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Independent Limited Assurance Statement in relation to pre-issuance assurance of the Powerco Limited Green Financing Framework and nominated assets

Assurance conclusion

Based on our limited assurance procedures performed and evidence we have obtained, nothing has come to our attention to cause us to believe that, in all material respects Powerco Limited's Green Financing Framework, nominated assets and nominated debt instruments ("the Subject Matter") are not in conformance with the Climate Bonds Standard's Use of Proceeds Pre-Issuance Requirements, Version 4.0 and the other Criteria defined below.

Scope

Ernst & Young Limited ("EY", "we") were engaged by Powerco Limited ("Powerco") to undertake a 'limited assurance engagement as defined by International Standards on Assurance Engagements (New Zealand) 3000 (Revised), here after referred to as the "engagement", to report on Powerco's Green Finance Framework (the "Framework") and the nominated assets listed within the Framework (together the "Subject Matter"), in order to conclude that nothing has come to our attention that the Subject Matter has not been prepared, in all material respects, in accordance with the Criteria defined below.

Subject Matter and Criteria

The subject matter and associated criteria for this limited assurance engagement are set out in the table below:

Subject Matter	Criteria
► Powerco's Green Finance Framework	Climate Bonds Standard's (CBI's) Use of Proceeds Pre-Issuance Requirements, Version 4.0
► The nominated assets listed in Annex A, valued as at 31 March 2023	The CBI's Electrical Grids and Storage Criteria (March 2022)
► The nominated Use of Proceeds debt instruments -	

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in Powerco's Framework, and accordingly, we do not express a conclusion on this information.

Powerco's responsibilities

Powerco's management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

EY's responsibilities

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

Our conclusion expresses whether anything has come to our attention that causes us to believe that the Subject Matter, has not been presented, in all material respects, fairly and in accordance with the Criteria detailed above. Our assurance engagement has been planned and performed in accordance with the International Standard on Assurance Engagements (New Zealand): 3000: Assurance Engagements Other than Audits or Reviews of Historical Financial Information ('ISAE (NZ) 3000'), and the terms of reference for this engagement as agreed with Powerco on 12 June 2024.

That standard requires that we plan and perform our engagement to express a conclusion on whether anything has come to our attention that causes us to believe that the Subject Matter is not prepared, in all material respects, in accordance with the Criteria, and to issue a report.

Our independence and quality management

We are independent of Powerco in accordance with Professional and Ethical Standard 1 International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand) issued by the New Zealand Auditing



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and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Ernst & Young applies Professional and Ethical Standard 3 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

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 that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited 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.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our 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 Green Financing Framework and nominated assets and related information and applying analytical and other appropriate procedures.

The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risk of material misstatement, whether due to fraud or error. The procedures we performed included, but were not limited to:

- ▶ Assessing the Green Financing Framework against the CBI's Use of Proceeds Pre-Issuance Requirements, Version 4.0.
- ▶ Obtaining the list of Powerco's nominated assets and assessing whether the assets' meet the requirements of the CBI's Electrical Grids and Storage Criteria (March 2022) through citing evidence.
- ▶ Obtained and reviewed the Green loan documentation for the use of proceeds debt instrument.

- ▶ Testing the assets for existence and testing the value of the assets back to audited valuations of the Electricity Distribution Services Information Disclosure.
- ▶ Obtaining Powerco's calculations of the systems decarbonisation pathway and reperformed the calculations to test whether more than 67% of newly connected generation capacity in the system is below the generation threshold of 100gCO₂e/kWh.
- ▶ Obtaining Powerco's responses to the CBI's Electrical Grids and Storage Criteria Adaptation and Resilience checklist and testing this by agreeing responses back to source documentation, such as scenario analysis and physical risk assessments.
- ▶ Checking policies and procedures established by Powerco related to the Subject Matter to assess whether these were aligned to the requirements detailed in the Criteria.
- ▶ Conducting interviews to understand the process for collecting, collating and reporting the Subject Matter.
- ▶ Requesting documentation to support assertions made in the Subject Matter.
- ▶ Seeking management representation on key assertions.
- ▶ We also performed such other procedures as we considered necessary in the circumstances. We believe the evidence obtained is sufficient and appropriate to provide a basis for our review and conclusion.

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Restricted use

This report is intended solely for the information and use of management and directors of Powerco and CBI and is not intended to be and should not be used by anyone other than those specified parties. We disclaim any assumption of responsibility for any reliance on this assurance report to any persons other than management and directors of Powerco, and the Climate Bonds Initiative, or for any purpose other than that which it is intended.

Pip Best

Partner - Climate Change and Sustainability Services
Ernst & Young Limited
8 July 2024



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Annex A

Nominated assets

The nominated assets for Powerco's Green Financing Programme are listed below.

Nominated Assets	Sector Criteria	31 March 2023 valuation
Transmission and Distribution Networks (Grids)	Electrical Grids and Storage	\$2,589,537,000