



Building a better
working world

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

Assurance conclusion

In our opinion, Contact Energy Limited's Green Borrowing Update Report as of 30 June 2023 is presented, in all material respects, in accordance with the Climate Bond Standard v3.0 (post-issuance requirements) and the Climate Bond Initiative's associated Geothermal Energy sector criteria version 1.0.

Scope

We have been engaged by Contact Energy Limited ("Contact") to perform a 'reasonable assurance engagement' as defined by International Standard on Assurance Engagements (New Zealand) 3000 (Revised) Assurance Engagements Other Than Audits or Reviews of Historical Financial Information, here after referred to as the engagement, to report on Contact's Green Borrowing Programme (the "Subject Matter") contained in Contact's Green Borrowing Update Report for the year ended 30 June 2023 (the "Report").

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 the Report, and accordingly, we do not express an opinion on this information.

Criteria

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

- ▶ The Climate Bond Standard v3.0 (post-issuance requirements)
- ▶ The Climate Bonds Initiative's associated Geothermal Energy sector criteria version 1.0

Contact's Responsibility

Contact'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 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 Responsibility

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

We conducted our engagement in accordance with the *International Standard on Assurance Engagements (New Zealand) 3000 (Revised) Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* ('ISAE (NZ) 3000 (Revised)'), and the terms of reference for this engagement as agreed with Contact on 20 December 2022. Those standards require that we plan and perform our engagement to obtain reasonable assurance about whether, in all material respects, the Subject Matter is presented in accordance with the Criteria, and to issue a report. 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 we have obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Level of Assurance

A reasonable 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 provide a level of evidence that is 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.



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Our independence and quality management

We are independent of Contact 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 and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Ernst & Young Limited 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

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

- ▶ Reviewing the Green Bond Programme against the Climate Bond Standard v3.0
- ▶ Interviewing relevant personnel to understand the systems and processes used to manage the Green Bond proceeds and the Green Asset register
- ▶ Comparing the year-on-year composition of the Green Asset Register
- ▶ Assessing the technical specifications of green assets against the Geothermal Energy sector criteria version 1.0
- ▶ Comparing the fixed asset register to the Green Asset Register to test for completeness
- ▶ Performing recalculations of asset values for accuracy
- ▶ Testing the data collection, aggregation and validation processes used to prepare the Green Borrowing Update Report by tracing the flow of information from its origin to its inclusion in the Green Asset Register
- ▶ Assessing the reasonableness of estimated asset values or assumptions
- ▶ Conducting sample testing over key information in Green Asset Register against source data
- ▶ Gaining management representation on the accuracy of the Subject Matter

For further details please refer to Appendix A

Restricted Use

This report is intended solely for the information and use of Contact and the Climate Bond Initiative and is not intended to be and should not be used by anyone other than those specified parties.

The signature logo for Ernst & Young, written in a cursive, handwritten style.

11 August 2023
Ernst & Young Limited
Auckland

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Appendix A

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 ▶ Checked whether 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 ▶ Assessed the fixed asset register to test completeness of Green Asset register ▶ Performed recalculations of green asset values
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 ▶ Tested the data collection, aggregation and validation processes and systems used to information from its origin to its inclusion in the register and confirm processes are appropriate
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
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	CBI 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