

Independent Limited Assurance Report to the Directors of Contact Energy Limited ('Contact Energy')

Assurance conclusion

Based on our limited assurance procedures, as described in this statement as of 9 August 2018, nothing has come to our attention which causes us to believe that Contact Energy's Green Borrowing Programme does not meet the project identification, project minimum criteria, management of proceeds, and reporting requirements of the Climate Bond Standard v2.1, in all material respects.

Scope

We have performed a limited assurance engagement in relation to Contact Energy's Green Borrowing Programme, twelve months from initial certification, in order to provide a conclusion as to whether anything has come to our attention which causes us to believe that the subject matter detailed below does not meet the criteria as presented below as at 30 June 2018.

Subject matter

The subject matter for our assurance is Contact Energy's Green Borrowing Programme, including the Green Borrowing Programme Framework, relating to:

- ▶ Technical details of the assets identified as 'green' ('Green Assets')
- ▶ Current project values provided from internal management systems
- ▶ Internal systems and processes
- ▶ Reporting on use of proceeds and project performance.

Criteria

The criteria for our procedures ('the criteria') were:

- ▶ The Climate Bond Standard v2.1 – Post-issuance requirements
- ▶ The Climate Bond Standard Geothermal criteria and guidance.

Management Responsibility

The management of Contact Energy ('Management') is responsible for the collection, preparation and presentation of the subject matter in accordance with the criteria and for maintaining adequate records and internal controls that are designed to support the Green Borrowing Programme.

Assurance Practitioner's Responsibility

Our responsibility is to express a limited assurance conclusion as to whether the subject matter is presented in accordance with the criteria, in all material aspects. 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).

Level of Assurance

A limited assurance engagement consists of making enquiries and applying analytical, appropriate testing, and other evidence-gathering procedures sufficient for us to obtain a meaningful level of assurance as the basis for providing a negative form of conclusion and, as such, do not provide all the evidence that would be required to provide a reasonable level of assurance. The procedures performed depend on the assurance practitioner's judgement including the risk of material misstatement of the specific activity data, whether due to fraud or error. While we considered the effectiveness of Management's internal controls when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Our Approach

The assurance procedures we undertook included, but were not limited to:

- ▶ Reviewing any changes to policies and procedures established by Contact Energy related to the issuance of its Green Borrowing Programme
- ▶ Confirming eligibility of geothermal assets for inclusion in Contact Energy's Green Borrowing Programme
- ▶ Interviewing selected business unit personnel to understand key issues relating to Contact Energy's policies and procedures associated with the management of the Green Borrowing Programme
- ▶ Reviewing selected new performance information for all nominated projects, and documentation supporting assertions made in the subject matter
- ▶ Checking the accuracy of emissions intensity, asset value and included debt calculations performed
- ▶ Confirming internal systems and process were functioning as indicated and obtaining supporting evidence
- ▶ Obtaining and reviewing evidence to support key assumptions and other data.

A summary of our assurance procedures is shown in the table below.

CBS sections	Requirement	Assurance Procedures
4	Project Nomination	<ul style="list-style-type: none"> ▶ Reviewed the statement on the environmental objective to ensure that the bond meets the CBS requirements ▶ Requested documentation related to the assets ▶ Reviewed that the assets meet the eligibility criteria and environmental objectives set out in the CBS requirements ▶ Reviewed the nominated assets against the Bond's documented objectives
5	Use of Proceeds	<ul style="list-style-type: none"> ▶ Reviewed the value of included debt of the following classes: USPPs Notes, domestic bonds, bank debt facilities, Export Credit Agency (NEXI) bank debt facilities and Commercial Paper (CP) issued under Contact Energy's CP programme ▶ Assessed that a formal tracking process was implemented as outlined in the Green Borrowing Programme Framework Version 20
6	Non-Contamination	<ul style="list-style-type: none"> ▶ Assessed that a formal tracking process was implemented as outlined in the Green Borrowing Programme Framework Version 20
7	Confidentiality	<ul style="list-style-type: none"> ▶ Confirmed if there had been any changes to confidentiality requirements related to nominated assets ▶ Reviewed Contact Energy's reporting on the nominated assets
8	Reporting	<ul style="list-style-type: none"> ▶ Reviewed Contact Energy's reporting on the nominated assets
9	Climate Bond Taxonomy	<ul style="list-style-type: none"> ▶ Reviewed nominated assets against CBI eligibility taxonomy
10	Technical criteria	<ul style="list-style-type: none"> ▶ Assessed emissions intensity of geothermal assets and reviewed that they were below the CBS threshold of 100gCO₂e/kWh ▶ Assessed Contact Energy's alignment to international best practice environment, health and safety standards
11	Project holding	<ul style="list-style-type: none"> ▶ Reviewed the Green Register to ensure that the nominated assets had a fair market value equal to or greater than the value of included debt of the following classes: USPPs Notes, domestic bonds, bank debt facilities, Export Credit Agency (NEXI) bank debt facilities and Commercial Paper (CP) issued under Contact Energy's CP programme
12	Settlement period	<ul style="list-style-type: none"> ▶ Assessed that nominated assets had a fair market value equal to or greater than the value of included debt of the following classes: USPPs Notes, domestic bonds, bank debt facilities, Export Credit Agency (NEXI) bank debt facilities and Commercial Paper (CP) issued under Contact Energy's CP programme
13	Earmarking	<ul style="list-style-type: none"> ▶ Reviewed earmarking process implementation as outlined in the Green Borrowing Programme Framework Version 20

Limitations

There are inherent limitations in performing assurance – for example, assurance engagements are based on selective testing of the information being examined – and it is possible that fraud, error or non-compliance may occur and not be detected. There are additional inherent risks associated with assurance over non-financial information including reporting against standards which require information to be assured against source data compiled using definitions and estimation methods that are developed by the reporting entity. Finally, adherence to ISAE (NZ) 3000 and the Climate Bond Standard v2.1 is subjective and will be interpreted differently by different stakeholder groups.

Our assurance was limited to the Contact Energy's Green Borrowing Programme, twelve months from initial certification, and did not include statutory financial statements.

Use of Report

Our responsibility in performing our assurance activities is to the Directors of Contact Energy only, and in accordance with the terms of reference for this engagement as agreed with Contact Energy. We do not therefore accept or assume any responsibility for any other purpose or to any other person or organisation. Any reliance any such third party may place on the Green Borrowing Programme is entirely at its own risk. No statement is made as to whether the criteria are appropriate for any third party purpose.

Our Independence and Assurance Team

In accordance with PES 1 *Code of Ethics for Assurance Practitioners*, the firm and all professional personnel involved in this engagement have met the independence requirements of New Zealand or International professional ethical requirements. Our team has the required competencies and experience for this assurance engagement.

Ernst & Young



Graeme Bennett
EY Assurance Partner

9 August 2018