Climate Statement 2025

About our climate-related disclosures

At Contact, our vision is to be a leader in the decarbonisation of New Zealand. We're playing our part in the transition to a renewable energy future in response to the climate challenges facing us all.

This Climate Statement 2025 details how our business thinks about climate-related risks. It explains how we are preparing to mitigate these risks and take advantage of opportunities.

Contact Energy Limited (Contact) is a climate-reporting entity under the Financial Markets Conduct Act 2013. We previously reported our climate risks from 2019 to 2022 in accordance with the Task Force on Climate-related Financial Disclosures (TCFD), and from 2024 onwards in accordance with the Aotearoa New Zealand Climate Standard (NZCS). This Climate Statement has been prepared in accordance with NZCS 1, 2, and 3. These disclosures cover the period 1 July 2024 to 30 June 2025.

This Climate Statement has been approved by the Board and is dated 18 August 2025.

Robert McDonald
Chair

Sandra Broad
Chair, Audit and Risk Committee

In preparing this statement, we have applied the following adoption provision of Climate Standard 2 (NZCS 2):

+ **Adoption Provision 2** – Anticipated financial impacts

The information presented in this Climate Statement is subject to material limitations and inherent uncertainty and is subject to ongoing change. The information in these climate-related disclosures should not be considered a prediction of future financial or non-financial performance. These statements are subject to a range of known and unknown risks, uncertainties and assumptions, many of which lie outside of our control.

The climate scenarios outlined in this statement were developed based on current assumptions and projections using information available at the time of development. There is inherent uncertainty within each scenario – they are not intended to provide a complete or accurate forecast of future events. The climate risks and opportunities identified may not eventuate and, if they do, the actual impacts and consequences are likely to be significantly different to what is set out in this report.

These statements include forward-looking statements about impacts, climate scenarios, targets, forecasts, and future plans. Words like "likely," "expect," "will," "may," "intend," and similar terms indicate these forward-looking statements. Such statements are based on management's current expectations and reflect judgements, assumptions, estimates and other information available when this statement was compiled or when scenario analyses were undertaken. They are inherently uncertain and subject to limitations and may be affected by a range of variables which could cause actual results to differ materially from current expectations. We do not guarantee that statements in this report will remain correct after publication.

This report should not be relied upon as a recommendation, forecast or guarantee and Contact disclaims, to the maximum extent permitted by law, any liability whatsoever (including for negligence) for any loss arising from use of or reliance on this report. This disclaimer should be read together with other limitations, uncertainties, and risks mentioned throughout this report. This report is not an offer or investment recommendation and should not be considered legal or financial advice.

This statement should be read in conjunction with Contact's 2025 Integrated Report, which uses the Global Reporting Initiative (GRI) guidelines and the International Integrated Reporting Council Framework to report on material Environment, Social and Governance (ESG) activities.

All financial figures presented in this report are in New Zealand dollars.

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Message from the Chair and Chief Executive

Board Chair, Robert McDonald and Chief Executive Officer, Mike Fuge.

Tēnā koutou

Welcome to Contact's Climate Statement FY25, which outlines our continued commitment to addressing climate change as we work to build a better, cleaner and more sustainable Aotearoa New Zealand.

We are one of New Zealand's leading energy generators and retailers. We recognise our responsibility to communicate with our shareholders, stakeholders, customers and the communities we serve about our actions to manage climate-related risks and opportunities.

As we deliver on our Contact26 commitments and turn to the next strategy horizon, we are navigating the energy transition and the balance between our decarbonisation leadership and our responsibility to ensure the secure, sustainable, and affordable supply of energy to New Zealanders. In doing so, we remain focussed on our four strategic pillars – growing demand, growing renewable development, decarbonising our portfolio, and creating outstanding customer experiences.

Our investment in New Zealand's transition to a renewable energy future is accelerating significantly. At Contact, we believe in enabling the electrification of the New Zealand economy and continue orderly investment in new renewable generation to support this. Alongside this, we are deepening our understanding of climate risks and opportunities through comprehensive analysis and implementation of our decarbonisation initiatives.

We have been measuring our Scope 1 greenhouse gas emissions since 2012. In 2018, we expanded this to total emissions reporting. This year's Climate Statement includes our greenhouse emissions inventory.

While our long-term trajectory towards net zero in our generation operations remain clear and on track, annual carbon emissions continue to be influenced by natural hydrological variability. In FY25, this variability resulted in another year of higher-than-average emissions from thermal-backed generation. However, our strategic transition to a more renewable generation base with less reliance on gas meant we were better placed to cover hydrological volatility and gas supply declines over this period.

We continue to invest in renewable generation both to reduce emissions and our long-term reliance on gas. This is a key mitigation to the climate risks we have identified.

The commissioning of our Tauhara and Te Huka 3 geothermal plants in FY25 ($1.2 billion investment), alongside the construction of our Battery Energy Storage System (BESS) project and Kōwhai Park solar development, and our Manawa Energy acquisition (adding 25 hydroelectric schemes and 1.9TWh hydro generation) represent transformational change.

Together these demonstrate our comprehensive mitigation strategy in action. Our commitment to Te Mihi Stage 2 further demonstrates our dedication to expanding renewable capacity.

The energy landscape is evolving rapidly as technological advances, policy developments, and changing consumer expectations create new opportunities for innovation and growth. We have continued to deliver on our climate commitments while meeting the energy needs of all New Zealanders.

Contact is well positioned to navigate the challenges and opportunities ahead, taking decisive action to mitigate climate risks while maximising the benefits of New Zealand's renewable energy transition.

Ngā mihi nui,

Robert McDonald
Board Chair

Mike Fuge
Chief Executive Officer

Governance

Board oversight of climate-related risks and opportunities

Our Board oversees Contact's governance, strategic direction, and performance, including managing climate risks and opportunities. Profiles of our **Board of Directors** are available on our website and in our **2025 Integrated Report** (see page 64).

Climate change considerations and related risks and opportunities remain central to Board considerations, including developing and overseeing our Contact strategy. This is achieved through several key areas:

+ Progress reporting on renewable energy projects under development, including geothermal, solar, wind and grid-scale Battery Energy Storage Systems (BESS)
+ Reviewing emissions data to track progress against our decarbonisation targets
+ Assessing potential climate change impacts on our operations through the risk management framework
+ Analysing financial Board reporting, which includes adaptation strategies to mitigate the physical impacts of climate change on our infrastructure.

Two committees support the Board's climate-related work: the Audit and Risk Committee (ARC), and the Health, Safety and Environment Committee (HSEC). The Leadership Team supports the Board by providing specialist input, feedback and advice. Day-to-day management of climate-related risks and opportunities is embedded with individual business units (see **governance structure diagram** on page 8).

Audit and Risk Committee (ARC)

The ARC reviews climate-related risks and opportunities, climate scenarios, results of scenario analysis, and climate-related reporting. The ARC Chair updates the Board four times per year and makes recommendations to the Board on Contact's Risk Management Policy and Framework. During FY25, the ARC reviewed management findings on climate risks and opportunities. It also reviewed a management initiative to identify climate-related risks and opportunities and understand how they might affect business strategy and performance over time.

Health, Safety and Environment Committee (HSEC)

The HSEC oversees Contact's environmental policies, strategy and performance. It reviews and recommends environmental targets to the Board and assesses performance against those targets. The HSEC reports to the full Board and receives regular management reports. It meets four times per year with 'climate change action' as a standing item in the Environment paper presented to the Committee at each meeting. At its FY25 meetings, the Committee reviewed Contact's performance against emissions targets and discussed progress on consenting for Contact's new renewable generation projects. It also reviewed updates on climate risk and related disclosures. In November 2024, the Committee reviewed and approved development of a dashboard featuring climate-related impacts, metrics and targets as a 'material topic'.

Strategic decision-making

When setting strategy, the Board considers a wide range of risks and environmental factors. It incorporates climate change considerations into decision-making. As part of establishing Contact's overall strategic direction, it considers both ARC and HSEC reports and incorporates recommendations as appropriate. It also sets risk appetite and ensures appropriate management policies are in place.

Directors consider climate impacts in the context of Contact's strategy to invest in renewable energy, grow demand and decarbonise our portfolio. Supporting the transition to renewable energy sources and reducing reliance on carbon-intensive assets are central to the Board's strategy and investment decisions.

During FY25 the Board:

+ Identified and discussed risks and opportunities from the growing importance of electricity firming and storage
+ Considered developments in international decarbonisation commitments and implications for the business.

Climate change considerations are also incorporated into recommendations that go to the Board for final investment decisions for new renewable generation initiatives. For example, the Board made a final investment decision on the Te Mihi Stage 2 geothermal generation site in late 2024 as part of the business' commitment to long-term, sustainable generation.

Governance process and frequency

Contact's climate-related work is integrated into our existing governance structures and our Enterprise Risk Management Framework. The **governance structure diagram** on page 8 shows the responsibilities of the Contact Board, committees, leadership team, and business units, and the relationships between them.

Board skills and competencies

Our director skills matrix is outlined on page 75 of our 2025 Integrated Report. It shows the areas of director capability required to enable Contact's success and the expertise held by our current directors. In May 2025, we built on our directors' skills and competencies in this area by:

+ Delivering training to the full Board on transition planning as outlined in the XRB Aotearoa NZ Climate Standards, and its relevance for Contact Energy
+ Informing the Board how aspects of transition planning could be applied during Contact's next business strategy refresh.

The Board will continue to receive training and upskilling on climate-related issues as a standing agenda item.

The Board draws on expertise from within the Contact business and from external specialists to inform its planning and decision-making. In 2025, our directors undertook an international study tour to learn about new developments in renewable energy. This included the use of renewable energy and transition planning, solar and geothermal technology, and how other countries plan to achieve their net zero 2050 goals. The Board also explored the management of distributed energy resources. These investigations helped to inform the Board's thinking about the risks and opportunities for Contact.

Industry engagement

Contact is an active member of business associations that support emissions targets in line with Paris Agreement goals, including the commitment to net zero:

+ **The Aotearoa Circle** – a public-private partnership aiming to restore natural capital in New Zealand
+ **Sustainable Business Council (SBC)** – which sets annual climate policy priorities and mobilises New Zealand's most ambitious businesses to build a thriving and sustainable future for all
+ **Climate Leaders Coalition** – which aims to build momentum towards a zero-carbon future. Together with over one hundred other businesses, Contact signed the SBC-backed Climate Leaders Coalition Statement of Ambition
+ **Electricity Retailers' and Generators' Association of New Zealand (ERGANZ)** – which supports New Zealand's 2050 emissions reduction targets, with a focus on how New Zealand can achieve the emissions reductions at the lowest possible cost without leaving any households or businesses behind.

Monitoring progress

Contact's corporate scorecard outlines our performance metrics and outcomes for each financial year (see page 88 of our Integrated Report). We also set targets for our strategic initiatives relating to emissions generation and emissions intensity from generation. These are reported annually with the scorecard found on page 14 of our 2025 Integrated Report.

The process for setting the Strategic Metrics begins with the leadership team. It proposes metrics and targets to the responsible Board Committee which reviews and recommends these to the full Board. The ARC is responsible for financial and non-financial metrics. The HSEC is responsible for targets relating to environmental performance including climate-related issues.

The Board monitors scorecard progress through regular reporting. The frequency varies depending on the strategic initiative. This includes reporting greenhouse gas (GHG) emission metrics to the HSEC.

Our CEO and Executive team have a climate-related KPI within the long term incentive hurdles, focusing on Scope 1 and 2 emissions targets (shown on page 84 of our 2025 Integrated Report). Management remuneration comprises fixed remuneration (salary and other benefits) and pay-for-performance remuneration. Pay-for-performance includes Short Term Incentives (cash and equity awarded through deferred share rights) and Long Term Incentives (equity awarded through performance share rights).

The Short Term cash incentive comprises:

+ 70% based on corporate shared KPIs, of which:
  + 40% relates to financial results
  + 20% relates to safety targets
  + 40% relates to strategy delivery and key operational milestone targets
+ 30% based on individual KPIs.

Management's role in assessing and considering climate-related risks and opportunities

Leadership Team

Our Leadership Team (LT) ensures the business identifies, assesses, and monitors climate-related risks and opportunities, and implements appropriate risk mitigations. Our Chief Financial Officer and Chief Corporate Affairs Officer have specific climate-related responsibilities as set out in the **governance structure diagram** on page 8.

The LT considers the relationship of these issues to Contact's strategy and reports to the ARC (on risk, strategy or finance) or the HSEC (on sustainability, environmental policy and process). Key issues are then reported to the full Board.

The LT also monitors and manages climate-related risks and opportunities through its work on

Contact's strategy. This is reviewed annually with progress monitored monthly. Our Chief Executive and LT members engage with the Board ten times each year, and with the ARC and HSEC four times each year.

Profiles of our **LT members** can be viewed on our website.

Operational teams

Our Contact teams manage climate-related risks and opportunities every day. Specific areas of responsibility fall in two key operational areas:

+ **Risk, Strategy and Finance teams** report to the Chief Financial Officer. The Risk team implements risk management policy, oversees climate-related risk processes and reports risks to the LT and the ARC. The Strategy team undertakes scenario modelling and analysis and develops the strategic planning process. The Finance team collates and analyses financial data.
+ **Sustainability team** reports to the Chief Corporate Affairs Officer. This team has responsibility for sustainability initiatives and implementing environmental policy and processes. Individual business units are responsible for day-to-day climate-related monitoring and reporting.

Tauhara geothermal power station in Taupō.

Governance structure

Board

- Establishing the purpose and overall strategic direction of Contact including the strategy for managing climate risks and opportunities
- Ensuring Contact has appropriate risk management policies in place and setting risk appetite
- Monitoring climate-related risks and opportunities, with assistance from the Audit and Risk Committee
- Ensuring the Board has the appropriate climate-related skills and competencies
- Setting financial and non-financial targets for management through the corporate scorecard and strategic objectives
- Approving climate-related disclosures

Audit and Risk Committee (ARC)

Reports to the Board

- Supporting the Board on climate-related risks and opportunities, climate scenarios, results of scenario analysis and climate-related reporting
- Overseeing, reviewing and making recommendations to the Board on Contact's Risk Management Policy and Framework
- Monitoring progress on embedding climate-related risk processes into business practices

Health, Safety and Environment Committee (HSEC)

Reports to the Board

- Overseeing Contact's environmental policies, strategy and performance, including climate mitigations
- Reviewing and recommending targets for environmental performance to the Board and assessing performance against those targets

Leadership Team (LT)

Reports to the Chief Executive

- Responsible for ensuring Contact is identifying, assessing, and monitoring climate-related risks and opportunities and implementing appropriate risk mitigations

Chief Financial Officer

Reports to the Chief Executive. Responsible for:

- Risk Management Policy and Framework
- Strategy and financial decision-making process
- Co-accountability for Contact's annual Climate Statement

Chief Corporate Affairs Officer

Reports to the Chief Executive. Responsible for:

- Sustainability
- Environmental Policy
- Co-accountability for Contact's annual Climate Statement

Operational level

Risk team

Reports to the Chief Financial Officer. Responsible for:

- Implementation of Risk Management Policy and oversight of climate-related risk processes
- Monitoring and reporting risks to the Leadership Team and Audit and Risk Committee

Strategy team

Reports to the Chief Financial Officer. Responsible for:

- Scenario modelling and analysis
- Strategic planning process

Finance team

Reports to the Chief Financial Officer. Responsible for:

- Collating and analysing climate-related financial data

Sustainability team

Reports to the Chief Corporate Affairs Officer. Responsible for:

- Sustainability initiatives
- Implementing environmental policy and processes

Individual business units

Reports to the relevant LT member. Responsible for:

- Day-to-day monitoring, management and reporting on climate-related risks and opportunities

Risk

Contact's Organisational Risk Management System

Risk Management Framework

Our enterprise risk management framework aligns with the ISO 31000 risk management guidelines. We use this framework to ensure we have appropriate processes and systems to identify, assess, treat, monitor, and report on material risks. This approach is detailed on page 76 of our 2025 Integrated Report. It supports the effective management of our climate-related risks and opportunities in alignment with the Aotearoa New Zealand Climate Standards.

Risk Management and Identification

Last year we updated our climate-related disclosure process. We built a comprehensive and structured risk management framework aligned with Aotearoa New Zealand Climate Standards (NZCS). This framework enabled us to identify and assess climate-related risks and opportunities across the organisation.

This year we focussed on validating the relevance of those risks and updating any further material changes. We conducted regular risk reviews across our business to ensure all climate-related risks and opportunities remained current and effectively managed.

We hold an annual risk workshop with climate-related risk owners and subject matter experts. This workshop assesses material changes and identifies new risks and opportunities. The review includes all parts of the Contact value chain.

Progress on site at Glenbrook-Ohurua battery.

Risk assessment

Assessing Transitional Risks

Transitional risks

In FY24 we assessed transitional risks using Contact's enterprise risk matrix. These risks are typically short- to medium-term in nature. The risks were based on consequence to the business and likelihood of occurrence across six consequence categories: people safety and wellbeing, compliance, environment, financial performance, customers, and partners and stakeholders.

This assessment helped each risk owner understand the relative risk and prioritise appropriate actions to reduce the risk to an acceptable level.

Assessing physical risks

Last year, we used both the vulnerability x exposure tool and our Contact enterprise risk matrix to assess physical climate-related risks. This year we refined our practice by only using our enterprise risk matrix. We updated this matrix to incorporate the impact of physical climate-related risks over the long term time horizon. We continually review and update our risk assessment tools to ensure they remain effective and fit for purpose.

Time horizons

We considered three time-horizons to inform our view of when a climate-related risk or opportunity would most likely manifest:

+ **short-term** (up to 2030)
+ **medium-term** (2030–2050)
+ **long-term** (2050–2080)

We will regularly review these time horizons as climate science matures and new trends emerge. We will use this data to inform our ongoing risk assessment.

Managing Climate-related Risks

All risks are recorded in Contact's central risk management database. This includes risk controls and treatment actions in accordance with our risk management framework. Some climate-related risks are standalone while others span multiple parts of the business.

Once a risk is entered into our risk database the risk owner takes responsibility for managing and monitoring it. Treatment plans are put in place to eliminate, mitigate or transfer the risk to an acceptable level.

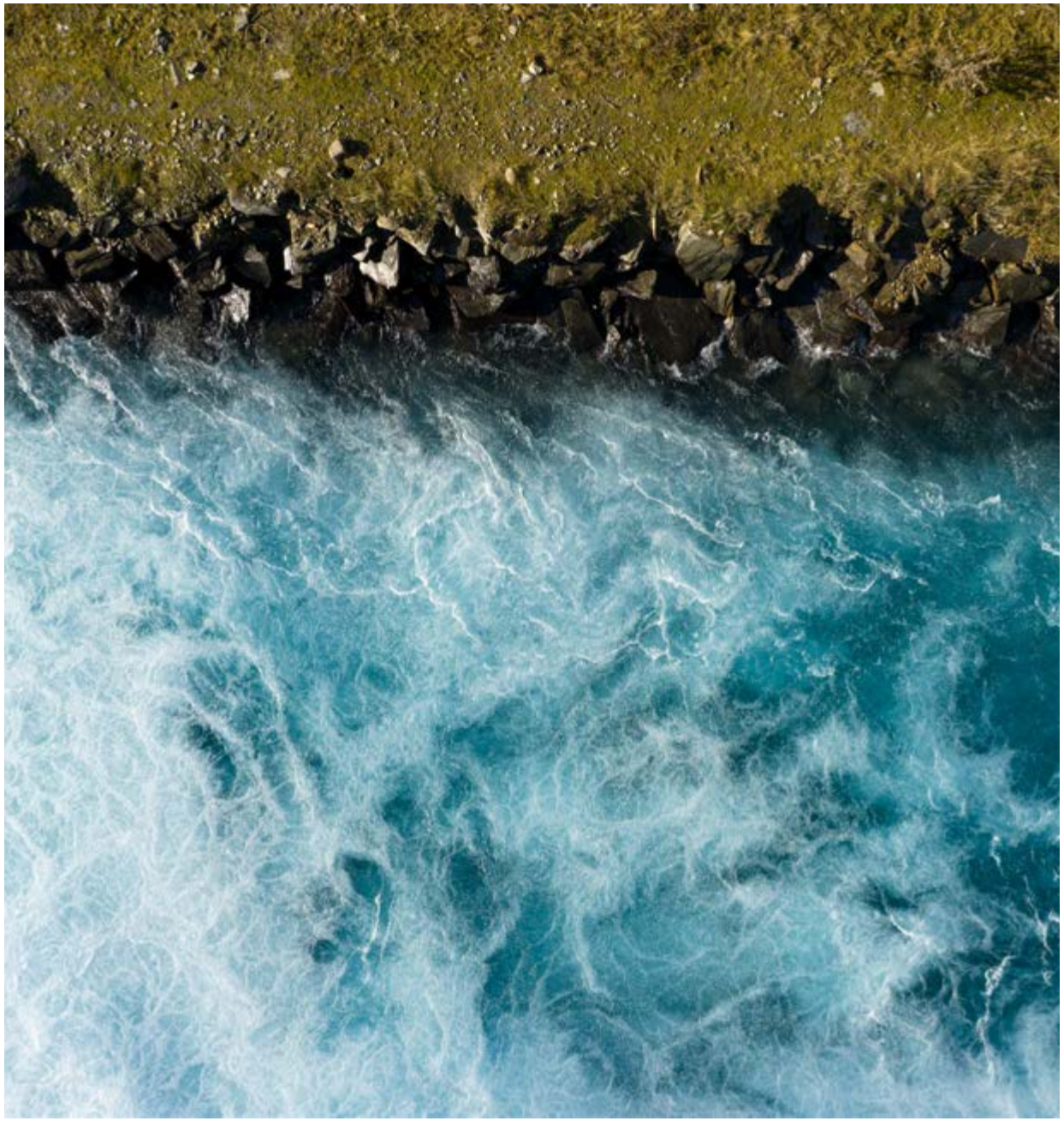
Frequency of review and assessment

We assess Contact's climate-related risks and opportunities periodically in alignment with our standard processes. Throughout FY25 this included:

+ **Strategy setting process**
  This involves an environmental scan of risks and opportunities including those linked to climate change. New risks and opportunities are incorporated into our enterprise climate-related risk assessment and management process.
+ **Ongoing emerging risk review**
  This identifies new potential climate-related risks.
+ **Regular risk reviews**
  These have been extended across the business to include climate-related risks and ensure existing risks are actively managed in line with our risk management framework.
+ **Normal business processes**
  At an operational level we actively review and manage climate risks through normal business processes.
+ **Reporting to the Audit and Risk Committee (ARC)**
  We report climate-related risks to the ARC as part of our standard governance reporting process.

Prioritising and integrating risks

The output of our climate-related risk assessments is integrated into Mau Taniwha, Contact's business planning and prioritisation process. Actions for material climate-related risks that require funding or shared resources are prioritised by this process. Severe or high-rated risks will generally be prioritised for funding and allocation of shared resources.

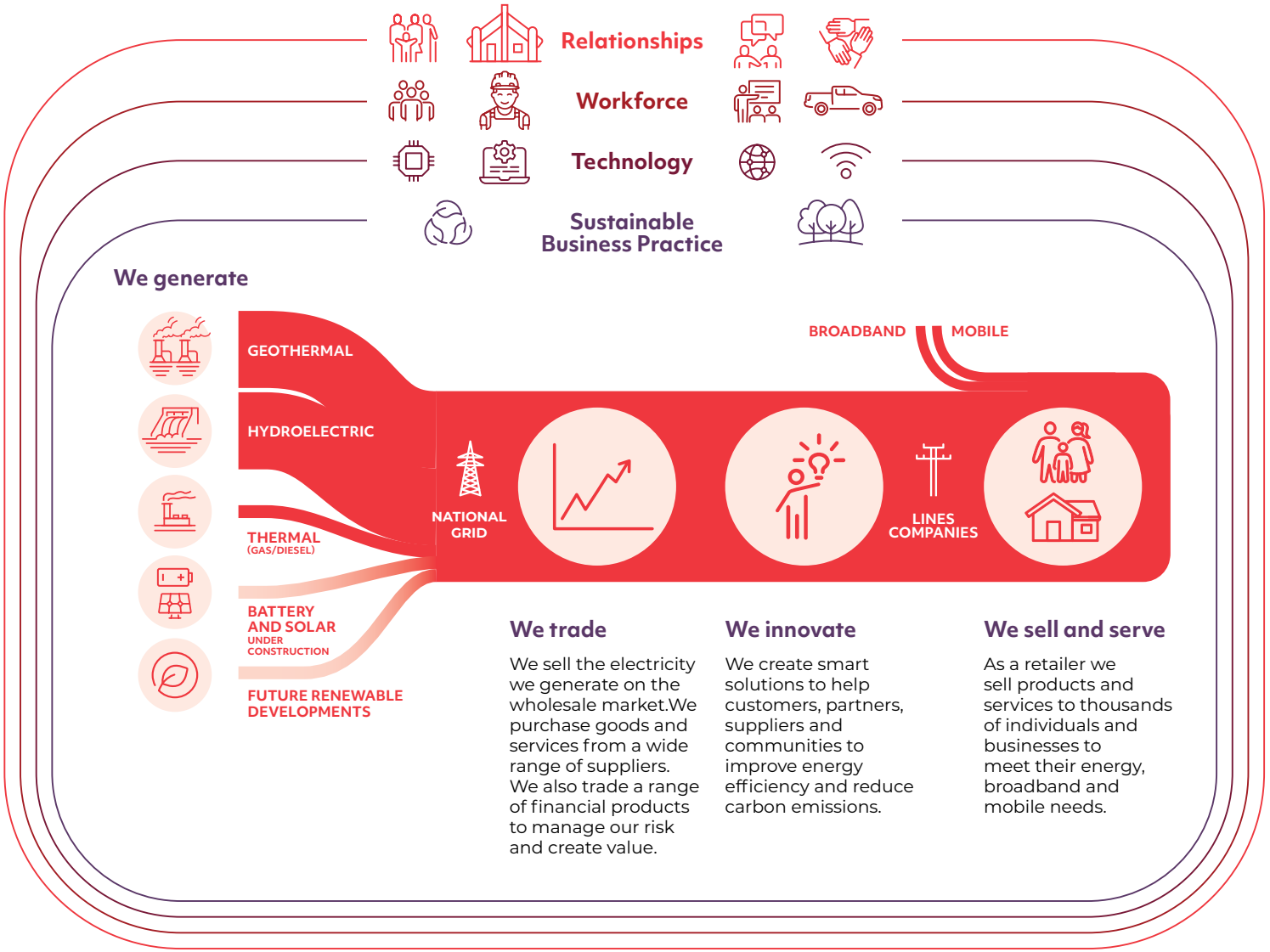


Strategy

Contact's business model and strategy

Our strategy centres on building a better, cleaner and more sustainable Aotearoa New Zealand. We're taking bold steps to support the transition to a renewable energy future. Our business focuses on delivering this vision and achieving net zero emissions from our generation operations by 2035.

Our value chain



Contact Energy is one of New Zealand's largest energy generators and retailers.

Generation

As at 30 June 2025, Contact generates electricity through seven geothermal sites, two hydroelectric sites, two gas peaking units, three diesel fired units and one baseload gas plant. This baseload gas plant, the Taranaki Combined Cycle plant, is expected to close at the end of 2025.

We continue to invest in new renewable energy through the active development of our project pipeline. This includes additional consented geothermal development options, several solar development options nationwide through a 50/50 joint partnership with Lightsource bp, and a pipeline of wind farm opportunities. We currently have one solar farm, a replacement geothermal project and a grid-scale battery project underway.

Trading

Contact is an active participant in the wholesale electricity market where we sell all the electricity we generate and buy all the electricity we need for our sales channels. We also trade a range of financial risk management products. Purchased electricity relies on a range of generation sources including renewables, gas and coal. This reflects market composition. We rely on network and transmission services provided by regulated entities, reflecting New Zealand's energy market structure.

Retail

We sell electricity, gas, broadband, and mobile plans to residential customers and households across New Zealand. We also sell electricity to commercial and industrial customers.

Simply Energy

Through Simply Energy, part of the Contact Group, we provide solutions for flexible demand management to commercial and industrial customers.

Western Energy

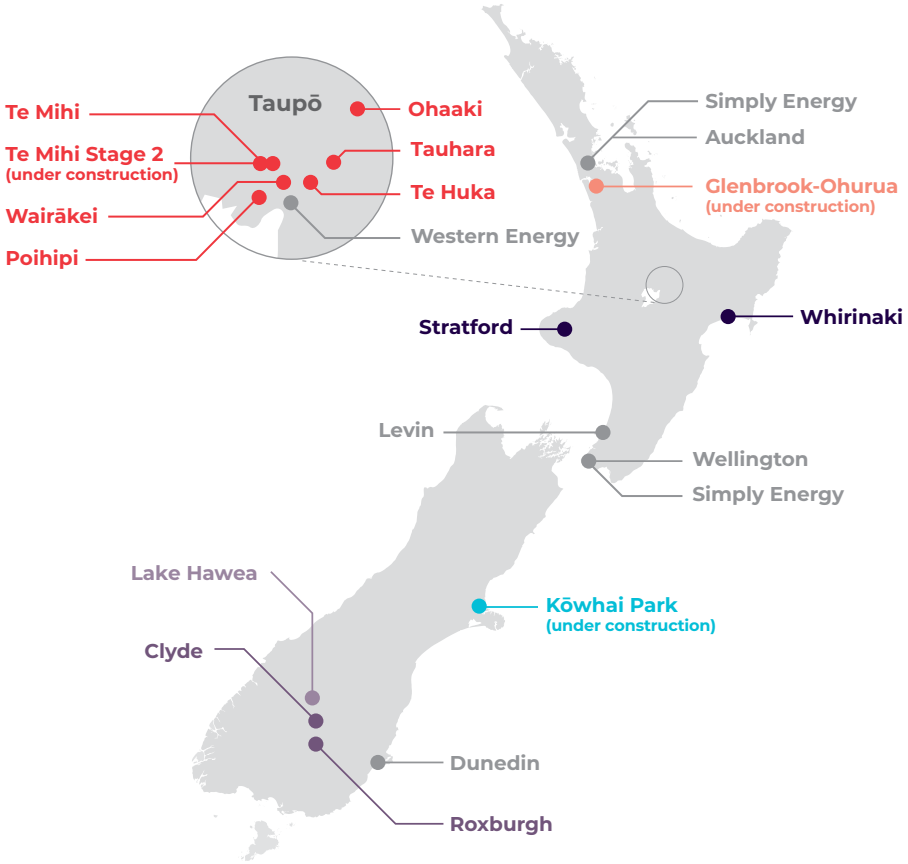
Our subsidiary, Western Energy, provides specialised geothermal well services to customers in New Zealand and internationally.

Manawa Energy

In FY25, we received clearance to acquire Manawa Energy (Manawa) and this was completed on 11 July 2025. This acquisition will create a stronger, more resilient Contact business with a more diversified portfolio of generation assets and long term offtake agreements. It will accelerate our transition to a renewable energy future. With an additional 25 hydroelectric schemes, one diesel plant and a series of long-term wind offtake agreements, our combined annual generation and purchased generation[1] volume is expected to increase by ~1.9TWh and ~0.7TWh respectively in an average hydrology and wind year.

1 Contact also expects to receive up to 0.2TWh p.a. from a geothermal power purchase agreement held by Manawa, expiring December 2026.

Our sites



Legend

- Offices and call centres
- Geothermal power station
- Battery storage
- Thermal power station
- Solar
- Hydroelectric power station
- Storage lake

Transition is integral to Contact's strategy:
Contact's strategy centres on helping lead the decarbonisation of New Zealand. We aim to build a better, cleaner, and sustainable Aotearoa New Zealand through the electrification of New Zealand's economy. As a major electricity generator and retailer, our strategic focus on decarbonising Contact's generation portfolio, developing additional renewable generation, and supporting industry and customers to decarbonise is directly **aligned with the wider decarbonisation and transition of New Zealand's economy**.

How Contact's strategy leads to tangible emissions reduction and transition benefits:
The four pillars of Contact's strategy provide the strategic direction to achieve our Contact26 vision. They enable us to respond to risks and capture opportunities as New Zealand's economy moves to a low-emissions energy future. The figure on the next page outlines the relationship between Contact's strategy and pillars. It shows the achievement of key initiatives, transition implications, and the climate scenario risks and opportunities.

Contact's business model and strategy is resilient to a range of transition and climate scenarios:
Electrification of industrial processes and transportation is expected to help facilitate the transition and decarbonisation of New Zealand's economy. This represents a positive economic opportunity for many of our Contact customers. Our core business model of generating and supplying customers with electricity, and our strategy to lean into decarbonisation and grow into expected future demand from electrification, is expected to be **resilient under any of the three identified climate scenarios** (outlined later in this section).

We continue to review and adapt our strategy to account for changes in the external operating environment, including the impacts of climate change. We recognise that changes may impact the timelines over which we undertake initiatives along our transition pathway.

Capital deployment:
The figure on the next page identifies a range of initiatives undertaken by Contact during FY25. This includes commencing construction of three renewable development projects across solar, grid-scale batteries and geothermal with a combined total budget of ~$1.1 billion. These projects are in addition to the commissioning and bringing to full power of two geothermal plants (Tauhara and Te Huka 3) in FY25. These represent a further ~$1.2 billion of investment spend in preceding periods. In FY25 Contact also received clearance to acquire Manawa (the transaction completed in July 2025).

Together, these initiatives represent a step change in Contact's business. They provide examples of how Contact is deploying significant capital to build resilience, optionality (in both technology and generation/storage), and capacity. This ensures Contact remains positioned to respond to changes, risks and opportunities as New Zealand's energy transition occurs.

During FY25 Contact also continued to progress a pipeline of other renewable generation development options. These will be assessed in line with Contact's capital allocation framework in future periods.

Decarbonisation of operations:
Contact has committed to achieving net zero Scope 1 and 2 emissions by 2035. Our pathway to achieving this includes investment in new renewable generation and the closure of baseload thermal generation, reducing our reliance on thermal peaking generation during periods of peak demand. Other initiatives include carbon capture and reinjection, forestry offsets, and demand response innovation.

Tracking progress over time:
The **Metrics and targets** section of this report shows our progress. All committed and anticipated investment in transition initiatives is captured in our financial planning models and processes, with progress monitored by the Board.

Physical risks of transition:
Over the long-term, our generation assets may be affected by physical changes associated with climate change. This exposure is regularly reviewed by our management team, using site-specific asset management plans. The impact of climate change on asset vulnerability is considered as part of our annual asset health reviews. We also learn from extreme weather events like Cyclone Gabrielle in 2023, and adapt our plans to build resilience.

Be a leader in New Zealand's decarbonisation

Grow demand

Decarbonise our portfolio

Grow renewable development

Create outstanding customer experiences

How the strategic pillars achieve transition outcomes

- Support our existing customer base and new customers to transition and electrify processes to **reduce the carbon intensity of New Zealand's economy**.

- **Increase the proportion of electricity generated from renewable** sources within both Contact's portfolio and the overall market **reducing the total volume of thermal generation** needed to match supply and demand and consequently the **emissions intensity** of electricity generation and the **wider economy**.

- Additional renewable development will help **meet expected future demand from electrification**.
- **Displace the need for thermal generation** in the market to meet demand.

- Support customers to shift their usage habits to **reduce the peak load and the consequent need for thermal generation**.
- Support businesses and households that rely on gas to operate, while helping them to transition from gas to renewable energy.

Key initiatives in FY25 and how they respond to risks and opportunities

- Signed a long term supply agreement with Fonterra to electrify process heat at the Whareroa dairy factory – **O1**, **O3**
- Began supplying major industrial customers with electricity under long-term PPAs backed by Tauhara.

- Expect to close TCC (baseload gas plant) at the end of 2025 – **T3**, **O3**, **T1**
- Began construction on a Glenbrook-Ohurua BESS to help better match supply and demand reducing the reliance on thermal peaking – **T1**, **T3**, **O3**

- Commissioned Te Huka 3 and brought Tauhara up to full power – **P1**, **T3**, **O1**
- Began construction of Kowhai Park (through a 50/50 joint venture partnership with Lightsource BP) a $273m project due to be online in Q2 CY 2026 – **P1**, **P3**, **T1**, **T3**, **O1**
- Began construction of Glenbrook-Ohurua BESS, a $163m project due to be online in Q1 CY 2026 – **P1**, **P3**, **O1**, **O2**, **O4**
- Committed to, and began construction of, Te Mihi Stage 2 and the part extension of Wairākei A&B together a $787m project due to be online in Q3 CY 2027 – **O1**, **P1**

- Scaling of the Hot Water Sorter programme to shift customer load from peak periods – **T3**, **O2**, **O4**
- Continued roll out of innovative time-of-use plans to share with customers the economic opportunity of reducing load in peak periods – **T3**, **O1**, **O2**, **O4**

Manawa Energy
Contact committed to the purchase of Manawa Energy in FY25 (the transaction was cleared by the Commerce Commission and approved by Manawa shareholders in FY25 but completed in FY26). This transaction is a key initiative for Contact and provides benefits under all pillars of our strategy as well as broader system-wide benefits for New Zealand as hydro assets can be better optimised.

Climate scenario analysis

In FY24, we updated our three climate-based scenarios to help identify potential risks and opportunities and inform our strategic planning. These scenarios have been endorsed by our Board and Leadership Team and are incorporated into our annual strategy process. In FY25 we reviewed the appropriateness of these scenarios and concluded that they should remain. Two scenarios (Coordinated Decarbonisation and Hot House) are required by the NZCS. Our third chosen scenario is both plausible and challenging for Contact's business strategy.

The scenarios are not forecasts, nor have they been chosen based on probability. Rather, they are plausible pathways to test the resilience of our Contact business model and strategy. A range of modelled temperature outcomes and plausible pathways exist, including regulatory, economic and individual responses, and are not necessarily captured within this analysis.

Climate scenario analysis is not new to Contact. It has been part of our practice since 2019, in line with the Taskforce on Climate-related Financial Disclosures (TCFD) framework. However, with the introduction of Climate-related Disclosures and our involvement the Energy Sector Climate Scenarios for the Aotearoa Circle in FY24, we took the opportunity to refresh our climate scenario analysis with the support of consultants PwC.

The scenario analysis was guided by a focal question:

"How could climate change plausibly affect Contact over the short-, medium- and long-term"?

Time horizons and capital deployment

Contact's climate-related scenarios, risks and opportunities consider three time horizons:

- **short-term** (up to 2030)
- **medium-term** (2030–2050)
- **long-term** (2050–2080)

We will review these time horizons as climate science matures and new trends emerge, and we will use the data to inform our ongoing risk assessments.

Short-term aligns with the phases of New Zealand's emissions reduction plan as well as Contact's five-year strategic planning cycle. Over this timeframe, strategic initiatives are well-formed and involve the near-term commitment of capital (e.g. into new renewable generation or storage). These initiatives and capital deployment decisions can be influenced by transition impacts such as regulatory change.

Medium-term captures New Zealand and international 2050 emissions reduction targets, including the Paris Agreement. It considers the typical investment/replacement cycle of a range of renewable technology options which Contact has under development (e.g. solar, wind and grid-scale batteries). It also falls within the duration of Contact's wholesale electricity price path modelling which is a key input to the assessment of investment decisions and capital deployment.

Long-term reflects the longer effective operating life of some forms of renewable generation within our portfolio. The Wairākei A and B geothermal power station was commissioned in the 1950s and its replacement is planned to occur in phases between now and 2031, with Te Mihi 2 starting in FY25. Hydroelectric power generation assets also operate over the long-term. As the potential physical impact of climate change on Contact's generation assets increases over the long-term, so does the degree of uncertainty.

Capital development and funding

Other transition impacts we consider for capital deployment and funding decisions include electricity supply and demand, carbon pricing, and fuel availability. These all contribute to our view of the expected price path for wholesale electricity over time. Modelling of expected hydrology conditions on the Clutha scheme is a key input to our wholesale model, which draws on available science. While climate scenario modelling was previously prepared for TCFD reporting on a standalone basis, work continues to evolve our internal forecasting models to reflect the refreshed climate scenarios. Other climate-related considerations that impact investment decisions include hazard assessments e.g. for land purchase decisions.

Contact's climate scenarios

Our three chosen climate scenarios were developed following engagement with stakeholders across our business and the energy sector, using our focal question and the STEEP framework analysis. The STEEP analysis was used to consider how social trends, technological advancements, economic shifts, environmental changes, and political developments may impact our value chain across the short-, medium- and long-term.

We explored a range of temperature pathways, using established international and domestic data sources, including the Shared Socioeconomic Pathways Database Scenario Explorer, along with scenarios from NIWA, Ministry for the Environment and Climate Change Commission.

Contact has adopted three climate scenarios, which are an evolution of those in our previous TCFD reporting.

Co-ordinated Decarbonisation
1.3° by 2100, aligned to the 1.5° scenario NZCS1 requirement.

Disorderly Decarbonisation
2.6° by 2100, Contact's third selected scenario.

Hot House
Over 3° by 2100, aligned to the NZCS1 requirement.

Contact's climate scenarios

	GLOBAL TEMP INCREASE	GLOBAL POLICY	GLOBAL TECHNOLOGY	GLOBAL SUSTAINABILITY FINANCING	ENVIRONMENTAL CHANGE	CONSUMER PREFERENCE	GOVERNMENT INTERVENTION
Co-ordinated Decarbonisation Global average temperature settles at a 1.3° increase by 2100 (peaking to 1.5° halfway through the period) in line with the Climate Standards. In this scenario, international and domestic policies align to support sector decarbonisation. This requires considerable effort and transition impact over the short- to medium-term. The private and public sectors invest collectively in green technology enabling all sectors to transition rapidly to a low-carbon economy. Financial services further enable decarbonisation through accessibility. As a result, New Zealand's emissions peak in the mid-2020s and net zero is achieved by 2050.	**1.3°C** BY 2100	COORDINATED SUPPORT NGFS* NET ZERO 2050 IEA** NET ZERO EMISSIONS	PRIORITISED	PRIORITISED	INCREASE BUT PLATEAU	SEEKING RENEWABLE SOURCES	INCREASED
Disorderly Decarbonisation Global average temperature rises 2.6° by 2100. In this scenario, little action occurs until the 2030s when rushed decarbonisation policies are introduced in response to worsening physical impacts and changing societal expectations. New Zealand is a 'fast follower' to climate action with market forces limiting global warming. Adaptation and transition costs place strain on the economy. This scenario favours fast movers who can leverage opportunities to use materials, capital, and skills for competitive advantage.	**2.6°C** BY 2100	POOR SHORT TERM MODERATE MID TO LONG TERM NGFS* DISORDERLY IEA** SUSTAINABLE DEVELOPMENT	VARIABLE	MARKET LED	INCREASE BUT PLATEAU	SEEKING RENEWABLE SOURCES	INCREASED
Hot House Global average temperature rises 4.1° by 2100 in line with the Climate Standards. In this scenario, global efforts to implement co-ordinated decarbonisation fail. Emissions and temperatures grow through the century with a high degree of physical impacts over the long-term. Countries implement individual responses. Some invest heavily in adaptation and energy security but struggle to stay ahead of the rate of climate-related change. New Zealand introduces no further decarbonisation regulations and existing regulations are scaled back in this scenario.	**4.1°C** BY 2100	CURRENT NGFS* CURRENT POLICIES IEA** STATED POLICIES	DE-PRIORITISED	DE-PRIORITISED	SEVERE	NO CHANGE	LOW

Data sources

1. SSP1-1.9 from SSP Database (Shared Socioeconomic Pathways) Scenario Explorer.
2. NIWA. (2016). Our future climate New Zealand. RCP 2.6.
3. Ministry for the Environment. (2018a). Climate change projections for New Zealand. Calculated as change in 12-hour, 20-year ARI event rainfall depth.
4. Climate Change Commission (2021). Ināia tonu nei: a low emissions future for Aotearoa, Scenarios dataset 2021 final advice.

Data sources

1. SSP2-4.5 from SSP Database (Shared Socioeconomic Pathways) Scenario Explorer.
2. NIWA. (2016). Our future climate New Zealand. RCP 4.5.
3. Ministry for the Environment. (2018a). Climate change projections for New Zealand. Calculated as change in 12-hour, 20-year ARI event rainfall depth.
4. Climate Change Commission (2021). Ināia tonu nei: a low emissions future for Aotearoa, Scenarios dataset 2021 final advice.

Data sources

1. SSP3-7.0 from SSP Database (Shared Socioeconomic Pathways) Scenario Explorer.
2. NIWA. (2016). Our future climate New Zealand. RCP 8.5.
3. Ministry for the Environment. (2018a). Climate change projections for New Zealand. Calculated as change in 12-hour, 20-year ARI event rainfall depth.
4. Climate Change Commission (2021). Ināia tonu nei: a low emissions future for Aotearoa, Scenarios dataset 2021 final advice.

* Network for Greening the Financial System ** International Energy Agency

Current climate risks and opportunities

The climate risks and opportunities outlined on pages 17 to 25 reference our three climate scenarios. These risks and opportunities were assessed in FY24 using the vulnerability and exposure tool, and Contact's enterprise risk matrix. The risks, opportunities, and resulting impacts were then reassessed by subject matter experts and risk owners in FY25 based on any new information.

We considered information that may affect the primary users of this statement (our existing and potential investors, lenders and creditors). We have included risks and opportunities that could impact our Contact strategy or business model and/or have significant financial implications.

Given the recent acquisition of Manawa was not completed in FY25, this statement does not include detailed analysis on how our risks and opportunities are impacted. The impact of Manawa on our combined risks and opportunities will be outlined in FY26.

Physical risks

These arise from changes to the climate. They can be acute – caused by increasing extreme weather events (e.g. flood, drought, storms) or chronic – caused by long-term gradual changes (e.g. rising ambient temperatures, sea level rise). Acute physical risks stem from the increased frequency and severity of extreme weather events including storms and flooding and potential asset damage and supply chain disruption. Chronic physical risks are focused on changes to rainfall patterns and rising ambient temperatures and the effect on hydroelectric generation efficiency and the alignment of generation with demand.

Risk	Assessment	Current impacts	Anticipated impacts	Contact's strategic response
P1 **Changes in weather patterns could lead to reduced efficacy of generation** On average, changing weather patterns are expected to increase both the total volume of hydro scheme inflows and the concentration and intensity of rainfall events and drought. Coupled with limited hydro storage, this could reduce our ability to optimise hydro storage and the ability of our hydro assets to firm intermittent renewable generation and manage risk. In addition, geothermal output is sensitive to changes in ambient temperature. An increase in the frequency of hot days (days where temperatures exceed 25 degrees Celsius) could reduce the efficiency of geothermal generation.	**Time Horizon** Long-term, 2050–80 **Type** Physical risk to operation **Materiality** Reduction in flexible and baseload supply is one of Contact's top risks within its Enterprise Risk Management (ERM) framework. While a chronic change to rainfall and temperature patterns has the potential to contribute to this risk in the long-term, we do not expect the near-term impact attributable to climate change to be significant, **independent of other seasonal weather variations**.	In FY25 New Zealand experienced significant hydrology volatility with very dry periods (both in June – August 2024 and again in Jan – April 2025) punctuated by very wet periods (September – December 2025). The swing in hydrology in FY25 led to a ~0.6TWh reduction in Contact's overall hydro generation when compared to the average. **Current financial impact** This is not able to be quantified given the range of complex factors that impact hydrology and market prices and the challenge of isolating the impacts of climate change from seasonal variation in a given year (e.g., El Niño and La Niña).	Changes to hydro inflow patterns and the frequency of hot days are expected to occur under all three of Contact's climate scenarios, with the greatest impacts occurring under the Hot House scenario. There is a high level of complexity in the way pricing is established and how fuel/commodity risk is managed within a generation portfolio and within the wider market. This makes it challenging to form a basis for quantifying anticipated impacts.	+ Working with customers (retail, commercial, industrial) to implement demand flex and demand response mechanisms e.g. NZAS demand response contract. + Investing in a grid-scale battery, supporting peak load management and ancillary services. + Investing in additional generation capacity from renewable generation: wind, solar, geothermal. Technology mix is an important mitigant to diversify weather risk. + Investing to increase and diversify our hydro generation across geography and inflow patterns through the acquisition of Manawa. + Investing in technology to create improvements in flow forecasting models (alongside NIWA). + Considering consent condition changes to achieve greater flexibility from existing hydro schemes. While many of these initiatives are underway in response to the opportunities associated with the transition, they have the indirect effect of mitigating this risk.

Risk	Assessment	Current impacts	Anticipated impacts	Contact's strategic response
P2 **Damage and loss of access to generation assets and supporting infrastructure** Increased frequency and severity of extreme weather events such as severe rainfall, flooding, landslides, extreme wind, extreme heat and fire could lead to increased damage and loss of access to generation assets and supporting infrastructure (e.g. lines and transmission) impacting electricity supply and leading to increased repair and maintenance costs.	**Time Horizon** Long-term, 2050–80 **Type** Physical risk to operation **Materiality** Natural disasters are an ongoing risk within Contact's ERM framework. Mitigations are in place, with asset management plans informed by the latest data on weather patterns and site-specific hazards and risks. Our overall asset management framework will continue to evolve as we adapt our climate change response and add resilience.	Contact owns and operates generation assets (hydro, gas, geothermal) and has renewable developments (geothermal, wind, solar, battery) under construction or in planning across New Zealand (refer to the map on page 12). In FY25, we did not incur any material damage or disruption to our network of generation assets from major storms. **Current financial impact** None in FY25.	Across all three climate scenarios, storm events are expected to become more frequent and more severe. This could lead to disruption in energy generation and transmission and potential breaches of asset management and integrity standards. This could lead to: + Financial losses from failure to meet supply agreements. + Increased repair/replacement costs from more frequent events. + Reputational damage from business interruption. To illustrate how this risk can eventuate, in February 2023, Contact's Whirinaki diesel generation site flooded and suffered damage as a result of Cyclone Gabrielle. The plant was out of service until April 2023.	+ Diversifying our generation portfolio (across location and technology). + Designing assets in accordance with the latest design guidance, published climate information and/or site-specific guidance. + Considering the impact of climate change on asset vulnerability during annual asset health and dam safety reviews. New Zealand dam safety guidelines require that Contact considers climate change effects on estimations of probable maximum flood (PMF) levels. + Including natural hazard risk in site-specific asset management plans. + Conducting regular continuity plans, assurance reviews, asset management frameworks and tri-annual reviews. + Learning from events to help support asset response and asset resilience. Following Cyclone Gabrielle in 2023, Contact installed Starlink at our hydro sites to add additional communication pathways. + Partnering and working with local communities, business partners, government and the National Emergency Management Agency on hazard analysis and event learnings. In addition to the above, Contact has insurance in place to cover natural disasters for all assets.

Risk	Assessment	Current impacts	Anticipated impacts	Contact's strategic response
P3 **Damage and disruption to supply routes and domestic/ international supply chains** Increased frequency and severity of extreme acute weather events such as severe rainfall, flooding, landslides, extreme wind, extreme heat and fire could lead to increased damage to supply routes and disruption to both the domestic and international supply chains.	**Time Horizon** Long-term, 2050–80 **Type** Physical risk to supply chain **Materiality** Physical supply chain vulnerability is not currently considered a top risk for Contact. However, given the potential for increased disruption from physical events over the longer term, we are working to assess areas of greatest vulnerability (indicatively these are likely long-lead items and technical equipment e.g., transformers).	We are not aware of any increased damage to supply routes or disruption to either our domestic or international supply chains as a result of acute weather events from climate change. **Current financial impact** None in FY25.	Across all three climate scenarios, storm events are expected to become more frequent and more severe. **Contact has two types of supplier:** + **Asset and maintenance supply**: Contact expects current and future suppliers of assets and asset maintenance services to be exposed and vulnerable to physical impacts from climate change both domestically and offshore. Where the impact is major and/or prolonged, there is a risk of disruption to generation or potential breaches of asset management and asset integrity standards. + **Operational supply**: Contact's thermal assets rely on fuel supply to operate. Where this supply is disrupted, following a major acute weather event, this could result in potential disruption in energy generation, impacting on service delivery and earnings.	+ Proactively managing critical and long-lead spares to avoid prolonged outages when key parts fail. + Assessing interchangeability of key assets during specification of new plant to optimise inventory across Contact's portfolio. Contact is part-way through a programme to strengthen procurement practices. Specifically, this programme includes the implementation of: + A new contract management system and criticality assessment tool used for all new contracts, and + A supplier lifecycle and information management system. In the next stages of the programme we will: + Introduce a formal supplier management framework. + Assess critical suppliers' business continuity plans through sourcing and contracting processes. + Consider supplier diversification to strengthen supply chain redundancy. + Seek long-term supplier and maintenance agreements for critical infrastructure. These new tools and frameworks will assist Contact in identifying and mitigating areas of greatest supply chain vulnerability, including to potential physical disruption from climate change.

Transition risks

The transition to a low-carbon economy creates risks from policy changes, shifting customer demand, technology, and shifting public sentiment.

Transition risks are most pronounced in the orderly and disorderly decarbonisation scenarios.

Some of these risks are already materialising. The continued decline in readily available and affordable gas, an important transition fuel, is impacting generation flexibility. Risk of regulatory intervention may increase if the costs and technical challenges of the transition result in significantly higher consumer prices or unstable electricity supply.

Risk	Assessment	Current impacts	Anticipated impacts	Contact's strategic response
T1 **Difficulty accessing the technology required for implementing the transition** Increased global competition for low carbon alternative technologies (e.g. wind, solar, battery), with offshore markets developing renewable generation on a significantly larger scale than in New Zealand, could lead to difficulty accessing technology required for implementing the transition.	**Time Horizon** Short- to medium-term, now to 2050 **Type** Transition risk to supply chain **Materiality** This trend is not currently considered to be a material risk and we generally expect the cost of renewable technologies to continue to reduce over time. However, we maintain a watching brief.	In FY25 Contact began construction on several large-scale high priority projects across solar, grid-scale batteries, and geothermal. These included Kōwhai Park, Glenbrook BESS, and Te Mihi Stage 2. Contact did not experience material technology access issues during FY25. **Current financial impact** None in FY25.	Given the scale of decarbonisation and renewable generation aspirations, there is a potential for rising costs within the technology supply chain that could lead to increased capital expenditure on renewable development projects in the short to medium-term. Equally, there is potential for reduced technology pricing and improved access where the market responds to these trends and competition increases.	+ Ensuring we have geographic/ regional and supplier diversification. + Introducing a formal supplier management framework. + Identifying and enhancing monitoring of, and engagement with, critical vendors. This includes strong supplier relationships, partnerships and our joint venture arrangement with Lightsource bp. + Pursuing long-term supplier and maintenance agreements for critical infrastructure.

Risk	Assessment	Current impacts	Anticipated impacts	Contact's strategic response
T2 **Regulatory change could impact effective functioning of markets and harm Contact's ability to earn a fair return on its investments** Where the costs and technical challenges of the transition result in sustained high consumer prices, or result in electricity supply becoming unstable, there will be a heightened risk of regulatory change. Regulatory change can be unpredictable, and there is a risk that changes to market settings could impact the effective functioning of markets and harm Contact's ability to earn a fair return on its investments.	**Time Horizon** Short- to medium-term, now to 2050 **Type** Transition risk to earnings **Materiality** Regulatory risk is currently considered a top risk within Contact's ERM framework and is actively managed through a range of mitigations.	The risk of adverse impact from regulatory change is something we actively focus on and invest in to mitigate accordingly. This includes through engagement with government and regulators on the challenges of the transition. We are investing in new renewable electricity supply, which will contribute to the reduction of wholesale electricity prices. In FY25, we spent $362 million building or advancing new renewable generation (wind, solar, geothermal) and grid-scale battery investments. In FY25 we undertook a range of measures to support security of supply and avoid disorderly shortage conditions. These included securing short-term gas from Methanex (see risk **T3** for more detail), keeping TCC operational beyond schedule, and making demand response payments to NZAS to reduce its consumption of electricity. **Current financial impact** None in FY25.	Change to market structure or market incentives through government intervention could occur in the future, particularly if the costs and technical challenges of the transition result in significantly higher consumer prices or result in electricity supply becoming unstable. This would impact our ability to earn a fair return on investments and our ability to invest in future development projects. To contribute to security of supply, and meet growing demand from electrification, we plan to continue our investment in new renewable generation and existing flexible generation.	+ Engaging with government and regulators to collaborate on shared challenges of the transition. + Investing, as appropriate, on the feedback it receives from these engagements. + Contributing to future security of supply through investment in renewable electricity and storage. We currently have $1.1 billion of renewable projects under construction across solar, grid-scale batteries and geothermal. This is on top of recently commissioned geothermal developments worth $1.2 billion in FY25.

Risk	Assessment	Current impacts	Anticipated impacts	Contact's strategic response
T3 **Decline in availability of gas and ageing thermal fleet impacts firming and risk management capacity** The decline in gas supply chain flexibility and gas field performance, together with the reduced availability of ageing thermal assets and limited alternative sources of flexibility in the market, could lead to a reduced ability to firm new intermittent renewable generation and manage risk.	**Time Horizon** Short- to medium-term, now to 2050 **Type** Transition risk to earnings **Materiality** This is currently considered a top risk within Contact's ERM framework and is actively managed through a range of mitigations.	In FY25, delivery under Contact's gas supply contracts was less than 70% of the contracted volumes. Concurrently, very dry conditions were experienced in July/August 2024 and January to April 2025. To support New Zealand's security of electricity supply in these periods Contact entered short term agreements with Methanex for the supply of ~6PJ of gas. The cost of this supply was meaningfully higher than for long-term gas. **Current financial impact** $30–40 million Quantified incremental cost of gas purchased from other parties to cover shortfall of delivered volume vs contracted.	Flexibility in Contact's generation portfolio, or readily available from the wider market, is important for firming new intermittent renewables and for managing supply risk. This is both a sector-wide and Contact specific risk. **Sector**: We are already observing the impacts of declining gas field performance and with limited planned investment in upstream gas assets, this trend is likely to continue. Without alternative sources of flexibility, such as through the use of batteries, additional peaking assets that operate on fuels other than gas and/or changes to existing hydro operating regimes, a lack of gas may lead to shortfalls in generation in dry periods. **Contact specific**: In July 2025, Contact signed a medium-term gas supply contract with Greymouth Gas New Zealand Limited to provide sufficient gas to meet both our portfolio's anticipated thermal generation requirements and demand from customers. While Contact has improved access to gas for the medium term, it's generation fleet is ageing and has been impacted by reliability challenges. Over the near term, there could be limitations on Contact's ability to rely on gas generation to provide flexibility to the extent it has been able to in the past. This is particularly important in dry periods.	+ Contracting with other electricity suppliers for risk management products (acquiring generation). + Using gas from the Ahuroa Gas Storage facility (AGS). + Calling on demand response agreements e.g. NZAS demand response contract. Longer term, supporting strategic initiatives which include: + Replacing baseload gas generation at Te Rapa (closed in FY23) and Stratford (TCC) with new renewable generation. + Investing in improving the reliability of our gas peaker assets including investment in spares. + Investing in batteries. In FY25, Contact began construction on its first 100MW battery build at Glenbrook, with a second consented option available at Stratford. + Investment in Manawa to increase the volume of winter-weighted hydro generation within our portfolio. + Increasing demand response built into new contracts (see **O2**).

Opportunities

Risk	Assessment	Current impacts	Anticipated impacts	Contact's strategic response
O1 **Increased demand and expansion of renewable energy generation assets** Customer lifestyle choices, gas supply constraints, and increased electrification across multiple sectors, including transport and process heat, are expected to lead to an increase in demand for electricity. This creates an opportunity to expand renewable generation e.g. geothermal, solar and wind operations, at locations across New Zealand, and providing support for associated investment in energy flexibility.	**Time Horizon** Short- to medium-term, now to 2050 **Type** Market opportunity, transition **Materiality** Contact considers this to be a key opportunity. It underpins the Contact26 strategy to be a leader in the decarbonisation of New Zealand, particularly the strategic pillars of Grow Demand and Grow Renewable Development.	As gas supply risks have become evident (see Risk **T3**), we have observed increased interest in electrification from commercial and industrial energy users in FY25. This includes conversion of industrial processes, such as thermal-backed process heat, to electricity. An example of this is the long-term electricity supply agreement entered into between Contact and Fonterra in February 2025, to support the electrification of the Whareroa dairy site. In FY25 Contact began construction on $1.1 billion of renewable projects across solar, grid-scale batteries and geothermal. This is on top of recently commissioned geothermal developments worth $1.2 billion in FY25.	The MBIE Electricity, demand and generation scenarios (EDGs) reference case (2024) estimates an increase in total electricity demand of ~21TWh (up 53%) between 2024 and 2050. Increasing electricity demand leads to firmer prices in the wholesale electricity market, presenting a strong incentive for generators, like Contact, to build new renewable energy (e.g. wind, solar, geothermal) and storage (e.g. grid-scale batteries). As new supply addresses new demand, the wholesale electricity market can be expected to settle at a long-run price that reflects the cost of building and firming new renewables. The geographic spread of renewable generation assets will continue to be important. Generation located close to customers allows greater system efficiency and more value to be captured from electricity supply. We expect demand flexibility to continue to grow as a valuable option as customers seek new or increased supply agreements from the electricity market (see **O2**).	+ Continuing to focus on innovation through demand response solutions (see **O2**). + Actively supporting the transition of commercial and industrial customers to electricity through Simply Energy. + Expanding renewable development resources including through strategic partnership e.g. Lightsource bp. + Establishing capability in the execution of new major projects. + Completing construction of two new geothermal plants in FY24 and 25 with annual output of 1.9TWh when at full capacity. + Continuing to progress and develop our development pipeline. E.g. Contact has several advanced wind and solar projects advancing towards Final Investment Decision.

Risk	Assessment	Current impacts	Anticipated impacts	Contact's strategic response
O2 **Supply customers with flexible energy management solutions** As technology and customer preferences continue to evolve, we see increased opportunity to provide flexible energy management solutions on both a residential and commercial scale. This will provide more options for consumers and better manage electricity supply during peak load periods.	**Time Horizon** Short- to medium-term, now to 2050 **Type** Market opportunity, transition **Materiality** Contact considers this to be a key opportunity that will support the Grow Demand pillar of the Contact26 strategy while helping to decarbonise the New Zealand electricity grid.	We have developed strong expertise in flexible energy management solutions, supporting 141MW of flexible demand in the market across commercial, industrial and retail load as at the end of FY25. A further 47MW is contracted but not yet operational. In FY25, the demand response mechanism under the long-term supply agreement with New Zealand Aluminium Smelter (signed in FY24) was called. This saw the activation of the full 185MW of demand response (Contact portion of this response was 46MW). This action was key to reducing system demand in extreme dry conditions.	Increased demand flexibility, where electricity can be shifted off-peak, is expected to enable reduced reliance on gas peakers in time, lowering greenhouse gas emissions and playing an important role in decarbonising the New Zealand electricity grid and economy. Financial benefits to Contact from reduced peaker reliance include lower gas and carbon costs and related risk management costs. We expect contracts including demand response to play a key role in the decarbonisation of the wider energy sector as the value is shared between suppliers and users. This enhances the economic benefit of supporting customers in switching to electricity.	+ Seeking demand response mechanisms in new major industrial contracts e.g. New Zealand Aluminium Smelter. + Working through Simply Energy to develop demand flex solutions for commercial and industrial customers. + Expanding the Hot Water Sorter load management trial with retail customers. + Innovating additional time-of-use products such as Good Nights and Good Weekends for retail customers. + Continuing to focus on building our strong offering in flexible energy management solutions.

Risk	Assessment	Current impacts	Anticipated impacts	Contact's strategic response
O3 **Enhancing reputation and investor confidence through sustainability leadership to continue to access sustainability linked capital.** By leading in sustainability performance, including through transparent disclosure of our decarbonisation strategy and performance, we can enhance stakeholder and investor confidence, and our reputation as a leader in sustainability, corporate transparency and accountability. This will support Contact's continued strong access to capital, including through sustainable finance.	**Time Horizon** Short- to medium-term, now to 2050 **Type** Market opportunity, transition **Materiality** Sustainability leadership is a strategic enabler of the Contact26 strategy. We have prioritised our sustainable finance strategy, with all of Contact's debt certified green.	Our sustainability performance supports access to capital, with all debt certified as green and sustained investment from ESG-focused equity funds. In FY25 Contact raised AUD$400 million in Australian Green Medium Term Notes for investment in green assets in accordance with its Sustainable Finance Framework. Contact also maintained inclusion in the Dow Jones Sustainability Asia/Pacific Index (one of only five New Zealand companies), which helps attracts a larger pool of investors.	Building from our well-established sustainability leadership proposition, we are dedicated to further enhancing sustainability performance and delivering climate-focused initiatives. As our decarbonisation transition continues, this has the potential to further enhance Contact's attractiveness to global ESG-focused investors, further widening the pool of capital available to Contact.	+ Building new renewable generation and storage (in FY25 Contact began construction on three renewable generation and storage projects). + Growing a portfolio of complementary hydro generation assets through the acquisition of Manawa. + Replacing baseload gas generation assets at Te Rapa (closed in FY23) and Stratford (TCC – this is scheduled to close in 2025) with new renewable generation. + Delivering against emissions reduction targets including SBTi (2026/30) and net zero 2035 commitment (Scope 1 and 2). + Focusing on sustainability performance as a key enabler of the Contact26 strategy and resourcing it accordingly. The Sustainable Financing Framework has a continued focus, and we work across the business to maintain our inclusion in the Dow Jones Sustainability Asia/Pacific Index.

Risk	Assessment	Current impacts	Anticipated impacts	Contact's strategic response
O4 **Improved alignment of electricity generation and demand** Increases to ambient temperatures and frequency of drought could lead to higher summer cooling and irrigation demand. This, together with the potential electrification of summer-weighted dairy processing, could result in smoothing seasonal demand and increase in South Island demand, resulting in better-matched supply and demand patterns.	**Time Horizon** Long-term, 2050–2080 **Type** Market opportunity, physical **Materiality** This is not currently considered to be a material opportunity for Contact in the short- to medium-term but has been included to provide visibility of opportunities related to the long-term.	While dry periods and ambient temperature fluctuations are observed over time, it is challenging to isolate the impact of climate change from seasonal weather variations. We are not currently observing the alignment described. In FY25, we entered into a supply agreement with Fonterra to support the electrification of process heat at its Whareroa dairy plant. This will bring new demand in the spring and summer periods which better aligns to Contact's current generation portfolio.	Under all three climate scenarios, we expect increased frequency of drought and increased ambient temperatures with between 25 and 63* more hot days (>25 degrees) in the long-term. This has the potential to add to summer cooling (commercial and residential) and irrigation demand, particularly over the long-term. Although present to varying degrees in all three scenarios, this impact will be most prevalent in the Hot House scenario. Smoothed seasonal demand aligns well with our electricity supply profile. Contact now has ~5TWh of geothermal generation online, which is baseload throughout the year. In addition, in FY25 Contact began construction on Kōwhai Park solar which will provide summer-weighted generation through our joint venture with Lightsource bp. Further decarbonisation of dairy processing operations (summer-weighted activity) has the potential to enhance this smoothing outcome, as well as potentially seeing more renewable power consumed closer to where it is generated in the South Island, with less electricity exported to the North Island, reducing line losses and price separation.	+ Continuing to grow our pipeline of new renewable generation options, with a focus on building close to current and anticipated electricity load. Solar generation is the obvious example of generation that can capitalise on this opportunity. + Developing and investing in long-term strong relationships with customers and strategic partners to ensure we can meet the market opportunity as it develops.

* Relative to pre-industrial levels.

Metrics and targets

Net zero

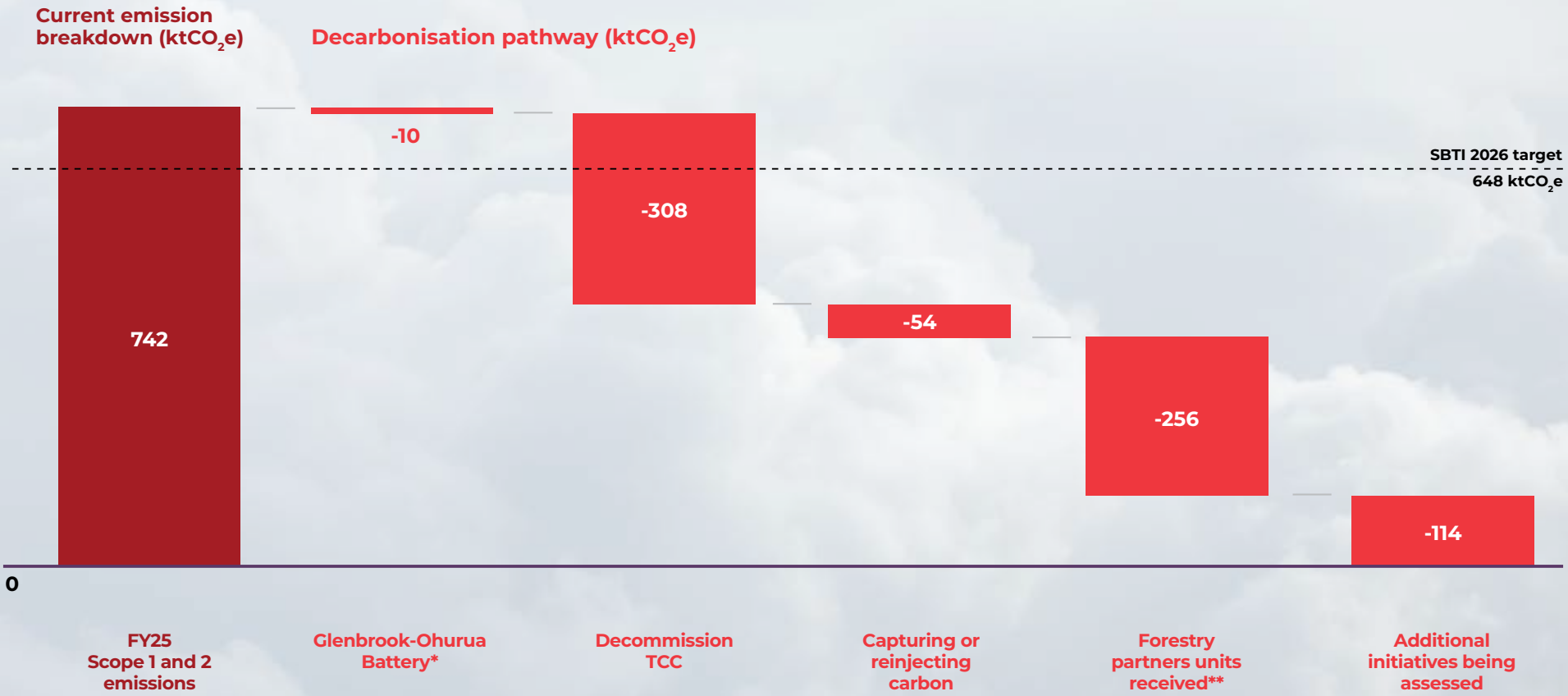
At Contact, we have an intentional approach to achieving net zero in our energy generation (Scope 1 and 2) by 2035 and remain on track to achieve this. This approach is underpinned by a planned and purposeful transition away from fossil fuels, enabling us to carefully balance our ambitious decarbonisation leadership with our fundamental responsibility to ensure secure, sustainable, and affordable energy supply to all New Zealanders.

In FY25, we reduced our direct emissions from Contact's generation plants (Scope 1), although thermal generation remained higher than normal due to low rainfall in the early part of 2025. We will further reduce our Scope 1 and 2 emissions through the closure of thermal generation assets, replacing this with new renewable generation. Where residual greenhouse gases are emitted, we will provide balance by offsetting the equivalent amount through our forestry investments.

Specifically, we will reduce our Scope 1 and 2 emissions through significant investment in new renewable generation and other initiatives including:

+ Closing the Taranaki Combined Cycle (TCC) gas generation plant at the end of 2025. This year, TCC accounted for 42 percent of our total Scope 1 emissions.
+ Reducing our reliance on thermal (gas/diesel) peaking generation during periods of peak demand through innovations such as the new battery installation at Glenbrook-Ohurua and demand response innovation.
+ Investigating carbon capture technology at our Ohaaki geothermal site. We are now confirming the partners we'll work alongside, subject to final investment decision. We expect there could be up to 65,000 tonnes of CO_2 captured every year for converting to food grade CO_2 in New Zealand's food and beverage industry.
+ We have two sustainable forestry investment partnerships that provide a long-term supply of high quality carbon credits approved under the NZ Emissions Trading Scheme (ETS). These credits will be used to both meet our NZ ETS obligations and to offset any residual emissions at 2035.
+ Continuing to utilise the carbon capture and reinjection technology that is fully operational at Te Huka 1 and 2, and our recently commissioned Te Huka 3 geothermal plant. We are reinjecting 100 percent of the Te Huka 1, 2 and 3 plants' emissions back into the reservoir to remove approximately 24,000 tonnes of carbon dioxide each year. Te Mihi 2, currently under construction, is being built with reinjection capability which we plan to expand subject to a future FID.

Our pathway to net zero for Scope 1 and 2 emissions by 2035



Note: Analysis is based on FY25 actual Scope 1 and 2 emissions (indicates the total contribution TCC had in FY25 at 42 percent). Utilisation of the peakers will vary over future years depending on hydro sequences and new technologies.

* Figure indicates estimated CO_2 displacement achieved from reduced running of the thermal peakers. Calculations estimated a reduction of approximately 150 operating hours or 150Tj of gas displaced, which when the Ministry for the Environment approved Emission Factor is applied equates to 10,000 tonnes.

** Includes expected units from Drylandcarbon One Limited Partnership and Forest Partners Limited Partnership. Units are shown per annum and are based on current information and may fluctuate based on climate conditions and/or regulatory updates. Contact's equity share in these partnerships increased in FY25, hence the increased volume of available credits.

Greenhouse gas emissions

Contact has produced an annual greenhouse gas (GHG) emissions inventory since 2018. This inventory, detailed below for FY25, provides a report of the GHG emissions resulting from Contact's operations within the declared organisational and operational boundaries for the reporting period. The emissions in the inventory have been measured in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) (the GHG Protocol) and Corporate Value Chain (Scope 3) Accounting and Reporting Standard. This GHG emissions disclosure was prepared in accordance with the Aotearoa New Zealand Climate Standards and **externally assured by EY New Zealand in FY25**.

Organisational boundary

When setting the organisational boundary for our emissions reporting, we have applied the operational control consolidation approach as outlined in the GHG Protocol. The parameters of this approach encompass all operations owned or controlled by Contact. This approach allows us to focus on the emissions sources we have control over and therefore the ability to improve upon.

Entities included in the organisational boundary are:

+ Contact Energy Limited
+ Western Energy Services Limited
+ Contact Energy Solar Limited
+ Contact Energy Solar Holdings GP Limited
+ Contact Energy Solar Holdings LP
+ Contact Energy Trustee Company Limited
+ Contact Energy Risk Limited

All other associates and joint arrangements are outside of our organisational boundary due to the absence of operational control. Refer to our FY25 Integrated Report on page 122 for a list of entities within the Contact Group.

Operational boundary

The emissions sources included in this report were identified with reference to the methodology outlined in the GHG Protocol.

Scope 1

Direct GHG emissions from sources owned or controlled by Contact. This includes all our electricity generation sites (thermal – natural gas and diesel – and geothermal), ancillary equipment at generation sites (such as backup generators and water pumps) and fuel used in vehicles owned or leased by Contact and Western Energy. This also includes any fugitive emissions released (sulphur hexafluoride, or SF_6, used in electrical switchgear).

Scope 2

Electricity indirect GHG emissions from the generation of purchased electricity consumed by Contact. This is defined as electricity purchased or otherwise brought into Contact's organisational boundary.

Power consumed at generation sites is not included as the electricity is not yet exported to the grid. This applies except in cases where the operating plant is down and backup electricity is being drawn from the grid. Scope 2 emissions include electricity consumed at other relevant sites (such as utility sites used for the generation of electricity, for example water intake pumps) and corporate offices for Contact and our subsidiary Western Energy.

Scope 2 emissions have been reported using location-based emissions factors.

Scope 3

Other indirect GHG emissions are those generated because of our activities as a company but which occur from sources not owned or controlled by Contact.

No facilities, operations and/or emissions sources have been excluded from this report except for specific Scope 3 emissions noted in the table on page 29.

Non-reported emissions categories

	Justification
Category 9 Downstream transportation and distribution	There is no transportation or distribution of products after the point of sale.
Category 10 Processing of sold products	There is no processing of sold products by the reporting company.
Category 12 End of life treatment of sold products	There is no remaining product to be disposed of at the end of use.
Category 14 Franchises	There are no franchise arrangements.

Base year

We have reported on our Scope 1 direct emissions since 2012. We have reported Scope 2 and 3 indirect emissions since 2018. We use 2018 as the base year because it includes all three scopes. Our GHG inventory includes Scope 1, 2 and 3 emissions.

Emission factors

The following emission factors have been used.

Scope 1

Geothermal field specific factors approved under the Climate Change (Unique Emissions factor) Regulations 2009 and NZ Emissions Trading Scheme.

Geothermal unique emission factors are calculated based on the greenhouse gas content of steam samples independently analysed by Earth Sciences New Zealand (formerly GNS Science).

Natural gas specific factors approved under the Climate Change (Stationary Energy and Industrial Processes) Regulations 2009.

Scope 2

Purchased electricity emission factors sourced from Ministry for the Environment, **Measuring Emissions: A Guide for Organisations: 2025 detailed guide**.

Scope 3

Spend-based emissions factors are sourced from **ThinkStep ANZ's GHG Emissions Factors for New Zealand 2024**.

All remaining emission factors were sourced from Ministry for the Environment, **Measuring Emissions: A Guide for Organisations: 2025 detailed guide**.

All MfE emission factors and SF_6 emissions use the Global Warming Potential (GWP) rates from the Intergovernmental Panel on Climate Change (IPCC) fifth assessment report (AR5), 2014. The ThinkStep emission factors applied to some emissions categories in Scope 3 are based on a dataset that uses GWP100 following the IPCC's Fourth Assessment Report (AR4).

Contact's Scope 1, 2 & 3 GHG Emissions

Scope	Category	FY25 tCO_2e	FY24 tCO_2e	FY23 tCO_2e
Direct emissions (Scope 1)	Stationary combustion (generation)	739,790	947,131	526,282
	Stationary combustion (ancillary equipment)	155	–	–
	Mobile combustion	238	212	181
	Fugitive emissions	114	28	32
	Western Energy – Mobile combustion	171	120	126
	Subtotal	**740,468**	**947,491**	**526,621**
Indirect emissions (Scope 2)	Electricity consumption(location based)	1,180	973	1,950
	Simply Energy – Electricity consumption (location based)	–	–	4
	Western Energy – Electricity consumption (location based)	3	2	3
	Subtotal	**1,183**	**975**	**1,957**
Scope 1 & 2	**TOTAL**	**741,651**	**948,466**	**528,579**
Indirect emissions (Scope 3)	Category 1: Purchased goods and services	8,799	6,522	6,197
	Category 2: Capital goods	87,203	79,185	88,266
	Category 3: Fuel and energy related activities	8,006	5,130	1,050
	Category 4: Upstream transportation and distribution	205	254	108
	Category 5: Waste	69	58	47
	Category 6: Business travel	1,081	1,601	1,274
	Category 7: Employee commuting	956	927	965
	Category 11: Use of sold products	250,612	170,929	175,603
	Category 13: Downstream leased assets	339	429	164
	Category 15: Investments	12,313	–	–
	Subtotal	**369,583**	**265,034**	**273,673**
Scope 1, 2 & 3	**TOTAL**	**1,111,235**	**1,213,500**	**802,252**

GHG emissions methods, assumptions and estimation uncertainty

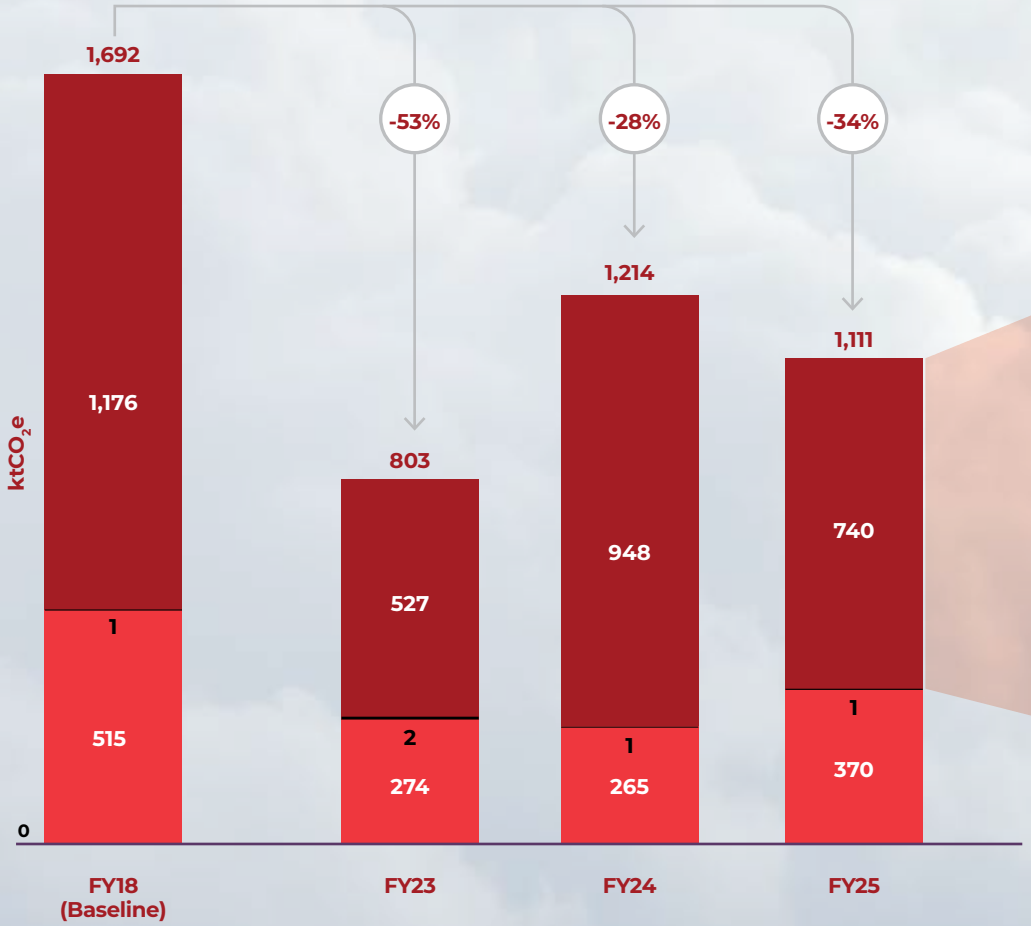
The nature of GHG emissions inventory reporting means there will always be a level of uncertainty, especially within Scope 3 emissions. To minimise this uncertainty, source data has been used where possible. Where uncertainty exists or source data is unavailable, a conservative estimation approach has been taken so understatement of emissions does not occur. Where activity data is not available, spend-based emission factors have been used. Where emission factors are historical (i.e. the 2021 ThinkStep factors from *Emission Factors for New Zealand*), an adjustment for inflation has been applied. The following table describes the methods used for calculating GHG emissions across Contact's reporting boundary, the assumptions underlying the calculations, and any estimation uncertainties involved.

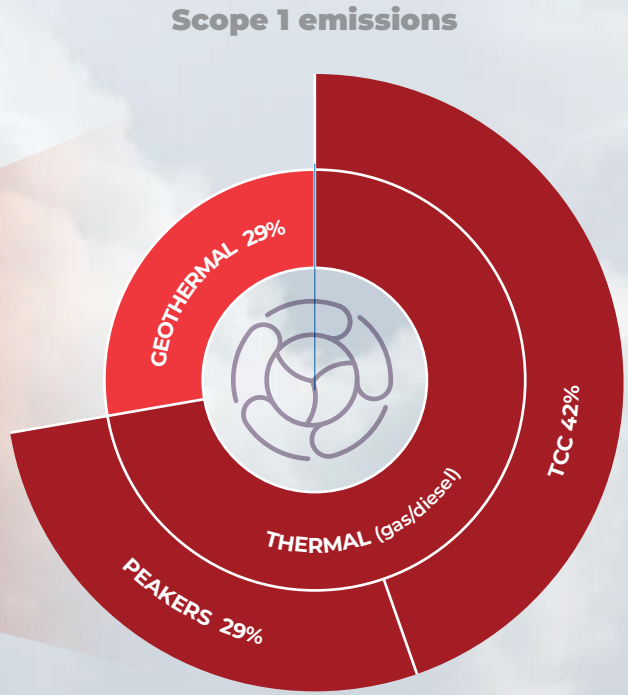
Emissions category	Calculation method	Emission factor source	Assumptions	Estimation uncertainty
Stationary combustion (electricity generation)	**Average-data method**: tonnes of steam, TJs of natural gas or litres of diesel multiplied by the relevant emissions factor.	**Geothermal steam** – Unique Emission Factors approved by EPA NZ/Default Emission Factors under the Climate Change (Stationary Energy and Industrial Processes) Regulations 2009. **Natural gas** – Climate Change (Stationary Energy and Industrial Processes) Regulations 2009. **Diesel** – MfE.	Quantities of steam, natural gas and diesel are assumed to be accurately measured and complete.	**Low-medium** – Natural gas and diesel volumes are obtained from direct readings and purchase records. Emission factors have low uncertainty. Geothermal factors are based on periodic steam samples, and associated calculations, that have some uncertainty attached to them.
Stationary combustion (ancillary equipment on generation sites)	**Average-data method**: litres of diesel multiplied by the relevant emissions factor.	MfE	Fuel records are assumed to be accurate and complete.	**Low** – Complete fuel records are used and emissions factors have low uncertainty.
Mobile combustion	**Average-data method**: litres of fuel or kilometres travelled multiplied by the relevant emissions factor.	MfE	Fuel records are assumed to be accurate and complete.	**Low-medium** – Complete fuel use records are used and emissions factors have low uncertainty. Electric vehicle data contains uncertainty around combustion engine equivalent for emissions factor selection.
Fugitive emissions	**Average-data method**: kgs of SF_6 released multiplied by the relevant emissions factor.	25,000 – SF_6 GWP value from the IPCC 5th assessment report and NZ ETS regulations.	SF_6 used in electrical switchgear is the sole source of fugitive emissions in Contact's boundaries.	**Medium** – SF_6 volumes are derived from before and after weight of vessels where the gas is stored, or known quantities of gas supplied to Contact.
Purchased electricity	**Location-based method**: kWh consumed multipled by the relevant emissions factor.	MfE	Meters at ICPs are assumed to be accurate and all ICPs are assumed to be accounted for in supplier billing. The data feed from grid injection points is assumed to be accurate.	**Medium** – Half-hourly emissions factors provided by the grid operator are used to calculate emissions from ICP consumption. Because half-hourly data is not available for plant purchased electricity, national aggregate factors are used for emissions calculations.
Purchased goods and services	**Spend-based**: total relevant OPEX spend multiplied by relevant emission factors.	ThinkStep Emission Factors for New Zealand (changed from Motu factors used in FY24 in order to improve accuracy).	Finance records of purchases are assumed to be accurate and complete.	**High** – Spend-based factors involve standardisation that may ignore differences between products and services, suppliers, industries, and countries procured from, and are adjusted for inflation.
Capital goods	**Spend-based**: total relevant CAPEX spend multiplied by relevant emission factors.	ThinkStep Emission Factors for New Zealand.	Finance records of purchases are assumed to be accurate and complete.	**High** – Spend-based factors involve standardisation that may ignore differences between products and services, suppliers, industries, and countries procured from, and are adjusted for inflation.

Emissions category	Calculation method	Emission factor source	Assumptions	Estimation uncertainty
Fuel and energy related activities	**Average-data method**: litres of diesel or kWh of electricity multiplied by the relevant emissions factor. For WTT: kms traveled by fuel tankers multiplied by assumed fuel efficiency.	MfE	Fuel usage records are assumed to be complete and accurate. Tanker fuel economy is assumed to be 1.7km/L.	**Low-medium** – Upstream emissions of purchased fuel involves some uncertainty about the fuel economy of tankers used to transport diesel.
Upstream transportation and distribution	**Spend-based**: total freight spend multiplied by relevant emission factors.	ThinkStep Emission Factors for New Zealand.	Finance records of freight and courier spend are assumed to be accurate and complete.	**High** – Spend-based factors involve standardisation that may ignore differences between products and services, suppliers, industries, and countries procured from, and are adjusted for inflation.
Waste generated in operations	**Waste-type specific method, Average-data method**: tonnes of waste multiplied by the relevant emission factors.	MfE	Supplier records of waste type and volume are deemed to be complete and accurate. Where supplier records are not available an assumption about average volume of waste per employee has been used.	**Medium** – composition of waste and decomposition conditions may vary. Includes additional assumptions where supplier records are not available.
Business travel	**Mixed methods** for air and car rental travel (kms x emissions factor). Spend-based method for taxis and private vehicles used for work purposes ($ x emissions factor. Accommodation emissions are based on room night multiplied by emissions factor.	FCM Travel (MfE-based). ThinkStep Emission Factors for New Zealand.	Travel data from supplier is assumed to be accurate and complete.	**Medium** – Emissions calculation methodology from supplier has been verified through the Toitū carbon reduce certification scheme. Car travel in taxis and private vehicles uses the spend-based method which has high estimation uncertainty.
Employee commuting	**Distance-based method**: mode of transport and distance travelled multiplied by relevant emission factors. WFH uses the average-data method.	Abley Carbonwise (MfE-based). WFH – MfE.	Survey sample parameters and response rate are assumed to give a sufficiently representative sample of commuting behaviour.	**High** – Estimations rely on employee self-reporting, extrapolation and averages.
Use of sold products	**Average-data method**: TJs of natural gas sold multiplied by the relevant emissions factor.	Climate Change Regulations 2009	Finance records of natural gas sales are assumed to be complete and accurate.	**Low** – Finance records enable accurate measurement. Emissions factor has low uncertainty.
Downstream leased assets	**Average-data method**: kWh of electricity, TJs of natural gas and litres of liquid fuel multiplied by the relevant emission factors.	MfE	Data supplied by leaseholders is assumed to be sufficiently complete and accurate.	**High** – Data comes from leaseholder questionnaires and is not cross-checked at source in all cases.
Investments	**Mixed methods**: DrylandCarbon & Forest Partners JVs – Average-data method: investee company total revenue x EEIO EF x share of equity. Kōwhai Park P LP – proportional share of asset under construction costs based on 50% equity.	ThinkStep Emission Factors for New Zealand.	For Kōwhai Park P LP – records of asset under construction costs are accurate and should all be included in emissions calculations. For forestry investments – investee revenue records are accurate and inflating FY24 revenue by June 2025 CPI is appropriate.	**High** – Emissions are estimated from estimated revenue. Involves use of EEIO factors that may ignore differences between products, services, suppliers, industries and countries procured from, and are adjusted for inflation.

GHG Scope trend

Scope 1 emissions have fluctuated from FY23–FY25 primarily due to the effect of changing hydrology patterns on our generation mix. Scope 2 emissions have fluctuated across the three reporting periods, primarily due to variations in plant purchased electricity requirements at generation sites due to outages. Scope 3 emissions were consistent between FY23 and FY24, and increased in FY25 primarily due to increased volumes of sold gas and emissions from investments, namely the construction of the Kōwhai Park solar farm.





Indirect emissions (Scope 3) | Indirect emissions (Scope 2) | Direct emissions (Scope 1) | Geothermal | Thermal

Note: EY has not conducted assurance procedures over FY18 GHG emissions data.

GHG emissions intensity

Emissions	FY25	FY24	FY23	FY22
Total generation emission intensity (tCO_2e per MWh)	0.083	0.110	0.070	0.095
Thermal generation emission intensity (tCO_2e per MWh)	0.482	0.449	0.657	0.578

Trend analysis: Emissions intensity has fluctuated in line with generation mix, driven by hydrology patterns and asset construction and retirement. Emissions intensity this year was 39% less than FY18 base year.

Asset percentage and business activities vulnerable to current identified climate risks and opportunities

Transition risk

Risk	Time horizon	Explainer	FY25	FY24	FY23	FY22
Decline in availability of gas and ageing thermal fleet impacts firming and risk management capacity	Short-term	Thermal GWh produced as a proportion of Contact's total generation output for the financial year. Assets include: + Stratford GT21 and GT22 + Taranaki Combined Cycle + Whirinaki Diesel Fired + Te Rapa (not included for FY24 and FY25 as was decommissioned)	12%	19%	7%	13%

Trend analysis: Thermal generation has fluctuated in line with generation mix, driven by hydrology patterns and asset construction and retirement.

Physical risks

Risk	Type	Explainer	FY25	FY24	FY23	FY22
Changes to rainfall patterns could lead to reduced efficacy of hydropower generation	Chronic	Percentage point calculated as an output of total GWh Contact produced in relation to GWh output from its hydro assets (Clyde and Roxburgh) for the financial year.	37%	42%	51%	48%
Damage and loss of access to generation assets and supporting infrastructure	Acute	Number of generation assets nationwide. Contact has 19 sites, including corporate offices, call centres, and subsidiaries. The change from FY23 reflects the closure of the Te Rapa site and the addition of two new developments, namely Te Huka Unit 3 and the Glenbrook-Ohurua battery. Ongoing changes in the future relate to new developments including solar, wind and battery.	14 sites	14 sites	13 sites	13 sites
Damage and disruption to supply routes and domestic/international supply chains	Acute	Any or all of Contact's business activities could be considered vulnerable to a supply disruption from climatic events due to the nature of such a risk. We consider overall vulnerability is low due to geographical spread of separate activities and our existing risk management practices.	All	All	All	All

Trend analysis: The reducing trend for hydro generation percentage is driven by low rainfall in both FY24 & FY25, and major outages at both Clyde and Roxburgh in FY25 for transformer and turbine replacement respectively.

Climate-related opportunities

Opportunity	Type	Measure	FY25	FY24	FY23	FY22
Supply customers with flexible energy management solutions	Market	Amount of flexible demand facilitated				
		In-market (MW)	141	55	37	23
		Contracted (MW)	47	118*	97	36
Enhancing reputation through sustainability leadership leading to investor confidence and continued access to capital through certified green debt	Social	Percentage of generation assets that are certified green renewable (excludes thermal assets). Increase in percentage indicates closure of Te Rapa thermal and bringing Tauhara geothermal online	87%	73%	70%	64%

*Restated. The previously disclosed figure of 173MW represented total volume rather than that under contract. This meant the total FY24 volume was overstated.

Trend analysis: Flexible demand volumes are growing over time in line with our strategy to grow demand. Percentage of green assets increasing over time due to the net result of investment in renewable development and thermal asset closure.

Capital deployment

We have described Contact's path towards decarbonisation in the **Strategy** section, with the table below presenting the total capital spend towards decarbonisation developments for the past three reporting periods.

Total capital spend towards climate risks & opportunities*

		FY25	FY24	FY23	FY22
Future renewable development		$378m	$449m	$485m	$299m
Investment into forestry partners and carbon re-use		$44m	$12m	$12m	$11m
Topic	**Make-up**	**FY25**	**FY24**	**FY23**	**FY22**
Future renewable development	Tauhara	$38m	$187m	$377m	$283m
	Te Huka Unit 3	$62m	$147m	$94m	$14m
	GeoFuture (now Te Mihi Stage 2 and 3)	$151m	$95m	$7m	$2m
	Battery	$94m	$31m**	$0m	$0m
	Wind development options	$7m	$8m	$5m	$0m
Investment into forestry partners and carbon re-use	Food grade CO_2	$5m	$2m	$0m	
	Forest Partners	$39m	$10m	$12m	$2m
	Drylandcarbon	$0m			$9m

* All development spend is shown on an accrual accounting basis.

** Restated due to an accounting adjustment that occurred after the publication of the FY24 Climate Statement. The effect of this was to increase the FY24 dollar value by $26m.

Trend analysis: Capital spend peaked in FY23 with Tauhara construction, reducing over time as both Tauhara and Te Huka Unit 3 were completed. In FY25, we acquired an additional 8% interest in Forest Partners, bringing total interest to 22%.

Internal emissions price – price per metric tonne of CO_2e used internally

The table below presents Contact's carbon pricing used to guide decision making processes in relation to impacts, risks and opportunities.

Year	FY25	FY24	FY23	FY22
Price ($NZD/unit price (tonne of carbon))	75	67	50	40

Trend analysis: The internal emissions price has risen over time as a result of our risk-based approach.

Remuneration

Our 2025 Integrated Report has a detailed description of our approach to remuneration. CEO and Executive Team remuneration comprises a fixed component and a pay-for-performance component. The fixed component includes cash salary and other employment benefits. The pay-for-performance component contains Short-Term Incentives (STI) and Long-Term Incentives (LTI). STIs are detailed on page 6 in the Governance section.

Targets

Science Based Targets Initiative

We have set emission reduction targets as part of the Science Based Targets initiative (SBTi). In June 2021 we updated our targets to align with the goal of limiting global warming to 1.5°C. We believe this to be an appropriate target. The 2018 Intergovernmental Panel on Climate Change (IPCC) Special Report Global Warming of 1.5°C warned that global temperature increases must be capped at 1.5°C to avoid the most severe impacts of climate breakdown.

Our commitments are:

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

These targets are all underpinned by initiatives to reduce our emissions. These include building low-emission renewable geothermal power stations at Tauhara and Te Huka 3. We closed our 40MW gas fired power station, Te Rapa, in June 2023. We also conduct carbon re-injection at our geothermal station Te Huka.

Significant investment in future renewable development is outlined in the capital deployment section. This investment, together with the planned closure of our Taranaki Combined Cycle (TCC) gas fired power station in Stratford, will reduce a large proportion of our Scope 1 emissions (see page 33).

In 2025 we will undertake a review and verification of our SBTi targets as per the guidelines.

Every year we share progress against our SBTi metrics in our Integrated Report. The last three years of progress can be seen below.

Target	Indicators	FY25	FY24	FY23	FY22
Reduce absolute Scope 1 and 2 GHG emissions 45% by 2026 compared to a 2018 base year	Emissions from generation	Reduced 37%	Reduced 19%	Reduced 55%	Reduced 33%
Reduce Scope 1 GHG emissions 37% per MWh by 2030 compared to a 2018 base year	Emissions intensity from generation	Reduced 39%	Reduced 26%*	Reduced 49%	Reduced 30%*
Reduce absolute Scope 3 emissions from use of sold products 34% by 2026 from a 2018 base year	% decrease in Scope 3 'use of sold products' against 2018 base year of 370,168 tCO_2	Reduced 32%	Reduced 54%	Reduced 53%	Reduced 52%
Reduce absolute Scope 1 and Scope 3 emissions from all sold electricity 45% by 2026 from a 2018 base year	% decrease in Scope 1 and 3 emissions from all sold electricity against 2018 base year of 1,175,004 tCO_2	Reduced 41%	Reduced 24%*	Reduced 58%*	Reduced 33%

* Restated. These percentages were previously incorrectly calculated. The effect of the restatement is to increase the percentage reductions in all cases expect for emissions intensity in FY22.

Independent assurance report to Contact Energy Limited

Limited assurance conclusion – Scope 3 GHG emissions (excluding Category 11 – use of sold products)

Based on our limited assurance procedures performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that Contact Energy Limited's consolidated gross Scope 3 Greenhouse Gas ("GHG") emissions (excluding Category 11 – use of sold products), related additional required disclosures of gross GHG emissions and related gross GHG emissions methods, assumptions and estimation uncertainty, within the Scope of our limited assurance engagement (as outlined below) included in the Climate Statement FY25 for the year ended 30 June 2025 ("Climate Statement") are not fairly presented and not prepared, in all material respects, in accordance with the Aotearoa New Zealand Climate Standards ("NZ CS") issued by the External Reporting Board (XRB).

Reasonable assurance opinion – Scope 1, Scope 2 and Scope 3, Category 11 – use of sold products GHG emissions

In our opinion, Contact Energy Limited's consolidated gross Scope 1, 2 and 3, category 11 – use of sold products GHG emissions, related additional required disclosures of gross GHG emissions and related gross GHG emissions methods, assumptions and estimation uncertainty, within the Scope of our reasonable assurance engagement (as outlined below) included within the Climate Statement FY25 for the year ended 30 June 2025, are fairly presented and prepared, in all material respects, in accordance with Aotearoa New Zealand Climate Standards ("NZ CS") issued by the External Reporting Board (XRB).

Scope

Ernst & Young Limited ("EY") has undertaken an assurance engagement, to issue a:

+ Limited assurance report on Contact Energy Limited's (the "Company" or "Contact"):
  - Consolidated gross Scope 3 (excluding Category 11 – use of sold products) GHG emissions on page 30 and;
+ Related additional requirements for the disclosure of consolidated GHG emissions on pages 28–29;
  - Related GHG emissions methods, assumptions and estimation uncertainty on pages 31–32.
+ Reasonable assurance report on Contact's:
  - Consolidated gross GHG emissions:
    - Scope 1 on page 30;
    - Scope 2 (location based) on page 30;
    - Scope 3, Category 11 – use of sold products on page 30 and;
+ Related additional requirements for the disclosure of consolidated GHG emissions on pages 28–29;
  - Related GHG emissions methods, assumptions and estimation uncertainty on pages 31–32.

included in the Climate Statement for the year ended 30 June 2025 (the "Subject Matter" or "GHG disclosures"). The reported amounts and disclosures relate to the Company and its subsidiaries as explained in the Climate Statement.

Our assurance engagement does not extend to any other information included, or referred to, in the Climate Statement on pages 1 to 27 and 33 to 37. We have not performed any assurance procedures with respect to the excluded information and, therefore, no opinion or conclusion is expressed on it.

Criteria applied by Contact

In preparing the GHG disclosures, Contact applied NZ CS (the "Criteria"). In applying the Criteria, the methods and assumptions used are described on pages 31 to 32 of the GHG disclosures, as are the estimation uncertainties inherent in the methods and assumptions used.

Key matters

In this section we present those matters that, in our professional judgement, were most significant in undertaking the assurance engagement over GHG Disclosures. These matters were addressed in the context of our assurance engagement, and in forming our opinion and conclusion. We did not reach a separate assurance opinion or conclusion on each individual key matter.

Shape the future with confidence

Shape the future with confidence

Spend based methods used in measurement of Scope 3 purchased goods and services and capital goods (limited assurance)

Why significant	Procedures to address key matter
As explained on page 31, Contact measured the GHG emissions from Scope 3 – Purchased goods and services and Capital goods using a spend-based calculation method described by the GHG Protocol. These Scope 3 components make up approximately 8% of the Group's total GHG emissions and approximately 25% of Scope 3 emissions for the period ended 30 June 2025. This method estimates emissions by multiplying the value of purchased goods and services with relevant emission factors. While this approach is allowable, it does carry an inherent uncertainty which may result in significant differences between estimated and actual emissions. Future changes to the calculation method or assumptions could lead to material changes and restatements of previously reported amounts. In the current year, Contact changed the provider of their spend-based emission factors, with the factors now used being based on more recent data than the previous emission factors used.	In evaluating Contact's measurement and disclosure of Scope 3 emissions using spend-based methods, we: + Understood the spend-based calculation method, assumptions, and estimation uncertainties. + Assessed the alignment of Contact's methodology with the GHG Protocol. + Evaluated the reasonableness of the selected emission factors, including the change in provider and so factors used, and their application. + Analysed the categorisation of Contact's expenditures on goods and services. + Reviewed the disclosures related to the calculation method, assumptions and uncertainties included on page 31.

Scope 1 – Geothermal Emissions (reasonable assurance)

Why significant	Procedures to address key matter
Geothermal generation is a material source of electricity generation for Contact and accounts for approximately 19% of the Group's total GHG emissions for the period ended 30 June 2025. These emissions are calculated by measuring the volume of steam flows by plant and applying a specific emissions factor for each plant. Since Contact owns and operates the geothermal plant infrastructure, it conducts the steam flow measurements as opposed to them being performed by an external party. The emissions factors used are either sourced from the Climate Change (Stationary Energy and Industrial Processes) Regulations 2009 or calculated by external experts based on the properties of the geothermal steam for each plant. The steam properties are determined by testing of samples taken throughout the year.	In evaluating Contact's measurement and disclosure of Scope 1 – geothermal emissions, we: + Gained an understanding of the calculation method, assumptions, and estimation uncertainties. + Assessed the alignment of the methodology used with the GHG Protocol. + Conducted a site visit to a geothermal plant to understand the processes and data flow used in the emission calculations and to consider the controls in place. + Obtained evidence of the calibrations conducted of the steam flow meters. + Performed substantive analytical procedures on the steam flow data which is collated from meters at each relevant plant. + Compared external electricity generation volumes to the steam flow data to consider any anomalies between them. + Evaluated the emissions factors used, being both Default Emission factors (DEF) and Unique Emissions Factors (UEF). + Evaluated the capabilities, competence and objectivity of the third party which calculated the UEFs. + Assessed the disclosures related to the calculation method, assumptions and uncertainties in estimating this emission source, included on page 31.

Shape the future with confidence

Contact's responsibility

The Directors are responsible, on behalf of the Company, for the preparation and fair presentation of the GHG disclosures in accordance with NZ CS. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the GHG disclosures, such that they are free from material misstatement, whether due to fraud or error.

EY's responsibility

Our responsibility is to express an assurance conclusion on the GHG disclosures based on the procedures we have performed and the evidence we have obtained.

Our engagement was conducted in accordance with New Zealand Standard on Assurance Engagements 1 *Assurance Engagements over Greenhouse Gas Emissions Disclosures* ("NZ SAE 1") and in accordance with the International Standard for Assurance Engagements (New Zealand): *Assurance Engagements on Greenhouse Gas Statements* ("ISAE (NZ) 3410"). Those standards require that we plan and perform this engagement to obtain limited or reasonable assurance about whether the GHG disclosures have been prepared, in all material respects, in accordance with the Criteria. The nature, timing and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our assurance conclusions.

As we are engaged to form an independent conclusion on the GHG Disclosures prepared by management, we are not permitted to be involved in the preparation of the GHG information as doing so may compromise our independence.

Ernst & Young provides services to the Group in relation to financial statement audit and review, trustee reporting and market remuneration surveys and other assurance relating to Global Reporting Initiative disclosures, green borrowings programme reporting and the Group's sustainable linked loan. Partners and employees of our firm may deal with Contact on normal terms within the ordinary course of trading activities of the business of Contact. We have no other relationship with, or interest in, the Contact.

Our independence and quality management

We have complied with the independence and other ethical requirements of NZ SAE 1 *Assurance Engagements over Greenhouse Gas Emissions Disclosures* issued by the External Reporting Board (XRB) and the 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 are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Professional and Ethical Standard 3 *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Description of procedures performed

We have performed an engagement including both limited and reasonable assurance. Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than, for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance obtained in a reasonable assurance engagement. Our limited assurance procedures were designed to obtain a lower level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance. Our limited assurance procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the report and related information and applying analytical and other relevant procedures. Our limited assurance procedures included:

+ Obtaining, through inquiries, an understanding of Contact's control environment, processes and information systems relevant to the preparation of the GHG Disclosures. We did not evaluate the design of particular control activities, or obtain evidence about their implementation;

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- Evaluating whether Contact's methods for developing estimates are appropriate and had been consistently applied. Our procedures did not include testing the data on which the estimates are based or separately developing our own estimates against which to evaluate Contact 's estimates;
- Performing analytical procedures on particular emission categories by comparing the expected GHGs emitted to recorded GHGs emitted and made inquiries of management to obtain explanations for any significant differences we identified; and
- Considering the presentation and disclosure of the GHG disclosures.

A reasonable assurance engagement involves performing procedures to obtain a higher level of evidence about the quantification of emissions and related information in the GHG disclosures. A reasonable assurance engagement also includes:

- Considering internal controls relevant to Contact's preparation of the GHG disclosures.
- Assessing the suitability in the circumstances of Contact's use of the Criteria;
- Evaluating the appropriateness of quantification methods and reporting policies used, and the reasonableness of estimates made by Contact;
- Conducting substantive analytical procedures and test of details to source data.
- Undertaking a site visit to one of Contact's sites to assess the completeness of the emissions sources, data collection methods, source data and relevant assumptions applicable to the site; and
- Evaluating the overall presentation of the GHG disclosures.

We also performed such other procedures as we considered necessary in the circumstances.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our assurance procedures, our assurance engagement was not designed to provide assurance on internal controls.

Inherent uncertainties

The GHG quantification process is subject to scientific uncertainty, which arises because of incomplete scientific knowledge about the measurement of GHGs. Additionally, GHG procedures are subject to estimation uncertainty resulting from the measurement and calculation processes used to quantify emissions within the bounds of existing scientific knowledge.

Other matters

The comparative GHG disclosures (that is GHG disclosures for the period ended 30 June 2018 has not been subject to assurance. As such, these disclosures are not covered by our assurance conclusion.

Use of our assurance report

We disclaim any assumption of responsibility for any reliance on this assurance report to any persons other than Contact, or for any purpose other than that for which it was prepared.

The engagement partner on the engagement resulting in this independent assurance conclusion is Matthew Cowie.

Ernst & Young Limited
Auckland
18 August 2025

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