercially viable opportunities to reduce process heat carbon emissions, through efficiency and electrification – working alongside networks, engineers and energy markets to help customers navigate the challenges and opportunities.

Over the past year, Simply supported several big energy users to establish commercially viable projects to reduce their process heat carbon emissions.

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Southland's first eco-industrial park

Simply Energy is working with Southland-based Makarewa Coolstore in an industry-leading project to build Southland's first eco-industrial park.

Makarewa Coolstore plans to develop its 20-hectare brownfields site into a network of circular economy businesses that contribute towards sustainable development for Southland.

Simply is helping coordinate energy infrastructure for the park, which will enable Makarewa Coolstore and its tenants to benefit from sharing infrastructure and utilities.

The first step was establishing market arrangements to allow tenants to share the network charges and pay only for their own consumption, as Simply explores other options such as capturing the cost benefits of flexible load and scale for increasing capacity to the park.

Tenants will also have the opportunity to participate in demand management, to manage load onsite by shifting consumption out of peak periods when electricity typically costs more and has a higher carbon footprint, and to further reduce costs and carbon emissions by reducing load when the local network is constrained.

Simply is helping Makarewa Coolstore explore other benefits from shared utilities, such as managing water supply to the park through the embedded network, diverting waste refrigeration heat for secondary use, installing a single large boiler to service the whole park, exploring the potential to install one or two wind turbines, and identifying options to keep the park's capacity ahead of tenant demand.

The collective benefit of the proposed energy infrastructure is significant. It will maximise the use of renewable energy, improve energy efficiency, lower energy and asset maintenance costs, and reduce energy waste and emissions.

Long-term power purchase agreements for renewables

Our investment in new renewable electricity generation, including our new **Tauhara geothermal power station development**, is paying off with major customers signing up for long-term renewable power supply agreements.

In August, we signed a new contract to supply Genesis Energy with renewable electricity from Tauhara for 15 years from 1 January 2025. Genesis will take up to 62.5MW of electricity – 37 percent of Tauhara's total output capacity.

And in October we signed two 10-year deals to supply renewable electricity to forestry products manufacturer Pan Pac Forest Products and pulp and paper company Oji Fibre Solutions. We will supply both Pan Pac and Oji Fibre Solutions with a portion of their electricity requirements through until 2034, with a combined total of 25 MW, also to be delivered by Tauhara.

These sorts of deals are a vote of confidence in our strategy of displacing thermal generation and growing demand for renewable electricity, as we continue to invest in renewable generation for a better Aotearoa New Zealand.

We have also signed a long-term energy supply agreement with our existing customer, Foodstuffs. The agreement gives participating Foodstuffs franchisees longer-term price certainty and stability, during a period of high wholesale prices. For Contact, we were able to maintain supply to an important customer and lock in price certainty for future electricity generation.

We expect these types of deals to help drive demand for our growing pipeline of renewable projects. Negotiations are already underway with other parties who are interested in contracting for new renewable generation, including geothermal, wind and solar.

International interest in Southern Green Hydrogen

We have had significant international interest in the **Southern Green Hydrogen** Project, a joint venture between Contact and Meridian Energy to build the world's first large-scale green hydrogen plant in Bluff.

An international call for registrations of interest for development partners for the 600 MW hydrogen production facility resulted in a large response from energy companies and technology providers. This process led to a shortlist of four potential partners, all with strong hydrogen supply chain capability and a willingness to invest.

Two Australian companies, Woodside Energy and Fortescue Future Industries, have been shortlisted for final stage negotiations. They will provide more detailed proposals by the end of August 2022, with a lead developer likely to be selected soon after.

The final investment decisions could be made as early as 2024, with production beginning in late 2026 or 2027.

The plant has the potential to earn hundreds of millions of dollars in export revenue, create new employment opportunities in Southland, and help the transition to a low-emissions, climate-resilient economy in Aotearoa New Zealand, and overseas.

Contact and Meridian are working closely with Ngāi Tahu on the project.

Green hydrogen is regarded as the most promising energy source to modernise 'hard to abate' sectors such as heavy transport, fertiliser, shipping, aviation and industrial processes that currently rely on fossil fuels. It is produced by using renewable electricity to split water into hydrogen and oxygen.

The strong international interest demonstrates there are imminent markets for green hydrogen and that Aotearoa New Zealand's renewable energy resources have substantial potential for export, and to help modernise our economy. The scale of the project will create economies of

CASE STUDY

Demand flexibility for new data centre

Contact and Simply Energy signed a renewable electricity supply agreement this year for a low-emissions data centre being developed near the Clyde Dam by UK-based digital infrastructure company **Lake Parime**.

The data centre will use Simply's Demand Flexibility technology, which will enable its demand to increase or decrease depending on Aotearoa New Zealand's electricity needs, weather, and hydro generation water flows.

Demand Flexibility has an important role to play in meeting growing electricity demand while Aotearoa New Zealand transitions to a low carbon future. It does this by helping to reduce our reliance on thermal generation at times of peak demand and to accommodate the fact that more of the country's energy is sourced from intermittent renewables like wind and solar.

Our agreement with Lake Parime also means that at times of low demand, if it is raining and our storage lakes are at capacity, we can continue to generate electricity for the data centre to use, rather than having to spill it.

We will supply 10 MW of electricity to the data centre for high-performance, decentralised computing applications such as machine learning, weather models, data visualisations, block chain and crypto currency mining.

This is the first announced project from our pipeline as we pursue new large scale industrial demand opportunities.

The data centre will comprise eight 40 foot 'power box' containers. Earthworks have been in full swing since resource consent was granted in March and the centre is expected to be commissioned by November 2022.

scale that will accelerate the development of the domestic hydrogen market.

The proposals received from both final counterparties during the initial selection process make it clear that large-scale production and export of green hydrogen in Southland is technically feasible and commercially sound.

Clean energy park partnership with Ngāti Tūwharetoa

We entered a groundbreaking cooperation agreement with Te Pae o Waimihia Trust this year to develop a 45ha block in Tauhara into a clean energy business park.

Contact sold the industrially zoned Raukanui Block to Te Pae o Waimihia (TPOW), who will develop it into a clean energy business community, offering serviced sites for around 20 businesses working in or alongside the renewable energy sector.

As part of the agreement, TPOW will give preference to tenants who use geothermal energy, or whose work is related to the geothermal industry.

Energy use on site must be primarily low carbon – geothermal, electricity or biomass. Contact has exclusive rights to sell geothermal energy to the tenants, as well as a right of first refusal on any electricity supplies.

TPOW represents six Ngāti Tūwharetoa (Tauhara) hapū, with more than 3,300 registered members. It is involved in forestry and commercial property developments for the benefit of hapū, including providing employment opportunities, and grants for health, education, kaumātua, housing and marae.

As well as rental income, the project will give TPOW and hapū preferential investment and employment opportunities with tenants, and a hub for their own projects.

Representatives of Contact and Te Pae o Waimihia at the He Ahi Clean Energy Park showcase.



For Contact, the project reinforces our commitment to ensuring our operations benefit Tauhara hapū. It aligns with our strategy to grow demand through the supply of geothermal energy and electricity, and contributes to our vision of a better Aotearoa New Zealand by supporting businesses in the renewable energy sector.

TNUE Limited, a Kiwi company that has developed a control release membrane technology for urea fertilisers, has signed up to be the first tenant in the park. TNUE's innovative technology controls the release of nitrogen in the soil, reducing the loss of nitrates to groundwater and the atmosphere. It has the potential to reduce agricultural greenhouse gas emissions by 150,000 tonnes a year. TNUE's production process requires significant heat which will be derived from geothermal energy provided by Contact.

The sale to TPOW was completed in May and the park is expected to be operating by mid 2023.

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We're developing new, flexible renewable electricity generation to help meet the massive anticipated demand for reliable renewable electricity as Aotearoa New Zealand transitions away from fossil fuels.

In FY22, 87 percent of the energy Contact generated came from renewable geothermal and hydro sources, and the remainder from thermal generation. This was approximately 20 percent of Aotearoa New Zealand's total electricity generation.

The Government is very clear about its desire to decarbonise Aotearoa New Zealand's electricity production and there is strong appetite for new renewables to be built and to displace thermal generation.

We're already seeing market demand for renewable energy increase – for example, with multiple data centre projects emerging, process heat conversions ramping up, electric vehicles on the roads and a strong appetite from industrial users for long-term electricity supply deals.

This sort of demand makes the economics for renewable energy developments, such as our new power stations at Tauhara and Te Huka, increasingly compelling.

Once we have completed and commissioned Tauhara and subsequently closed our gas fired Taranaki Combined Cycle plant, our total renewable generation will increase to 95 percent.

We are also working with some of the best people in the world on a pipeline of potential developments in geothermal, wind and solar. We see an important role for wind and solar in meeting long-term demand for renewable electricity, alongside geothermal and hydro, and our strategy is to be a leading provider in meeting that demand.

As we work through the options for new renewable energy developments, we will continue to work closely with iwi, hapū and local communities, and we will be sensitive to the impacts of our operations on land, waterways and biodiversity.

Solid progress at Tauhara

We are making solid progress with the major build of our Tauhara geothermal power station near Taupō.

The Tauhara power station is now expected to generate 168 MW of renewable electricity, up from 152 MW when the investment was announced in early 2021 – the result of the geothermal fluid reservoir proving more productive than anticipated.

The project was designed with flexibility for a higher generation capacity, and we now expect to deliver to the full design potential.

Costs associated with the expansion in capacity, as well as the Covid-19 pandemic, have increased the overall costs of the development from the original estimate of \$678m to \$818m.

CASE STUDY

Preparing for the future at Wairākei

We are preparing to modernise the way we generate power on the Wairākei geothermal steamfield through a project we are calling 'GeoFuture'.

The Wairākei A and B stations opened in 1958 and 1961 respectively, and we've since added the Poihipi Road, Wairākei binary and Te Mihi power stations. Together, they generate enough electricity for 380,000 homes.

We need to re-consent our Wairākei operations by 2026. GeoFuture is about taking the opportunity to listen and respond to hapū and public feedback, protect and enhance the environment, and make the best use of the Wairākei geothermal reservoir to generate reliable, low carbon, renewable electricity.

The original design of Wairākei A and B (the world's second-oldest geothermal power station development) needed large volumes of water from the Waikato River to cool the geothermal steam after the turbine, with the design resulting in the water and steam mixed directly before being discharged back into the river.

As part of our commitment to reducing and mitigating the impacts of our operations on the natural environment, we have worked hard to reduce discharge volumes and impacts on the river – building the Wairākei bioreactor which reduced hydrogen sulphide in the discharge to the river by 98 percent, shifting generation away from the river to our Te Mihi station, and injecting more into the ground.

GeoFuture will provide the opportunity for us to stop all discharges of geothermal and cooling water from our power stations into the Waikato River and streams.



We plan to close Wairākei A and B no later than June 2031 and build up to 180 MW of new power stations at Te Mihi and a smaller 40 MW station next to the existing Wairākei A and B stations.

These changes would increase the output of renewable electricity from about 320 MW to up to 380 MW – enough for 60,000 more homes. Geothermal take would increase only marginally, from 245,000 tonnes per day to 250,000 tonnes.

We engaged extensively before submitting our consent application in December – we met with local authorities, hapū and close neighbours, we held public meetings, and invited local people to take part in design thinking workshops and ecological studies on the river. Our application took into account the ideas and concerns we heard.

Waikato Regional Council received just seven public submissions when our application was notified – five neutral and two in support.

While we wait for the outcome of our consent application, we are moving into the next phase of refining the best technology and engineering options within the proposed consent conditions.

We are also continuing to work collaboratively with Wairākei hapū and Ngāti Tahu on cultural impact assessments and proposed mitigations, which will be part of the final consent.

The goal is to commission the replacement power station before the current consents expire in 2026.

Progress on the turbine hall of Tauhara Power Station.



The expansion and Covid-19 headwinds, including shortages of resources, will also delay the expected completion by a few months – from the middle of calendar year 2023 until the second half of 2023.

Despite the added complexity and challenges, we are making excellent progress. We have some of the best people in the world working on the project. Our local and international contractors have taken up the challenge and are working collaboratively to enable good progress. We are proud of what we are delivering under such challenging circumstances.

Tauhara is a major strategic project for Contact and for Aotearoa New Zealand, supporting our transition to a low-carbon economy. It is expected to replace 1.3 terawatt hours of thermal generation from the country's electricity system, displacing 450,000 tonnes per year of greenhouse gas emissions. This is the equivalent of about one million people flying return from Auckland to Christchurch every year.

The project has been an opportunity to re-engage with Tauhara hapū and to strengthen our relationships, including working collaboratively for the protection and restoration of natural resources, and opportunities for training and employment.

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Building on our connection with Western Energy

We've continued to build geothermal development capability following the purchase of Western Energy in April last year.

Western is based in Taupō and provides geothermal well services domestically and internationally. Working closely with Western allows us to add to our geothermal capability and continue to be innovative in geothermal technology development.

Previously, Contact and Western Energy had worked closely for more than five years and had jointly developed innovation technology that has materially lowered the cost of Contact's geothermal operations.

Western has continued to operate as a separate company with its own management team and its own governance structures to deliver on ambitious growth plans, which complement our investment to build renewable generation.

Increasing output at Te Huka

We have announced a \$300m investment to significantly increase the renewable energy output from our Te Huka binary cycle power station on the Tauhara geothermal steamfield, with a new 51.4 MW power unit.

Commissioned 12 years ago, Te Huka was our first development on the Tauhara field and delivers around 26 MW of electricity to the grid.

Our new 51.4 MW power unit will make use of existing, untapped production capacity in the wells and the newly installed 33 kV line between Te Huka and the Tauhara 220 kV switchyard. This 33 kV line, built in partnership with Unison, has unlocked the expansion of the plant which was previously constrained with a lack of line capacity to the Wairākei substation.

Advances in technology since Te Huka was commissioned in 2010 mean the new 50 MW unit will be about the same physical size as the existing unit while also being 35 percent more efficient at converting geothermal steam and water to electricity.

The development will use our existing consents for the Tauhara geothermal steamfield, with a small amount of additional consent work for earthworks and air emissions. Although there is no formal consenting process, we have been meeting with neighbours to keep them informed, and to listen to and address their concerns.

Progress on wind

We signed two landowner access agreements this year for possible wind farm developments in Northland and Southland – another major step in our commitment to increasing renewable generation.

If progressed, the total wind development pipeline would generate approximately 600 MW across the two regions.

The projects stem from the exclusive partnership arrangement we signed in March 2021 with highly regarded wind generation developers Roaring40s, to develop a pipeline of flexible and low-cost wind projects to complement our geothermal pipeline.

We have been using a wind monitoring mast to assess the generation potential at the Northland site, and will use that data to decide whether we go to the next stage of seeking resource consent.

We are also continuing to build a pipeline of other potential sites in Northland, Southland and across the country.

We still have a lot of work to do around assessments, consenting and construction, but we expect our first wind generation assets to start operating around 2027.

We see a big role for wind in meeting long-term demand for renewable electricity in Aotearoa New Zealand, and our strategy is to be a leading provider in meeting that demand.

The founders of Roaring40s have been involved in many of Aotearoa New Zealand's existing wind farms, and our six-year exclusive partnership gives us a strong competitive advantage.

As the economics around wind technology continue to improve, wind options will augment our geothermal developments.

Joining forces on solar

We have entered an exciting 50/50 joint venture (JV) with one of Europe's largest solar developers, Lightsource bp (LSbp), to develop a pipeline of solar generation projects in Aotearoa New Zealand.

Contact and LSbp will collaborate on grid-scale generation projects to create an initial 380 GWh of clean, affordable electricity a year by 2026 – enough to power 50,000 homes. There is also the option to increase future generation output.

The JV will source, develop and construct solar farm projects across the country, and Contact will purchase the electricity generated via a long-term power purchase agreement.

We expect to announce the JV's first potential development site in FY23 and begin electricity generation by 2024.

The economics and benefits of solar developments have been improving in recent years, as the technology around grid-scale solar generation has improved.

We're looking forward to bringing these opportunities to life with the LSbp team, which has an impressive track record in delivering more than 5.4 gigawatts of utility scale solar projects across 17 countries.

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We're decarbonising our portfolio of generation assets (and the Aotearoa New Zealand electricity market) via an orderly transition to renewable generation – managing the balance between continued security of supply, minimal emissions and affordability.

As part of our thought leadership on decarbonisation, we released a report outlining proposals for an industry-wide solution to manage the retirement of thermal electricity generation in Aotearoa New Zealand, and engaged extensively on the proposal.

We're exploring innovative new battery storage options, to give more flexibility as the country transitions to more intermittent renewables such as wind and solar.

We are trialling geothermal carbon capture, and continuing to invest in afforestation partnerships on economically marginal land that help Aotearoa New Zealand to meet its climate change commitments through sequestration of carbon.

We will also see substantial decreases in carbon emissions from our own portfolio following the closure of our Te Rapa co-generation power station in June 2023, and the gas-fired Taranaki Combined Cycle (TCC) power station by the end of 2024 after the geothermal power station at Tauhara has been commissioned.

ThermalCo: taking the lead on decarbonisation

We released a report in November outlining the benefits of establishing an industry-wide, market-based solution to manage the retirement of all thermal electricity generation in Aotearoa New Zealand.

Our '**Crafting a path for New Zealand's 100% renewable electricity market**' report focused on how we can expedite the transition away from electricity generated from fossil fuels, without disrupting the secure, affordable supply of electricity to New Zealanders.

Aotearoa New Zealand currently relies on thermal electricity generation from gas, coal and diesel during periods of peak demand or when there is insufficient water, wind and sun to meet demand from renewable sources.

Our report proposed setting up an industry-wide entity, with appropriate competition protections, which could own, operate and retire all of the country's major thermal generation assets as new renewable generation is built.

The entity, which we've called 'ThermalCo', would ensure a smooth and efficient transition away from thermal generation, reducing greenhouse gas emissions into the atmosphere by 1.2 million tonnes a year by 2030 – about 1.5 percent of Aotearoa New Zealand's greenhouse gas emissions (based on 2020 data).

Since releasing our report, we've been talking with other thermal generators, gas suppliers, government agencies and regulators to share our vision and hear feedback.

CASE STUDY

New forestry investment fund partnership

We entered a new afforestation partnership called Forest Partners with Genesis Energy, Z Energy and Todd Corporation this year.

Contact will put \$37.5 million into the partnership over five years, for planting on land that would otherwise be economically marginal and difficult to farm.

Forest Partners is about putting 'the right trees in the right places', in partnership with rural communities.

It's a similar approach to our existing partnership in **Drylandcarbon** – with Air New Zealand, Genesis Energy and Z Energy. We made our final capital contribution into Drylandcarbon this year.

The Forest Partnerships fund is designed to provide a long-term supply of high-quality carbon credits for the four investors, as well as high-quality timber for the domestic and international market.

Forest Partners seeks to be a distinctive and ethical operator in the Aotearoa New Zealand forestry market, with a commitment to farmers and rural communities. It believes that on the right land, responsible rotation forestry can be complementary to farming operations. On steeper and more economically marginal backcountry land, rotation forestry for timber and carbon credits can provide significant, reliable, intergenerational income to support farming families.

We are continuing to provide thought leadership to stimulate meaningful discussion on the transition away from thermal energy generation. Getting the transition towards a fully renewable electricity system right could unlock a significant opportunity for Aotearoa New Zealand with benefits for the environment, people, businesses and communities.



Grid-connected battery option

We are continuing to explore ways to provide more flexibility to the grid, including the potential development of a 100 MW battery at Stratford in Taranaki.

In May this year we lodged a resource consent application for the battery, which would be the first of its kind in Aotearoa New Zealand.

Although new to Aotearoa New Zealand, the cutting-edge technology has been proven internationally and could play a vital role in the country's transition away from reliance on thermal energy generation.

Large-scale batteries could offer ongoing flexibility to the grid, reducing reliance on fossil fuels as thermal generation is replaced by intermittent wind and solar generation. Based on the past 12 months of operations at our gas peaker plant, the Stratford battery is expected to avoid around 13,500 tonnes of greenhouse gas emissions each year.

The outcome of our resource consent application is expected early in FY23.

The battery would be housed in up to 50 shipping containers spread over an area about the size of a rugby field. It would take around 18 months to construct.

Exploring carbon capture

Although geothermal generation is renewable – using steam released from water that is naturally heated in the earth – the process releases relatively small amounts of embedded carbon into the atmosphere.

As part of our strategy to lead Aotearoa New Zealand's decarbonisation, we have commenced a trial at our Te Huka geothermal site, exploring how we can capture emissions from geothermal energy production and inject them back into the earth.

While each geothermal plant is different and would need different approaches to capture and inject emissions, it is an exciting trial and an important part of our commitment to decarbonisation.

Te Rapa power station closure

We announced in June that we will close our Te Rapa power station next year, reducing our annual carbon emissions by 200,000 tonnes a year.

The 44 megawatt gas-powered station provides electricity and steam for Fonterra's nearby dairy factory, with surplus power sent to the grid.

The station will close in June 2023, when our current supply agreement with Fonterra expires.

Fonterra will acquire the plant's boiler to produce steam for their processes beyond next June, and the gas turbine at the power station will be retired.

The closure is in line with our strategy to decarbonise our business and Aotearoa New Zealand. It will reduce Contact's long-term carbon emissions by 20 percent.

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We're creating outstanding customer experiences as we build Aotearoa New Zealand's leading energy and services brand. We know we play a vital role for hundreds of thousands of homes and businesses that rely on the electricity, gas and broadband that we supply.

We think home is the most important place in the world, and our aspiration is to improve the quality of home life for New Zealanders – within the four walls that each of us calls home, and our collective home of Aotearoa New Zealand.

To do this, we listen to our customers and align our services with what matters to them – including providing plans that are accessible, value for money, give price-certainty, and help customers to reduce their carbon footprint.

We are also reimagining our services to ensure we deliver value, while balancing impacts on the environment and helping people at critical times in their lives. This led to two major innovations in

FY22 – our Good Nights plan offering three hours of free night-time power to all customers, and Fourth Trimester offering three months of free power to more than 1,000 families with newborns. Both initiatives have been unmatched by competitors and have positively differentiated Contact in the energy market.

We're also committed to the wellbeing of our customers, including those most vulnerable to energy hardship. We're using a range of tools and payment options to help customers who are struggling to keep their lights on and their homes warm and connected, and we're achieving great results in helping customers stay connected and out of debt.

We're actively looking at further ways we can help our most vulnerable Kiwis to stay warm and connected at home, to help improve the quality of home life for all New Zealanders.

We were recognised by consumers in the **NZ Compare Awards** – taking out four awards for: Best Customer Support – Power; Best Mobile Application; Power Provider of the Year; and the Supreme Champion Award across Broadband and Power.

We were proud to be awarded Energy Retailer of the Year at the **New Zealand Energy Excellence Awards** in June.

According to the Electricity Market Information (EMI) database, Contact saw the largest organic annual growth in customer connections in FY22. This measures all data for the industry to accurately report on the performance of electricity retailers.

These sorts of awards and recognition demonstrate that we're on the right track with providing products and services that New Zealanders want.



Fair and competitive pricing

Wholesale energy and network prices increased this year and are expected to keep increasing in the short to medium term.

In line with our pricing principles, we've shielded customers from the full impact of the wholesale price increases – which helps customers, while also helping us to stay competitive in a highly contested market, and keep growing our retail business. On average our customers' electricity pricing increased 1.3 percent this year.

Our pricing principles balance being fair to our customers, remaining competitive in the market, and being disciplined about cost recovery so that we can continue to grow, invest in innovative products and services for customers, and deliver returns for shareholders.

Customer satisfaction and growth

Our commitment to better products and experiences for our customers, fair prices, and our new brand positioning and campaigns, paid off with significant growth in customer satisfaction, retention and acquisition.

We introduced a Voice of the Customer programme using new technology to get faster and more detailed insights from customer interactions and to help uncover opportunities for experience improvements. We constantly monitor progress, and have seen improvements in customer satisfaction.

More than 67 percent of our customers say they are satisfied with Contact and 79 percent say Contact is easy to deal with.

Our Net Promoter Score (the number of customers who say they would recommend us, versus those who wouldn't) increased significantly again this year from +31 to +39.

High customer satisfaction showed up in our low electricity switch rate (which measures properties switching away from Contact) of 15 percent, which was 4 percent below the market average.

We had a 9 percent increase in our total energy and broadband connections from 523,000 to 573,000.

Electricity and gas connections were up from 470,000 to 502,000 – helped significantly by the introduction of our popular **Good Nights power plan**.

We remain one of Aotearoa New Zealand's fastest growing broadband providers. Our broadband connections increased from 50,600 to 70,800, even with the challenges of a modem shortage caused by supply chain disruptions. We initially put new broadband connections on hold in March until we could secure more modems, rather than signing up customers who would face unreasonable wait times.

Our team then turned the challenge into an opportunity, offering a 'bring your own device' option, so customers could sign up if they already owned a modem, with the added benefits of quicker connection and less waste.

We've had modems back in stock since May but, given the success of the BYO option, we're now giving customers the choice to receive a new modem, or bring their own.



It's good to be home

Our purpose is to build a better Aotearoa New Zealand and this year we've looked at how we're bringing our purpose to life across our entire business.

We believe that 'home' is the best place in the world. So, we're focusing our energy on making Aotearoa New Zealand better by improving the quality of home life for all New Zealanders.

In short, we're working to ensure *'It's good to be home'*.

New Zealanders will increasingly see how Contact ensures 'It's good to be home' through the great customer experiences, products and services we deliver to help customers improve their home lives, and also through the impact we're having on our shared home, Aotearoa New Zealand.

We're already improving the quality of home life for our customers through initiatives such as Fourth Trimester (providing three months of free power to families with newborns), Good Nights (providing three free hours of power a night), helping customers use energy better, and the options and support we provide to customers experiencing hardship.

We're also making the quality of our collective home better for all New Zealanders through renewable energy developments such as our new Tauhara and Te Huka geothermal stations, investment in wind and solar, environmental protection and restoration.

'It's good to be home' is a brand commitment and much more. It provides an overarching platform for why we do what we do, which sets us apart from our competitors. Businesses have a moral responsibility to look after communities, the environment and people and *'It's good to be home'* demonstrates our intention to do more in these areas, improving the quality of home life for all New Zealanders.

Offering customers Good Nights

We've had a fantastic response to our new power plan, Good Nights, which is helping thousands of Kiwi families to be warmer, healthier and happier when they're home at night.

Launched in August 2021, Good Nights offers three hours of free power every night, between 9pm and midnight. It means customers can keep their homes warm at night, or use the drier to get clothes dry for school the next day – without worrying about hefty power bills.

Around 29,000 customers have signed up, including around 20,000 new customers. One in three of our Good Nights customers have taken up multi-product offers to include their broadband and/or gas as well.

Customers have told us they love the plan because it's flexible, helps them keep power bills down, and helps them understand how they use their energy.

Aotearoa New Zealand is also better off if more customers shift to using high-energy appliances at off-peak times. Usage peaks cause significant issues for our national grid, and are the times when Aotearoa New Zealand uses the most non-renewable power (coal, gas and diesel). Good Nights will help flatten those peaks and contribute to more sustainable energy being used. We are already seeing 29 percent of existing customers on the Good Nights plan shifting more of their energy use to off-peak times.

Good Nights is one small step in what Contact has in store for creating plans for customers that are better for the environment, for homes, people and Aotearoa New Zealand.

Fourth Trimester support for families

We helped more than 1,000 Kiwi families when they needed it most with three months of free power during their 'Fourth Trimester' – giving a massive two million hours of free power.



We know it takes a lot of energy to raise a newborn – warm baths, daily washing cycles, and cleaning everything in sight. We can't help our customers with babies' sleep patterns, but we can help them with the energy to keep them and their families warm and healthy.

In March, we invited existing customers with (or expecting) newborn babies to receive a Fourth Trimester of free power. Within 24 hours and 48 minutes, customers snapped up all 1,000 spots.

To add some extra surprise and delight, we sent each of our Fourth Trimester families a onesie for their newborn, with messages like "I can pay my power bill with my eyes closed" and "Eats, sleeps, poops, and pays the power bills".

We trialled Fourth Trimester with 1,000 customers to ensure they had a great experience before we consider rolling it out again to more Kiwi families.

Fourth Trimester provides a real demonstration of how we improve the quality of home-life for New Zealanders – including our smallest and newest New Zealanders.

Energy credits

We helped 2,956 customers who were experiencing financial hardship by crediting their accounts this year.

The credits largely helped customers who were struggling because of Covid-19. Some had not been paid while they were unable to work, or their bills were higher while family were isolating or schools were closed.

Our team have discretion to credit customers who tell us they're struggling, and to determine the size of each credit based on the customer's circumstances.

Many of the families we helped were facing multiple challenges – with energy bills, other utilities, rent or mortgage payments and groceries. The credits meant they could keep their power on and cover other costs too.

The total value of credits increased from around \$250,000 in FY21 to just over \$350,000 this year.

Managing customer debt

We disconnect customers only as an absolute last resort. We stop all disconnections during extreme weather events or times of emergency, which included Covid-19 lockdown periods this year.

We disconnected on average 0.2 percent of customers in FY22, down from 0.78 percent in FY21.

We work hard to help customers who are disconnected get reconnected quickly. In FY22 we reconnected 49 percent of customers within 24 hours compared to 53 percent in FY21.

Over the final quarter of FY22 the average debt balance at disconnection was \$504, reducing 8 percent from \$549 for the same period in FY21. Lower debt balances enable quicker reconnections as customers need to pay a smaller amount to be reconnected. Only 269 residential customers were disconnected for longer than 24 hours. Our net bad debt write-offs were \$1.3 million, compared with \$1.6 million last year.

Supporting customer wellbeing

We know we have an important role to help those most in need to keep their lights on and their homes warm and connected. It's part of our commitment to customer wellbeing, and ensuring all New Zealanders can enjoy a good quality of home life.

We've established an Energy Wellbeing Team to work with customers, community groups and industry to address the complex challenges of energy wellbeing, and we provide a raft of support and options for existing and prospective customers who are struggling.

We encourage customers to get in touch if they're struggling to pay their bill, and we use a range of tools and payment options to help them. This includes checking on their welfare and that they're on the right plan, helping with referrals to other support agencies, offering different payment options such as PrePay, and discretionary fee waivers or other financial support in cases of hardship.

We also have comprehensive credit reporting, which ensures we consider good payment behaviour alongside any missed payments. For example, we may take on a customer who has an unpaid bill from several years ago but has since paid all their bills on time. Customers who fail a credit check are all still able to use PrePay. We accepted 98 percent of all customers who applied for accounts, with many of those who were unable to qualify for post-pay accounts opting for PrePay.

More than 5,100 customers have now chosen weekly or fortnightly payment plans to smooth out their payments and align due dates with pay days, and a similar number are on PrePay.

While customers are on PrePay, they can pay off debt at a rate they can afford, with no interest or fees, and can access most of the same products, prices, discounts and rewards as other customers.

Working collaboratively for customer wellbeing

Our Energy Wellness Team referred at least 140 customers for Work and Income support and assisted many more customers with referrals to FinCap budgeting services, **EnergyMate** in-house energy coaching, and other community agencies. We did not track all referrals in FY22 but will do for FY23.

We're proud to fund EnergyMate as part of our membership with ERANZ (Electricity Retailers' Association of New Zealand) alongside other electricity retailers, lines companies, and the Energy Efficiency and Conservation Authority (EECA).

EnergyMate coaches, from grassroots community organisations, visit households to help them look at how they're using power, find ways to save money, and work out if they're on the right plan. They help households build an action plan to save power and keep their home warm, and can also connect them with other agencies to help address drivers of energy hardship.

At the 2022 NZ Energy Excellence Awards, EnergyMate won the Outcomes Award, which celebrates the delivery of accessible and inclusive energy solutions.

The industry has also announced a new \$5 million, 5-year energy credit scheme, to support low power users when low fixed user charges are phased out. The low fixed user charge is being stopped as a result of the Government's 2019 Electricity Pricing Review, which found that they were poorly targeted and could worsen energy hardship for some households while increasing pricing complexity and confusion. The industry has agreed to fund the credit scheme to help vulnerable Kiwis who are materially impacted by the change.

There are complex factors at play in energy hardship and we know Contact has an important role to help those who are most vulnerable, alongside others in our industry, other sectors, and the Government.



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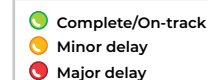
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Progress against strategic enabler metrics



One year into execution we are making good progress

Strategic theme	Target	Material theme	Indicators/activities	FY22 result	
Environment 	Reduce Scope 1 and 2 GHG emissions 45% by 2026 compared to a 2018 base year	GHG emissions	Emissions from generation	Reduction of 393 kT CO ₂ e (reduced 33%)	
	Reduce Scope 1 GHG emissions 37% per MWh by 2030 compared to a 2018 base year		Emissions intensity from generation	Reduction of 0.094 TCO ₂ e / MWh (reduced 31%)	
	Significantly reduce operational discharges of geothermal fluid to Waikato River by 2026	Water	Geothermal fluid discharge to awa (rivers)	30,761ML (reduced 3,797ML from FY21)	
			Number of initiatives	2	
	Plant 100,000 native trees around our generation sites by 2024	Biodiversity	Number of trees planted	55,206	
Social 	Support 100 community initiatives and organisations each year	Community wellbeing	Number of community organisations supported	111 initiatives supported	
	50% of customers disconnected for debt reconnected within 24 hours	Energy hardship	Percentage reconnected	49% reconnected	
	Sign up 96% of new customers, not discriminating due to credit history		Percentage of customers accepted	98% signed up	
	Committed to understanding and removing modern slavery from our supply chain	Sustainable procurement	Governance outlined in code of conduct and policies and current suppliers being reviewed		
	Ensure all Contact employees and contractors are paid a fair and equitable wage		Pay equity is monitored and reported on	Permanent employee gender pay equity 95.2%	
Governance 	Minimum of 40:60 female:male gender split through all levels of our company	Diversity and inclusion	Gender split	Not yet embedded at all levels	
	Ensure no bias in recruiting procedures		Implemented requirement for diverse interview panels, we advertise roles in both Te Reo and English and continue to identify unconscious bias and then seek to eliminate it		
	Maintain Rainbow Tick accreditation		Inclusion	Retained accreditation	
	Certify all debt as green	Sustainable finance	Percentage green debt	100%	
Operational excellence 	Continuously improve operations through innovation and digitisation		Digital capability	69% digital interactions FY22/ 73% in June 22	
Transformative ways of working 	Create a flexible and high-performing environment for Aotearoa New Zealand's top talent		Creating better workspaces	New purpose-designed workspace opened in Auckland	
			Shaping our Contact Community	Launched leadership pathways in Contact University	
			Contact University	> 12,000 courses completed	



Environment, social and governance

Material topics:

Generation emissions

Tangata whenua partnerships

Freshwater system health

Biodiversity protection and restoration

Community wellbeing

Climate change impact on assets

Environmental pollution

Sustainable procurement

Natural resource protection



Environment, social and governance (ESG) outcomes are built into our DNA at Contact.

This starts with our purpose to create a better Aotearoa New Zealand, our Tikanga (our commitment to being a responsible organisation), and our reliance on natural resources, good people and strong communities to sustain our operations.

We know that our families, our teams and our communities expect us to be good corporate citizens, and that investors are increasingly considering sustainability-based measures alongside traditional financial measures, when assessing a company's performance.

Although ESG factors are labelled non-financial, they have measurable financial consequences in terms of things like access to capital, risk and reputation management and efficiency. Strong ESG credentials help us create long-term value.

ESG at Contact includes our market-leading efforts around decarbonisation, renewable energy development, science-based emissions targets, greenhouse gas reporting, diversity and inclusion, environmental management and sustainability-linked finance.

It means being a good neighbour in the communities that we are part of. We also partner with tangata whenua in the regions where we operate. We supported 111 community initiatives this year and entered a major new partnership with Women's Refuge.

ESG also means valuing our customers, giving them access to affordable and reliable electricity, treating them fairly and ensuring their needs are met. That includes new plans like Good Nights and Fourth Trimester, the support we provide for customers experiencing hardship, and our customer pricing principles (which include making sure that prices paid by new customers and existing customers are never far apart).

For our Contact people, it's about being a fair and equitable workplace where people are proud to work.

We were the first company in Aotearoa New Zealand to sign up as a supporter of the Task Force on Climate-related Financial Disclosures. We continue to use their approach to guide our climate-related reporting.

Reducing greenhouse gas emissions

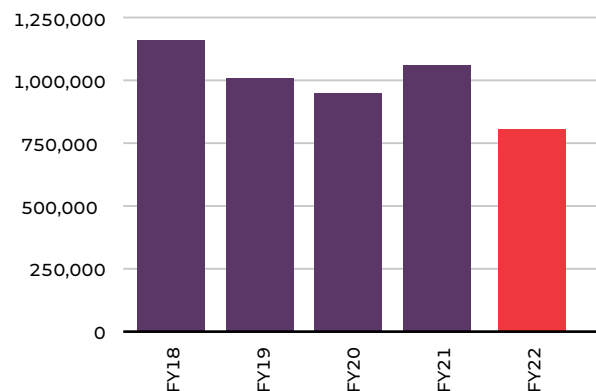
The Contact26 strategy is grounded in a sustained, conscious effort to lead decarbonisation for Aotearoa New Zealand. That means cutting greenhouse gas emissions from our own operations, and helping our customers to cut theirs.

This includes our investment in new geothermal energy generation, including our major Tauhara geothermal power station development, as well as potential solar and wind projects, and plans to close our Te Rapa power station and Taranaki Combined Cycle Plant.

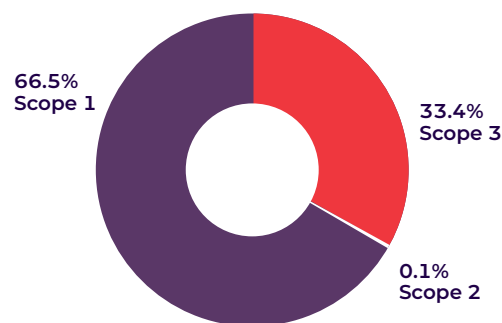
It includes our carbon capture trial at Te Huka geothermal power station, the work that Simply Energy does to offer options to industry customers to reduce their thermal energy consumption and carbon footprints, and our thought leadership on the retirement of thermal electricity generation, with our '**Crafting a path for New Zealand's 100% renewable electricity market**' report.

We also take an active role in leading on decarbonisation as a member of Aotearoa New Zealand's **Climate Leaders Coalition**, and this year we signed the Coalition's new Statement of Ambition, which reflects signatories' desire to be climate leaders as science and policy evolve. The Coalition's purpose is to build momentum towards a zero-carbon future. Members collectively account for almost 60 percent of Aotearoa New Zealand's gross emissions and around 38 percent of GDP.

Emissions from electricity generation (tCO₂e)



Total greenhouse gas emissions by Scope (tCO₂e) for Contact, Simply Energy and Western Energy FY22



Scope 1 – produced directly through our operations

Scope 2 – emissions from purchased electricity

Scope 3 – emissions in our wider supply chain

Our science-based targets

We have committed to ambitious climate change targets aligned with the goal of limiting global warming to 1.5 degrees Celsius, approved by the Science Based Targets Initiative (SBTI).

We measure and report on our Group emissions using the Greenhouse Gas Protocol. Scope 1 emissions are direct emissions from our operations, Scope 2 emissions are from the purchase and use of electricity, and Scope 3 emissions are created throughout our supply chain.

Our Group commitments are to:

- reduce absolute Scope 1 and 2 emissions 45 percent by 2026 from a 2018 base year
- reduce absolute Scope 1 and Scope 3 emissions from all sold electricity 45 percent by 2026 from a 2018 base year
- reduce Scope 3 emissions from use of sold products 34 percent by 2026 from a 2018 base year.

We plan to achieve these targets by displacing thermal generation with low-carbon renewable generation. The construction of our Tauhara geothermal power station will play a significant role, which should enable us to close our Taranaki Combined Cycle power station after Tauhara has been commissioned.

In FY22 our Scope 1 and 2 emissions were 25 percent lower than the previous year.

This was due to lower levels of thermal generation in FY22 when compared to FY21. Compared to our 2018 base year, our Scope 1 and 2 emissions were 33 percent lower in FY22.

Our Scope 3 emissions decreased year-on-year by 26 percent, mainly as a result of a reduction in use of our swaption with Huntly power station.

Further detail on our **emissions** is in the Sustainability disclosures or in our **greenhouse gas inventory report**.

Financial implications of climate change

We reviewed and updated our scenario analysis this year to further understand the financial implications of climate-related risk on our business.

Our revised analysis was based on the recommended TCFD disclosure to describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2 degrees celsius or lower scenario.

To do this, we developed three scenarios:

- **Scenario 1:** The world pulls out all the stops and maintains a global temperature increase of 1.5°C
- **Scenario 2:** The world has some success in holding the global temperature increase between 2°C and 4°C
- **Scenario 3:** The global temperature increase goes beyond 4°C.

We took a top-down approach to develop each scenario from:

- What is happening around climate change action at a global level; to
- What is happening around climate change at the Aotearoa New Zealand level; to
- The impacts on energy markets in Aotearoa New Zealand; and finally
- The impacts on Contact's business model and strategy.

Under each scenario, more than 30 variables are changed across 30 years. These include population growth, carbon price, process heat electrification and electric vehicle uptake. This provides a range of outcomes under which Contact's strategy can be assessed.

Where possible, external datasets (such as the Climate Change Commission's scenarios and Transpower's Whakamana i Te Mauri Hiko work) have been used.

The modelling shows that under all three scenarios Contact's sales, generation and EBITDAF¹ continue to grow. Contact's sales, generation and EBITDAF grow the most in Scenario 1, while Scenario 3 shows the lowest growth.

While EBITDAF grows even under Scenario 3, climate change is likely to have other impacts on the Contact business model such as increased risk and volatility. It is also likely to have other costs that are not captured through this scenario modelling.

The most positive climate scenario, Scenario 1, is also the most favourable for decarbonising Aotearoa New Zealand's economy. This supports the current Contact26 strategy, especially the three strategic themes of 'Grow Demand', 'Grow Renewable Development' and 'Decarbonise our Portfolio'.

We have more on our **climate-related risks and opportunities** in our sustainability disclosures.

Leading on sustainable finance

We were the first company in Aotearoa New Zealand to establish a green borrowing programme in 2017 and we continue to be a market leader in sustainable finance.

All our bank loans are now sustainability-linked, after the conversion of our remaining \$305 million of bank facilities, across five banks, in June 2021. Our sustainability-linked loans currently total \$430m.

In November 2021 we issued Aotearoa New Zealand's first certified green capital bond. The \$225 million bond won the award for 'New Zealand Debt Market Issue of the Year' at the INFINZ (Institute of Finance Professionals NZ) Awards and 'New Zealand Dollar Credit Bond Deal of the Year' at the KangaNews Awards. This market-leading bond issue showed strong links to Contact's renewable strategy and has paved the way for further green capital bond issues in Aotearoa New Zealand since.

We are developing a new sustainable finance framework, which will be issued in FY23 and will encompass our green bonds and sustainability-linked loans as well as broadening our existing framework to allow potential sustainably-linked bond issues, ensuring we remain market leaders.



¹ EBITDAF is a non-GAAP (generally accepted accounting practice) measure. Information regarding the usefulness, calculation and reconciliation of this measure is provided within note A2 to the financial statements.

A sustainable approach to procurement

We purchase a wide variety of goods and services to help us maintain our power stations, support our customers, and enable the running of our offices and overall business. We have around 2,000 suppliers, and about 5 percent are offshore.

This year one of our goals has been to develop a business-wide approach to sustainable procurement. We have developed a sustainable procurement framework that has been incorporated into our business decision-making when we procure goods and services from suppliers.

The framework enables us to identify and manage risks in our supply chain, including modern slavery, and allows us to directly work with suppliers when necessary to help them align their sustainability journey with our goals.

Data on **supply chain impacts** is in our Sustainability Disclosures.

Partnering with tangata whenua

We aim to work openly and collaboratively with tangata whenua, consistent with our Tikanga, and the partnership principles of Te Tiriti o Waitangi.

We acknowledge the enduring relationship that tangata whenua have with the land and natural resources and that working closely with them benefits our communities, our business, and Aotearoa New Zealand.

While consent processes require us to engage, listen, and build the concerns and aspirations of hapū into our mitigation measures, we aim to go beyond compliance. We recognise that our business depends on Aotearoa New Zealand's natural resources – taonga that have been central to the lives of tangata whenua and provided for iwi and hapū for hundreds of years.

We're working to build enduring partnerships that respect tangata whenua, their relationship with Aotearoa New Zealand's natural resources, and the imperative of kaitiakitanga.

We are committed to supporting tangata whenua in their aspirations, and with the resources and advice they need to engage with Contact or our resource consent processes, and we look for meaningful opportunities to contribute to their wellbeing and prosperity.

We are working closely in partnership with Ngāi Tahu. This year we have signed a relationship agreement to jointly explore new development opportunities in the South Island.

We have also entered into a **ground-breaking agreement with Te Pae o Waimihia Trust** to develop a 45ha block in Tauhara into a clean energy business park, and our Ka Hiko ai te iwi training and employment programme.

Ka Hiko ai te iwi, meaning 'Future Power of the People', has been developed to provide Tauhara hapū with more opportunities for their whānau to gain employment through our new Tauhara power station.

Since launching Ka Hiko in August 2021, 36 ākonga/trainees have completed pre-trade training courses. Of those, 23 are now working across three separate construction sites with nine different contractors. Some of these ākonga have been offered apprenticeships and others have taken on long-term employment opportunities. Three ākonga have moved into mahi or apprenticeships with contractors outside the project. All ākonga are supported through our pastoral care to ensure a positive start in the construction industry.

We are pleased that 30 of the ākonga whakapapa to Tauhara hapū, Ngāti Tuwharetoa or other tangata whenua. Recruitment relies on our existing relationships and ongoing engagement with hapū, iwi and hapori whānui/wider community.

Planning is currently underway to expand Ka Hiko, to potentially grow into other Contact projects and mahi over the next ten years.

To grow tangata whenua capability in our sector, we also supported a collective iwi initiative amongst Tuwharetoa, Ngāti Tahu and Te Arawa to enable six post graduate students to travel to Iceland in July 2022 to attend the Energy Summer School, focused on sustainable energy and renewable technologies.

Being a good neighbour

Our community ethos is about 'being the neighbour you'd want to have'. That means building relationships with our neighbours, listening to their concerns, and looking for ways to help where we can. Help could take the form of sharing our skills and knowledge, volunteering our time, or community sponsorships and donations.

Our approach is to invest locally in issues that matter to our people and our communities. Each of our sites has a community engagement plan, which identifies key stakeholders and how we will engage with them, and how we'll support our local communities through partnerships and sponsorships.

We have a volunteer programme called Community Contact, so our people can volunteer with local initiatives that they care about. Each Contact site also has a community sponsorship budget to spend on grassroots community initiatives.

This year we spent \$714,054 in the community and supported 111 initiatives through sponsorship, donations and partnerships. Our people spent 474 hours volunteering with 17 organisations in their communities.



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New partnership with Women's Refuge

In June 2022 we partnered with the National Collective of Independent Women's Refuges (Women's Refuge) for a two-and-a-half-year sponsorship.

We recognise that "It's good to be home" is not a reality for all New Zealanders and this newly formed partnership recognises the responsibility we have towards building a better Aotearoa New Zealand for all New Zealanders.

Our contribution will include:

- free electricity for 40 Women's Refuges and 40 safe houses across Aotearoa New Zealand for 2.5 years;
- sponsorship and promotion of Women's Refuge fundraisers in 2022, 2023 and 2024;
- support for on-the-ground research in 2022 and 2023; and
- ad hoc opportunities to support Women's Refuge through fundraisers inside Contact.

Every night in Aotearoa New Zealand more than 200 women and children need a safe place to escape to. We respect the important, tough and sometimes gritty work that the Women's Refuge team does across the country, and it's fantastic to be supporting this work.

The new partnership is aligned with our Tikanga and we are building on good foundations with Women's Refuge over the past couple of years, which has included:

- providing 70 Women's Refuge properties with three months of free power during the first Covid-19 lockdown;
- donating \$50,000 to the Safe Night-a-thon fundraising campaign as part of our Good Nights pricing plan launch;
- adding 'Shielded' functionality to our website to allow victims of domestic violence to see

information about how they can get help without leaving a trail for an abusive partner to see; and

- choosing Women's Refuge to receive \$30,000 as part of our team vaccination campaign. For each Contact team member double-vaccinated we donated \$100, adding up to \$90,000 which we shared between Women's Refuge, I AM HOPE and Plunket.

We worked with the Women's Refuge and other sponsors on their new fundraising campaign, The Great Night In, in July 2022. This saw Contact match 'safe night' donations from Kiwis to the tune of \$100,000. We also committed to match every \$20 donated by our people with \$80, bringing the total to \$100.

Every \$20 donated to Women's Refuge provides one safe night for a family.

We are looking forward to doing meaningful things together over the next few years. It's one small way that we can help make it good to be home for more Kiwi families.

Win-win pool partnership in Central Otago

This year, Contact pledged \$95,000 to buy and install solar panels at the Roxburgh Community Summer Pool. The money was originally intended for the Contact Epic and Blossom Festival events, which were cancelled due to Covid-19.

When the pool is not open during the winter months Simply Energy will sell the excess energy from the solar panels back to the grid, with the profits gifted back to the pool. It's a win/win opportunity for the community and the environment.

Simply will look after an ongoing billing and metering system which will enable the pool to use the solar output over the summer and sell it over winter. This also means that for the life of the system, the community will receive significantly reduced admission costs to the pool.

We love supporting community programmes such as SwimWell Taupō.



Moving the system to solar will save 24.7 tonnes of greenhouse gas emissions a year – equivalent to the emissions from 1,741 one-way trips between Roxburgh and Queenstown in a petrol-powered car.

Our Central Otago hydro team also put their community sponsorship funds towards a diverse mix of important local projects, including:

- Two heat pumps for the Lake Hāwea Community Centre, meaning the centre's basement can be heated and used by the Kahu Youth Trust.
- Supporting the Haehaeata Natural Heritage Trust to propagate and grow native plants, which they then provide to other local organisations for planting. Our people are also looking at future volunteering opportunities with the Trust.
- Replacing a skylight at the Kopuwai Early Learning Centre to help improve airflow in the nappy changing area.
- Sponsoring a weekly 'Top 40' on two community radio stations, Radio Central in Alexandra and Radio Wanaka, to show our support for community radio when Covid-19 was impacting their viability.
- Providing the prize for 'the last duck' at the Alexandra District Parents Centre's annual duck race down the Manuherekia River.

Helping grassroots groups in Taupō

Contact has had a significant presence in the Taupō community since the Wairākei A and B power stations opened 60 years ago. This has only increased with the development of our new Tauhara power station, and we are continuing to look to do more.

This year we continued our long-standing sponsorship of SwimWell Taupō, which gives every school-aged child in the district access to free swimming and water safety lessons. Our support enables more than 25,000 swimming and water safety lessons to be delivered to 3,500 children every year.

We also use the land we operate on in Taupō to benefit the community. As well as leasing land not used for electricity generation to farmers, we offer it to community organisations that align with our Tikanga and need land to operate, including Riding for Disabled and the SPCA.

We supported diverse grassroots community groups and initiatives from our Wairākei community sponsorship fund, including:

- Age Concern Taupō for postage costs, to help get information to older people in the community
- Taupō Family Playcentre to replace bark in their playground, to keep children safe
- Taupo-nui-a-Tia College to help start a school radio station, and for hockey equipment
- Volunteer Great Lake Taupō to buy computer equipment for a volunteering hub
- Taupō Squash Club to buy equipment to get more women and girls participating in squash
- Lake Taupō District Sports Advisory Council to buy gear bags for the girls' coaching programme, to help more girls play cricket
- Thrive Whakapuawai to fund a field worker in Tūrangi and Taupō who will help special needs and vulnerable adults to access the programme
- Spa Bike Park to fund ingredients for a barbecue fundraiser, with proceeds going towards upkeep of the park.

A focus on rangatahi at our thermal sites

In Taranaki, we continued to sponsor water safety lessons at the TSB Pool in Stratford during the school holidays. About 60 children went through the programme this year. In a country surrounded by water, it's important for children to learn water safety skills and confidence. Our sponsorship means children can learn those skills for free.

We also provided sponsorship to Pareti Pareti – a regional programme that focuses on the mental health and wellbeing of rangatahi, delivered through Taranaki schools, iwi and hapū.

And we continued to sponsor prizes for the region's primary and secondary school science and technology fairs to encourage student innovation, and the Education award at the annual Taranaki Regional Council Environmental Awards.

Our Stratford community sponsorship fund also supported:

- The Kids Foundation to buy a plasma pump for a child
- TET Athletics Taranaki, to help run the 2021/22 Nexans Fun Run and Walk series
- Ako Wai Programme, to enable five primary school children each term to attend swimming lessons
- Toko School, to provide play equipment and reading resources
- Stratford Golf Club, to buy four sets of junior golf clubs for training
- NZME, to assist with the Special Children's Extravaganza.

In Hawke's Bay, Our Whirinaki site sponsorship fund supported Westshore School's EPro8 programme – an interschool engineering and science competition that gives children aged 9–13 the chance to learn about and use engineering skills and equipment. The Westshore School team qualified for the regional competition this year.

Through supporting the Wingspan Bird of Prey Centre, we helped to rehome two kārearea (NZ falcon) chicks.



The Whirinaki site also supported Bay View Volunteer Fire Brigade to participate in the Firefighter Sky City Challenge. Bay View is Whirinaki Power Station's closest fire brigade.

Caring for our native birds

We signed a three-year sponsorship with the **Taranaki Kiwi Trust**, which will provide \$35,000 a year to support the Trust's education, training and advocacy programme.

We started our partnership with the trust last year, supporting the development of its education programme, and the new three-year sponsorship builds on that.

The partnership aligns with our continuing sponsorship of the Kiwi Contact education programme in Wairākei.

Without help, the kiwi is likely to be extinct in the wild within two generations. Community involvement and engagement is essential to its survival.

We are also helping another of our native birds, the kārearea (NZ falcon).

This year we supported the rehoming of two kārearea chicks, from the **Wingspan Bird of Prey Centre** in Rotorua to the foot of Mt Tauhara, as part of a new three-year sponsorship.

The month-old baby birds were released after being raised from a pair of rescued falcons at the Wingspan centre. We hope our sponsorship will support the release of up to another 12 kārearea into the wild.

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Greening Kids Taupō empowers students to get involved with local biodiversity projects.



The Department of Conservation estimates there are just 5,000 to 8,000 kārarea left – making them rarer than kiwi, with the current kiwi population around 68,000.

Kids Greening Taupō

We continue to support Kids Greening Taupō, which empowers students to get involved in projects that increase biodiversity and solve environmental problems.

We funded the salary of an education coordinator and donated \$5,000 to the programme's 'Take Action Fund', which offers grants for restoration and conservation projects in schools and early education centres.

We also contributed a \$1,000 prize for the winning school at Greening Taupō Day in June, where 4,500 trees were planted to 'paint the town green'. The prize will support a restoration project at the winning school.

Our support for Kids Greening Taupō aligns with our support for Greening Taupō planting events throughout the year. We donated 2,500 trees for the annual Greening Taupō and Contact Energy Planting Day in June, and donated another 1,500 native trees for the Greening Taupō and Taupō Golf Club's 'Project Birdlife' planting day.

Using water resources sustainably

Water is a precious resource that we share with all New Zealanders. We rely significantly on access to water to run our power stations and generate electricity. Water holds both a practical and cultural significance in Aotearoa New Zealand. Our stakeholders want to know that we are using our water resources in a sustainable way, ensuring that fresh water is protected for future generations.

At our hydro facilities, water is passed through our dams to generate electricity, which impacts river flow, freshwater species migration upstream and downstream, and the natural transport of sediment. At geothermal sites, we use the energy

in geothermal fluid to generate electricity. It is also used by other downstream users, such as the Wairakei Terraces and Huka Prawn Park.

Cooling water is used at many of our power stations to keep things running efficiently. This is reused in cooling towers or returned to the stream, river or reservoir it was taken from, while some evaporates. We also use potable water in our offices.

We have a **Commitment to Water**, which outlines our approach to sustainable and shared use of this resource. We maintain registers for the environmental 'aspects' (elements of our actions, products or services that can interact with the environment) and environmental impacts at our

Non-consumptive water usage in megalitres (ML)

Source/water use	2022	2021	2020
Clutha Mata-Au River water**	15,730,988	15,098,980	16,624,902
Geothermal reservoir	75,339	69,180	75,992
Geothermal cooling water**	332,270	336,840	330,047
Total	16,138,597	15,505,000*	17,030,941

* Total re-stated due to reporting error, where last year the geothermal reservoir was not included in the total.

** Fresh water

Total water usage in megalitres (ML)

Source/water use	2022		2021		2020	
	Withdrawal	Discharge	Withdrawal	Discharge	Withdrawal	Discharge
Geothermal reservoir	105,577	15,228	103,177	15,831*	114,805	23,818*
River and surface water**	2,076		2,509		1,536	
Water from third parties**	294		321		283	
Council**	23		40*		34	
Discharge from all sources		15,533		18,727		15,476
Total	107,970	30,761	106,047	34,558	116,658	39,294

* 2021 and 2020 geothermal reservoir discharge re-stated due to double counting. 2021 total discharge reduced by 18,166 ML, 2020 total discharge reduced by 14,995 ML. 2021 Council withdrawal re-stated due to reporting error. Correction reduced 2021 withdrawal by 7,554 ML.

** Fresh water.

Our areas of operation across Aotearoa New Zealand, according to the World Wildlife Fund (WWF) Water Risk Filter, are considered as 'very low risk'. WWF Water Risk Filter is a screening tool used by corporate and portfolio level companies, and investors, to help identify, prioritise, understand and take action in water stressed areas.

operational sites as part of our **Telarc ISO 14001 Environmental Management Certification**. These help us to identify water projects for improvement each year.

This year at our Te Rapa power station, we were able to capture water that we use to cool our boiler water and steam samples, and reuse it in our cooling tower instead of it going to wastewater. This initiative reduced our freshwater use and our discharge impacts.

Our GeoFuture project at the Wairākei geothermal steamfield will also deliver significant benefits for waterways, as we move our operations away from the river and cease discharges of geothermal and cooling water into the Waikato River and streams by 2026.

We measure our performance on a range of water-related impacts from ecological integrity to water security and water quality.

This financial year we used 16,138,597 megalitres of water, 99 percent of which was returned to rivers or to geothermal reservoirs (non-consumptive), with the remainder discharged in line with our resource consents.

We had no water-related incidents in the financial year, although we continue to address the impacts of the Karapiti incident in 2019, when a large amount of sediment was discharged indirectly into the Waikato River.

Protecting biodiversity

Biodiversity simply means the variety of all life on Earth. It is important to us because our operations have impacts on species and habitats, which differ depending on the type of generation, the region we are operating in, and the local environment.

Our **biodiversity commitment** sets out our intent and responsibility to protect the indigenous species and unique ecosystems we impact. Our goal is to have thriving and sustainable ecosystems within all habitats that we influence.

We do this by ensuring that all of our sites have site-specific biodiversity management plans and we engage with tangata whenua and local communities, work with external partners and experts in biodiversity management, and support hapū and community groups to achieve their biodiversity goals.

The diversity of our operations results in a range of different impacts. At our geothermal operations in the Taupō region, we are careful to manage the impacts we can have on native vegetation that relies on warm ground or water, and are mindful that takes or discharges of freshwater can negatively affect water quality. At our hydro operations on the Clutha River, our greatest impacts are on the passage of fish past our dams and on water flow rates. At our thermal stations, our impacts on biodiversity are minimal, however, we have pest control and planting programmes to enhance ecosystems near our power stations and we work with others in the community to achieve biodiversity goals.

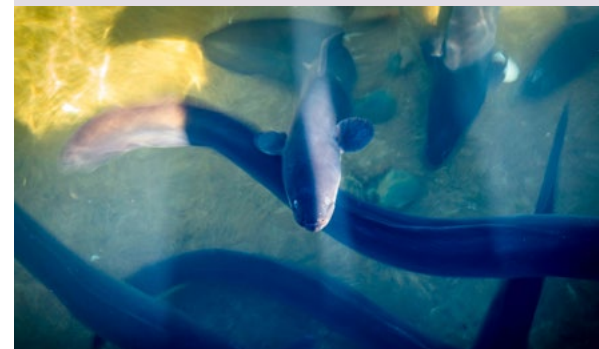
Our approach to biodiversity management is to first look for opportunities under our control and influence, then to support community groups doing work in these areas.

We have established plans to mitigate our biodiversity impacts for all our operational sites and we report on our progress to the Board's Safety and Sustainability Committee.

As part of our biodiversity plans, we have committed to begin restoring and enhancing five high-value sites by 2026, including one site of cultural significance in partnership with tangata whenua. This year we identified and developed biodiversity restoration plans for two sites of significance, including the Otumuheke Stream and Waikato-Aratiatia River Corridor.

Across our sites, we caught 4,832 pests and planted 55,206 trees this year (well up from 3,354 pests caught and 29,068 trees planted last year).

Our elver (young eel) trap and transfer programme is one of the ways we mitigate our impact on native fish species.



We have more information on our **habitat protection and restoration work** in our sustainability disclosures.

Elver trap and transfer

One of the ways that we mitigate our impact on native fish species around our hydro power stations is through our trap and transfer programmes.

Our elver (young eel) trap and transfer programme at Roxburgh dam was incredibly successful this season, with 198kg of elvers caught – more than double the previous record of 81kg in 2019.

This provided an excellent opportunity to carefully release elvers in many sites across the Clutha Mata-au, including Lake Dunstan, Lake Hāwea, Lake Wānaka, Lake Roxburgh and Manuherikia River – a positive step towards restoring the tuna (native eel) populations in the upper regions of the catchment.

The average weight of the elvers was 3.06 grams, so we estimate that 64,705 elvers were successfully trapped and transferred.

We captured 227 large adult tuna in the headwater lakes this season and transferred them to below the Roxburgh dam to allow them to migrate when ready. This included five confirmed migrant tuna. Migrant tuna can be identified by their larger size, and features such as larger eyes or changes in head shape.

Last year 330 tuna were transferred downstream, including 19 migrant tuna.

It's difficult to compare results from previous years for the tuna transfer programme as conditions vary considerably each year. We are continuously working towards a strong understanding of the health, habits and whereabouts of the tuna in lakes Wānaka, Hāwea and Whakatipu, so ongoing monitoring and feedback is key.

Working with our Torepatutahi Wetland partners

As part of our consenting for the Ohaaki Power Station in 2013, we agreed to work with Ngāti Tahu – Ngāti Whaoa Runanga Trust, Fish and Game, the Department of Conservation and local landowners to restore the flora and fauna in the Torepatutahi Wetland next to the Waikato awa near Ohaaki.

We committed to enhancing the 30ha wetland adjacent to the power station for the life of the consents (35 years), to control pest plants and animals, exclude agricultural stock, provide a habitat for indigenous species, and monitor progress of restoration.

In February 2020 we did aerial spraying to control willows across a large area of the wetland due to ground-based methods being unsafe and impractical. We used a standard spraying method for controlling willows, which was recommended in the long-term restoration plan by external ecological experts, and we obtained the appropriate approvals when the project started in 2014. Following the spraying, stakeholders complained that we had not communicated with them about the spraying and that it had damaged indigenous plants.

We took the criticism on board, discussed solutions with our partners and developed an interim annual management plan that provides a roadmap for restoration works over the coming 12 months. This gives stakeholders a better understanding of planned works and an opportunity to provide feedback or make suggestions.

Within the wetland we prepared a site for planting last winter, selected the species and planted 4,000 native plants in areas where weeds were under control. In February 2022 our ecologist completed biannual transect monitoring, to check regrowth of native species impacted as well as regrowth of weed species and willow. The report found positive changes to the wetland flora, including regrowth of native species and effective control of target willows. The report also provided recommendations for the 2022 winter season, which we've discussed and agreed with partners.

We plan to refresh the long-term management plan in FY23 to include newer management techniques, consent requirements as a result of new regulations (National Policy Statement for Water), and address some requests from our stakeholders relating to birds, aquatic fauna and mahinga kai (which includes the social and educational aspects of food gathering).

We have also refreshed our operational pest animal control plan and made commitments for the next two years. We will test new traps on the market and trial different locations to better understand where the pests are entering the wetland.

We're continuing to see an increased presence of native birds, in particular the at-risk fernbird.

Torepatutahi Wetlands.



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9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



Our Transformative Ways of Working (TWoW) programme is about giving our people flexibility and choice to work from anywhere, while improving their work experience and engagement and making Contact a more effective and productive place to work.

It's ensuring we make the rapid changes and transformation needed to deliver on our Contact26 strategy while also adapting and responding to Covid-19. We need our people to be ready, willing, able and excited to get things done, and to support them through our OneContact culture and exceptional safety leadership.

At the start of 2020, the pandemic forced us to 'lift and shift' our people from corporate offices to working from home.

Since then, we've learned a lot about how our people like to work and the best ways to create

flexibility and choice. We're using that knowledge to design our ideal environments, tools and practices to support hybrid working. This includes ensuring we have the best possible technology for working from anywhere, arming our people-leaders to support hybrid teams, creating better work spaces, and prioritising our people's wellbeing so they can thrive.

Research shows that companies that embrace flexible working are likely to attract and retain the best talent, future proof their culture and create competitive advantage – and that has been our experience too.

In November 2020 we started using Peakon, a people engagement tool that includes quarterly online surveys. In April, 88 percent of our people participated in the Peakon survey. Our overall engagement score was 8.2/10, up from 7.7 at the same time last year, and our highest score since the surveys began.

Our people rated us 8.7/10 for ability to work flexibly (up from 8.5 this time last year) and 9/10 for ability to work remotely (up from 8.6 last year).

Our employee Net Promoter Score (the number of people who would recommend working at Contact versus those who would not) also increased to +49, up from +29 for the same period last year and +28 in November 2020.

The main concerns identified through Peakon this year were workload and stress, so we're doubling down on the wellbeing of our people, including launching the Wellbeing Tick programme and reviewing our existing mental health and EAP support.

Creating better work spaces

Through TWoW we've learned a lot about how our people like to work, including what they need to be able to connect and collaborate effectively when working in our offices. We're applying this knowledge to the design of our workspaces.

Our Auckland office lease expired in 2020 and we experimented with sharing a workspace at the Generator in Wynyard Quarter, before deciding to move to our own purpose-designed workspace. The new office, which opened in February 2022, was designed to bring our *'It's good to be home'* brand to life, and create dedicated meeting, working, connecting and collaborating spaces.

In FY23, we'll carry out a similar refit in our Wellington office and our Dunedin contact centre. We will also develop a work programme to create the same look and feel across all our workplaces in Aotearoa New Zealand. We're exploring options around establishing a possible geothermal 'centre of excellence' in Taupō.

Our focus is on having the right technology and workspaces to enable our people to connect and collaborate wherever they choose to work.

Shaping our Contact Community

Shaping our Contact Community (SOCC) is our leadership framework, introduced in April 2021.

The framework defines what leadership means at Contact, centering around our five leadership themes: constructively leading with open and honest conversations, investing deeply in knowing ourselves and others, openly and optimistically exploring all ideas, helpfully standing in the role of teacher and student, and unanimously connecting as OneContact.

To embed the SOCC framework and deepen the leadership journey for our people, this year we started using the Human Synergistics Life Styles Inventory tools (LSI 1 Self description and LSI 2 Description by others) and High Performing Teams Framework.

Our Leadership Team completed the programme first, and we're now well into rolling it out across our tier 3 (senior leaders). All of our senior leaders and people leaders (around 170 people) will complete the programme over the next year and beyond.

Contact University launched

To be the leader we aspire to be, we need our people to be propelled by curiosity and to become lifelong learners. We embrace learning as part of our DNA and through our OneContact culture.

Last year our people told us through Peakon that they wanted more access to training and development.

In August we launched Contact University – an online learning portal for people in every part of our business – to build the capability and skills we need to deliver on our strategy and to help our people grow and thrive.

As well as being a one-stop-shop for compliance training modules (such as health and safety and privacy) Contact University offers hundreds of courses, virtual classrooms, videos and more, that people can self-select depending on their role, learning needs and interests. It has 11 learning academies for specific disciplines (such as a Retail Academy and Generation & Trading Academy), and structured pathways for key skills within the SOCC leadership framework.

Content is created in-house by skilled subject matter experts as well as externally, in partnership with our learning experience provider Open Sesame, and is updated each quarter. Our people can also contribute educational content that they've found interesting or helpful.

Since Contact University launched, course completions are up more than 500 percent year-on-year and our people have completed more than 12,000 courses.

Our Peakon score for personal growth increased from 7.2/10 to 7.9 – for factors including professional growth, career pathways, opportunities to learn new skills and a supportive manager or mentor.

Changing labour market

This year we continue to see the long-term impacts of Covid-19 play out in the labour market. The market continues to be tight for specialist talent and skills, such as geothermal, digital and ICT expertise.

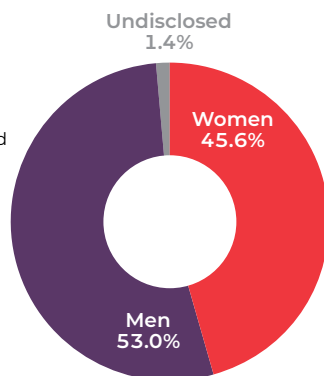
Gaining our accreditation under the AEWV (Accredited Employer Work Visa) has ensured that we will again be able to tap the international talent marketplace for hard to find skills. We are in a unique position as under the Green List occupations schedule, a large proportion of skills and capabilities fall into these categories. This will allow us to move with more agility when looking at international options.

Conversely the opening of borders and 'the great resignation' has the potential to put pressure on our local labour market. To ensure we have a robust pipeline we recognise the importance in developing our people and building a strong back bench of future leaders from within.

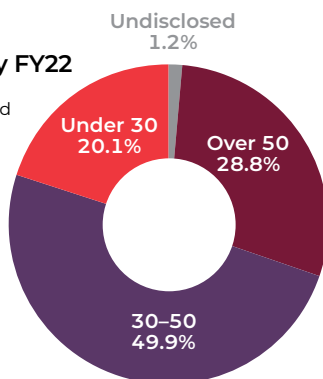
This year we launched our Talent Framework, building a robust process in identifying top talent within Contact and developing that pipeline into future leaders. We have also prioritised strategic capability and workforce planning to support our areas of growth and ensure we have a robust pipeline to execute on our strategy.



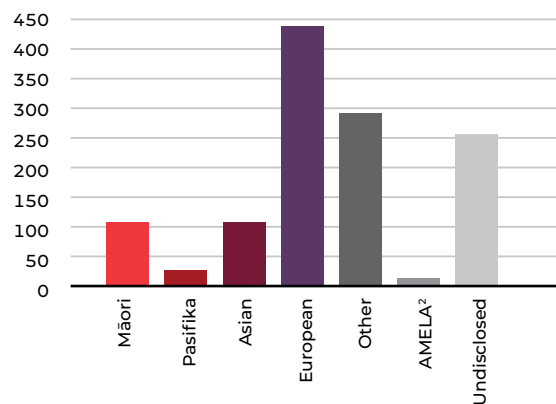
Gender FY22
(Contact,
Simply Energy and
Western Energy)



Age diversity FY22
(Contact,
Simply Energy and
Western Energy)



Ethnicity¹ FY22



1 Individuals can choose to identify multiple ethnicities. Data is for Contact only, Western Energy and Simply Energy do not track ethnicity data.

2 African, Middle Eastern & Latin American.

Embedding diversity and inclusion

Our Inclusion and Diversity Policy and related strategy is underpinned by our vision to build a better Aotearoa New Zealand – by reflecting the diversity of our customers and communities, and creating a culture where inclusion is deeply embedded as part of our Tikanga and our people are able to truly be themselves.

We continue to partner with Global Women on the **Champions for Change** reporting initiative, which monitors the collective and individual progress of participating organisations towards our shared goal of between 40–60 percent women in our organisations, at all levels.

The Champions for Change initiative published its fourth Diversity and Inclusion Impact report in late 2021 (data reporting period 1 April 2020 – 31 March 2021). The data from participating organisations shows female representation has increased in certain workforce categories from board to senior managers between 2018 and 2021. Our Contact insights within the Champions for Change Diversity and Inclusion Impact report 2021 show that we achieved gender balance (a minimum of 40:60 women to men) across over half of our workforce categories, but there are several categories where we need to improve. We have 57 percent of women on our Board, 43 percent of women in senior management roles and 46 percent of women in our overall workforce.

This year we also took part in the **Mind the Gap** initiative, which seeks to standardise pay equity reporting across Aotearoa New Zealand. Mind the Gap reports on the overall pay gap between men and women in terms of median pay, and our pay gap using this measure (at 30 June 2021) was 49 percent. This reflects the challenge we have with the composition of our workforce at Contact, and across the electricity sector. We have many more women than men in our customer contact teams. And it's the other way around at power station sites, which have many highly skilled and highly paid roles.

We are committed to doing more in this area and taking on the challenge to reduce the gap.

We continue to support and empower **WING** – Women in Geothermal. WING is a not-for-profit international organisation promoting professional development, education, and equality in the geothermal industry. Last year, WING NZ and our members at Wairākei launched a successful high school internship that enabled seven students to do hands-on work and get an inside look at geothermal. This year, WING NZ is focused on promoting professional development opportunities, advocating for equitable workplace policies, and supporting our industry's mission towards a sustainable future.

We retained our **Rainbow Tick** accreditation this year. We have continued to embed the programme – supporting our Pride at Contact networking group to set up for success, building the group's profile through our inductions and internal communications, and developing plans for education and training for allies. We are preparing for reassessment in late 2022, which will show us how we're doing and help us to keep building an inclusive culture.

Over summer we employed 16 interns across our ICT, Generation and Trading and Development teams – giving university students the chance to gain professional experience and to apply their knowledge in the workplace.

Some of the interns were part of our Māori Summer Internship Programme, which helps to strengthen our bonds with tangata whenua, and develop their whānau, hapū, and iwi. For the 2021–2022 summer programme we had five interns work with us during their summer break – three from Ngāi Tahu and two from Ngāti Tūwharetoa.

In February 2022 we employed four graduate engineers across our Wairākei, Taranaki and Clyde sites. The graduates will take part in an 18-month programme, working in different teams across the business to gain broad experience. At the end of the programme they will each be offered a permanent role in one of the teams. The graduate

programme is about giving graduates a broad foundation where they are trained, supported and mentored, to accelerate their development.

We are also helping to bring more tangata whenua into our contractor workforce, and support them with training and pastoral care, through our **Ka Hiko programme**.

There are **detailed diversity tables** in the sustainability disclosures.

Delivering through the pandemic

We kept our call centres open and our power stations operating at full capacity throughout another year of the Covid-19 pandemic, thanks to an enormous effort by all our people.

The pandemic response at Contact has been led by the Covid Response Group (setting the strategy) and the Covid Working Group (the day-to-day response), ensuring we have the right policies and processes in place, and adapting business continuity plans as needed.

About 50 percent of our people have tested positive for Covid-19, which has put a lot of pressure on our people, especially in our control rooms and call centres, and we acknowledge their effort and flexibility. Our flexible ways of working have meant household contacts are often able to continue working if it works for them and they're able to do so safely, while caring for family at home.

In January we implemented a vaccination policy requiring anyone entering our sites to be double vaccinated, and the policy remained in place until end July 2022. We continue to review our Covid vaccination and testing policies regularly.

We took part in a government trial of Rapid Antigen Tests (RATs) in late 2021, and we continue to use RATs as an important defence against Covid-19 entering our sites. Everyone on our generation sites continues to test daily, and so far our people have completed more than 50,000 RATs.

We developed a mobile app for our people to let us know if they or others in their household have a positive RAT. The app was originally developed by Meridian, which offered the code to other businesses in return for a donation to the KidsCan charity, an example of the great collaboration seen across industry during the Covid-19 response.

We also introduced SaferMe, a bluetooth enabled badge worn by staff, visitors and contractors at our call centre and generation sites. When we're notified of a positive case, we can immediately identify close and casual contacts based on their proximity and length of exposure. We can then quickly determine who needs to isolate as a close contact and who can safely keep working. SaferMe is being used actively to identify close contacts of people who have tested positive and who have been on Contact sites in the days before their positive test. The system helps prevent ongoing transmission and infection of our workforce and ultimately their families and the wider community.

Throughout the pandemic, we have continued to offer guidance and support to our people, including an intranet page with easily accessible resources.

We have also offered our people special Covid-19 leave, meaning they don't need to worry about staying home and getting well before returning to work, to do the right thing for their whānau and Aotearoa New Zealand.

Supporting people to thrive

With the ongoing complexities of the global pandemic, we have continued to focus on supporting our people and keeping them safe. Our people have been adaptable through constantly changing ways of working during the pandemic, but we also know that working differently has its own challenges, including human connection. Our people are asking for more consideration of their wellbeing, so we are making this a priority.

We have always focused on a culture where safety is deeply embedded, and now we are working to embed wellbeing in the same way.

In February, we became the first company to sign up to the new workplace wellbeing accreditation programme, **Wellbeing Tick**.

The Wellbeing Tick draws on international research and best practice to set the standard for workplace wellbeing in Aotearoa New Zealand. It takes a holistic approach, including factors such as mental health, physical health, emotional and spiritual health, sleep, relationships, and financial health – everything that people need to thrive.

We launched the programme with a discovery phase, including a survey and focus groups to hear about the challenges our people are facing, the support they need, what Contact currently does well, and where we could do better.

We are using those insights to develop the Contact wellbeing strategy, and a plan of action towards our Wellbeing Tick accreditation.

The programme will include reviewing the wellbeing programmes we already have in place, looking at how our policies and processes support or compromise wellbeing, and factors such as leadership capability, accessible and holistic support, awareness and education.

The Wellbeing Tick will transform our wellbeing culture for the long term. Our progress will be assessed for 'accredited' status in March 2023, and we will continue to use the framework to build our wellbeing culture year on year.

Free skin checks

This year we offered free skin checks for site employees, which resulted in a significant number of our people going for further checks and treatment.

As an example, at the Wairākei site, 88 people attended the on-site skin check clinic, 22 were referred for further checks and two were diagnosed with melanomas. One person has told their story to encourage others to get checked, after having their melanoma removed with a good outcome.

We plan to make free skin checks available for all our people in FY23.

Technology for the future

We've begun a major upgrade of our core IT platform, SAP, to better support our business, our people and our customers for the future.

SAP (Systems Applications and Products) is a centralised system that enables everyone in Contact to access and share common data. It enables key IT processes in every part of the business.

At 10 years old, our SAP platform needs upgrading to a new version, to keep it operating effectively and to give our people the best possible user experience.

The new version is much faster, will have a better user interface, will include new tools to optimise the way people work, and can run on a mobile device.

The upgrade is planned to be completed in 2023 and will deliver significant benefits to people across the business.

In finance for example, a monthly vendor payment run that currently takes several hours across multiple screens, can be done with one click, on one screen, within minutes. As well as increasing efficiency, it will reduce the risk of human error.

In generation we can use it to improve our plant maintenance management processes with an expected time-saving of 10 to 20 percent.

Ultimately the upgrade will lead to better experiences for all of our customers too.

Improving our safety culture

Continuous improvement is a key part of our journey towards a truly generative safety culture.

This year we've been working on a new safety leadership programme for our people. We're exploring options with possible providers and will roll out the programme in FY23. The programme will build capacity in our people to adapt safely to changing work conditions.

We also have a project underway investigating how health and safety information is managed and accessed at Contact. Our aim is to make it easier for our people to have access to what they need, when they need it.

Measuring our health and safety performance

We track our health and safety performance with two key measures – our Total Recordable Injury Frequency Rate (TRIFR) and Total Incident Severity Rate (TISR).

TRIFR is a global measure that can be benchmarked. However, it is a non-predictive lagging indicator that looks back at total injury rates rather than taking the potential risk into account. The causal pathways for major injuries are different to those for minor incidents, such as a rolled ankle. This means that although managing and preventing minor injuries is important, they're not good predictors of more serious injuries. We will continue to gather TRIFR data as it is required for some external reporting, but we will not use it internally.

TISR is a measure that gives us a much better idea of exposure to risk by assessing the potential severity of Health and Safety and process safety incidents.

We are looking to shift to metrics that help us to better understand how work is done, with a focus on identifying and enhancing the capacities that make things go well. Measuring our capacity to work safely, rather than measuring and focusing on an absence of safety, will allow us to boost capability and resilience, setting up our people and teams for greater success.

Our TRIFR for controlled activity (work done under our health and safety management system, e.g. at our sites or by our people) was 1.7. This included five recordable injuries. There was one minor injury, and four moderate injuries. Our TRIFR measure is calculated based on hours worked (2.9m in FY22) and number of injuries.

Our TRIFR for monitored activity (work done by our service delivery partners under their own health and safety systems) was 10.9, representing three minor injuries.

TISR assesses all health and safety and process safety events and considers both actual and potential consequences, so that we get a view of how well our defences are working for our critical risks. TISR was 2,180 within controlled activity in FY22.



Process safety incidents

As well as measuring injury frequency and incident severity rates, we measure process safety. Process safety is a disciplined framework for managing the integrity of our operating systems and processes. It relies on good design principles, engineering, and operating and maintenance practices.

We were the first energy company in Aotearoa New Zealand to begin measuring process safety in FY13.

Since we began reporting, we've had no Tier 1 process safety incidents (significant loss of containment of hazardous material or energy) within Contact's current portfolio of assets, although there were four in our LPG business before its divestment in 2018.

This year we had no Tier 2 incidents (a lesser loss of primary containment or a significant degradation of barriers), and 40 Tier 3 process safety incidents (learning events where issues have been identified in process safety barriers or controls and corrective actions put in place).

This was a decrease on three Tier 2 incidents and 49 Tier 3 incidents in FY21.

All of the process safety incidents this year were at the lowest level, with the majority (54 percent) relating to automatic plant protection operating as intended (recorded as incidents as part of our monitoring).

Every process safety incident is reviewed to identify lessons to be learnt.

Process safety

	FY22	FY21	FY20	FY19
Tier 1	0	0	0	0
Tier 2	0	3	2	2
Tier 3	40	49	24	58

Tier 1 – a significant loss of containment of hazardous material or energy.

Tier 2 – a lesser loss of primary containment or a significant degradation of barriers.

Tier 3 – learning event where issues have been identified in our process safety barriers or controls.

Note: This table represents the number of process safety incidents across our operations. The figures exclude any incidents occurring in the Ahuroa Gas Storage or Rockgas LPG facilities.

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9 INDUSTRY, INNOVATION
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Our focus on Operational Excellence enables us to make our operations much more efficient and to drive best practice. We have a strong track record of being good operators and taking costs out of the business where it makes sense.

Operational Excellence is underpinned by our culture, which is safe, innovative and brave. That includes keeping our people safe; keeping our plant safe to run; and fostering an environment where it's safe to challenge, innovate and fail, and to learn and evolve.

We continue to innovate to become more efficient, including using digitalisation and analytics to transform operations across our trading, generation, and customer businesses. And we stay on the front foot to monitor and respond to our changing regulatory environment, and to engage with policy development impacting our sector.

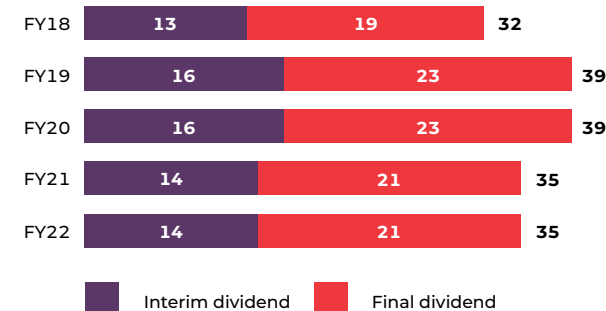
Financial performance

In FY22 we have delivered a robust financial result and solid returns for our shareholders, underpinned by higher renewable generation volumes and access to flexible fuel for our back-up thermal stations.

We have navigated the challenges of Covid-19 and supply chain disruptions, progressed the build of our Tauhara power station development, and continued to move forward on our Contact26 strategy which ensures we are well-positioned to keep delivering strong results into the future. Our healthy financial position supports our aspiration to lead the decarbonisation of Aotearoa New Zealand.

Our profit for FY22 was \$182 million, down \$5 million from a year ago on lower operating earnings (EBITDAF¹) and higher depreciation, partially offset by lower interest costs reflecting the capitalisation of interest to major growth capital projects, lower tax on earnings and favourable movements to the fair value of financial instruments against the prior year.

Dividends (cps) – declared



¹ EBITDAF is a non-GAAP (generally accepted accounting practice) measure. Information regarding the usefulness, calculation and reconciliation of this measure is provided within note A2 to the financial statements.

EBITDAF decreased by \$16m to \$537m, down 3 percent on the prior year on lower wholesale electricity prices and the rising gas and carbon unit costs, which were partially offset by more renewable generation.

Operating free cash flow¹ for the period decreased from \$371m to \$325m, down 17 percent year-on-year primarily on lower operating earnings, additional working capital investments in carbon, higher stay-in-business capex and higher cash tax paid on strong FY21 earnings.

An interim ordinary dividend of 14 cents per share was paid in March 2022, and in August 2022 the Board approved a final ordinary dividend of 21 cents per share (imputed by up to 19 cents

per share for qualifying shareholders). This will be paid to investors on 27 September 2022.

This means we are delivering investors a 35 cents per share annual dividend, equal to FY21.² The dividend policy targets a pay-out ratio of between 80 percent and 100 percent of the average operating free cash flow of the preceding four financial years.

We are focused on leveraging opportunities to continue to transform our ways of working that flow through to increased efficiencies and improved profitability. We have a robust balance sheet, a world class portfolio of assets and an excellent strategy to deliver on stakeholder expectations.

Investing in digital capability and transformation

We're investing in digitising our business to drive operational excellence and deliver best-in-class experiences for customers and our people.

Over the past few years, we've focused on building digital capability in retail – delivering great results for our customers and our people. More than 70 percent of our customer interactions are now through digital channels, including our website and online self-service, the Contact Energy app, automated IVR (Interactive Voice Response), Facebook Messenger and WhatsApp. Customers can get the support and information they need faster, and it frees up our customer service representatives to help other customers who need it. We have the lowest cost-to-serve in the Aotearoa New Zealand energy sector among our Tier 1 competitors and are delivering excellent customer experiences.

At the NZ Compare awards in February, our app was named Best Mobile Application – alongside our awards for Best Customer Support, Power Provider of the Year, and the Supreme Champion Award. The awards, which recognise the best of the best in the broadband and energy sector, show how far we've come through our people-centric approach to customer experience and the role of digital in that.

This year we also turned our focus to building digital capability in our generation and trading business, with the goal to be the leading digital energy company in Aotearoa New Zealand by 2026. The increased digital capability and transformation will be accelerated through increased investment and improvements to our core generation technology platforms (like the **SAP upgrade** and our data platforms) to create reusable and scalable solutions.

The last five years in review

For the year ended 30 June	Unit	2018 ²	2019 ²	2020	2021	2022
Revenue	\$m	2,275	2,519	2,073	2,573	2,387
Expenses	\$m	1,794	2,001	1,627	2,020	1,850
EBITDAF	\$m	481	518	446	553	537
Profit/(loss)	\$m	132	345	125	187	182
Profit per share – basic	cps	18.4	48.2	17.5	25.3	23.4
Operating free cash flow	\$m	301	341	290	371	325
Operating free cash flow per share	cps	42.0	47.5	40.4	50.2	41.8
Dividends declared	cps	32	39	39	35	35
Dividends paid	\$m	201	251	280	274	272
Total assets	\$m	5,311	4,954	4,896	5,028	5,166
Total liabilities	\$m	2,584	2,172	2,275	2,101	2,326
Total equity	\$m	2,727	2,782	2,621	2,927	2,840
Gearing ratio	%	35	28	31	23	28

1 Operating free cash flow is a non-GAAP (generally accepted accounting practice) measure. Information regarding the usefulness, calculation and reconciliation of this measure is provided within note **A2** to the financial statements.

2 Figures reflect the combined result and position for continuing and discontinued operations.



We're using digitalisation to optimise our existing generation assets, including asset performance and maintenance, and health and safety. And we'll be using that capability to shape how we plan and design future generation assets, ensuring we build digital-first, with digital needs and opportunities front-of-mind.

Our focus in generation includes applying advanced analytics across our assets and trading activity, introducing agile and cross-functional ways of working, and providing an omnichannel experience for our people, so they can access the same information and tools for the job wherever they're working – whether they're in an office or out on a steam field.

Over the next year we'll pilot a 'digital twin' capability in generation – virtual versions of physical generation assets – playing a coordinating role for performance measurement and maintenance planning, and increasing our ability to run scenarios and simulations. This will be a significant advance for safety and efficiency, and will help integrate our operations between our major projects teams who build our assets, and the development teams who scope and contract them, supporting activities such as bidding, supplier coordination, and plant construction.

We'll also be optimising our trading activity, using smarter technology, advanced predictive modeling and insights, and more closely aligning our plant performance and operations with our trading operations.

Our regulatory environment

Aotearoa New Zealand's regulatory environment provides the framework within which our business operates.

We actively monitor legislative and policy changes to ensure we meet our obligations and manage risks and opportunities. We also work hard to maintain broad relationships across the political divide, pull our weight with industry and business organisations, and ensure our voice is heard by regulators on behalf of our customers and investors.

Our approach is straightforward, open-minded and evidence-based, in line with our Tikanga. We aim to build sustained and trusted relationships with external stakeholders who shape and influence the environment in which we operate.

Traction on climate change

It was an historic year in the Government's response to climate change. We saw the release of the first three emissions budgets, the first Emissions Reduction Plan, and the draft National Adaptation Plan. These documents form the basis of the Government's contribution to global efforts to limit temperature rise to 1.5 °C above pre-industrial levels and adapt to the changes this will have on our environment.

The documents show the critical role renewable electricity will play in reaching Aotearoa New Zealand's emissions targets, including an accelerated move to electric vehicles and public transport, as well as electrification of heating, process heat and industry.

We welcome the Government's new target of having 50 percent of total final energy consumption coming from renewable sources by 2035. Our science-based decarbonisation targets will make a material contribution to this target, as will our strategic goal to grow demand backed by new renewable developments.

We also welcome the Government's commitment to developing an Energy Strategy for Aotearoa New Zealand. The strategy will consider strategic challenges in the energy sector and signal

pathways away from fossil fuels. It will consider the challenges in delivering stable, affordable, and highly renewable electricity, as well as wider energy goals such as transitioning away from natural gas and decarbonising industry. We will engage with officials throughout the development of the strategy.

Finding a solution to the 'dry year problem'

The Government is looking at options to address Aotearoa New Zealand's 'dry year problem' – that existing hydro-power catchments sometimes don't receive enough rainfall or snowmelt and storage lake levels run low.

As we transition away from fossil fuels and increasingly rely on hydro, wind and solar, the dry year problem may expand to become a dry, calm and cloudy problem.

The Government is investigating solutions through a project called the New Zealand Battery Project. 'Battery' refers to the way in which the solution may provide stored energy for the country's electricity system.

We are engaging closely with the government and officials on potential solutions to address this challenge.

We consider that a number of commercial options exist to address this challenge, including demand flexibility, green hydrogen, smaller battery projects such as Contact's proposed Stratford battery, and other commercially viable options that the private sector can deliver.

Resource management reforms

The Government is undertaking fundamental reform of Aotearoa New Zealand's Resource Management Act, aiming to improve environmental and development outcomes.

Key provisions of the proposed Natural and Built Environments Act (NBEA), which will be the primary replacement for the RMA, were released late June 2021.

Our Chief Executive Mike Fuge joined other sector CEOs in a combined letter responding to the

proposed reforms, emphasising the important role of renewable electricity generation in decarbonising the economy, and that the NBEA needs to provide efficient and effective pathways for renewable projects.

The new legislation is expected to be enacted in the second half of 2022.

Transmission pricing methodology

After 13 years of deliberation, Aotearoa New Zealand's electricity regulator, the Electricity Authority, has decided to adopt a new transmission pricing methodology (TPM), which will take effect in 2023.

The TPM determines how the national transmission grid owner, Transpower, recovers the costs of running the grid from its transmission customers. The grid transports electricity across 12,000km of transmission lines from where the electricity is generated to industrial customers, and through distributors' networks to our homes and workplaces.

We broadly support the principles of the TPM. It provides certainty for Contact and our large industrial customers about the future costs of connecting to the network, which gives us greater confidence as we invest and grow.

Wholesale market competition review

The Electricity Authority is reviewing competition in Aotearoa New Zealand's wholesale electricity market. In a paper released in December 2021 the Authority found that prices have largely reflected underlying supply and demand conditions. However, it raised concerns about some price increases, which could not be easily explained by the Authority's modelling.

In particular, the Authority expressed concern with the price reached by Rio Tinto to supply Tiwai Point aluminium smelter in January 2021. The Authority is investigating if this price adversely impacted the efficient operation of the wholesale electricity market.

Contact is engaging closely with the Authority in these investigations. In our submissions we have

identified a number of factors contributing to the unexplained prices, such as uncertainty in the gas market and transmission constraints.

The Authority is expected to make final decisions by the end of 2022.

Protecting privacy

Privacy is important and becoming more so as the world relies increasingly on digital communications. Guided by our Tikanga, we take responsibility for looking after and respecting all personal information that we manage. We expect our people to comply with the Privacy Principles set out in the Privacy Act 2020 and we have two Privacy Officers to help drive and manage our privacy practices.

We audited Contact's updated privacy policies and procedures after the Privacy Act 2020 was introduced, and over the past year we've been implementing recommendations from the audit. This included further developing and enhancing our privacy policies and procedures, and developing a privacy training module for our call centre staff.

Over the next year we will continue to review and refine our privacy frameworks and consider further training.

We are reporting on **privacy complaints and breaches** in our Sustainability disclosures.

Securing sensitive information

We have processes in place to ensure our sensitive information is well protected from cyber security threats.

Our Information Security team is continuously monitoring Contact ICT systems for suspicious behaviours, responding to potential issues, and assessing projects for new security risks they could introduce.

We also have an annual work programme to identify Contact's highest risks and reduce them

to acceptable levels. This year we focused on new tools and services to enable us to detect, prevent, or respond to suspected security incidents more quickly; we ensured that the devices our remote workforce use to access Contact data and applications are properly managed and secured; and we expanded the requirement for multifactor authentication to reduce the risk of unauthorised remote access. We're also reducing our 'attack surface' by ensuring our people have only the access privileges they need, and revoking access privileges or accounts when they're no longer needed.



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Governance matters

Good corporate governance protects the interests of all stakeholders and enhances short-term and long-term value.

We regularly review our corporate governance systems and always look for opportunities to improve. At 30 June, we comply with the recommendations of the NZX Corporate Governance Code in all material respects. You can see our full reporting in our **Corporate Governance Statement** on our website.

Our Board

The Board's role and responsibilities

The Board is responsible for Contact's governance, direction, management and performance.

Specific responsibilities include:

- Setting and approving Contact's strategic direction
- Approving major investments
- Monitoring financial performance
- Appointing the CEO and monitoring CEO and senior management performance
- Ensuring appropriate systems to manage risk
- Reviewing and approving compliance systems
- Overseeing our commitment to our Tikanga, sustainable development, the community and environment, and the health and safety of our people.

Board composition

Contact's Board consists of seven directors, with a wide variety of skills, experience and points of view. **Our Board** shows appointment dates and committee memberships. A **short biography** setting out the skills and experience of each director is available on our website.

The Board considers all of the 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 factors in the NZX Corporate Governance Code that may affect director independence.

In August 2021, Audit and Risk Committee Chair Dame Therese Walsh left the Board to focus on other governance roles and was replaced by experienced director, Sandra Dodds.

Sandra brings international infrastructure experience and strong financial skills to complement the expertise of the other directors.

To assist with succession planning and ensure the appropriate skills and experience are represented on the Board, the Board has developed a **director skills matrix**. The matrix shows the areas in which the Board considers director capability is required to enable Contact's success, and the expertise held by current directors.

In 2021, the Board commissioned Korn Ferry to undertake a full review and refresh of the director skills matrix. This financial year, the matrix has been further updated to reflect the directors' assessment of the current skills held by the Board.

It's not expected that every director will be an expert in every area, but all skills in the matrix should be represented on the Board as a whole.

The matrix shows a good spread of expertise and secondary skills among current directors. In addition to the skills in the matrix, all seven Contact directors have strong governance expertise.

Board performance







































We recognise the value of professional development and the need for directors to remain current in industry and corporate governance matters. Contact assists directors with their professional development in a number of ways, including an induction programme for new directors, briefings to upskill the Board on new developments, deep-dive workshops on key issues and Board study tours.

A fund is available for director development opportunities, and the Chair may approve allocations from the fund for opportunities that benefit both Contact and an individual director.

We regularly review the performance of the Board to ensure the Board as a whole, and individual directors, perform to a high standard. A full independent Board performance review was carried out by Propero Consulting in early 2022. The results were reported in confidence to the Board in April 2022. The Board was pleased with the findings of the review and has developed an action plan to implement recommendations arising from it.

Director skills matrix

 Primary
  Secondary

Strategic Focus	Director Expertise	Governance Capabilities
Brand value and customer experience	  	Brand identity and value. Deep customer insight and advocacy including in energy poverty. Understands generational shift and the impact on customer drivers. Retail growth and transformation expertise including customer-centric experience design, data analytics, digital marketing, sales, and agile retail. Skills to support and challenge progress towards improving the customer experience and reducing cost to serve.
Energy sector including generation, renewables, and wholesale energy markets	 	Leadership experience across the energy sector including in a generation portfolio of geothermal, hydro and thermal, energy markets, supply/demand and commercial and industrial customers. Core understanding of key drivers in value creation and prediction of market needs, moving towards a sustainable renewable energy business model. Operational risk management including health and safety.
Asset infrastructure	   	Experience successfully leading energy sector or adjacent companies (e.g. physical infrastructure, new technologies, engineering and construction), large-scale projects, investment and management. Skills to support and challenge in project investment, build and industrial maintenance.
Portfolio efficiency	  	Expertise in cost base reduction and increasing flexibility of an asset portfolio with sustainability at the forefront. Proven track record in cost out, improving reliability and resource utilisation while maintaining safety. Ideally experience in process improvement in resource environments.
Capital markets, investment community and ESG	  	Significant investment community experience. This spans finance, communications and securities law to enable the most effective two-way understanding of, and communication between, the company and the financial community, contributing to fair valuation and ability to gain buy-in for future strategic shifts. Experienced in sustainable investing and with the ESG data toolkit for identifying risks, informing solutions and impacting valuations, brand value and reputation.
Government and regulation	     	Ability to engage effectively and collaboratively with key government stakeholders. Brings an understanding of legal, policy, and regulatory environments that Contact operates in. Insight into non-financial risks around climate change, natural resources scarcity, pollution/waste and ecological opportunities.
Iwi connection and relationships	  	Iwi connection and relationships to develop shared understanding of kaitiakitanga and collaborative investment into resources.
Executive experience	    	Former CEO or C-suite executive with excellent track record of growing value, leading with purpose, strategy development and execution, including investing in people, leadership of culture, and effective delegation. Experience in international markets.
Financial expertise	   	Finance and accounting experience of large companies including transformation and cost optimisation. Expertise in M&A, project financing and/or wholesale commodity markets. The skills to chair the Audit and Risk Committee.
IT, digital and new technologies	    	Contemporary digital ecosystem platforms and systems to support lean operations, automation, security management and customer innovation. Skills to support and challenge in capital investment plans, technology-enabled operational efficiencies and service improvements. Strong exposure to trends in new energy technologies, cleantech and new products that support decarbonisation including the developments in transmission and changing nature of the 'energy corridor'.

Board committees

The Board has four committees to perform work and provide specialist advice in certain areas. Our Board works to the principle that committees should enhance effectiveness in key areas, while still retaining Board responsibility.

The Audit and Risk Committee helps the Board fulfil its responsibilities relating to Contact's external financial reporting, internal control environment, business assurance and external audit functions, and risk management.

The Safety and Sustainability Committee supports the Board in relation to health, safety and wellbeing (HSW) objectives and monitoring HSW performance, and provides governance oversight of ESG matters.

The People Committee advises and supports the Board in fulfilling its responsibilities across all aspects of Contact's people and capability strategies, risks, policies and practices.

The Development Committee advises and supports the Board in relation to Contact's development pipeline, growth opportunities and major project delivery.

Contact does not have a Nominations Committee. Instead, this responsibility is held by the full Board. This reflects the importance all directors place on ensuring the Board is performing well and has the necessary skills.

The current members of the committees are:

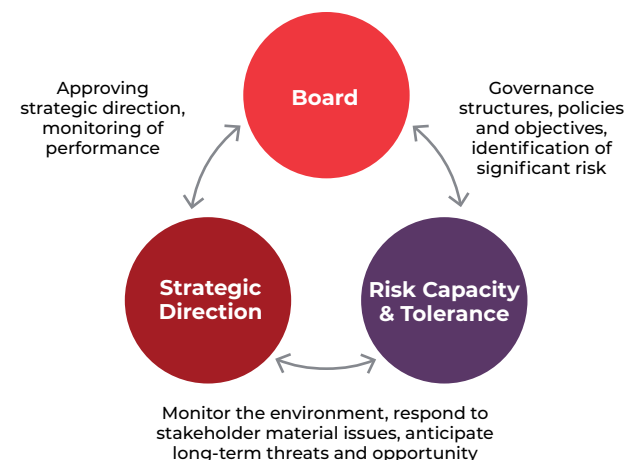
Committee	Members
Audit and Risk	Sandra Dodds (Chair) Victoria Crone Rukumoana Schaafhausen
Safety and Sustainability	Elena Trout (Chair) David Smol Rukumoana Schaafhausen
People	Jon Macdonald (Chair) Robert McDonald Sandra Dodds
Development	David Smol (Chair) Elena Trout Jon Macdonald

Code of Conduct and policies

We expect all of our people to act honestly, with integrity, in Contact's best interests and in accordance with the law, all the time. This expectation, along with our **Tikanga**, is enshrined in our **Code of Conduct**, which underpins our corporate policy framework. Our corporate policies address key risks and set expected standards of behaviour for our people. Information about how our key policies operate is in our **Corporate Governance Statement** and the policies themselves are on our **website**.

We have a **Protected Disclosure (Whistleblowing) Policy** which offers protections for employees who disclose serious wrongdoing in accordance with the process in the policy. Our whistleblower hotline has been replaced with an online portal to help ensure we're aware of any breaches of the Code of Conduct, our policies or any other illegal or unethical activity. The portal is easily accessible and user friendly – anyone at Contact who is concerned about any incident or behaviour can use the whistleblower portal to report that matter, anonymously if they choose. Any whistleblower disclosures are reported to the General Counsel and CEO and where appropriate, the Chair of the Board to investigate and take appropriate action.

During FY22, we published our second **Modern Slavery Statement**, which sets out the steps we have taken to identify, manage and mitigate the specific risks of modern slavery in our operations and supply chain. We also have a **Supplier Code of Conduct**, which outlines the behaviours we expect from suppliers, particularly regarding ethical, social and environmental business practices.



Risk management and assurance

Risk management

Our risk management framework enables the Board to set an appropriate risk strategy and ensure that risk is managed throughout the organisation. The framework ensures we have appropriate systems in place to identify material risks and that, where applicable, the Board sets appropriate tolerance limits. We assign responsibility to individuals to manage identified risks and we monitor any material change to Contact's risk profile.

Contact's enterprise risk management framework is supported by a range of systems and tools that help assess and report all risk types including environmental, social and governance risks across the organisation.

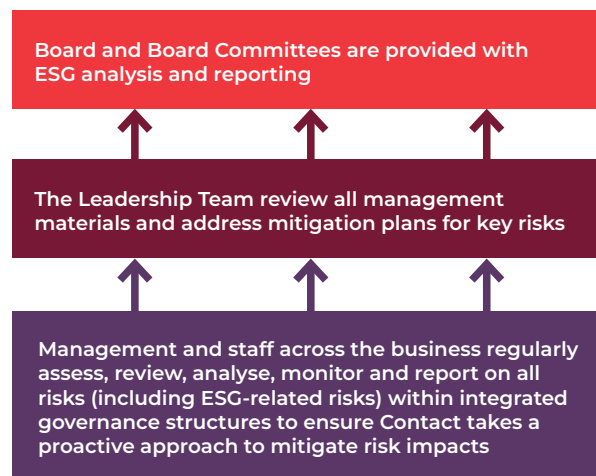
The Contact26 strategy has a strong focus on ESG commitments to create long-term value. A wide range of risks and environmental factors are considered by the Board during the strategy setting process including various climate-related analyses performed by the team to support stronger climate action practices in our decision-making.

Our corporate governance model is vertically integrated to ensure an appropriate level of support and oversight of our key climate-related risks.

- The full Board considers a wide range of risks (including economic, environment, social and governance risks) when reviewing the business strategy alongside a market update. The reports our teams produce ensure the Board understand the key risks and issues (such as climate change) that contribute to their decision-making.
- Top risks are reported to the Board Assurance and Risk Committee on a quarterly basis, reviewed with the full Board, and are actively monitored by the Leadership Team.
- The Board Safety and Sustainability Committee have formal oversight of climate-related issues and regularly review all ESG risks across Contact.
- Risks rated high and above are regularly monitored for active management by the leadership team.
- There is regular engagement with stakeholders (including local communities and tangata whenua in an area of growth as we aim to maintain our positive relationships) to assess and communicate the impacts of the changing environment.
- People at all levels of the organisation are encouraged to identify and manage potential risks to Contact.

There were no significant instances of non-compliance with laws and regulations, no fines were paid during the reporting period and there were no critical concerns.

The integrated nature of our operations means that climate-related risks are regularly assessed as part of our strategic, operational and emerging risk assessments. Mitigation plans for material risks are implemented to proactively manage the impact to Contact.



Assurance

Our business assurance team fulfils our internal audit function and provides objective assurance of the effectiveness of our internal control framework. The team is based in-house, and draws on external expertise where required.

The team brings a disciplined approach to evaluating and improving the effectiveness of risk management, internal controls and governance processes. We use a risk-based assurance approach driven by our risk management framework. The team also assists external audits by making findings from the internal assurance process available for the external auditor to consider when providing their opinion on the financial statements. The team has unrestricted access to all other departments, records and systems of Contact, and to the external auditor and other third parties as it deems necessary.

Auditors

We recognise that the role of our external auditor is critical for the integrity of our financial reporting. KPMG has been our external auditor since 2005. The Audit and Risk Committee ensures that the audit partner is changed at least every five years.

Following a formal request for proposal process, Contact has elected to appoint Ernst & Young as the Group's new external auditor for the financial year commencing 1 July 2022.

The change of auditor reflects Contact taking a governance leadership stance, applying best practice and developments in overseas regulation around external auditor rotation.

Our External Audit Independence Policy sets out the framework we use to ensure the independence of our external auditors is maintained and their ability to carry out their statutory audit role is not impaired. Under this policy, the external auditor may not do any work for Contact that compromises, or is seen to compromise, the independence and objectivity of the external audit process. In addition, the external auditor confirms its continuing independent status to the Board every six months.

The Chair of the Audit and Risk Committee approved KPMG to perform additional engagements this year including assuring our green borrowing programme, greenhouse gas emissions and Global Reporting Index (GRI) indicators.

Representatives from the external auditor KPMG attend Contact's annual shareholder meeting, where they're available to answer shareholders' questions relating to the audit.

Remuneration report

Dear fellow shareholders

I am pleased to present Contact's remuneration report for FY22 on behalf of the Board's People Committee.

FY22 financial results and remuneration

Contact has delivered a solid financial result for shareholders this year with profit of \$182 million, EBITDAF¹ of \$537 million, and operating free cash flow¹ of \$325 million. Operating costs and capital expenditure have been managed well, while contending with inflationary pressures and supply constraints.

Our discretionary short-term incentive pool reflects Contact's performance in FY22 and any payments under these arrangements to eligible participants will be made in September 2022. Given the company's performance over the past year, we consider executive remuneration is appropriate.

We are committed to paying appropriate market rates for all roles, and making sure people are rewarded for their performance and experience.

A detailed overview of current employee remuneration is set out in **Employee remuneration**.

The Contact team has proven resilient and flexible through further changes in Covid-19 alert levels and restrictions in FY22, ensuring minimal business disruption.

We know our people are key to our success and we are continuously looking for ways to improve as part of our commitment to being a good employer. We have made good progress and we look forward to continuing to make progress through FY23 and beyond. You can read more about our overall employee proposition in **Transformative ways of working**.



Jon Macdonald
Chair, People Committee

¹ EBITDAF and operating free cash flow are non-GAAP (generally accepted accounting practice) measures. Information regarding the usefulness, calculation and reconciliation of these measures is provided within note A2 to the financial statements.



Directors' remuneration

The total directors' fee pool is \$1,500,000 per year. It has not been increased since it was approved by shareholders in 2008. Actual fees paid to directors are determined by the Board on the recommendation of the People Committee. Between FY21 and FY22, fees for Board and Committee fees increased by around 2 percent, with a bigger increase for the Development Committee to bring it in line with the other Committees.

Directors' fees exclude GST, where appropriate. In addition, Board members are reimbursed for costs directly associated with carrying out their duties, such as travel costs.

Contact employees appointed as directors of Contact subsidiaries do not receive any director fees. Chris Seel was a non-executive director of Simply Energy Limited and was paid \$18,000 in director fees during FY22. Chris resigned from the Simply Board on 11 March 2022. Dane Coppel is a non-executive director of Western Energy Services Limited and was paid \$24,000 in director fees during FY22.

Details of the total remuneration paid to each Contact director for FY22 are as follows:

Directors	Board fees	Audit and Risk Committee	Safety and Sustainability Committee	People Committee	Development Committee	Total Remuneration
Robert McDonald	\$290,000					\$290,000
Victoria Crone	\$140,000	\$23,250				\$163,250
Sandra Dodds**	\$116,667	\$38,750		\$11,042		\$166,458
Jon Macdonald	\$140,000			\$26,500	\$13,250	\$179,750
Rukumoana Schaaflhausen	\$140,000	\$23,250	\$13,250			\$176,500
David Smol	\$140,000		\$13,250		\$26,500	\$179,750
Elena Trout	\$140,000		\$26,500		\$13,250	\$179,750
Dame Therese Walsh*	\$23,333	\$7,750		\$2,208		\$33,292
Total	\$1,130,000	\$93,000	\$53,000	\$39,750	\$53,000	\$1,368,750

* Dame Therese Walsh resigned from the Board on 31 August 2021.

** Sandra Dodds joined the Board on 1 September 2021 and replaced Dame Therese Walsh as Chair of the Audit and Risk Committee and Member of the People Committee.

FY22	Chair per annum	Member per annum
Board of Directors	\$290,000*	\$140,000
Audit and Risk Committee	\$46,500	\$23,250
Safety and Sustainability Committee	\$26,500	\$13,250
People Committee	\$26,500	\$13,250
Development Committee	\$26,500	\$13,250

* No additional fees are paid to the Board Chair for committee roles.

Contact employee remuneration

We're committed to paying appropriate market rates for all our roles, and ensuring our people are rewarded for their performance and experience.

There are three parts to employee remuneration – fixed remuneration, variable remuneration, and other benefits. These combine to attract, reward and retain high-performing employees.

In 2021, Contact amended its remuneration framework so that only our senior people remained eligible for any variable component of remuneration, e.g. STI, LTI. Our people below senior management were provided with a commensurate increase to their fixed remuneration.

In FY22, Contact has 48 people with a component of cash STI variable remuneration.

Fixed remuneration

Fixed remuneration is based on the role responsibilities, individual performance and experience, and current market remuneration data. Contact targets fixed remuneration at the median of the market range.

Variable remuneration

Variable remuneration recognises and rewards high-performing senior employees and comprises short-term incentives (cash and deferred share rights) and long-term incentives (performance share rights).

Short-term incentives (STI)

STIs are designed to recognise and reward high performance with cash incentives and deferred

share rights through Contact's equity scheme for some higher-level roles and key talent. STIs have a maximum potential level set reflecting the person's role grade, and are based on performance measured against key performance indicators (KPIs), which consist of company and individual objectives. The Board reserves the right to adjust STI awards if necessary.

Long-term incentives (LTI)

Contact provides awards of performance share rights through Contact's equity scheme to our senior people and key talent. This aims to encourage and reward longer-term decision-making and align participants' interests with Contact's shareholders. These are subject to performance hurdles.

Equity scheme

At 30 June 2022 there were 88 participants in Contact's equity scheme. For further details on the equity scheme and the number of performance share rights and deferred share rights granted, exercised, lapsed and on issue at the end of the reporting period, see note E10 of the financial statements.

Other benefits

We know that rewards mean more than just money, so we offer our people a range of other benefits too. Some of these have eligibility criteria and include: discounts for home energy and broadband; employer-subsidised health insurance; an employee share ownership plan called 'Contact Share' (see note E11 in financial statements for more detail); and additional benefits and offers from retailers and service providers.



Chief Executive Officer and Executive Team remuneration structure

The CEO and Executive Team remuneration is reviewed by our Board each year. The Board works closely with and is advised by Contact's People Committee.

The remuneration reflects the complexity of the roles and the wide-ranging skills needed to do them well. We also consider market remuneration data benchmarks, look at the achievement of performance goals and factor in creating long-term sustainable shareholder value.

The total remuneration is made up of a fixed remuneration component, which includes cash salary and other employment benefits, and variable remuneration containing short-term incentives (cash and equity awarded through deferred share rights) and long-term incentives (equity awarded through performance share rights).

The CEO and Executive Team variable remuneration is structured as follows:

Scheme	Description	Performance measures	Potential
Cash STI	Cash STI is a discretionary scheme based on achievement of KPIs.	<p>70% based on corporate shared KPIs:</p> <ul style="list-style-type: none"> • 40% financial results (operating free cash flow¹, EBITDAF¹, OPEX) • 15% safety targets • 30% strategy delivery and key operational milestone targets • 15% transformation targets <p>30% based on individual KPIs.</p> <p>Executive Team individual KPIs are a mix of shared objectives and goals specific to each individual.</p> <p>The CEO individual KPIs for the year ending 30 June 2022 including leadership performance of Contact's key strategic initiatives, leadership of the executive team and stakeholder engagement.</p>	<p>Executive Team maximum potential 35% of base salary.</p> <p>CEO maximum potential 50% of base salary.</p>
Equity STI (awarded as deferred share rights)	Equity STI allows the participant to acquire shares at a \$0 exercise price subject to a tenure hurdle.	<p>The participant's performance rating influences the Equity STI awarded by the Board.</p> <p>The exercise hurdle to receive these is to remain employed by Contact 2 years from the grant date.</p>	<p>Executive Team maximum potential 30% of base salary.</p> <p>CEO maximum potential 30% of base salary.</p>
Equity LTI (awarded as performance share rights)	Equity LTI allows the participant to acquire shares at a \$0 exercise price subject to the exercise hurdle being achieved.	<p>The exercise hurdles to receive these are:</p> <ul style="list-style-type: none"> • 50% Contact's relative total shareholder return (TSR) ranking within an energy industry peer group of other New Zealand NZX50 listed utilities companies. • 50% internal hurdle related to our strategic priority of decarbonisation. For the issue in FY22 this included renewable generation development, stimulation of the transition of fossil fuel usage to electricity, and the delivery of our Tauhara power station. <p>Tested once, at year 3.</p>	<p>Executive Team set at 20% of base salary.</p> <p>CEO set at 35% of base salary.</p>

¹ EBITDAF and operating free cash flow are non-GAAP (generally accepted accounting practice) measures. Information regarding the usefulness, calculation and reconciliation of these measures is provided within note **A2** to the financial statements.

CEO remuneration

The following table details the nature and amount of remuneration paid to Mike Fuge for his time as CEO during the year. The structure of the CEO remuneration is detailed on the previous page.

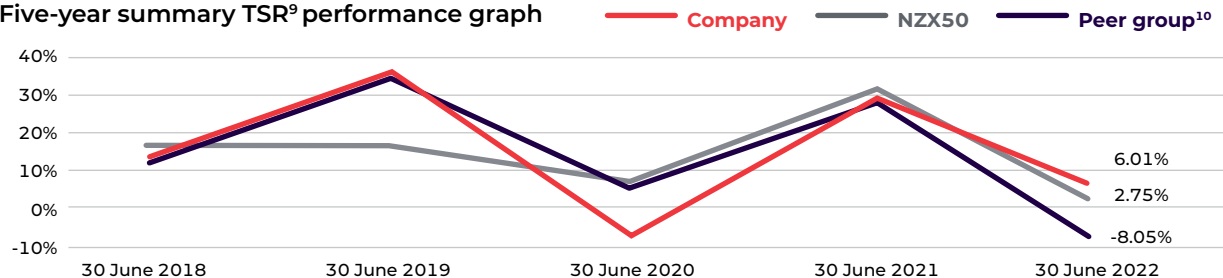
CEO remuneration for the period ended 30 June 2022

Position	Fixed remuneration			Pay-for-performance remuneration				Total remuneration
	Salary paid	Benefits	Subtotal	Cash STI	Equity STI	Equity LTI	Subtotal	
	\$	\$	\$	\$	\$	\$	\$	\$
FY22	1,150,000	48,713 ¹	1,198,713	329,590 ²	197,800 ³	402,500 ⁴	929,890	2,128,603

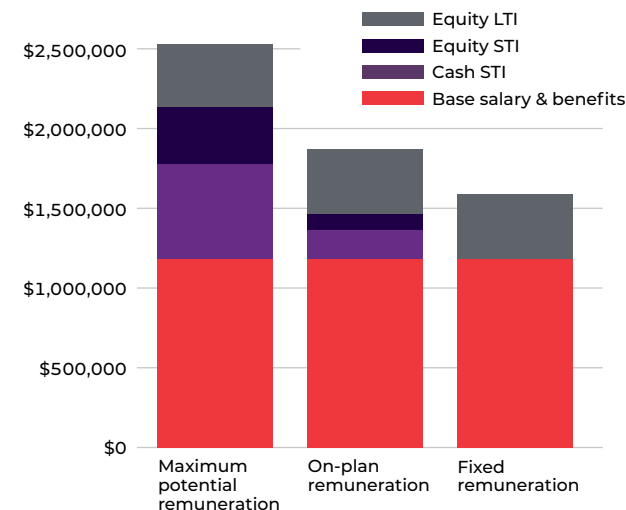
Five-year CEO remuneration summary

Financial year	Total remuneration paid ⁵	Percentage Cash STI awarded against maximum	Percentage vested Equity STI against maximum	Span of Equity STI performance period	Percentage vested Equity LTI against maximum	Span of Equity LTI performance period
Mike Fuge						
FY22	\$2,128,603	57%	0%	n/a	0%	n/a
FY21	\$2,280,840	75%	0%	n/a	0%	n/a
FY20 ⁶	\$669,641	40%	0%	n/a	0%	n/a
Dennis Barnes						
FY20 ⁷	\$995,566	32%	100%	2017–2019	2015 Options/PSR 89.54% 2016 Options/PSR 50%	2015–2020 2016–2020
FY19	\$1,787,816	78%	100%	2016–2018	2013 Options 100% ⁸ 2014 Options 100%	2013–2018 2014–2019
FY18	\$3,031,608	55%	100%	2015–2017		0% n/a

Five-year summary TSR⁹ performance graph



The scenario chart below demonstrates the elements of Mike Fuge's CEO remuneration design for FY22.



- Benefits include 3% KiwiSaver contribution calculated on remuneration amounts including cash STI, and health insurance.
- STI for FY22 period 57% of maximum potential, paid in FY23 (September 2022).
- Equity STI, 57% of maximum potential, based on fair value allocation. To be granted 1 October 2022 and tested October 2024.
- Equity LTI is based on fair value allocation. To be granted 1 October 2022 and tested October 2025.
- Total remuneration paid includes salary, benefits, Cash STI, and value of STI and LTI Equity (paid in shares).
- 24 February 2020 – 30 June 2020
- 1 July 2019 – 28 February 2020
- 100% of STI and LTI Equity vested as a result of Origin selling its shareholding in Contact triggering vesting of equity due to the change of control.
- TSR calculated using the volume-weighted average price for the 3 months prior to year end.
- Peer group is a simple average of Meridian, Genesis, Mercury, Vector and Trustpower, with Trustpower only in the group from FY18.

Group¹ employees who earn over \$100k

The table shows the number of our people (including any who have left) who received remuneration and other benefits during FY22 of at least \$100,000 for the year ended 30 June 2022.

The value of remuneration benefits analysed includes:

- fixed remuneration including allowance/overtime payments
- employer superannuation contributions
- short-term cash incentives relating to FY21 performance but paid in FY22 (Contact and Simply Energy)
- the value of equity-based incentives at fair value allocation received during FY22 (Contact)
- the value of Contact Share received during FY22 (Contact)
- redundancy and other payments made on termination of employment.

The figures do not include amounts paid after 30 June 2022 that relate to the year ended 30 June 2022 or the remuneration (and any other benefits) of the Contact CEO, Mike Fuge, as this is disclosed in **CEO remuneration**.

Table of employees who earn over \$100k

Remuneration band	Number of employees
\$100,001–\$110,000	47
\$110,001–\$120,000	51
\$120,001–\$130,000	52
\$130,001–\$140,000	56
\$140,001–\$150,000	55
\$150,001–\$160,000	52
\$160,001–\$170,000	46
\$170,001–\$180,000	36
\$180,001–\$190,000	27
\$190,001–\$200,000	12
\$200,001–\$210,000	13
\$210,001–\$220,000	9
\$220,001–\$230,000	16
\$230,001–\$240,000	13
\$240,001–\$250,000	11
\$250,001–\$260,000	15
\$260,001–\$270,000	4
\$270,001–\$280,000	10
\$280,001–\$290,000	3
\$290,001–\$300,000	2
\$300,001–\$310,000	4
\$310,001–\$320,000	3
\$320,001–\$330,000	2
\$330,001–\$340,000	1
\$360,001–\$370,000	4
\$370,001–\$380,000	1
\$390,001–\$400,000	2
\$400,001–\$410,000	3
\$420,001–\$430,000	2

Remuneration band	Number of employees
\$430,001–\$440,000	2
\$450,001–\$460,000	1
\$460,001–\$470,000	2
\$510,001–\$520,000	1
\$540,001–\$550,000	1
\$550,001–\$560,000	1
\$560,001–\$570,000	1
\$580,001–\$590,000	1
\$620,001–\$630,000	1
\$630,001–\$640,000	1
\$660,001–\$670,000	1
\$670,001–\$680,000	1
\$720,001–\$730,000	1
\$800,001–\$810,000	1
\$830,001–\$840,000	1
\$940,001–\$950,000	1
\$1,170,001–\$1,180,000	1
Grand Total	571*

* Includes 42 former employees across the group (excluding Drylandcarbon and Forest Partners).

¹ Excludes Drylandcarbon and Forest Partners.

Gender pay reporting

Contact's commitment

One of the principles of our Tikanga (our moral compass) is to put our energy into things that matter. Being inclusive, encouraging diversity and expressions of ideas and opinions is a key focus of that. We are committed to building a workforce that reflects, and is inclusive of, the diverse communities of Aotearoa.

Understanding our pay reporting

Pay reporting is broadly defined as:

Gender parity – is when men and women are equally represented at all levels at Contact.

Gender pay gap – is the gap between the pay of women and the pay of men.

Pay gap calculation:

$$\frac{\text{average male hourly rate} - \text{average female hourly rate}}{\text{average male hourly rate}}$$

Closing the gender pay gap typically relies on addressing all of these elements. Pay equity (equal pay for equal work) will typically not close the overall gender gap especially if genders are not equally represented at each level of the organisation.

Gender pay equity – is equal pay for equal work – that is people undertaking the same work (i.e. roles requiring a similar level of skills, knowledge, and accountabilities) being paid the same regardless of gender. (Note, Equal pay is a legal requirement in New Zealand. We have processes and monitoring in place to ensure our people are treated and paid fairly, meeting both our legal and moral obligations.)

Pay equity calculation:

$$\frac{\text{average female (fixed remuneration/midpoint of salary range)}}{\text{average male (fixed remuneration/midpoint of salary range)}}$$

Contact's pay reporting

We recognise and respect that gender is not binary. For this reporting we have calculated our gender pay equity and pay gap only as the difference between those who identify as Woman and Men (around 1.5% of our people identify as gender diverse).

Contact's average pay gap is 32.7% (median 50.2%). There are two key drivers of our gender pay gap. The first being a higher proportion of our women in our customer channels and secondly a lower proportion of woman in highly skilled energy roles. Closing our gaps requires us to improve the gender balance with these areas.

Contact's pay equity sits at 95.2%. We assess all roles at Contact based on the skills, capability and experience required for the role. We then use market data to apply an appropriate remuneration range for each role. Roles are then grouped into pay bands, which cluster similar sized roles together. The bands contain different roles that may be filled by people with a range of experience. This can include people recently promoted into higher roles or bands, and who sit at the lower end of the range.

Each year, as part of our annual salary review we review all our data to ensure that we are maintaining our commitment to gender pay equity, and make adjustments if required. We remain committed to achieving more balance of gender across all levels at Contact.

We're implementing a number of initiatives to drive improvement, including external partners to improve female participation in some historically male dominated fields, applying gender recruitment targets where appropriate to increase the representation of women, and a continued focus to promote women internally into more senior level roles.

We recognise that these activities will take time to have an impact.

Additional Contact remuneration disclosures

- CEO-to-employee pay ratio, 29:1. The ratio between the total annual compensation of the CEO and the median employee compensation.
- Contact does not implement any clawback practices on employee remuneration other than in situations permitted by Aotearoa New Zealand legislation (e.g. for correction of overpayments).
- Contact has remediated underpayments to our current and ex-employees following a review of how we applied the regulations in the Holidays Act 2003.
- Contact does not have a share ownership requirement for the CEO or Executive Team.
- The notice period for Mike Fuge in his role as CEO is six months.

Career Level	% Women population	% Men population	Pay Equity	Pay Gap
Executive	0.2%	0.8%	N/A	12.1%
Strategic Senior Management	1.0%	3.0%	96.9%	3.1%
Operational Management/National Specialist	4.5%	9.0%	96.3%	7.9%
Team Leader/Technical Specialist	15.2%	32.8%	97.2%	13.5%
Team Member	25.8%	7.8%	100.9%	1.6%
Overall	46.6%	53.4%	95.2%	32.7%

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Disclosures of interests by directors

The table below lists the general disclosures of interest by directors of Contact Energy Limited as at 30 June 2022 in accordance with section 140 of the Companies Act 1993.

Robert McDonald

University of Auckland Council	Member
University of Auckland Business School Advisory Board	Chair
Fletcher Building Limited	Director
AIA Limited	Director
Chartered Accountants Australia & New Zealand	Director

Victoria Crone

Statistics New Zealand	Chair
Callaghan Innovation*	Chief Executive Officer
Figure.NZ	Chair
ASB Bank Limited	Director
Variety – the Children's Charity	Chair

*Resigned effective 15 July 2022

Sandra Dodds

Beca Group Limited	Director
Snowy Hydro Limited (Australian Government owned entity)	Director
OceanaGold Limited (listed TSX & ASX)	Director

Jon Macdonald

Sharesies Limited and various subsidiaries	Director
Titan Parent New Zealand Limited (Parent company of Trade Me Ltd).	Director
Mitre 10 (New Zealand) Ltd and various subsidiaries	Director
My Food Bag Group Limited	Director
Summer of Technology Limited	Director

Rukumoana Schaafhausen

Alvarium Investments (NZ) Limited	Director
Three Waters National Transition Unit Board	Board Member
AgResearch Limited	Director
KGS Limited	Chair
Te Waharoa Investments Limited	Managing Director
Miro (Hautupua) Limited	Chair
Water Governance Board, Waikato District Council	Director
Tindall Foundation	Trustee
Princes Trust NZ	Trustee
Equippers Church Trust	Trustee

David Smol

New Zealand Growth Capital Partners Limited	Chair
Department of Internal Affairs' External Advisory Committee	Chair
Ministry of Social Development's Risk and Audit Committee	Chair
New Zealand Transport Agency	Board Member
GeoNet Advisory Panel	Chair
The Co-operative Bank Limited	Director
Victoria Link Limited	Chair

Elena Trout

Te Rāhui Herenga Waka Whakatāne Limited	Independent Director
Citycare Limited	Independent Director
Hāpaitia Limited	Director
Ara Ake Limited	Director
Waihanga Ara Rau Construction and Infrastructure Workforce Development Council	Co-Chair
Callaghan Innovation	Director
Ngāpuhi Asset Holding Company Limited and various subsidiaries	Director
Joint NZ Defence Force and Ministry of Defence Capability Governance Board (CGB)	External Member
Energy Efficiency and Conservation Authority (EECA)	Chair
Harrison Grierson Holdings Limited and various subsidiaries	Director
Motiti Investments Limited	Director

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Information used by Directors

No director issued a notice requesting to use information received in his or her capacity as a director that would not otherwise be available to the director.

Indemnity and insurance

In accordance with section 162 of the Companies Act 1993 and the constitution of the company, Contact has continued to indemnify and insure its directors and officers, including directors of subsidiaries, against potential liability or costs incurred in any proceeding, except to the extent prohibited by law.

Directors' security participation

The Contact 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.

Securities of the company in which each director has a relevant interest at 30 June 2022

Director	Ordinary shares	Bonds	Capital Bonds
Robert McDonald	34,602	35,000	
Victoria Crone*	21,860		
Sandra Dodds	15,170		
Jon Macdonald	23,930		20,000
Rukumoana Schaafhausen	–		
David Smol	21,201		
Elena Trout	21,978		

* In addition, Victoria Crone has an interest in 4,401 ordinary shares as a trustee of a family trust.

Securities dealings of directors

During the year, Contact directors acquired a relevant interest in securities as follows. Consideration per share/bond is stated in NZD unless otherwise specified.

Director	Date of acquisition	Nature of transaction	Consideration per share/bond	Number of shares/bonds acquired
Victoria Crone	30/3/22	Acquisition of ordinary shares under DRP	\$7.8750	327
Sandra Dodds	12/11/21	On-market purchase of ordinary shares	AUD\$7.710350	10,000
	30/3/22	Acquisition of ordinary shares under DRP	\$7.8750	170
	21/6/22	On-market purchase of ordinary shares	AUD\$6.500000	5,000
Jon Macdonald	15/9/21	Acquisition of ordinary shares under DRP	\$8.1127	503
	19/11/22	Acquisition of Capital Bonds (CEN060) upon allotment	\$1.00	20,000
	30/3/22	Acquisition of ordinary shares under DRP	\$7.8750	359
David Smol	15/9/21	Acquisition of ordinary shares under DRP	\$8.1127	380
	30/3/22	Acquisition of ordinary shares under DRP	\$7.8750	271
Elena Trout	15/9/21	Acquisition of ordinary shares under DRP	\$8.1127	462
	30/3/22	Acquisition of ordinary shares under DRP	\$7.8750	330

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Shareholder statistics

Twenty largest shareholders at 30 June 2022

	Number of ordinary shares	% of ordinary shares
National Nominees New Zealand Limited	66,016,208	8.46
HSBC Nominees (New Zealand) Limited	54,804,047	7.02
Citibank Nominees (Nz) Ltd	53,010,232	6.79
HSBC Nominees (New Zealand) Limited	51,426,514	6.59
Custodial Services Limited	51,081,577	6.54
JPMORGAN Chase Bank	40,971,392	5.25
Accident Compensation Corporation	30,455,807	3.9
FNZ Custodians Limited	28,570,447	3.66
Bnp Paribas Nominees NZ Limited Bpss40	26,445,282	3.39
New Zealand Superannuation Fund Nominees Limited	22,075,119	2.83
JBWERE (Nz) Nominees Limited	18,946,648	2.43
Forsyth Barr Custodians Limited	18,811,091	2.41
Tea Custodians Limited	15,161,019	1.94
New Zealand Depository Nominee	12,079,808	1.55
Premier Nominees Limited	11,113,172	1.42
New Zealand Permanent Trustees Limited	9,558,863	1.22
Cogent Nominees Limited	9,398,708	1.2
J P Morgan Nominees Australia Pty Limited	8,142,487	1.04
Private Nominees Limited	7,991,457	1.02
Bnp Paribas Nominees NZ Limited	7,082,957	0.91
Total for top 20	543,142,835	69.57

Distribution of ordinary shares and shareholders at 30 June 2022

Size of holding	Number of shareholders	% of shareholders	Number of ordinary shares	% of ordinary shares
1–1,000	27,209	44.12	17,290,030	2.21
1,001–5,000	28,217	45.75	52,170,579	6.68
5,001–10,000	3,501	5.68	24,670,723	3.16
10,001–50,000	2,432	3.94	46,793,804	5.99
50,001–100,000	195	0.32	13,573,385	1.74
100,001 and over	117	0.19	626,139,782	80.21
Total	61,671	100.00	780,638,303	100.00

Substantial product holders

According to notices given under the Financial Markets Conduct Act 2013, the following persons were substantial product holders of the company as at 30 June 2022:

Substantial product holder	Number of ordinary shares in which relevant interest is held	Date of notice
Milford Asset Management Limited	47,603,648	26 January 2022

The total number of voting securities of Contact at 30 June 2022 was 780,638,303 fully paid ordinary shares.

Bondholder statistics

Twenty largest CEN040 bondholders at 30 June 2022

	Number of CEN040 bonds	% of CEN040 bonds
Citibank Nominees (Nz) Ltd	18,922,000	18.92
Custodial Services Limited	13,264,000	13.26
FNZ Custodians Limited	12,062,000	12.06
Bnp Paribas Nominees NZ Limited Bpss40	7,684,000	7.68
HSBC Nominees (New Zealand) Limited	7,038,000	7.04
Cogent Nominees Limited	5,785,000	5.79
Southern Cross Medical Care Society	4,000,000	4.00
Forsyth Barr Custodians Limited	3,967,000	3.97
Private Nominees Limited	2,527,000	2.53
Tea Custodians Limited	2,404,000	2.4
Investment Custodial Services Limited	2,233,000	2.23
NZ Permanent Trustees Ltd Grp Invstmnt Fund No 20	1,537,000	1.54
Forsyth Barr Custodians Limited	1,418,000	1.42
JBWERE (Nz) Nominees Limited	1,288,000	1.29
Hobson Wealth Custodian Limited	1,070,000	1.07
FNZ Custodians Limited	966,000	0.97
Forsyth Barr Custodians Limited	936,000	0.94
Xiaofeng Chen	638,000	0.64
FNZ Custodians Limited	609,000	0.61
Dunedin City Council	600,000	0.60
Total for top 20	88,948,000	88.96

Distribution of CEN040 bonds and bondholders at 30 June 2022

Size of holding	Number of bondholders	% of bondholders	Number of bonds	% of bonds
1,001–5,000	33	11.66	165,000	0.17
5,001–10,000	66	23.32	631,000	0.63
10,001–50,000	143	50.53	3,762,000	3.76
50,001–100,000	13	4.59	996,000	1.00
100,001 and over	28	9.89	94,446,000	94.45
Total	283	100.00	100,000,000	100.00

Twenty largest CEN050 bondholders at 30 June 2022

	Number of CEN050 bonds	% of CEN050 bonds
Custodial Services Limited	22,325,000	22.33
FNZ Custodians Limited	11,462,000	11.46
Bnp Paribas Nominees (Nz) Limited	10,500,000	10.5
Bnp Paribas Nominees NZ Limited Bpss40	6,850,000	6.85
Citibank Nominees (Nz) Ltd	4,580,000	4.58
HSBC Nominees (New Zealand) Limited	4,530,000	4.53
Westpac Banking Corporation	3,932,000	3.93
Forsyth Barr Custodians Limited	3,769,000	3.77
Cogent Nominees Limited	3,766,000	3.77
Tea Custodians Limited	3,050,000	3.05
Forsyth Barr Custodians Limited	2,345,000	2.35
University Of Otago Foundation Trust	1,750,000	1.75
JBWERE (Nz) Nominees Limited	1,747,000	1.75
HSBC Nominees (New Zealand) Limited	1,300,000	1.30
Investment Custodial Services Limited	1,265,000	1.26
Mt Nominees Limited	1,241,000	1.24
Private Nominees Limited	1,000,000	1.00
NZ Permanent Trustees Ltd Grp Invstmnt Fund No 20	998,000	1.00
FNZ Custodians Limited	988,000	0.99
Woolf Fisher Trust Inc	950,000	0.95
Total for top 20	88,348,000	88.36

Distribution of CEN050 bonds and bondholders at 30 June 2022

Size of holding	Number of bondholders	% of bondholders	Number of bonds	% of bonds
1,001–5,000	6	3.03	30,000	0.03
5,001–10,000	41	20.71	401,000	0.40
10,001–50,000	105	53.03	2,765,000	2.77
50,001–100,000	20	10.10	1,496,000	1.50
100,001 and over	26	13.13	95,308,000	95.31
Total	198	100.00	100,000,000	100.00

Twenty largest CEN060 bondholders at 30 June 2022

	Number of CEN060 bonds	% of CEN060 bonds
Forsyth Barr Custodians Limited	53,984,000	23.99
JBWERE (Nz) Nominees Limited	33,924,000	15.08
Custodial Services Limited	31,563,000	14.03
New Zealand Permanent Trustees Limited	19,289,000	8.57
Hobson Wealth Custodian Limited	14,999,000	6.67
National Nominees New Zealand Limited	14,662,000	6.52
FNZ Custodians Limited	10,738,000	4.77
Forsyth Barr Custodians Limited	4,201,000	1.87
Tea Custodians Limited	3,481,000	1.55
Adminis Custodial Nominees Limited	2,007,000	0.89
Mmc Limited	1,800,000	0.80
Francis Horton Tuck	1,640,000	0.73
Bnp Paribas Nominees NZ Limited Bpss40	1,632,000	0.73
Investment Custodial Services Limited	1,522,000	0.68
University Of Otago Foundation Trust	1,000,000	0.44
Fletcher Building Educational Fund	900,000	0.40
Hobson Wealth Custodian Limited	809,000	0.36
Jml Capital Limited	650,000	0.29
Thomas Hermann Grothe	630,000	0.28
Forsyth Barr Custodians Limited	418,000	0.19
Total for top 20	199,849,000	88.84

Distribution of CEN060 bonds and bondholders at 30 June 2022

Size of holding	Number of bondholders	% of bondholders	Number of bonds	% of bonds
1,001–5,000	78	9.85	390,000	0.17
5,001–10,000	228	28.79	2,236,000	0.99
10,001–50,000	381	48.11	9,742,000	4.33
50,001–100,000	50	6.31	4,082,000	1.81
100,001 and over	55	6.94	208,550,000	92.69
Total	792	100.00	225,000,000	100.00

Directors of Contact Energy Limited and subsidiaries

The following people held office as directors of Contact Energy Limited as at 30 June 2022: Robert McDonald, Victoria Crone, Sandra Dodds, Jon Macdonald, Rukumoana Schaafhausen, David Smol and Elena Trout. Sandra Dodds was appointed in September 2021 and Dame Therese Walsh left the Board in August 2021.

The below table lists the subsidiaries of Contact Energy Limited and the people who held office as directors as at 30 June 2022.

Company name	Directors	Further information
Simply Energy Limited	Dorian Devers Murray Dyer James Flannery Jacqui Nelson Stephen Peterson	Jacqui Nelson was appointed effective 19 October 2021. James Flannery was appointed effective 27 April 2022. Christopher Seel ceased being a director on 11 March 2022. Catherine Thompson ceased being a director on 19 October 2021. James Kilty ceased being a director on 26 July 2021.
Western Energy Services Limited	Dane Coppell Dorian Devers Michael Dunstall Jacqui Nelson	Jacqui Nelson was appointed effective 19 October 2021. Catherine Thompson ceased being a director on 19 October 2021. James Kilty ceased being a director on 29 July 2021.
Contact Energy Risk Limited	Antony Balfour Will Dorian Devers Mike Fuge	Contact Energy Risk Limited was duly incorporated on 18 May 2022 as an international company with its registered office in the Cook Islands.

NZX waivers

There were no waivers granted by NZX or relied on by Contact in the 12 months preceding 30 June 2022.

Stock exchange listings

Contact's ordinary shares are listed and quoted on the NZX Main Board and the Australian Securities Exchange (ASX) under the company code 'CEN'. Contact has two tranches of green retail bonds listed and quoted on the NZX Debt Market under the company codes 'CEN040' and 'CEN050', and one tranche of green capital bonds listed and quoted on the NZX Debt Market under the company code 'CEN060'. Contact's listing on the ASX is as a Foreign Exempt Listing. For the purposes of ASX listing rule 1.15.3, Contact confirms that it continues to comply with the NZX listing rules.

Exercise of NZX disciplinary powers

NZX did not exercise any of its powers under Listing Rule 9.9.3 in relation to Contact during FY22.

Auditor fees

KPMG has continued to act as auditors of the company. The amount payable by Contact and its subsidiaries to KPMG as audit fees in respect of FY22 was \$568,000. The fees for other services undertaken by KPMG during FY22 totalled \$100,500. These related to other assurance activities: reasonable assurance reviews of Contact's green borrowing programme and greenhouse gas emissions reporting, and a limited assurance review of Contact's GRI reporting.

Donations

In accordance with section 211(1)(h) of the Companies Act 1993, Contact records that it donated \$199,688 in FY22 including charitable donations, and where we have given a koha. Donations are made on the basis that the recipient is not obliged to provide any service such as promoting Contact's brand and are separate from Contact's sponsorship activity. No political contributions were made during the year.

Contact spent \$714,054 in the community and supported 111 initiatives through sponsorship, donations and partnerships. Our people spent 474 hours volunteering with 17 organisations in their communities.

Credit rating

Contact Energy Limited has a Standard & Poor's long-term credit rating of BBB/stable and short term rating of A-2.

The \$100 million unsubordinated, unsecured fixed rate bonds issued in February 2017 are rated BBB by Standard & Poor's.

The \$100 million unsubordinated, unsecured fixed rate bonds issued in March 2019 are rated BBB by Standard & Poor's.

The \$225 million subordinated, unsecured, redeemable, fixed rate capital bonds issued in November 2021 are rated BB+ by Standard & Poor's.

Sustainability disclosures

All sustainability disclosures are for 1 July 2021 to 30 June 2022 unless stated otherwise. Reported data is for Contact only unless stated otherwise.

Scope 1 emissions Contact, Simply Energy and Western Energy

All emissions reported are for Contact, Simply Energy and Western Energy. Emissions from Drylandcarbon and Forest Partners are not reported, however are considered minimal.

	Emissions (tCO ₂ e)		Thermal Generation Emission Intensity (tCO ₂ e per MWh)		Total Generation Emission Intensity (tCO ₂ e per MWh)	
	FY22	FY21	FY22	FY21	FY22	FY21
Fuel used for thermal generation	604,929	866,013				
Fuel used for geothermal generation	181,615	178,524				
Total fuel used for generation	786,544	1,044,537	0.578	0.544	0.095	0.124
Fuel used in vehicles	297	178				
Fugitive emissions – SF6	1	29				
Total Scope 1	786,842	1,044,744				

Scope 2 emissions Contact, Simply Energy and Western Energy

	FY22 tCO ₂ e	FY21 tCO ₂ e
Contact – electricity consumption	1,394	1,300
Simply Energy – electricity consumption	3	3
Western Energy – electricity consumption	2	N/A
Total Scope 2	1,399	1,303

Scope 3 emissions Contact, Simply Energy and Western Energy

	FY22 tCO ₂ e	FY21 tCO ₂ e
Purchased goods and services	6,371	16,699
Capital goods	57,876	41,726
Fuel- and energy-related activities	149,743	330,207
Upstream distribution and transportation	444	27
Waste	108	149
Business travel	567	263
Employee commuting	832	306
Use of sold products	178,554	165,259
Downstream leased assets	289	399
Total Scope 3	394,784	555,035

Total Scope 1, 2 & 3 emissions Contact, Simply Energy and Western Energy

	FY22 tCO ₂ e	FY21 tCO ₂ e
Total emissions	1,183,025	1,601,082

Total solid waste disposed

	FY22	FY21	FY20	FY19
Total waste generated (metric tonnes)	91.7	132.0	108.6	126.1
Total waste used/recycled/sold (metric tonnes)	0.7	6.0	3.6	3.4

We do not track used/recycled/sold waste for all our sites of operation, figures indicate recycled waste where tracked.

Direct mercury emissions

	FY22	FY21	FY20	FY19
Direct mercury emissions (metric tonnes)	0.202	0.079	0.174	0.303

External commitments

Organisation/ Group	Date of adoption	Commitment
Wellbeing Tick workplace accreditation	February 2022	We've committed to a partnership with The Wellbeing Tick Workplace Accreditation programme, which will see Contact systemically design wellbeing into the way we work, to enable our people to thrive. Aiming for accreditation in Feb 2023.
Climate Leaders Coalition	July 2019	<ul style="list-style-type: none"> • To measure our greenhouse gas emissions, have them independently verified and publicly report on them. • Adopt targets grounded in science that will deliver substantial emissions reductions so organisations contribute to being carbon neutral by 2050. These targets will be considered in current planning cycles. • Assess our climate change risks and publicly disclose them. • Proactively support our people to reduce their emissions. • Proactively support our suppliers to reduce their emissions. • Committed to the Paris Agreement Target to keep warming below 2°C and to further pursue efforts to limit temperature increases to 1.5°C.
Rainbow Tick workplace accreditation	November 2018	We continue to retain The Rainbow Tick and are committed to creating an inclusive and diverse workplace environment in which differences in gender, age, ethnicity, religion, sexual orientation, gender identity, background and experience are valued.
Science Based Targets initiative – Committed	March 2018	We commit to progressing emission reduction in line with verified target.
Champions for Change reporting initiative	November 2015	We continue to partner with Global Women on the Champions for Change reporting initiative, which monitors the collective and individual progress of participating organisations towards our shared goal of between 40–60 percent of women in our organisations, at all levels.

Climate-related risks and opportunities

The following table presents an overview of Contact's most material climate-related risks and opportunities in the short, medium and long term. We review these annually.

In 2019, we commissioned NIWA to model the potential impacts of climate change on our operations. We modelled two scenarios: a business-as-usual scenario where greenhouse gas concentrations continue unabated (Representative Concentration Pathway 8.5); and a mitigation scenario with a global effort to heavily reduce concentrations (RCP 2.5). Under either scenario used we saw that most sites will experience a tripling of the number of hot days, with spring and summer expected to become drier and winter wetter. Our hydro catchment is likely to have increased inflows, with potential for hydro generation increasing – especially under the business-as-usual scenario.

Given this, and also what we know about the transitional risks of climate change, such as changing regulation, stakeholder expectations and market dynamics, we have identified a range of risks which we have then rated as low, medium, or high based on the likelihood, time-horizon and potential impact/size of the opportunity or risk.

We use our existing risk management systems to capture, monitor and report on climate-related risks. Risks rated high are also monitored by the leadership team and the Board Audit and Risk Committee. The Board Health, Safety and Environment Committee, who have formal oversight of climate related issues, also review the climate-related risks. The full Board, when setting strategy, also considers a wide range of risks and environmental factors, and the work that our teams do to understand issues such as climate change contributes to their decision-making.

	Short term (now–2023)	Medium term (2023–2035)	Long term (2035–onwards)
	These may impact near-term financial results, including those that may materialise within the current reporting cycle.	May materially impact financial results over the longer term and may require us to adjust our strategy.	Risks that could fundamentally impact the long-term strategy and business model.
Market transition risks and opportunities			
Contact's emissions profile	<ul style="list-style-type: none"> • Reputational impact of continued use of thermal and high-emissions generation. • Heightened scrutiny from customers and investors on environmental, social, governance (ESG) performance of businesses. • Rising gas and carbon costs. 	<ul style="list-style-type: none"> • National imperative to reduce carbon emissions through policy and other means. • Heightened scrutiny of emissions from geothermal energy generation. • Leadership of decarbonisation initiatives including delivering on science-based targets. 	<ul style="list-style-type: none"> • Stakeholder rejection of fossil fuels including natural gas.
Leading the market to decarbonise	<ul style="list-style-type: none"> • Rising stakeholder expectations increase the pace of change in which businesses must adapt/respond to climate-related issues. • Increased opportunity for renewable developments. • New opportunities and markets developed to support low-carbon transition activities. • Opportunity to deepen relationships with customers who are looking to decarbonise. 	<ul style="list-style-type: none"> • Transition to lower-carbon economy creates more demand for electricity. • Opportunities for innovative customer and technology solutions. • Increased electricity demand. • Increased demand for green energy products/certification. 	<ul style="list-style-type: none"> • Wider options for new generation development.
Thermal transition	<ul style="list-style-type: none"> • Opportunity for renewable generation to displace thermal. • Potential for high-emissions industries to favour gas as a transition fuel, resulting in increased gas use and emissions in the short term. • Continued requirement for thermal peaking plant in Aotearoa New Zealand to ensure affordable security of supply. 	<ul style="list-style-type: none"> • Opportunity to develop ThermalCo. • Ensuring an orderly transition to a low-emissions energy sector. 	<ul style="list-style-type: none"> • Potential for significant renewable overbuild, and massive distributed generation.

	Short term (now–2023)	Medium term (2023–2035)	Long term (2035–onwards)
New technology	<ul style="list-style-type: none"> Customer adoption of new technologies and/or energy-efficient solutions impacts on demand for grid-connected electricity. Opportunity for smart solutions for customers to assist decarbonisation. 	<ul style="list-style-type: none"> Customer adoption of new technologies and/or energy-efficient solutions impacts on demand for grid-connected electricity. Opportunity for innovative new energy sources e.g. hydrogen. Increase in demand due to changing industry energy requirements. 	<ul style="list-style-type: none"> New technology makes current generation redundant and/or impacts demand significantly.
Regulation	<ul style="list-style-type: none"> Changes to regulation impacts on costs of business and/or licence to operate. 	<ul style="list-style-type: none"> New regulation requires Contact to offset or reduce emissions faster than planned. 	<ul style="list-style-type: none"> Aotearoa New Zealand's costs become higher relative to globe which results in production moving offshore and reduced demand.
Physical risks and opportunities			
Temperature increases		<ul style="list-style-type: none"> Changes to maintenance requirements as temperatures increase. Changes to electricity demand as temperatures change. Health, safety and wellbeing impacts on people working in warmer conditions. Impacts on the efficiency and availability of generation plants. Implications on resource consent requirements which may increase costs and/or impact on licence to operate. 	<ul style="list-style-type: none"> Impacts on operational plant may require change in design.
Access to natural resources	<ul style="list-style-type: none"> Changes to hydro inflows impact on our renewable generation. Consent renewal required for Wairākei in 2026. Changes in regulation may impact on access to water, consent conditions and/or costs. 	<ul style="list-style-type: none"> Increased demand and competition for natural resources, including fresh water, impacts on access to natural resources for generation. Drilling programme requires access to significant volumes of water. Consents required for new developments. 	<ul style="list-style-type: none"> Water storage requirements change. Increased hydro inflows create opportunities to increase generation output, but may also increase flood risk and require spilling at hydro.
Intensity of storms	<ul style="list-style-type: none"> Increased potential for erosion issues. Disruption to physical works during storms. Stormwater systems require redesign and/or replacement to meet changing capacity requirements. 	<ul style="list-style-type: none"> Potential for increased power outages due to transmission failure caused by storms. 	<ul style="list-style-type: none"> Increased flood risk around rivers and lakes impacts on generation operations.

Habitat protection and restoration work – area

Description of habitat restoration and location	Major species conserved or protected at site	Size of area restored in hectares	Partnerships	Area status as of 30 June 2022	Monitoring and reporting frequency
Torepatutahi Wetland restoration project	Willow wetland restored to natives. Three at-risk taxa including swamp nettle, fernbird and spotless crane	36.9 hectares	Working in collaboration with Ngāti Tahu – Ngāti Whaoa Runanga, Department of Conservation (DoC), Fish & Game, landowners as part of our Consent requirements	Systematic removal of pest plants and pest animals, maintenance, and annual planting programme	We undertake biannual monitoring of transects to track restoration progress*
Wairākei station entrance beautification	Wasteland cleared, replanted in natives and fruit trees for community garden	2.5 hectares	Greening Taupō	Planting complete, ongoing maintenance	Never formally; informally when monitoring the maintenance required
Karapiti pine poisoning	Poisoning wilding pines in restoration areas	14.5 hectares	No	Ongoing maintenance of pest plants and animals	Never formally; informally when monitoring the maintenance required
Wairākei Stream wilding pine poisoning	Poisoning wilding pines and trapping pest animals	6.2 hectares	No	Poisoning complete, ongoing maintenance	Never formally; informally when monitoring the maintenance required
Wai-ora Hill (Alum Lakes) geothermal area pest plant and animal control	Poisoning wilding pines and pampas on hot ground and peripheral areas. At-risk geothermal ferns and vegetation within project area	67.5 hectares	Waikato Regional Council, Land Information NZ and Ministry for Primary Industries	Ongoing maintenance of pest plants and animals	Monitoring report completed FY22 to track progress and refresh management since project began in 2019
Oruanui geothermal area retirement	Protection of geothermal vegetation site from pastoral agriculture and wilding pine control	3.3 hectares	No	Ongoing pest plant maintenance	Never formally; informally when monitoring the maintenance required
Karapiti mānuka and native planting	Planting mānuka in area where pines were harvested	13.5 hectares	No	Ongoing maintenance and pest control	Never formally; informally when monitoring the maintenance required
Rakaunui and Otumuheke Block riparian management	Planting stormwater drain and stream flowing from Taupō native nursery	1.8 hectares	No	Planting complete, ongoing maintenance	Never formally; informally when monitoring the maintenance required
Waipuerawera stream restoration project	Restoring five distinct areas of stream by removing pest plants and planting natives. Including geothermal vegetation site	5.7 hectares	Tūwharetoa Māori Trust Board, Taupō District Council (TDC), Pāmu Farms and Department of Conservation	Systematic removal of pest plants and pest animals, maintenance and annual planting programme	Never formally; informally when monitoring the maintenance required
Te Rau o Te Huia stream restoration project	Ecological restoration of the stream environment and sites of cultural importance	20.5 hectares	Ngāti Te Rangiita Ki Oruanui	Systematic removal of pest plants and pest animals, maintenance and annual planting programme	Never formally; informally with working partners when monitoring the maintenance required and planning for future years' works

* Independent assurance has been undertaken for the Torepatutahi Wetland restoration work. Other restoration and protection work has not been assured.

Description of habitat restoration and location	Major species conserved or protected at site	Size of area restored in hectares	Partnerships	Area status as of 30 June 2022	Monitoring and reporting frequency
Huka/Quarry Block enhancement planting	Removal of weeds and planting natives in geothermal area and within stormwater controls	1.3 hectares	No	Ongoing maintenance and pest control	Never formally; informally when monitoring the maintenance required
Wairakei Drive – Karapiti and Pony Club	Beautification/aesthetic planting along Wairakei Drive	2.6 hectares	No	Annual Greening Taupō planting, aligned with community desires	Never formally; informally when monitoring the maintenance required
Tauhara Power Station Development (fixed elements – retired gully, screening and stormwater pond)	Retirement of land from pastoral agriculture and enhancement of wetland/gully environment	4.2 hectares	No	Planting complete and maintenance will commence for next two years	Consent requirement which will require Council inspection and assessment
Tauhara Power Station Development (flexible elements well-pads and pipelines/broadscale landscaping)	Retirement of land from pastoral agriculture and enhance screening/ blending of flexible elements into landscape	2.2 hectares	No	Planting complete and maintenance will commence for next two years	Consent requirement which will require Council inspection and assessment
Gladstone Gap, Hāwea Not an offset site, but required through our Hāwea Foreshore and Landscape Management Plan (HFLMP). Area of mixed exotic and native plantings, weed species	Removal of exotic tree species, eco-sourced planting and traps	0.5 hectares	Hāwea Community Association (HCA). Wānaka Backyard trapping	Ongoing to enhance natural indigenous biodiversity on lakefront	Monitored by HCA, reviewed within HFLMP, progression and work plans monitored through our Biodiversity Management Plan

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Habitat protection and restoration work – biodiversity measurables

Description of habitat restoration and location	Major species conserved or protected at site	Activities	Partnerships	Area status as of 30 June 2022	Monitoring and reporting frequency
Gladstone Gap, Hāwea Not an offset site, but required through our HFLMP. Area of mixed exotic and native plantings, weed species	Removal of exotic tree species, eco-sourced planting and traps	<ul style="list-style-type: none"> Removal of exotic pine trees in June 2022 145 trees planted Tracking tunnels installed 	HCA. Wānaka Backyard trapping	Ongoing to enhance natural indigenous biodiversity on lakefront	Monitored by HCA, reviewed within HFLMP, progression and work plans monitored through our Biodiversity Management Plan
As part of Native Fish programme, restoration continued at multiple locations in lower Clutha Mata-au in 2021/22. Ongoing riparian planting, maintenance, fencing and weed control takes place each year	Inanga, eels, lamprey and giant kōkopu	<p>Murray Riverside Property:</p> <ul style="list-style-type: none"> 414 plants planted <p>Morrison Property (Matai Pond):</p> <ul style="list-style-type: none"> 295 plants planted 85 metres of fencing installed along waterway <p>Glaister Paretai:</p> <ul style="list-style-type: none"> 675 plants planted 24 hours dedicated to weed control and plant release of previous plantings <p>Alister Lister Property (Frasers Stream):</p> <ul style="list-style-type: none"> 1,221 plants planted 48 hours dedicated to weed control and plant release of previous plantings <p>Tweed Property (Waitahuna River Tributary):</p> <ul style="list-style-type: none"> 428 plants planted 180 metres of fencing installed along waterway <p>McRae Property (Bobs Creek):</p> <ul style="list-style-type: none"> 6 hours dedicated to weed control and plant release of previous plantings Glyceria weed control at six sites. 	DoC	<p>All sites are ongoing. Where plantings are complete this will be followed by further maintenance/weed control. Ambition is to annually increase the pockets of native planting to allow a broader scope of habitat restoration.</p> <p>Monitoring of aquatic habitat will also occur in time</p>	Annually as part of our resource consent requirements. DoC carry out monitoring and annually provide reports. Progression and work plans monitored through our Biodiversity Management Plan
Restoration at multiple locations as part of Contact's Sports Fish Management programme	Large variety of fish species, specifically aiming to improve habitat for sports fish species such as salmon and trout	<p>Manuka Island Site:</p> <ul style="list-style-type: none"> 320 plants Willow control-maintenance of existing plants 	Fish & Game	All sites are ongoing. Where plantings are complete this will be followed by further maintenance/weed control	Annually as part of our resource consent requirements. Progression and work plans monitored through our Biodiversity Management Plan
Terrestrial pest control at all native planting sites	Native plantings	<ul style="list-style-type: none"> 343 traps in total across all new native plantings 	No	Ongoing pest control	Never formally; informally when monitoring the maintenance required
Ex Keegan Stratford	Farmland to natives in riparian margin	<ul style="list-style-type: none"> 575 plants 	Taranaki Regional Council	Annual planting programme – ongoing maintenance	Monitored by Taranaki Regional Council as part of the Riparian Management Plan

Workforce by contract type, gender, and region – Contact

FY22	Total headcount	Gender				Region		
		Women	Men	Other	Undisclosed	North Island	South Island	Undisclosed
Permanent	1,023	470	538	0	15	813	206	4
Fixed term	53	30	23	0	0	46	7	0
Casual	6	2	4	0	0	5	1	0
Total	1,082	502	565	0	15	864	214	4
Part time	132	99	33	0	0	82	50	0
Full time	944	401	528	0	15	777	163	4
Non-guaranteed	6	2	4	0	0	5	1	0
Total	1,082	502	565	0	15	864	214	4

FY21	Total headcount	Gender				Region		
		Women	Men	Other	Undisclosed	North Island	South Island	Undisclosed
Permanent	876	395	480	0	1	706	170	0
Fixed term	40	21	19	0	0	28	12	0
Casual	7	2	5	0	0	6	1	0
Total*	923	418	504	0	1	740	183	0
Full time	806	329	476	0	1	664	142	0
Part time	110	87	23	0	0	70	40	0
Non-guaranteed	7	2	5	0	0	6	1	0
Total*	923	418	504	0	1	740	183	0

* FY21 total re-stated due to exclude Simply Energy employees.

Workforce by business unit, gender, and region – Contact, Simply Energy and Western Energy

FY22	Total headcount	Gender				Region		
		Women	Men	Other	Undisclosed	North Island	South Island	Undisclosed
Officers	10	2	8	0	0	10	0	0
Corporate	86	54	32	0	0	83	3	0
Retail	465	329	127	0	9	321	143	1
Development	34	12	22	0	0	34	0	0
Generation and Trading	351	65	285	0	1	288	63	0
ICT	94	28	63	0	3	88	3	3
Digital	42	12	28	0	2	40	2	0
Total	1,082	502	565	0	15	864	241	4
Simply Energy	64	30	33	0	1	53	10	1
Western Energy	33	6	27	0	0	32	0	1
Total	1,179	538	625	0	16	949	224	6

FY21	Total headcount	Gender				Region		
		Women	Men	Other	Undisclosed	North Island	South Island	Undisclosed
Officers	9	3	6	0	0	9	0	0
Corporate	73	47	26	0	0	71	2	0
Customer	507	309	197	0	1	383	124	0
Development	26	8	18	0	0	26	0	0
Generation and Trading	308	51	257	0	0	251	57	0
Total	923	418	504	0	1	740	183	0
Simply Energy	49	24	25	0	0	40	9	0
Western Energy	29	7	22	0	0	29	0	0
Total	1,001	449	551	0	1	809	192	0

Note: Customer separated out to become Retail, ICT and Digital in FY22.

Board diversity – Contact

	Women	Men	Total	Under 30	30–50	Over 50	Total	European/ Pākehā	Māori	Pasifika	Total
Board of directors FY22	4	3	7	0	3	4	7	6	1	1	7
Board of directors FY21	4	3	7	0	4	3	7	6	1	1	7

Employee diversity by business unit – Contact Simply Energy and Western Energy

FY22	Women	Men	Undis- closed	Under 30	30–50	Over 50	Undis- closed	European/ Pākehā	Māori	Pasifika	Asian	Other	AMELA	Undis- closed
Officers	2	8	0	0	5	5	0	4	0	0	0	4	1	1
Corporate	54	32	0	13	55	17	1	34	6	3	8	24	0	24
Retail	329	127	9	153	206	102	4	189	69	21	42	107	3	120
Development	12	22	0	3	18	13	0	18	0	0	2	7	1	6
Generation and Trading	65	285	1	36	154	158	3	143	22	3	25	120	5	71
ICT	28	63	3	13	55	26	0	33	8	1	19	18	1	26
Digital	12	28	2	6	30	6	0	17	1	0	11	9	3	8
Total	502	565	15	224	523	327	8	438	106	28	107	289	14	256
Simply Energy	30	33	1	6	42	9	7							
Western Energy	6	27	0	7	23	3	0							
Total	538	625	16	237	588	339	15	438	106	28	107	289	14	256

FY21	Women	Men	Undis- closed	Under 30	30–50	Over 50	Undis- closed	European/ Pākehā	Māori	Pasifika	Asian	Other	AMELA	Undis- closed
Officers	3	6	0	0	3	6	0	4	0	0	0	3	1	1
Corporate	47	26	0	9	48	15	1	26	5	0	7	19	0	23
Customer	309	197	1	138	248	117	4	196	57	15	53	124	6	140
Development	8	18	0	2	10	14	0	12	0	0	1	7	1	5
Generation and Trading	51	257	0	31	122	152	3	121	18	2	17	108	4	71
Total	418	504	1	180	431	304	8	359	80	17	78	261	12	240
Simply Energy	24	25	0	4	32	7	6							
Western Energy	7	22	0	8	20	1	0							
Total	449	551	1	192	483	312	14	359	80	17	78	261	12	240

Note: Individuals can choose to identify multiple ethnicities. Simply Energy and Western Energy do not track ethnicity data. Customer separated out to become Retail, ICT and Digital in FY22.

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Employee diversity by employee category – Contact

FY22	Women	Men	Undis- closed	Under 30	30–50	Over 50	Undis- closed	European/ Pākehā	Māori	Pasifika	Asian	Other	AMELA	Undis- closed
Key managerial personnel	2	8	0	0	5	5	0	4	0	0	0	4	1	1
Other Execs/ GMs	2	4	0	0	5	1	0	1	0	0	0	2	0	3
Senior Management	11	23	0	0	21	13	0	16	2	0	1	15	0	6
Other Managers	48	84	0	4	69	58	1	60	8	1	8	35	2	30
Non-Managers	439	446	15	220	423	250	7	357	96	27	98	233	11	216
Total	502	565	15	224	523	327	8	438	106	28	107	289	14	256
STEM ¹	112	380	6	56	251	188	3	202	28	4	56	145	10	107
Sales	329	127	9	153	206	102	4	189	69	21	42	107	3	120

FY21	Women	Men	Undis- closed	Under 30	30–50	Over 50	Undis- closed	European/ Pākehā	Māori	Pasifika	Asian	Other	AMELA	Undis- closed
Key managerial personnel	3	5	0	0	3	5	0	3	0	0	0	3	1	1
Other Execs/ GMs ²	3	5	0	0	7	1	0	1	0	0	0	3	0	4
Senior Management	13	18	0	0	21	10	0	16	1	0	1	14	0	5
Other Managers	34	73	0	2	49	55	1	49	7	1	6	33	0	23
Non-Managers	365	403	1	178	351	233	7	290	72	16	71	208	11	207
Total	418	504	1	180	431	304	8	359	80	17	78	261	12	240

1 Science, technology, engineering and mathematics.

2 Numbers re-stated due to job reclassifications.

Customer privacy

	FY22	FY21
Number of complaints received from outside parties and substantiated by the organisation	0	1
Number of complaints received from regulatory bodies	0	0
Total number of identified leaks, thefts, or losses of customer data	76*	28*

* We started recording the number of privacy breaches from 1 December 2020. While the number appears high, most of the privacy breaches were considered minor in nature (for example, affected one or two customers causing little or no harm) and did not require being reported to the Office of the Privacy Commissioner.

We've identified that the increased number of breaches is a result of increased reporting, rather than an increased number of breaches.

The Privacy Act 2020 came into force on 1 December 2020 and introduced, among other things, mandatory privacy breach reporting for notifiable privacy breaches. A notifiable privacy breach is a privacy breach where serious harm has been caused or is likely. One breach met this threshold. We do not expect any further action to be taken in respect of that breach.

Hiring

	FY22	FY21	FY20	FY19
Total number of new employee hires	363	172	198	186
Percentage of open positions filled by internal candidates (internal hires)	41.0%	45.4%	48.6%	55.8%

Employee turnover rate

	FY22	FY21	FY20	FY19
Total employee turnover rate	19.2%	17.4%	16.9%	19.0%
Voluntary employee turnover rate	13.4%	11.8%	12.5%	12.1%

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

	FY22	FY21	FY20	FY19
Employees (n/million hours worked)	0	0	0.5	3.9
Contractors (n/million hours worked)	2.5	8.1	4.6	2.1

Safety data

	Employees		Non-employees	
	Number	Rate	Number	Rate
Fatalities	0	0	0	0
High-consequence work-related injuries	0	0	0	0
Recordable work-related injuries	0	0	5	5.49
Number of hours worked	2,028,778	N/A	911,130	N/A
The main types of work-related injuries	Open wound not involving traumatic amputation (i.e cut finger)			
Work-related hazards that pose a risk of high-consequence injury	Energy sources, hazardous substances, working at height, working in confined spaces, lifting heavy loads, working with mobile plant, working around water, excavations, fitness for work, staying safe while driving, scope of work change.			

The hazards listed above have been determined through identification of critical tasks and based on consequences of injuries that happen in these areas.

Our hazard ID processes cover actions taken to eliminate these hazards and minimize risks.

Rates have been calculated based on 1,000,000 hours worked.

Monitored contractors are excluded because the work is contracted and takes place off sites.

Green Borrowing Programme

In line with our commitment to a low-carbon economy, Contact has a Green Borrowing Programme to finance Contact's past and future renewable energy generation investments. This is a progressive approach to financing and provides investors and lenders with an opportunity to access a broad range of accredited green debt instruments where proceeds have been applied to eligible green assets. The Green Borrowing Programme is described in Contact's Green Bond Framework (Framework), which aligns with the Green Bond Principles and is certified by the Climate Bonds Initiative (CBI) under Climate Bond Standard V3.0 with assurance from KPMG.

The Framework, CBI certification and KPMG's annual assurance statement are available on our [website](#). The Framework articulates which of Contact's

debt instruments and assets qualify as green, and provides for a comprehensive compliance and disclosure regime to ensure the Climate Bonds Standard V3.0 is always met, in turn ensuring that the existing CBI certification remains in place. A key compliance metric is the Green Ratio whereby the total green asset value must be at least equal to total green debt instruments (i.e. a ratio of 1.0 minimum). This indicator is reported on a half-yearly basis.

The following table sets out the total green asset value and total green debt instruments for the current reporting period, and confirms that the Green Ratio is met at 1.34. Contact confirms to the best of its knowledge that its Green Borrowing Programme continues to remain in compliance with the CBI certification in place, including the requirements of the Climate Bonds Standard V3.0.

Geothermal assets data	Book value \$m	Generation (GWh)	Emissions (tCO ₂ e)	Emissions intensity (gCO ₂ e/KWh)	Compliance with CBI standards (<100 gCO ₂ e/KWh)
Poihipi	140	331	12,565	38	Yes
Tauhara	497	–	–	N/A	Yes
Te Mihi	481	1,386	54,784	40	Yes
Te Huka	114	189	10,018	53	Yes
Wairakei	700	1,055	18,528	18	Yes
Tenon and Nature's Flame ¹	8	188	1,622	9	Yes
Ohaaki ²	101	322	85,494	266	No
Geothermal portfolio total/average	2,042	3,471	183,011	53	
Eligible Green Asset total/average	1,941	3,149	97,517	31	
Total Green Debt Instruments	1,446				
Green Asset Ratio	1.34				

¹ Includes direct heat sold to Tenon and Nature's Flame.

² Ineligible green asset in relation to Contact's Green Borrowing Programme.

Contributions and other spending

Annual total monetary contributions to and spending for political campaigns, political organisations, lobbyists or lobbying organisations, trade associations and other tax-exempt groups:

\$ NZD	FY22	FY21	FY20	FY19
Lobbying, interest representation or similar	161,000	167,986	169,540	161,852
Local, regional or national political campaigns/organisations/candidates	–	–	–	–
Trade associations or tax-exempt groups	–	–	–	–
Other (e.g. spending related to ballot measures or referendums)	–	–	–	–
Total	161,000	167,986	169,540	161,852

IT Security/Cybersecurity Governance

The Chief Information Officer is responsible for overseeing cybersecurity within the company.

Supply chain impacts

	FY22	FY21
Suppliers assessed for environmental and social impacts	49	5
Suppliers identified as having significant actual and potential negative environmental and social impacts	0	1
Percentage of suppliers with which improvements have been agreed upon as a result of assessment	0%	0%
Percentage of suppliers with which relationships have been terminated as a result of assessment	0%	0%

Our supplier reviews focused on existing suppliers and identified differing maturity levels in ESG reporting. In all cases suppliers expressed commitment to improving ESG reporting and processes for tracking environmental and social impacts. Our number of suppliers assessed represents 31% of total vendor spend.

Membership of associations or advocacy organisations

Holds a position on the governance body

Electricity Retailers' Association of New Zealand (ERANZ)

Gas Industry Company

Participates in projects or committees

Aotearoa Circle

Australasian Investor Relations Association (AIRA)

Business New Zealand (Energy Council Major Companies Group, Corporate Affairs Group, Corporate Taxpayers Group)

Champions for Change

Climate Leaders Coalition

Drive Electric

Electricity Authority Market Development Advisory Group

ENA Joint Implementation Working Group

ENA Technical Implementation Working Group

ERANZ Communications Committee

ERANZ Data Working Group

ERANZ Policy Committee

ERANZ Retailer Revenue Assurance Advisory Forum

ERANZ Retailers' Operational Forum

ERANZ Vulnerable Customer & Medically Dependent Customer (VCMDC) Working Group

Generator Forum

Hugo Group

International Geothermal Association

Liquefied Petroleum Gas Association

NZ Geothermal Association

NZ Hydrogen Association

NZ Initiative

Sustainable Business Council

Wellington Chamber of Commerce

Women in Geothermal

TCFD index

Disclosure	Page number
Describe the board's oversight of climate-related risks and opportunities.	66–67
Describe management's role in assessing and managing climate-related risks and opportunities.	66–67
Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term.	83–84
Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning.	46
Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2 degree or lower scenario.	46
Describe the organisation's processes for identifying and assessing climate-related risks.	46
Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management.	25–26
Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	25–27, 43
Disclose Scope 1, 2 and if appropriate 3 greenhouse gas (GHG) emissions, and the related risks.	45, 81–82
Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	27, 43–45

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Contact has reported in accordance with the GRI Standards for the period 1 July 2021 to 30 June 2022.

GRI 1 used	GRI 1: Foundation 2021		
Applicable GRI Sector Standard(s)	There is no current applicable sector standard.		

GRI Standard/ Other source	Disclosure	Page	Explanation
GRI 2: General Disclosures 2021			
2-1	Organisational details	103, 131	
2-2	Entities included in the organisation's sustainability reporting	81	
2-3	Reporting period, frequency and contact point	2, 81, 103	
2-4	Restatements of information	50, 88, 115, 126	
2-5	External assurance	67, 129	
2-6	Activities, value chain and other business relationships	14-24	
2-7	Employees	88	
2-8	Workers who are not employees	Omitted	Information unavailable: We do not have any comprehensive tracking of non-employees (i.e. contractors) however are aiming to introduce better tracking in the near future.
2-9	Governance structure and composition	64-67	Further detail can be found on pages 4-5 in our Corporate Governance Statement .
2-10	Nomination and selection of the highest governance body	–	Information is on page 3 of our Corporate Governance Statement .

GRI Standard/ Other source	Disclosure	Page	Explanation
2-11	Chair of the highest governance body	64	Further detail can be found in our Corporate Governance Statement .
2-12	Role of the highest governance body in overseeing the management of impacts	64, 66-67	
2-13	Delegation of responsibility for managing impacts	66-67	
2-14	Role of the highest governance body in sustainability reporting	66-67	
2-15	Conflicts of interest	76-78	Further detail can be found in our Corporate Governance Statement , Conflict of Interest Policy , and Code of Conduct .
2-16	Communication of critical concerns	67	
2-17	Collective knowledge of the highest governance body	65-66	Further detail can be found on pages 2-6 of our Corporate Governance Statement .
2-18	Evaluation of the performance of the highest governance body	64	Further detail can be found on page 3 of our Corporate Governance Statement .
2-19	Remuneration policies	69-73	
2-20	Process to determine remuneration	70-71	Further detail can be found on page 7 of our Corporate Governance Statement .
2-21	Annual total compensation ratio	74	2-21 b has been omitted as not applicable: Mike Fuge joined Contact part-way through FY20, therefore his STI / equity component is not for a full year in FY21.
2-22	Statement on sustainable development strategy	7-9	

GRI Standard/ Other source	Disclosure	Page	Explanation
2-23	Policy commitments	66	Further detail can be found in our Code of Conduct , and within our policies.
2-24	Embedding policy commitments	–	Information can be found in our Code of Conduct , and within each of our policies.
2-25	Processes to remediate negative impacts	Omitted	Information incomplete: We have engaged with local communities in the past to remediate negative impacts, such as our remediation efforts following the 2019 Karapiti incident, and have a Stakeholder Engagement Policy detailing our engagement with stakeholders.
2-26	Mechanisms for seeking advice and raising concerns	66, 131	
2-27	Compliance with laws and regulations	67	Also indicator for material topics natural resource protection and environmental pollution.
2-28	Membership associations	94	
2-29	Approach to stakeholder engagement	47	
2-30	Collective bargaining agreements	–	9.3% of total Contact employees were covered by collective bargaining agreements as at 30 June 2022. Contractor data not collected.
GRI 3: Material Topics 2021			
3-1	Process to determine material topics	18–19	
3-2	List of material topics	20–21	
Material Topics			
Water and effluents			
GRI 3: Material Topics 2021			
3-3	Management of material topic	50–51	Indicators for material topics freshwater system health, biodiversity protection and restoration, natural resource protection and environmental pollution.

GRI Standard/ Other source	Disclosure	Page	Explanation
GRI 303: Water and Effluents 2018			
303-1	Interactions with water as a shared resource	Omitted	Information incomplete: Contact is in a growth phase with the construction of a new Geothermal Power Station and reconsenting of an existing one. This means changes to our impacts on waterways and interactions with communities, Tangata Whenua and other users. Conditions of consents, engagement and agreements that are ongoing identify that impacts on waterways are all proposed to be improved in line with our water statement position. This disclosure will be included going forward.
303-2	Management of water discharge-related impacts	Omitted	Confidentiality constraints: All discharge impacts to waterways are managed as part of our licence to operate within consent conditions as well as energy supply agreements held with third parties. Disclosure will be reviewed for next year.
303-3	Water withdrawal	50	
303-4	Water discharge	50	
303-5	Water consumption	50	
Biodiversity			
GRI 3: Material Topics 2021			
3-3	Management of material topic	51–52	Indicators for material topics biodiversity protection and restoration, natural resource protection and environmental pollution.
GRI 304: Biodiversity 2016			
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Omitted	Information incomplete: Biodiversity impacts and attention of focus has been at operational sites that have significant impacts as well areas as considered to have intrinsic biodiversity value. Therefore, not every operational site has been included in reporting. Will look to disclose next year.

GRI Standard/ Other source	Disclosure	Page	Explanation
304-2	Significant impacts of activities, products and services on biodiversity	51	
304-3	Habitats protected or restored	85-87	
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	Omitted	Information unavailable: An assessment was carried out to identify any areas where Contact's operations have an impact on IUCN Protected Areas. Our thermal, geothermal and hydro activities do not operate within any IUCN Protected Areas. We have acknowledged multiple IUCN Protected Areas fall near our key operational sites. We have assessed these areas in terms of their proximity to our operational sites and can confirm we have no influence on the biodiversity in these areas. Contact follows Government Policy and implements work standards to ensure best environmental practice. There are no impacts identified from our activities at this time, however we will review the Red List species in next year.

Emissions

GRI 3: Material Topics 2021

3-3	Management of material topic	30, 37, 44-45	Indicators for material topics generation emissions, decarbonisation and electrification, natural resource protection and environmental pollution.
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GRI 305: Emissions 2016

305-1	Direct (Scope 1) GHG emissions	81	
305-2	Energy indirect (Scope 2) GHG emissions	81	
305-3	Energy indirect (Scope 3) GHG emissions	82	
305-4	GHG emissions intensity	81	

GRI Standard/ Other source	Disclosure	Page	Explanation
305-5	Reduction of GHG emissions	45	
305-6	Emissions of ozone-depleting substances (ODS)	Omitted	Not applicable: New Zealand legislation prevents emission of ODS.
305-7	Nitrogen oxides (NO _x), sulfur oxides (SO _x), and other significant air emissions	Omitted	Information unavailable: NO _x , SO _x and other emission data for FY22 is currently unavailable, and is expected to be calculated at a later date.

Reliable and renewable energy

GRI 3: Material Topics 2021

3-3	Management of material topic	33-35	Indicator for material topics renewable energy supply, reliable energy supply.
Own measure	Percentage of renewable generation	14	

Demand flexibility

GRI 3: Material Topics 2021

3-3	Management of material topic	29-30, 40	Indicator for material topic demand flexibility.
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G4 Electric Utilities Aspect Disclosures

	Describe demand side management programs	29, 40	
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Supplier environmental assessment

GRI 3: Material Topics 2021

3-3	Management of material topic	47	Indicator for material topic sustainable procurement.
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GRI 308: Supplier Environmental Assessment 2016

308-1	New suppliers that were screened using environmental criteria	Omitted	Information unavailable: We have not assessed new suppliers in FY22, however are aiming to introduce this in the near future.
308-2	Negative environmental impacts in the supply chain and actions taken	94	

GRI Standard/ Other source	Disclosure	Page	Explanation
GRI 414: Supplier Social Assessment 2016			
414-1	New suppliers that were screened using social criteria	Omitted	Information unavailable: We have not assessed new suppliers in FY22, however are aiming to introduce this in the near future.
414-2	Negative social impacts in the supply chain and actions taken	94	
Occupational health and safety			
GRI 3: Material Topics 2021			
3-3	Management of material topic	57-58	Indicators for material topic workforce health and wellbeing.
GRI 403: Occupational Health and Safety 2018			
403-9	Work-related injuries	92	
Own measure	TISR	57	
403-1	Occupational health and safety management system	Omitted	Information unavailable: While some of the information for the omitted disclosures is contained throughout the report and on our website, we opted not to meet the disclosure requirements. This is due to our aim of continuing disclosures we had reported last year. We will review our choice of disclosures in the next financial year.
403-2	Hazard identification, risk assessment, and incident investigation	Omitted	
403-3	Occupational health services	Omitted	
403-4	Worker participation, consultation, and communication on occupational health and safety	Omitted	
403-5	Worker training on occupational health and safety	Omitted	
403-6	Promotion of worker health	Omitted	

GRI Standard/ Other source	Disclosure	Page	Explanation
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Omitted	Information unavailable: While some of the information for the omitted disclosures is contained throughout the report and on our website, we opted not to meet the disclosure requirements. This is due to our aim of continuing disclosures we had reported last year. We will review our choice of disclosures in the next financial year.
403-8	Workers covered by an occupational health and safety management system	Omitted	
403-10	Work-related ill health	Omitted	
Process safety			
GRI 3: Material Topics 2021			
3-3	Management of material topic	57-58	Indicator for material topic infrastructure safety.
Own measure	Process safety data	58	
Climate change impact on assets			
GRI 3: Material Topics 2021			
3-3	Management of material topic	46, 83-84	Indicator for material topic climate change impact on assets.
Own measure	Impacts on assets from physical risks of climate change	83-84	
Diversity and equal opportunity			
GRI 3: Material Topics 2021			
3-3	Management of material topic	53-56	Indicators for material topic diversity and inclusion.
GRI 405: Diversity and Equal Opportunity 2016			
405-1	Diversity of governance bodies and employees	90-91	
405-2	Ratio of basic salary and remuneration of women to men	Omitted	Information unavailable: The information to breakdown our employee remuneration by employee category and area of operation is not currently captured. We will review our process in the next financial year. We do include information on pay equity .

GRI Standard/ Other source	Disclosure	Page	Explanation
Staff engagement			
GRI 3: Material Topics 2021			
3-3	Management of material topic	53-54	Indicator for material topic team culture.
Own measure	Staff engagement	53	
Local communities			
GRI 3: Material Topics 2021			
3-3	Management of material topic	44, 47	Indicator for material topics tangata whenua partnerships and community wellbeing.
GRI 413: Local Communities 2016			
413-1	Operations with local community engagement, impact assessments, and development programs	47-52	
413-2	Operations with significant actual and potential negative impacts on local communities	Omitted	Information incomplete: While we discuss our impacts on biodiversity, habitats, and the environment throughout the report, we do not discuss this in context of the local community in the detail that the disclosure requires. We will review local community engagement plans.
Customer privacy			
GRI 3: Material Topics 2021			
3-3	Management of material topic	62	Indicator for material topic privacy and cybersecurity.
GRI 418: Customer Privacy 2016			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	92	

GRI Standard/ Other source	Disclosure	Page	Explanation
Energy Hardship			
GRI 3: Material Topics 2021			
3-3	Management of material topic	38-39	Indicator for material topic energy hardship and affordability.
Own measure	Reduction of customer debt expressed as a percentage	40	
Customer experience			
GRI 3: Material Topics 2021			
3-3	Management of material topic	38-39	Indicator for material topic customer trust.
Own measure	Customer satisfaction (Net Promoter Score)	39	

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About these financial statements

For the year ended 30 June 2022

These financial statements are for Contact, a group made up of Contact Energy Limited, the entities over which it has control and its associates.

Contact Energy Limited is registered in New Zealand under the Companies Act 1993. It is listed on the New Zealand Stock Exchange (NZX) and the Australian Securities Exchange (ASX) and has bonds listed on the NZX debt market. Contact is an FMC reporting entity under the Financial Markets Conduct Act 2013.

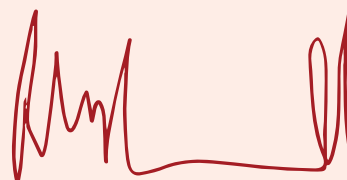
Contact's financial statements are prepared:

- in accordance with New Zealand generally accepted accounting practice (GAAP) and comply with New Zealand equivalents to International Financial Reporting Standards (IFRS) and IFRS as appropriate for profit-oriented entities
- in millions of New Zealand dollars (NZD) unless otherwise noted
- on a historical cost basis except for financial instruments held at fair value
- using the same accounting policies for all reporting periods presented
- with certain comparative amounts reclassified to conform to the current year's presentation.

Estimates and judgements are made in applying Contact's accounting policies. Areas that involve a higher level of estimation or judgement are:

- useful lives of property, plant and equipment and intangible assets (note **C1**)
- impairment testing of cash-generating units and future generation development capital work in progress (note **C2**)
- fair value measurement of financial instruments (notes **D1** and **E9**)
- provision for future restoration and rehabilitation obligations (note **E6**).

The financial statements were authorised on behalf of the Contact Energy Limited Board of Directors on 12 August 2022.



Robert McDonald
Chair



Sandra Dodds
Chair, Audit and Risk Committee

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Statement of comprehensive income

For the year ended 30 June 2022

\$m	Note	2022	2021
Revenue	A2	2,387	2,573
Operating expenses	A2	(1,850)	(2,020)
Net interest expense	B5	(36)	(50)
Depreciation and amortisation	C1	(262)	(249)
Change in fair value of financial instruments	D1	14	7
Profit before tax		253	261
Tax expense	E1	(71)	(74)
Profit		182	187
Items that may be reclassified to profit/(loss):			
Change in hedge reserves (net of tax)	E8	(31)	(2)
Comprehensive income		151	185
Profit per share (cents) – basic and diluted		23.4	25.3

Statement of cash flows

For the year ended 30 June 2022

\$m	Note	2022	2021
Receipts from customers		2,397	2,524
Payments to suppliers and employees		(1,880)	(1,970)
Interest paid		(28)	(43)
Tax paid		(89)	(79)
Operating cash flows	E7	400	432
Purchase and construction of assets		(347)	(129)
Capitalised interest		(19)	(8)
Investment in associates		(11)	(8)
Proceeds from sale of assets		1	–
Acquisition of subsidiaries		(5)	(32)
Investing cash flows		(381)	(177)
Dividends paid	B3	(242)	(274)
Proceeds from borrowings		536	356
Repayment of borrowings		(291)	(623)
Financing costs		(4)	–
Net proceeds from share issue		–	392
Financing cash flows		(1)	(149)
Net cash flow		18	106
Add: cash at the beginning of the year		150	44
Cash at the end of the year	B4	168	150

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Statement of financial position

At 30 June 2022

\$m	Note	2022	2021
Cash and cash equivalents	B4	168	150
Trade and other receivables	E4	227	255
Inventories	E3	58	69
Intangible assets	C1	27	24
Derivative financial instruments	D1	23	56
Assets held for sale		5	–
Total current assets		508	554
Property, plant and equipment	C1	4,095	3,961
Intangible assets	C1	200	221
Goodwill	C2	214	214
Investments in associates	E12	21	10
Derivative financial instruments	D1	128	70
Total non-current assets		4,658	4,476
Total assets		5,166	5,030
Trade and other payables	E5	261	305
Tax payable		36	39
Borrowings	B4	287	163
Derivative financial instruments	D1	98	92
Provisions	E6	15	23
Total current liabilities		697	622
Borrowings	B4	812	693
Derivative financial instruments	D1	128	84
Provisions	E6	58	51
Deferred tax	E1	616	637
Other non-current liabilities		15	16
Total non-current liabilities		1,629	1,481
Total liabilities		2,326	2,103
Net assets		2,840	2,927
Share capital	B2	1,955	1,922
Retained earnings		958	1,048
Hedge reserves	E8	(82)	(51)
Share-based compensation reserve	E11	8	8
Shareholders' equity		2,840	2,927

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Statement of changes in equity

For the year ended 30 June 2022

\$m	Note	Share capital	Retained earnings	Other reserves	Shareholders' equity
Balance at 1 July 2020		1,528	1,134	(41)	2,621
Profit		–	187	–	187
Change in hedge reserves (net of tax)	E8	–	–	(2)	(2)
Change in share capital	B2	394	–	–	394
Dividends paid	B3	–	(274)	–	(274)
Balance at 30 June 2021		1,922	1,048	(43)	2,927
Profit		–	182	–	182
Change in hedge reserves (net of tax)	E8	–	–	(31)	(31)
Change in share capital	B2	33	–	–	33
Dividends paid	B3	–	(272)	–	(272)
Balance at 30 June 2022		1,955	958	(74)	2,840

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Notes to the financial statements

A. Our performance

A1. Segments

Contact reports activities under the Wholesale segment and the Retail (previously named 'Customer') segment.

The Wholesale segment includes revenue from the sale of electricity to the wholesale electricity market, to Commercial & Industrial (C&I) customers and to the Retail segment, less the cost to generate and/or purchase the electricity and costs to serve and distribute electricity to C&I customers.

The results of Simply Energy Limited and Western Energy Services Limited, following their acquisition in the prior year, have been included within the Wholesale segment in the relevant line items.

The Retail segment includes revenue from delivering electricity, natural gas, broadband and other products and services to mass market customers less the cost of purchasing those products and services, and the cost to serve customers.

'Unallocated' includes corporate functions not directly allocated to the operating segments.

The Retail segment purchases electricity from the Wholesale segment at a fixed price in a manner similar to transactions with third parties.

A2. Earnings

The table on the next page provides a breakdown of Contact's revenue, expenses and earnings before interest, tax, depreciation, amortisation and changes in fair value of financial instruments (EBITDAF) by segment, and a reconciliation from EBITDAF to profit reported under NZ GAAP. EBITDAF is used to monitor performance and is a non-GAAP profit measure.

\$13 million (2021: \$12 million) of metering costs, previously included within 'Other operating expenses', have been reclassified to 'Electricity networks, levies & meter costs' to better reflect the direct nature of these costs and to improve comparability with the industry.

The key revenue categories are:

- **Electricity and gas**

Electricity and gas revenue (including mass market electricity, C&I electricity and gas) is recognised when energy is supplied for customer consumption. Mass market electricity includes net revenue for AA Smartfuel rewards. Revenue is initially recognised net of prompt payment discounts.

- **Wholesale electricity, net of hedging**

Revenue received from electricity generated and sold through the wholesale market, the net settlement of electricity hedges sold on the electricity futures markets and to generators, other retailers and industrial customers. Revenue is recognised as the energy is delivered.

- **Electricity-related services**

Revenue from the sale of complementary products and services to the wholesale market for the provision of instantaneous reserves, frequency keeping and other ancillary services. Revenue is recognised as the services are provided.

- **Steam and broadband**

Revenue from the sale of steam is recognised as the steam is delivered. Broadband revenue is recognised as the broadband services are provided.

Revenue recognition involves the calculation of unbilled revenue accruals for mass market, C&I electricity and gas, as well as the recognition of contract assets (note E4).

Simply Energy Limited revenue for electricity supply and billing services is included in the 'C&I electricity – fixed price', 'C&I electricity – pass through' and 'Wholesale electricity, net of hedging' revenue lines. Revenue is recognised when energy is supplied for customer consumption and as billing services are provided.

\$m	2022					2021				
	Wholesale	Retail	Unallocated	Eliminations	Total	Wholesale	Retail	Unallocated	Eliminations	Total
Mass market electricity	–	869	–	(1)	868	–	839	–	(1)	838
C&I electricity – fixed price	215	–	–	–	215	249	–	–	–	249
C&I electricity – pass through	34	–	–	–	34	44	–	–	–	44
Wholesale electricity, net of hedging	1,071	–	–	–	1,071	1,285	–	–	–	1,285
Electricity-related services revenue	8	–	–	–	8	8	–	–	–	8
Inter-segment electricity sales	395	–	–	(395)	–	338	–	–	(338)	–
Gas	7	82	–	–	89	2	74	–	–	76
Steam	33	–	–	–	33	28	–	–	–	28
Geothermal services	3	–	–	–	3	3	–	–	–	3
Broadband	–	53	–	–	53	–	32	–	–	32
Other income	6	7	–	–	13	4	6	–	–	10
Total revenue	1,772	1,011	–	(396)	2,387	1,961	951	–	(339)	2,573
Electricity purchases, net of hedging	(793)	–	–	–	(793)	(974)	–	–	–	(974)
Electricity purchases – pass through	(26)	–	–	–	(26)	(30)	–	–	–	(30)
Electricity-related services cost	(8)	–	–	–	(8)	(7)	–	–	–	(7)
Inter-segment electricity purchases	–	(395)	–	395	–	–	(338)	–	338	–
Gas and diesel purchases	(95)	(33)	–	–	(128)	(126)	(24)	–	–	(150)
Gas storage costs	(24)	–	–	–	(24)	(24)	–	–	–	(24)
Carbon emissions costs	(38)	(6)	–	–	(44)	(41)	(4)	–	–	(45)
Generation transmission & levies	(24)	–	–	–	(24)	(28)	–	–	–	(28)
Electricity networks, levies & meter costs – fixed price	(60)	(407)	–	–	(467)	(82)	(390)	–	–	(472)
Electricity networks, levies & meter costs – pass through	(8)	–	–	–	(8)	(13)	–	–	–	(13)
Gas networks, transmission & meter costs	(6)	(40)	–	–	(46)	(7)	(38)	–	–	(45)
Geothermal service costs	(2)	–	–	–	(2)	(1)	–	–	–	(1)
Broadband costs	–	(45)	–	–	(45)	–	(33)	–	–	(33)
Other market costs	(25)	–	–	–	(25)	–	–	–	–	–
Other operating expenses	(115)	(68)	(28)	1	(210)	(101)	(68)	(30)	1	(198)
Total operating expenses	(1,224)	(994)	(28)	396	(1,850)	(1,434)	(895)	(30)	339	(2,020)
EBITDAF	548	17	(28)	–	537	527	56	(30)	–	553
Depreciation and amortisation					(262)					(249)
Net interest expense					(36)					(50)
Change in fair value of financial instruments					14					7
Tax expense					(71)					(74)
Profit					182					187

A3. Free cash flow

Free cash flow is a non-GAAP cash measure that shows the amount of cash Contact has available to distribute to shareholders, reduce debt or reinvest in growing the business. A reconciliation from EBITDAF to NZ GAAP operating cash flows and to free cash flow is provided below.

\$m	Note	2022	2021
EBITDAF	A2	537	553
Tax paid		(89)	(79)
Change in working capital, net of investing and financing activities		(17)	3
Non-cash items included in EBITDAF		(3)	(2)
Net interest paid, excluding capitalised interest		(28)	(43)
Operating cash flows	E7	400	432
Stay-in-business capital expenditure		(75)	(61)
Operating free cash flow		325	371
Proceeds from sale of assets		1	–
Free cash flow		326	371
Operating free cash flow per share (cents)	B3	41.8	50.2

Stay-in-business capital expenditure is required to maintain our business operations and includes major plant inspections and replacements of existing assets.

B. Our funding

B1. Capital structure

Contact's capital includes equity and net debt. Our objectives when managing capital are to ensure Contact can pay its debts when they are due and to optimise the cost of our capital.

To manage the capital structure, the Board of Directors may adjust the amount and nature of distributions to shareholders, issue new shares and increase or repay debt.

Contact manages its capital structure to support an investment grade credit rating and a gearing ratio suitable to our operating environment.

Contact issued \$225 million of capital bonds during the year which are classified as subordinated debt.

\$m	Note	2022	2021
Borrowings	B4	1,099	856
Shareholders' equity		2,840	2,927
Total capital funding		3,939	3,783
Gearing ratio		27.9%	22.6%
Gearing ratio excluding subordinated debt		23.5%	22.6%

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B2. Share capital

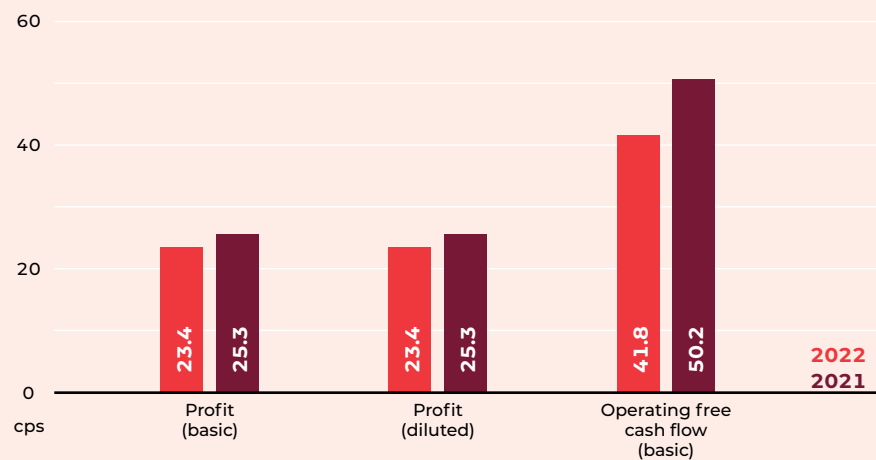
Share capital comprises ordinary shares listed on the NZX and ASX. Certain ordinary shares are held in trust on behalf of employees under the Contact Share scheme (note E11). All shareholders are entitled to receive distributions and to make one vote per share.

\$30 million of shares issued during the year were from the dividend reinvestment plan.

	Note	Number	\$m
Balance at 30 June 2021		776,122,070	1,922
Share capital issued		4,516,233	33
Balance at 30 June 2022		780,638,303	1,955
Comprising:			
Ordinary shares		780,394,402	1,956
Contact Share	E11	243,901	(1)

B3. Distributions

Earnings and operating free cash flow per share



Weighted average	2022	2021
Number of shares (basic)	778,794,640	738,614,475
Number of shares (diluted)	779,812,908	739,042,889

The basic earnings per share calculation uses the weighted average number of shares on issue over the period.

The diluted weighted average number of shares takes into account the number of performance share rights and deferred share rights that are currently exercisable or will become exercisable depending on likelihood of meeting vesting conditions.

Dividends paid

	Cents per share	\$m
2020 final	23.0	165
2021 interim	14.0	109
30 June 2021		274
2021 final	21.0	163
2022 interim	14.0	109
30 June 2022		272
Comprising:		
Cash dividends		242
Dividend reinvestment plan		30

On 12 August 2022, the Board resolved to pay a 90% imputed final dividend of 21 cents per share on 27 September 2022. On 12 August 2022, Contact had \$41 million of imputation credits available for use in future periods.

B4. Borrowings

Borrowings are recognised initially at fair value less financing costs and subsequently at amortised cost using the effective interest rate method. Some borrowings are designated in fair value hedge relationships, which means that any changes in market interest and foreign exchange rates result in a change in the fair value adjustment on that debt.

Borrowings denoted with an asterisk (*) are Green Debt Instruments under Contact's Green Borrowing Programme, which has been certified by the Climate Bonds Initiative. At 30 June 2022 Contact remains compliant with the requirements of the programme. Further information is available on the **Sustainability** section on Contact's website.

\$m	Maturity	Coupon	2022	2021
Bank overdraft	< 3 months	Floating	2	–
* Commercial paper	< 3 months	Floating	175	–
* Drawn bank facilities	Various	Floating	7	–
Lease obligations	Various	Various	25	21
* Retail bonds – CEN030	Nov 2021	4.40%	–	150
* Retail bonds – CEN040	Nov 2022	4.63%	100	100
* USPP notes – US\$22m	Dec 2023	4.19%	28	28
* USPP notes – US\$51m	Dec 2023	4.09%	64	64
* USPP notes – US\$42m	Dec 2023	3.63%	61	61
* Retail bonds – CEN050	Aug 2024	3.55%	100	100
* USPP notes – US\$58m	Dec 2025	4.33%	73	73
* USPP notes – US\$43m	Dec 2025	3.85%	62	62
* Export credit agency facility	Nov 2027	Floating	40	47
* USPP notes – US\$15m	Dec 2027	3.95%	22	22
* USPP notes – US\$23m	Dec 2028	4.44%	29	29
* USPP notes – US\$30m	Dec 2028	4.51%	38	38
* Capital bonds	Nov 2051	4.33%	225	–
Face value of borrowings			1,050	795
Deferred financing costs			(6)	(3)
Total borrowings at amortised cost			1,044	792
Fair value adjustment on hedged borrowings			55	64
Carrying value of borrowings			1,099	856
Current			287	163
Non-current			812	693

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Changes in borrowings

\$m	2022	2021
Borrowings at the start of the year	856	1,198
Net cash borrowed/(repaid)	245	(267)
Non-cash change in lease obligations	10	3
Non-cash change in deferred financing costs	(3)	1
Non-cash change in fair value adjustment	(9)	(80)
Borrowings at the end of the year	1,099	856

Short-term funding

Contact uses bank facilities for general corporate purposes including to manage its liquidity risk (note D2). Whilst drawings under our bank facilities are typically for periods of three months or less, the amounts drawn down can be rolled for the term of the facility. Drawn facilities are classified as current when the facility will expire within one year of the reporting period end.

Contact's total bank facilities have a range of maturities as follows:

Maturity \$m	2022	2021
Between 1 and 2 years	50	–
Between 2 and 3 years	265	50
More than 3 years	115	380
	430	430

All of these bank facilities form part of Contact's Green Borrowing Programme.

Lease obligations

Contact's leases predominately relate to property and connections to the national electricity grid. These assets are included in the carrying value of property, plant and equipment (note C1).

Security

Contact's Deed of Negative Pledge and Guarantee and its United States Private Placement (USPP) note agreements restrict Contact from granting security interest over its assets, subject to certain permitted exceptions. Because of these restrictions, Contact's borrowings are all unsecured, except for lease obligations secured over the leased assets. The Deed of Negative Pledge and Guarantee and the USPP note agreements contain various debt covenants, all of which Contact complied with during the reporting period.

Cash and cash equivalents

Cash and cash equivalents exclude bank overdrafts which are included within borrowings. Contact trades electricity price derivatives on the ASX market using a broker that holds collateral on deposit for margin calls. At 30 June 2022, this collateral was \$164 million (2021: \$109 million) and is included within total cash and cash equivalents of \$168 million (2021: \$150 million).

B5. Net interest expense

\$m	Note	2022	2021
Interest expense on borrowings		(48)	(52)
Interest expense on finance leases		(1)	(1)
Unwind of discount on provisions	E6	(5)	(5)
Unwind of deferred financing costs		(1)	(1)
Capitalised interest	C1	19	8
Interest income		–	1
Net interest expense		(36)	(50)

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C. Our assets

C1. Property, plant and equipment and intangible assets

Contact's property, plant and equipment (PP&E) and intangible assets include:

- Generation plant and equipment: hydro, geothermal and thermal power stations and geothermal wells and pipelines.
- Computer software: our SAP system that is used for customer service and billing, finance functions and generation asset management, which has a carrying value of \$135 million (2021: \$169 million) and a remaining life of seven years.

All assets are recognised at cost less accumulated depreciation or amortisation and impairments. Generation plant and equipment acquired before 1 October 2004 is recognised at deemed historical cost, which is the fair value of those assets at 1 October 2004, less accumulated depreciation and accumulated impairment losses.

Included within additions for the year ended 30 June 2022 is capitalised interest of \$19 million (2021: \$8 million) in relation to the build of the Tauhara geothermal plant and steamfield.

Property, plant and equipment \$m	Generation plant and equipment	Other land, buildings, plant and equipment	Capital work in progress	Leased assets	Total
Cost					
Balance at 1 July 2020	5,658	121	197	42	6,018
Additions	7	1	124	3	135
Acquisitions	–	15	1	–	16
Transfers from capital work in progress	53	–	(53)	–	–
Disposals	–	–	(2)	(3)	(5)
Balance at 30 June 2021	5,718	137	267	42	6,164
Additions	7	5	337	10	359
Transfers from capital work in progress	30	7	(37)	–	–
Transfers to assets held for sale	(17)	–	–	–	(17)
Disposals	(5)	–	–	(1)	(6)
Balance at 30 June 2022	5,733	149	567	51	6,500
Depreciation and impairment					
Balance at 1 July 2020	(1,872)	(102)	(1)	(17)	(1,992)
Depreciation charge	(200)	(4)	–	(4)	(208)
Acquisitions	–	(6)	–	–	(6)
Disposals	–	–	–	3	3
Balance at 30 June 2021	(2,072)	(112)	(1)	(18)	(2,203)
Depreciation charge	(206)	(4)	–	(5)	(215)
Acquisitions	12	–	–	–	12
Disposals	–	–	–	1	1
Balance at 30 June 2022	(2,266)	(116)	(1)	(22)	(2,405)
Carrying value					
At 30 June 2021	3,646	25	266	24	3,961
At 30 June 2022	3,467	33	566	29	4,095

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Intangible assets	Software and capital work in progress	Carbon emission units	Other	Total
\$m				
Cost				
Balance at 1 July 2020	482	3	1	486
Additions	19	68	–	87
Acquisitions	–	–	16	16
Disposals	–	(47)	–	(47)
Balance at 30 June 2021	501	24	17	542
Additions	27	94	1	122
Disposals	(1)	(91)	–	(92)
Transfer to assets held for sale	(1)	–	–	(1)
Balance at 30 June 2022	526	27	18	571
Amortisation				
Balance at 1 July 2020	(256)	–	–	(256)
Amortisation charge	(40)	–	(1)	(41)
Balance at 30 June 2021	(296)	–	(1)	(297)
Amortisation charge	(46)	–	(1)	(47)
Balance at 30 June 2022	(342)	–	(2)	(344)
Carrying value				
At 30 June 2021	205	24	16	245
At 30 June 2022	184	27	16	227
Current	–	27	–	27
Non-current	184	–	16	200

Capital commitments

At 30 June 2022, Contact was committed to \$275 million of contracted capital expenditure (2021: \$334 million) and \$150 million of carbon forward contracts (2021: \$60 million), of which \$252 million is due within one year of balance date.

Cost

Contact capitalises the costs to purchase and bring assets into service. When Contact develops an asset, employee time and other directly attributable costs are capitalised and held as capital work in progress until the asset is commissioned.

Contact capitalises costs to obtain resource consents and to drill geothermal exploration wells. These costs are expensed if the existing area of operations that they relate to is unsuccessful or abandoned. All other geothermal exploration costs are expensed.

Carbon emission units are purchased to offset our emissions under the New Zealand Emissions Trading Scheme (ETS). The units are measured at weighted average cost. They are classified as current assets when they will be used to offset our ETS obligations at balance date or obligations expected to be incurred within one year of balance date.

Depreciation and amortisation

The cost of Contact's assets is spread evenly over their useful lives (straight line method) or, for certain thermal assets, over the equivalent operating hours (EOH) those assets are expected to be of benefit to Contact.

Management estimates an asset's useful life or EOH and this is reviewed annually.

Land, capital work in progress and carbon emission units are not depreciated or amortised. The depreciation and amortisation rates for all other assets are:

Asset	Rate/hours
Generation plant and equipment	
Straight line	1 – 33%
Equivalent operating hours	40,000 – 100,000
Other buildings, plant and equipment	2 – 33%
Computer software	5 – 50%

During the year ended 30 June 2022, Contact concluded its review of existing software assets in light of the IFRIC agenda decision *Configuration or Customisation costs in a Cloud Computing Arrangement* and wrote off \$1 million of software assets relating to software-as-a-service arrangements.

C2. Goodwill and asset impairment testing

Contact has two cash-generating units (CGUs): Wholesale and Retail. The Retail CGU includes goodwill of \$179 million (2021: \$179 million). The Wholesale CGU includes goodwill of \$35 million (2021: \$41 million, restated to \$35 million) following the acquisition of Simply Energy Limited and Western Energy Services Limited in the prior year, and subsequent purchase price allocation. Further information on the acquisition of Western Energy Services Limited is provided in note E12.

Capital work in progress (CWIP) includes \$493 million (2021: \$223 million) related to future generation developments, of which \$9 million is not allocated to a CGU.

The recoverable amount of an asset or CGU is calculated as the higher of its value in use and fair value less costs to sell. Every reporting period management estimates the value in use expected to be recovered from Contact's CGUs and any significant future generation developments in CWIP that are not allocated to a CGU. An impairment is recognised when the recoverable value is lower than the carrying value.

Determining value in use involves estimating future cash flows for each CGU. These cash flows are adjusted for future growth based on historical inflation and discounted at a post-tax discount rate between 6.5% and 7.5% to arrive at the present value, or value in use, of each CGU. Future generation developments are assessed separately until the build has substantially commenced, however key inputs are the same as for the Wholesale CGU plus an estimate of plant commissioning costs.

No impairments were recognised in the current or prior period.

The key inputs to CGU and future generation development cash flows, and their method of determination, are:

Retail CGU

Post-tax discount rate and inflation	External WACC report prepared by Cameron Partners and implicit inflation rate.
Customer numbers and churn	Actual customer numbers adjusted for historical churn data and expected market trends.
Margin per customer	Actual margin per customer adjusted for expected market changes.
Estimated future capital expenditure and operating costs	Budgeted capital and operating expenditure, reflecting historical levels and known differences.
Cost of purchased energy	ASX future electricity prices adjusted for location and seasonal shape.

Wholesale CGU and future generation developments

Post-tax discount rate and inflation	External WACC report prepared by Cameron Partners, and implicit inflation rate.
Wholesale electricity price path	Modelled wholesale prices based on ASX future electricity prices adjusted for location and seasonal shape, and price estimates based on an analysis of expected demand and cost of new supply for periods not quoted on the ASX market.
Generation volume and mix	Generation strategy based on expected demand, hydro volumes, planned outages and expected market pricing.
Estimated future capital expenditure and operating costs	Budgeted capital and operating expenditure, reflecting historical levels and known differences.
Fuel costs	Contracted gas and carbon prices, otherwise Contact's best estimate of future prices.

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Sensitivities

The calculation of the value in use for the CGUs is most sensitive to the inputs for wholesale electricity prices and the post tax discount rate.

Wholesale electricity prices are influenced by a number of factors that are difficult to predict, in particular weather, which can impact short-term prices. Wholesale electricity prices may also be adversely affected by a reduction in demand, the availability of fuel and generation capacity in the wholesale electricity market, competitor and transmission system availability.

The post-tax discount rate is an estimate of Contact's weighted average cost of capital and is influenced by a number of external factors such as the risk-free rate and inflation.

The sensitivity of the valuation model to the wholesale electricity prices and discount rate, where all other inputs remain constant, is as follows:

Significant unobservable inputs	Sensitivity	Impact \$m
Post tax discount rate	- 0.5%	+ 663
	+ 0.5%	- 563
Wholesale electricity price path	+ 10%	+ 515
	- 10%	- 515

The value in use exceeded the carrying value for all sensitivities carried out.

There is interrelation between the key inputs in the valuation. Any changes in the price path and post tax discount rate would not occur in isolation and would drive other changes which could also impact the value in use.

D. Our financial risks

Contact's financial risk management system mitigates exposure to market, liquidity and credit risks by ensuring that material risks are identified, the financial impact is understood and tools and limits are in place to manage exposures. Written policies provide the framework for Contact's financial risk management system.

D1. Market risk

Interest rate risk

Contact has fixed and floating rate debt and is exposed to movements in interest rates. For fixed rate debt the exposure is to falling interest rates as Contact could have secured that debt at lower rates, while for floating rate debt there is uncertainty of future cash interest payments.

Contact manages these risks through the use of interest rate swaps (IRS) and cross-currency interest rate swaps (CCIRS) to ensure that the total debt portfolio has an appropriate amount of fixed and floating rate exposure. The risk is monitored by assessing the notional amount of debt on a fixed and floating basis and ensuring this is in accordance with set policies.

Foreign exchange risk

Contact is exposed to movements in foreign exchange rates through its commitments to pay certain suppliers and United States Private Placement (USPP) note holders.

To mitigate this risk, forward foreign exchange contracts are used to fix future cash flows in NZD terms. Foreign debt is hedged through the use of CCIRS, which converts foreign currency principal and interest payments to NZD at a fixed exchange rate.

Commodity price risk

Contact is exposed to electricity price risk through the sale and purchase of electricity on the wholesale electricity market. Contact's integrated Wholesale and Retail businesses provide a natural hedge for most of this exposure. Derivatives may be used to fix the price at which Contact buys or sells any residual exposure to electricity price risks. In addition, Contact is party to a fixed price swaption to provide cover in extreme price situations.

Contact is also exposed to natural gas price risk on purchases of natural gas. Short- and long-term gas purchase contracts are used to fix the price of gas. These are not derivative financial instruments. Related to this, Contact is exposed to carbon price risk on its carbon obligations. Spot purchases, forward purchases and auction participation are used to manage the price risk relating to carbon.

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Summary of derivative financial instruments

A summary of the exposures from derivatives and the impact on Contact's financial position is provided below grouped by type of hedge relationship. Further information on hedging activities and fair value of derivatives is provided in notes **E8** and **E9**.

\$m	Fair value hedge	Cash flow and fair value hedge	Cash flow hedge			No hedge relationship	Total
			IRS	Electricity price derivatives	Foreign exchange contracts	Electricity price derivatives	
2022	IRS	CCIRS	IRS	Electricity price derivatives	Foreign exchange contracts	Electricity price derivatives	Total
Notional amount of derivatives	350	376	1,195	13,833 GWh	118	2,456 GWh	
Maturity years	2022 – 2029	2023 – 2028	2022 – 2027	2022 – 2039	2022 – 2026	2022 – 2025	
Average rate/price	4.5%	5%/0.75USD ¹	3.1%	\$99/MWh	Various ²	\$145/MWh	
Carrying value of derivatives – asset	–	75	37	3	3	33	151
Carrying value of derivatives – liability	(16)	(5)	(4)	(154)	(5)	(42)	(226)
Carrying value of hedged borrowings	(331)	(448)	–	–	–	–	(779)
Fair value adjustments to borrowings	16	(71)	–	–	–	–	(55)
2021							
Notional amount of derivatives	188	376	800	6,160 GWh	179	1,220 GWh	
Maturity years	2021 – 2024	2023 – 2028	2021 – 2027	2021 – 2025	2021 – 2026	2021 – 2024	
Average rate/price	1.7%	2.5%/0.75USD	3.2%	\$83/MWh	Various	\$128/MWh	
Carrying value of derivatives – asset	5	59	5	32	3	22	126
Carrying value of derivatives – liability	–	(5)	(53)	(93)	(2)	(24)	(176)
Carrying value of hedged borrowings	(192)	(436)	–	–	–	–	(628)
Fair value adjustments to borrowings	(5)	(59)	–	–	–	–	(64)

Average interest rates for IRS and CCIRS are based on their pay legs. For pay-float swaps (CCIRS and IRS in fair value hedges), the rate comprises the floating base rate plus the margin. The CCIRS liability arises from the cash flow hedge component. Notionals, maturities and average prices for electricity price hedges not in hedge relationships do not include options not yet called.

¹ The NZD/USD closing spot rate at 30 June 2022 was 0.62.

² Average exchange rates include 0.93 AUD, 0.58 EUR, 0.68 USD and 76.74 JPY.

Change in fair value of derivatives recognised in the statement of comprehensive income

\$m	Fair value hedge	Cash flow and fair value hedge	Cash flow hedge			No hedge relationship	Total
				Electricity price derivatives	Foreign exchange contracts	Electricity price derivatives	
2022	IRS	CCIRS	IRS				
Hedge ineffectiveness	–	–	24	–	–	–	24
Hedge effectiveness	(21)	12	–	–	–	–	(9)
Non-hedge movements	–	–	–	–	–	(10)	(10)
Fair value adjustments to hedged borrowings	21	(12)	–	–	–	–	9
Total change in fair value of financial instruments recognised in profit/(loss)	–	–	24	–	–	(10)	14
Hedge effectiveness recognised in OCI	–	4	52	(125)	(2)	–	(71)
Amortisation of hedge reserve balance	–	–	–	(10)	(1)	–	(11)
Amounts reclassified to profit/(loss)	–	–	5	38	–	–	43
2021							
Hedge ineffectiveness	–	–	8	–	–	–	8
Hedge effectiveness	(7)	(73)	–	–	–	–	(80)
Non-hedge movements	–	–	–	–	–	(1)	(1)
Fair value adjustments to hedged borrowings	7	73	–	–	–	–	80
Total change in fair value of financial instruments recognised in profit/(loss)	–	–	8	–	–	(1)	7
Hedge effectiveness recognised in OCI	–	(3)	27	(61)	1	–	(37)
Amounts reclassified to profit/(loss)	–	–	7	25	–	–	32

Sensitivities

The table (right) summarises the impact on derivative valuations of possible changes in forward wholesale electricity prices and forward interest rates. The analysis assumes that all variables were held constant except for the relevant market risk factor. The amounts in the table represent the impact of changes in the market risk factors on the derivative valuations. These movements would be offset elsewhere by an opposite movement on the hedged item.

D2. Liquidity risk

To manage liquidity risk, Contact maintains a diverse portfolio of funding, debt maturities are spread over a number of years and any new financing or refinancing requirements are addressed with an appropriate lead time. Contact maintains a buffer of undrawn bank facilities over its forecast funding requirements to enable it to meet any unforeseen cash flows.

Management monitors the available liquidity buffer by comparing forecast cash flows to available facilities to ensure sufficient liquidity is maintained in accordance with internal limits.

Information on contracted cash flows in the table (right) is presented on an undiscounted basis.

CCIRS cash flows are included within Borrowings in the table. US dollar inflows on the CCIRS offset the US dollar outflows on the USPP notes.

\$m		2022	2021
Favourable/(unfavourable)			
Hedging impact on hedge reserves			
Forward interest rates	+100bps	8	12
	-25bps	(7)	(2)
Forward electricity prices	+10%	(76)	(27)
	-10%	76	28
Forward foreign exchange rates	+10%	11	18
	-10%	(8)	(14)
Hedging impact on post-tax profit/(loss)			
Forward interest rates	+100bps	2	7
	-25bps	2	–
Forward electricity prices	+10%	(6)	1
	-10%	6	(1)

\$m	Total contractual cash flows	Less than 1 year	1–2 years	2–5 years	More than 5 years
2022					
Trade and other payables	(177)	(177)	–	–	–
Borrowings	(1,296)	(234)	(198)	(330)	(535)
Electricity price derivatives – net settled	(157)	(67)	(53)	(64)	27
IRS – net settled	16	(6)	2	19	1
Foreign exchange derivatives – inflow	116	104	6	6	–
Foreign exchange derivatives – outflow	(118)	(106)	(6)	(6)	–
	(1,617)	(486)	(249)	(375)	(507)
2021					
Trade and other payables	(197)	(197)	–	–	–
Borrowings	(918)	(193)	(139)	(463)	(123)
Electricity price derivatives – net settled	(64)	(27)	(23)	(14)	–
IRS – net settled	3	(8)	(3)	13	1
Foreign exchange derivatives – inflow	178	93	74	11	–
Foreign exchange derivatives – outflow	(180)	(93)	(75)	(12)	–
	(1,178)	(425)	(166)	(465)	(122)

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D3. Credit risk

Total credit risk exposure is measured by the financial instruments in an asset position of \$530 million (2021: \$476 million). To minimise credit risk exposure, Contact has a policy to only transact with credit worthy counterparties and to not exceed internally imposed exposure limits to any one counterparty. Where appropriate, collateral is obtained. Further information on customer related credit risk is provided in note E4.

E. Other disclosures

E1. Tax

Tax expense is made up of current tax expense and deferred tax expense. Current tax expense relates to the current financial reporting period while deferred tax will be payable in future periods.

Tax is recognised in profit, except when it relates to items recognised directly in OCI.

\$m	2022	2021
Profit before tax	253	261
Tax at 28%	(71)	(73)
Tax effect of adjustments:		
– Other	–	(1)
Tax expense	(71)	(74)
Current	(87)	(91)
Deferred	16	17

Contact's deferred tax liability is calculated as the difference between the carrying value of assets and liabilities for financial reporting purposes and the values used for taxation purposes.

\$m	PP&E and intangible assets	Derivative financial instruments	Other	Total
Balance at 1 July 2020	(712)	34	25	(653)
Recognised in profit/(loss)	16	(2)	3	17
Recognised in balance sheet	(3)	–	(1)	(4)
Recognised in OCI	–	2	–	2
Recognised in other reserves	–	–	1	1
Balance at 30 June 2021	(699)	34	28	(637)
Recognised in profit/(loss)	26	(8)	(2)	16
Recognised in balance sheet	–	–	(2)	(2)
Recognised in OCI	–	8	–	8
Recognised in other reserves	–	–	(1)	(1)
Balance at 30 June 2022	(673)	34	23	(616)

E2. Operating expenses

Other operating expenses (note A2) include total labour costs of \$107 million (2021: \$111 million). Labour costs include contributions to KiwiSaver of \$4 million (2021: \$3 million).

Audit fees paid to Contact's auditor (KPMG) amounted to \$564,500 for review of the interim, and audit of the year end, financial statements (2021: \$541,000). Other fees paid to the auditor were \$100,500 for other assurance work (2021: \$53,750), and \$3,500 for supervisor reporting (2021: \$3,500). Other assurance work relates to review of greenhouse gas emissions reporting, Global Reporting Initiative indicators and our Green Borrowing Programme.

E3. Inventories

Contact's inventories comprise gas in storage for use in thermal generation, consumables and spare parts for power stations, and diesel fuel for use in the Whirinaki power plant. Inventory gas is measured at weighted average cost. All other inventories are stated at cost.

\$m	2022	2021
Inventory gas	41	56
Consumables and spare parts	13	10
Diesel fuel	4	3
	58	69

E4. Trade and other receivables

\$m	2022	2021
Trade receivables	133	168
Unbilled receivables	83	76
Provision for impairment	(2)	(2)
Net trade receivables	214	242
Contract assets	7	9
Prepayments	6	4
	227	255

Trade and unbilled receivables are recognised net of discounts based on past experience of the amount of discounts taken up by customers.

Unbilled receivables represent Contact's best estimate of unbilled retail sales at the end of the reporting period. The estimate uses smart meter data to determine the relevant unbilled amount for the period. Consumption history is used if smart meter data is not available.

Ageing of trade receivables past due but not impaired are:

\$m	2022	2021
Less than one month	11	12
Greater than one month	3	4
	14	16

When Contact has been unable to collect amounts due from customers those debts are written off. Trade receivables, net of recoveries, of \$2 million (2021: \$1 million) were written off during the reporting period.

Contract assets

Contact capitalises the incremental costs incurred to acquire new customers and amortises these costs to operating expenses over the expected life of the customer relationship. Incentives given to customers are also capitalised as a contract asset and amortised to revenue over a period of one to three years.

\$m	2022	2021
Opening balance	9	13
Additions	6	8
Amortised to revenue	(7)	(10)
Amortised to operating expenses	(1)	(2)
Closing balance	7	9

Of the total contract assets balance, \$5 million (2021: \$7 million) is expected to be amortised within one year of the reporting period end and the remainder between one to three years of the reporting period end.

E5. Trade and other payables

\$m	2022	2021
Trade payables and accruals	211	251
Employee benefits	17	27
Interest payable	4	3
Other liabilities	29	24
Trade and other payables	261	305

E6. Provisions

Contact recognises restoration and environmental rehabilitation provisions for the expected costs to abandon and restore geothermal wells and generation sites and to remove asbestos from properties.

Other provisions include \$8 million for Simply Energy performance payments (2021: \$8 million).

\$m	Restoration/ environmental rehabilitation	Other	Total
Balance at 1 July 2021	(50)	(24)	(74)
Created	(1)	(3)	(4)
Released	–	7	7
Utilised	1	2	3
Unwind of discount	(5)	–	(5)
Balance at 30 June 2022	(55)	(18)	(73)
Current	(5)	(10)	(15)
Non-current	(50)	(8)	(58)

These provisions are based on estimates of future cash flows to make good the affected sites at the end of the assets' useful lives. The expected future cash flows are discounted to their present value using a pre-tax discount rate equivalent to a post-tax rate of between 6.5% and 7.5%.

E7. Profit to operating cash flows

A reconciliation of profit to operating cash flows is provided below.

\$m	2022	2021
Profit	182	187
Depreciation and amortisation	262	249
Amortisation of contract assets	8	11
Change in fair value of financial instruments	(14)	(7)
Hedge reserve balance to be amortised	(10)	–
Movement in provisions	(4)	2
Deferred finance costs	1	1
Bad debt expense	3	2
Share-based compensation	4	2
Share of profit/loss in associates	3	1
Changes in assets and liabilities, net of non-cash, investing and financing activities		
Trade and other receivables	20	(68)
Inventories and intangible assets	8	(35)
Trade and other payables	(45)	92
Tax payable	(3)	11
Deferred tax	(15)	(16)
Operating cash flows	400	432

E8. Hedging activities

Contact has designated derivatives used to manage market risks into fair value and cash flow hedge relationships. A hedge ratio of 1:1 is applied for all hedge relationships, as the notional value of the derivative matches the notional value of the hedged item.

Fair value hedges

Interest rate risk

The derivatives (IRS) Contact uses to manage its interest rate risk meet the criteria for hedge accounting where they directly relate to issued debt. The hedge is against future fair value movements in the debt and can be for a portion of the debt. Contact has designated \$350 million of retail bonds into fair value hedge relationships with receive-fixed, pay-floating IRS. The fixed interest rates and other terms match the relevant bond to create an economic relationship.

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The bonds are recognised at amortised cost. Both the hedged risk and the hedging instrument (IRS) are recognised at fair value. The change in the fair value of both items is recognised in profit/(loss) and will offset to the extent the hedging relationship is effective. There are no material sources of ineffectiveness.

Cash flow hedges

The derivatives Contact uses to manage exposure to wholesale electricity prices, floating interest rate risk and foreign exchange rates usually qualify for cash flow hedge accounting. For cash flow hedges, only the derivative is recognised at fair value with the effective portion of all changes in fair value recognised in the cash flow hedge reserve. Any ineffective portion is recognised immediately in profit/(loss). Amounts recognised in the cash flow hedge reserve are reclassified to profit/(loss) or the Statement of Financial Position according to the nature of the hedged item.

The movement in hedge reserves is reconciled below.

\$m	Note	2022	2021
Opening balance		(51)	(49)
Effective portion of cash flow hedges	D1	(71)	(37)
Amortisation of hedge reserve		(11)	–
Transferred to revenue		43	33
Transferred to deferred tax		8	2
Closing balance		(82)	(51)

Included in the closing balance at 30 June 2022 is \$2 million relating to the cost of hedging reserve (2021: \$3 million).

Commodity price risk

Contact designates forecast electricity sales and purchases into cash flow hedges with electricity price derivatives. Volumes are matched to create an economic relationship. There are no material sources of ineffectiveness.

Interest rate risk

Contact designates a certain level of its floating rate exposure into cash flow hedges with receive-floating, pay-fixed IRS in line with set internal policies.

An economic relationship exists between the floating rate exposure and the IRS based on the reference interest rate. Ineffectiveness arises due to IRS that have been designated into hedge relationships part way through their term. These IRS were designated on 1 July 2018 on adoption of NZ IFRS 9.

Combined fair value and cash flow hedges

Contact has designated all its USPP notes into both fair value and cash flow hedge relationships with CCIRS, depending on the component of the USPP note being hedged:

- For the fair value hedges the change in fair value of the USPP note is recognised in profit/(loss) to offset the change in fair value of the relevant CCIRS component.
- For the cash flow hedges the change in fair value of the CCIRS component is recognised in the cash flow hedge reserve.
- The cost to convert foreign currency cash flows under CCIRS is excluded from the hedge relationship and recognised in the cost of hedging reserve.

An economic relationship exists based on the reference interest rates, exchange rate and other terms. There are no material sources of ineffectiveness.

Derivatives not in hedge relationships

These are electricity price derivatives purchased and sold as part of a requirement to participate in the ASX futures electricity market, electricity derivatives entered into for profit-making, financial transmission rights and electricity price options. All changes in fair value of these derivatives are recognised directly in profit/(loss).

E9. Financial instruments at fair value

Fair value

Contact uses discounted cash flow valuations with market observable data, to the extent that it is available, in estimating the fair value of all derivatives and borrowings. The key variables used in these valuations are forward prices (for the relevant underlying interest rates, foreign exchange rates and wholesale electricity prices) and discount rates (based on the forward IRS curve adjusted for counterparty risk).

All inputs are sourced or derived from market information except for forward wholesale electricity prices which are:

- derived from ASX market quoted prices adjusted for Contact's estimate of the effect of location and seasonality, or
- when quoted prices are not available or relevant (i.e. long dated and large contracts), Contact's best estimate of the cost of new supply is used. This is derived using key unobservable inputs, relevant wholesale market factors and management judgement.

Additional key inputs and assumptions used to determine the fair value of electricity derivatives include Contact's best estimate of volumes called over the life of electricity options and forward quoted commodity prices (e.g. adjustments as a consequence of initial recognition differences).

The following table provides a breakdown of the fair value of derivatives by the source of key valuation inputs:

\$m	2022	2021
Sourced from market data	(81)	(20)
Derived from market data	86	12
Electricity price estimates	(81)	(42)
	(76)	(50)

The electricity price derivatives most affected by estimates are reconciled below:

\$m	2022	2021
Opening balance	(42)	(11)
Gain/(loss) in profit/(loss):		
– wholesale electricity revenue	16	10
Gain/(loss) in OCI	(21)	(4)
Instruments issued	(34)	(37)
Closing balance	(81)	(42)

For these derivatives a 10% increase in the electricity price would result in an unfavourable movement in fair value of \$78 million (2021: \$20 million) and a 10% decrease would result in a favourable movement in fair value of \$78 million (2021: \$21 million).

E10. Financial instruments at amortised cost

The value of financial instruments carried at amortised cost is provided in the table below.

\$m	2022	2021
Cash and cash equivalents	168	150
Trade and other receivables	211	207
Trade and other payables	(177)	(197)
Borrowings	(1,044)	(792)

The fair value of borrowings is \$1,105 million (2021: \$852 million). This fair value is derived from market data.

E11. Share-based compensation

Equity Scheme

Contact provides an equity award to certain eligible employees made up of performance share rights (PSRs) and deferred share rights (DSRs). Options are no longer issued and all outstanding options were exercised or lapsed during the year. If performance hurdles are met, or there is a company change in control, the awards vest and become exercisable. On exercise, PSRs and DSRs convert to ordinary shares at no cost to the employee. There are no holding/retention periods or ownership requirements for employees who exercise equity rights. The awards lapse if the performance hurdles are not met, if they are not exercised by the lapse date or if an employee voluntarily leaves Contact. The scheme continues on redundancy but the entitlements are adjusted.

Outstanding options and weighted average exercise price

	Options	
	Number outstanding	Price
Balance at 1 July 2020	1,499,654	\$5.33
Lapsed	(555,559)	\$4.97
Balance at 30 June 2021	944,095	\$5.54
Exercised	(660,866)	\$5.54
Lapsed	(283,229)	\$5.54
Balance at 30 June 2022	–	–

Outstanding PSRs and DSRs

Number outstanding	PSRs	DSRs
Balance at 1 July 2020	586,515	670,179
Granted	228,761	301,355
Exercised	–	(434,021)
Lapsed	(151,518)	(33,141)
Balance at 30 June 2021	663,758	504,372
Granted	232,556	497,697
Exercised	(223,869)	(273,197)
Lapsed	(100,305)	(15,671)
Balance at 30 June 2022	572,140	713,201

PSRs had a weighted average remaining life of 2 years and 6 months (2021: 1 year and 11 months) and DSRs had 1 year and 1 month (2021: 11 months).

Contact Share

Contact Share is Contact's employee share ownership plan that enables eligible employees to acquire a set number of Contact's ordinary shares. The shares are issued and legally held by a trustee company for a restrictive period of three years, during which time the employee is entitled to receive distributions and direct the exercise of voting rights that attach to shares held on their behalf.

At the end of the restrictive period the shares are transferred to the employee. Employees who leave Contact due to redundancy, and in certain other circumstances, may have their shares transferred at that time; all other employees who leave Contact have their shares transferred to an unallocated pool. Shares in the unallocated pool can be used by the trustee company for future allocations under Contact Share.

Number outstanding	Contact Share
Balance at 1 July 2020	278,155
Shares purchased	87,741
Transferred to employees	(98,234)
Balance at 30 June 2021	267,662
Shares issued	66,172
Transferred to employees	(89,933)
Balance at 30 June 2022	243,901

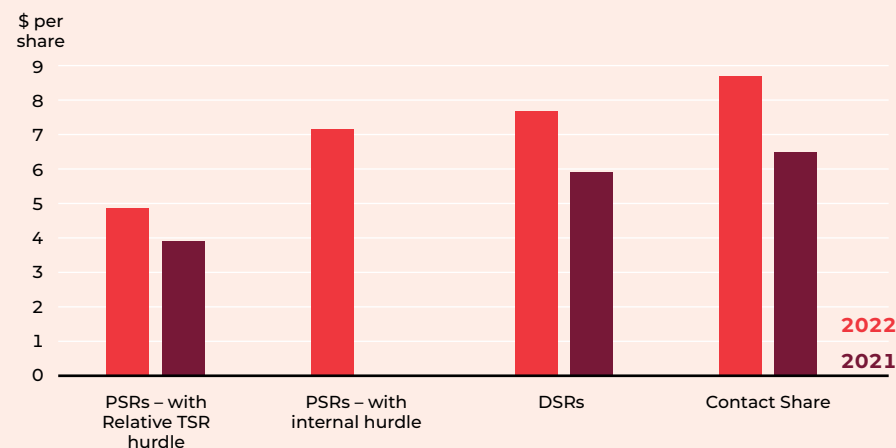
These shares have a weighted average remaining life of 1 year and 4 months (2021: 1 year and 4 months).

Changes in share-based compensation reserve

\$m	Note	2022	2021
Opening balance		8	8
Exercised share scheme awards		(3)	(4)
Lapsed share scheme awards		(1)	–
Share-based compensation expense		4	3
Deferred tax on share scheme	E1	–	1
Closing balance		8	8

Share-based compensation expense

Share-based compensation expense is based on the fair value of the awards granted, adjusted to reflect the number of awards expected to vest. The fair values of awards granted during the reporting period are:



Key inputs in determining the fair values

	2022	2021
Risk-free interest rate	1%	0.1%
Expected dividend yield	5%	6%
Expected share price volatility	30%	25%

E12. Related parties

Contact group entities

Name of entity	Principal activity	Holding	Country
Subsidiaries			
Simply Energy Limited	Energy solutions	100%	New Zealand
Western Energy Services Limited	Geothermal well services	100%	New Zealand
Contact Energy Trustee Company Limited	Trust for Contact Share	100%	New Zealand
Contact Energy Risk Limited	Captive insurance	100%	Cook Islands
Associates			
Drylandcarbon One Limited Partnership	Investment in forestry	16.5%	New Zealand
Forest Partners Limited Partnership	Investment in forestry	14%	New Zealand

Western Energy Services Limited

During the financial year, Contact finalised the acquisition accounting for Western Energy Services Limited. \$8 million has been allocated to brand and intellectual property, with a related \$2m deferred tax liability, resulting in a \$6 million reduction of goodwill. Refer to the related parties disclosure in the **2021 Annual Report** for provisional calculations at 30 June 2021, which have been restated.

Drylandcarbon One Limited Partnership and Forest Partners Limited Partnership

On 11 April 2022, Contact acquired 14% of Forest Partners Limited Partnership (Forest Partners) by committing to invest up to \$37.5 million of capital over the next five years.

Both Drylandcarbon and Forest Partners invest in afforestation projects on economically marginal land in New Zealand to produce a stable supply of carbon units which will offset Contact's carbon obligations.

Drylandcarbon and Forest Partners are accounted for as associates, as Contact has significant influence over both entities through its participation in financial and operating policy decisions being equivalent to the other investors.

Contact applies the equity method of accounting for its investments in Drylandcarbon and Forest Partners. The initial investments are recognised at cost and are subsequently adjusted for Contact's share of the entity's profits or losses.

Related party transactions

Contact's related parties also include its Directors and the Leadership Team (LT). Transactions with Simply up until acquisition date are disclosed below.

Received/(paid) \$m	2022	2021
Simply Energy Limited		
Electricity contracts	–	1
Drylandcarbon One Limited Partnership		
Capital contributions	(9)	(7)
Forest Partners Limited Partnership		
Capital contributions	(2)	–
Key management personnel		
Directors' fees	(1)	(1)
LT – salary and other short-term benefits ¹	(7)	(5)
LT – share-based compensation expense	(1)	(1)
Balances payable at end of the year		
Key management personnel	(1)	(2)

1. Salary and other short-term benefits is the cash amount paid in the year

Members of the LT and directors purchase goods and services from Contact for domestic purposes on normal commercial terms and conditions. For members of the LT this includes the staff discount available to all eligible employees.

E13. New accounting standards

There are no new accounting standards issued but not yet effective which materially impact Contact.

E14. Contingencies

In the normal course of business, Contact is subject to inquiries, claims and investigations.

In late 2021 Contact was notified of an unexpected and unexplained increase in pressure recorded in the Ahuroa Gas Storage facility by the owner and operator, Flexgas, to whom Contact sold the facility in 2018. This suggests the current storage capacity of the facility is less than previously thought, which may impact the storage capacity available to Contact. Contact and Flexgas have formed a joint technical working group to investigate these concerns and assess whether there are actions that could be taken to improve the performance of the facility. The technical working group is expected to report back within the next reporting period.

There are no other material matters to disclose in this respect at 30 June 2022.

Combined Independent Auditor's and Limited Assurance Report

General

Our assurance procedures consisted of the audit of the Consolidated Financial Statements of Contact Energy Limited and limited assurance procedures in relation to Contact Energy Limited's Global Reporting Initiative ('GRI') disclosures within Contact Energy Limited's Annual Report.

Our scope can be summarised as follows:

Consolidated Financial Statements	GRI Disclosures
Audit Scope	Assurance Scope
Reasonable assurance	Limited assurance
Other Information in Contact Energy Limited's Annual Report	
Consider consistency with Consolidated Financial Statements	
No assurance	

Independent Auditor's Report

To the shareholders of Contact Energy Limited

Report on the audit of the consolidated financial statements

Opinion

In our opinion, the accompanying consolidated financial statements of Contact Energy Limited (the 'company'), the entities over which it has control and its associates (the 'group') on pages 102 to 126:

- i. present fairly in all material respects the Group's financial position as at 30 June 2022 and its financial performance and cash flows for the year ended on that date; and
- ii. comply with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

We have audited the accompanying consolidated financial statements which comprise:

- the consolidated statement of financial position as at 30 June 2022;
- the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended; and
- notes, including a summary of significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ('ISAs (NZ)'). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the group in accordance with Professional and Ethical Standard 1 International Code of Ethics for Assurance Practitioners (including International Independence Standards) issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ('IESBA Code'), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our responsibilities under ISAs (NZ) are further described in the auditor's responsibilities for the audit of the consolidated financial statements section of our report.

Please refer to the section of our report entitled "Our independence and quality control" below for detail of the other services we have provided to the group.

Scoping

The scope of our audit is designed to ensure that we perform adequate work to be able to give an opinion on the consolidated financial statements as a whole, taking into account the structure of the group, the financial reporting systems, processes and controls, and the industry in which it operates. The context for our audit is set by the group's major activities being wholesale electricity generation and an electricity retailer in the financial year ended 30 June 2022.

Materiality

The scope of our audit was influenced by our application of materiality. Materiality helped us to determine the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the consolidated financial statements as a whole. The materiality for the consolidated financial statements as a whole was set at \$12.5 million determined with reference to a benchmark of group profit before tax. We chose the benchmark because, in our view, this is a key measure of the group's performance.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements in the current period. We summarise below those matters and our key audit procedures to address those matters in order that the shareholders as a body may better understand the process by which we arrived at our audit opinion. Our procedures were undertaken in the context of and solely for the purpose of our statutory audit opinion on the consolidated financial statements as a whole and we do not express discrete opinions on separate elements of the consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
----------------------	---

Carrying value of cash-generating units – Note C2 of the financial statements

The Group separates its business into two cash-generating units (CGUs) for the purpose of asset impairment testing. The value of each CGU, including any allocated goodwill, is supported by a discounted cash flow model which is inherently subjective.

In terms of the Wholesale CGU we focus on the generation assets due to the significance of the assets relative to the Group's financial position and goodwill related to recent acquisitions.

Our focus for the customer CGU is the valuation of goodwill of \$179 million.

The key judgements in determining the CGUs' value in use are: forward electricity prices, future generation volumes, customer transfer price and margin, forecast operating and asset costs, the terminal growth rate and the discount rate applied to the future cash flows.

Our work to assess whether the Group should recognise any impairment to the CGUs included ensuring the methodology adopted in the model is consistent with accepted valuation approaches. We also assessed whether the modelled cash flows appropriately reflect the Group's strategy and budget. As part of this we considered the appropriateness of inclusion of the Tauhara future generation development within the wholesale CGU.

We tested the significant judgements in the modelled cash flows by comparing:

- forward electricity prices to external projections;
- future generation volumes to historical volumes;
- customer transfer price and margin to budget, historic data;
- operating costs and asset renewal costs to historical levels and budgets; and
- the modelled terminal growth and discount rates to our own independently determined rates.

We challenged the assumptions by performing a sensitivity analysis, considering a range of likely outcomes based on various scenarios. We are satisfied that the key assumptions are within acceptable ranges and in line with current market view.

As an overall test we compared the market-based enterprise value of \$6.7 billion to the Group's carrying value at 30 June 2022 of \$4.4 billion.

Other information

The Directors, on behalf of the group, are responsible for the other information included in the entity's Annual Report. Other information includes Key activity this financial year, Chair/CEO report, Who we are, Creating value, Strategic themes, Strategic enablers, Governance matters and Additional disclosures. Our opinion on the consolidated financial statements does not cover any other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Use of this independent auditor's report

This independent auditor's report is made solely to the shareholders as a body. Our audit work has been undertaken so that we might state to the shareholders those matters we are required to state to them in the independent auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the shareholders as a body for our audit work, this independent auditor's report, or any of the opinions we have formed.

Responsibilities of the Directors for the consolidated financial statements

The Directors, on behalf of the company, are responsible for:

- the preparation and fair presentation of the consolidated financial statements in accordance with generally accepted accounting practice in New Zealand (being New Zealand Equivalents to International Financial Reporting Standards) and International Financial Reporting Standards;
- implementing necessary internal control to enable the preparation of a consolidated set of financial statements that is fairly presented and free from material misstatement, whether due to fraud or error; and
- assessing the ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objective is:

- to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error; and
- to issue an independent auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of these consolidated financial statements is located at the External Reporting Board (XRB) website at:

<http://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-1/>

This description forms part of our independent auditor's report.

Independent limited assurance report on the GRI Disclosures

To the Directors of Contact Energy Limited

Conclusion

Our limited assurance conclusion has been formed on the basis of the matters outlined in this report.

Based on our limited assurance engagement, nothing has come to our attention that would lead us to believe that the Global Reporting Initiative disclosures of the company (as referenced on pages 96 to 100 in the GRI index within the Annual Report) ('GRI disclosures') have not, in all material respects, been prepared in accordance with the Global Reporting Initiative Reporting Standards 2021 ('GRI Standards'), for the period 1 July 2021 to 30 June 2022.

Basis for conclusion

We have performed an engagement to provide limited assurance in relation to whether anything has come to our attention to indicate the GRI disclosures have not been prepared in all material respects in accordance with the GRI Standards for the year ended 30 June 2022.

Standards we followed

We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements (New Zealand) 3000 (Revised) *Assurance Engagements other than audits or reviews of historical financial information* and Standard on Assurance Engagements SAE 3100 (Revised) *Assurance Engagements on Compliance*. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion. In accordance with those standards we have:

- used our professional judgement to plan and perform the engagement to obtain limited assurance that the information subject to assurance is free from material non-compliance, whether due to fraud or error;
- considered relevant internal controls when designing our assurance procedures, however we do not express a conclusion on the effectiveness of these controls; and
- ensured that the engagement team possess the appropriate knowledge, skills and professional competencies.

Use of this limited assurance report

Our report should not be regarded as suitable to be used or relied on by any parties other than Contact Energy Limited for any purpose or in any context. Any party other than Contact Energy Limited who obtains access to our report or a copy thereof and chooses to rely on our report (or any part thereof) will do so at its own risk.

To the fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party other than Contact Energy Limited for our work, for this independent limited assurance report, or for the conclusions we have reached.

We acknowledge a copy of our limited assurance report is included in Contact Energy Limited's Annual Report for information purposes only.

Management's responsibility for the GRI indicators

Management of the company are responsible for the preparation and fair presentation of the GRI disclosures in all material respects in accordance with the GRI standards, and the information and assertions contained within the Annual Report. This responsibility includes such internal control as Management determine is necessary to enable the preparation of the GRI Disclosures that is free from material misstatement and non-compliance whether due to fraud or error.

Our responsibility

Our responsibility is to express a conclusion to the directors on whether anything has come to our attention that the GRI disclosures of Contact Energy Limited have not, in all material respects, been prepared in accordance with the GRI standards for the year ending 30 June 2022.

Procedures performed

A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of information presented in the GRI disclosures, and applying analytical and other evidence gathering procedures, as appropriate. These procedures included:

- Inquiries of management to gain an understanding of Contact Energy Limited's processes for determining the material issues for Contact Energy Limited's key stakeholder groups;
- Interviews with senior management and relevant staff concerning sustainability strategy and policies for material issues, and the implementation of these across the business;
- Interviews with relevant staff responsible for providing the information in the GRI disclosures;
- Comparing the information presented in the GRI disclosures to corresponding information in the relevant underlying sources to determine whether all the relevant information contained in such underlying sources has been included in the GRI disclosures; and
- Reading the information presented in the GRI disclosures to determine whether it is in line with our overall knowledge of, and experience with, the sustainability performance of Contact Energy Limited.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement, and consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained has a reasonable assurance engagement been performed.

Due to the inherent limitations of any internal control structure it is possible that errors or irregularities in the information presented in the GRI disclosures may occur and not be detected. Our engagement is not designed to detect all weaknesses in the internal controls over the preparation and presentation of the GRI disclosures, as the engagement has not been performed continuously throughout the period and the procedures performed were undertaken on a test basis.

Our independence and quality control

We have complied with the independence and other ethical requirements of Professional and Ethical Standard 1 International Code of Ethics for Assurance Practitioners (Including International Independence Standards) (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Professional and Ethical Standard 3 (Amended) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our firm has provided services to Contact Energy Limited in relation to statutory audit, trustee reporting and other assurance for Greenhouse gas emissions reporting, Green Borrowings Programme reporting and Global Initiative Reporting. Subject to certain restrictions, partners and employees of our firm may also deal with the Contact Energy Limited on normal terms within the ordinary course of trading activities of the business of the Contact Energy Limited. These matters have not impaired our independence as assurance providers of Contact Energy Limited for this engagement. The firm has no other relationship with, or interest in, Contact Energy Limited.

The partner on the engagement resulting in this Combined Independent Auditor's and Limited Assurance Report is Sonia Isaac.



Sonia Isaac

KPMG

Wellington

12 August 2022

Corporate directory

Board of Directors

Robert McDonald (Chair)

Victoria Crone

Sandra Dodds

Jon Macdonald

David Smol

Rukumanoa Schaafhausen

Elena Trout

Leadership team

Mike Fuge

Chief Executive Officer

Chris Abbott

Chief Corporate Affairs Officer

Jack Ariel

Major Projects Director

Jan Bibby

Chief People and Transformation Officer

Matt Bolton

Chief Retail Officer

John Clark

Chief Generation Officer

Dorian Devers

Chief Financial Officer

Iain Gauld

Chief Information Officer

Jacqui Nelson

Chief Development Officer

Tighe Wall

Chief Digital Officer

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Company secretary

Kirsten Clayton

General Counsel and Company Secretary

Company numbers

NZ Incorporation 660760

ABN 68 080 480 477

Auditor

KPMG

PO Box 996
Wellington 6140

Utilities Disputes 0800 223 340

If you live around one of our power stations or offices and want to get in touch, give us a shout on 0800 000 458 (North Island) or 0800 66 33 35 (South Island).

Registry

Change of address, payment instructions and investment portfolios can be viewed and updated online:

investorcentre.linkmarketservices.co.nz
investorcentre.linkmarketservices.com.au

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