



MARKET RELEASE

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Genesis Sustainable Finance Programme

Today, Genesis Energy Limited (**Genesis**) has launched a comprehensive Sustainable Finance Programme, recognising the company's commitment, leadership and investment in climate change and sustainability more broadly.

The programme includes a new Sustainable Finance Framework (**Framework**), designating an existing NZX listed bond (GNE030) as a Green Bond from 03 November 2021 and a \$100m loan linked to Genesis achieving its sustainability targets. The targets include reductions across all scopes of emissions, ramping up renewable energy generation and a future of work programme. Genesis will pay a lower interest rate on the loan for achieving its goals but will have to pay higher interest if it falls short of its commitments.

The Framework and the Green Bond both align to the Green Bond Principles 2021 and the Climate Transition Finance Handbook, as issued by the International Capital Markets Association (see Note 1). Genesis becomes the first company in New Zealand to have a Framework, loan and bond all aligned to the Climate Transition Finance Handbook.

An amount equal to the proceeds from the Green Bond will be notionally allocated to refinance qualifying renewable energy generation assets, including hydro-electricity and wind energy.

Genesis Chief Executive, Marc England, said the company was committed to playing its role in the transition to a low carbon future and the new Sustainable Finance Programme was an important part of that.

"Through the sustainability linked loan; we have set annual greenhouse gas emission targets for every year of the loan in line with our emission reduction goals. Our goals align with the Paris Agreement to limit global warming to 1.5°C and have been verified by the internationally recognised Science Based Targets initiative," he said.

"As part of this deal, we also have annual targets to encourage us to deliver on our commitment to sign contracts for 2,650 GWh of new renewable energy generation to be built by December 2030.

"It's important that we focus on the big picture as we look to the future, which is why we've also included a social target on preparing rangatahi in our power schemes' local communities for the future of work through apprenticeships and internships and funding for our Ngā Ara Partnership Programmes."

Genesis' Sustainable Finance Programme was developed with assistance from Westpac NZ, as sole sustainable finance coordinator. DNV GL Business Assurance Australia provided a Second Party Opinion to confirm both the Framework and the Green Bond comply with the above Principles.

Genesis has released a copy of its Framework, Use of Proceeds Report, and DNV's Second Party Opinion to the NZX today. This information, along with more information regarding Genesis commitment to



sustainability, can be found at <https://www.genesisenergy.co.nz/investors/reports-and-presentations>. Genesis intends to issue further debt covered by the Framework from time to time.

Note 1. For further information on Green Bonds and the Climate Transition Finance Handbook, visit: <https://www.icmagroup.org/sustainable-finance/resource-centre/#Principles>

ENDS

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About Genesis Energy

Genesis Energy (NZX: GNE, ASX: GNE) is a diversified New Zealand energy company. Genesis sells electricity, reticulated natural gas and LPG through its retail brands of Genesis and Energy Online and is New Zealand's largest energy retailer with approximately 500,000 customers. The Company generates electricity from a diverse portfolio of thermal and renewable generation assets located in different parts of the country. Genesis also has a 46% interest in the Kupe Joint Venture, which owns the Kupe Oil and Gas Field offshore of Taranaki, New Zealand. Genesis had revenue of \$NZ3.2 billion during the 12 months ended 30 June 2021. More information can be found at www.genesisenergy.co.nz

A photograph of two wind turbines in a field at sunset. The sky is filled with soft, golden clouds, and the sun is low on the horizon, creating a warm glow. The turbines are silhouetted against the bright sky. A large orange semi-circle is on the right side of the image.

Genesis Energy Limited

Sustainable Finance Framework

November 2021



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1. Purpose

Genesis Energy Limited (**Genesis**) has developed this Sustainable Finance Framework (**Framework**) to recognise our focus on sustainability and to support our commitment to invest in sustainable assets and outcomes. This Framework sets out the process by which Genesis intends to issue and manage bonds and loans (**Sustainable Debt**) on an ongoing basis to support Genesis' sustainability objectives outlined in this Framework, to contribute towards the SDGs, and to create positive environmental and social outcomes (**Sustainability Goals**).

Through this Framework, Genesis will aim to lead the industry's response to helping New Zealand achieve its net-zero emissions goals, address social challenges and provide a mechanism for investors to contribute capital to achieve their sustainability goals.

2. Genesis and Sustainability

Genesis is an energy company that owns and operates a diverse portfolio of generation assets in New Zealand, including hydropower, wind, and thermal generation.

Genesis is committed to caring for the environment, our people, customers, and the communities in which we operate. We are optimistic about Aotearoa New Zealand's energy future and our role in the transition to the low carbon future that we all want. We know the responsibility we have in helping the country achieve that goal. This involves meeting the needs of the present, without compromising future generations.

We have aligned our capabilities and developed strategies to five of the United Nation's Sustainable Development Goals (**SDGs**). The SDGs were developed as a blueprint to achieve a better and more sustainable future for all. The goals we have chosen are identified as the areas that we can make the most positive impact in for New Zealand.



Genesis adopts a holistic approach to understanding the impact of our business on people and the environment. We seek to identify social, economic, and environmental risks and benefits as part of our strategic decision-making processes. Through our comprehensive and evolving sustainability strategy (**Sustainability Strategy**), Genesis has made significant progress in the areas that we believe matter the most to, and have the greatest impact on, our stakeholders:

Caring for our environment

- **Emissions reductions:** While Huntly plays an important role in supporting New Zealand's current energy supply, Genesis is committed to being an active enabler of New Zealand's energy transition. In the decade between 2009-2019, Genesis removed more than 1.8 million tonnes of carbon emissions from its generation activity (a reduction of 42%) and aims to reduce its net carbon emissions by a further 1.2 million tonnes by 2025. This commitment to act is driven by broader climate change considerations, New Zealand's increasing energy demand profile and reliable energy supply, and is to be delivered through the following initiatives:
 - » **Science Based Targets.** Genesis was the first electricity generator and retailer outside of Europe to align its emission reduction target to limit global warming to 1.5 degree Celsius (the most ambitious level). As validated by the Science Based Targets initiative, Genesis is targeting a 36% reduction in absolute scope 1 and 2 greenhouse gas (GHG) emissions by 2025 and a 21% reduction in absolute scope 3 GHG emissions from use of solid products by 2025, from a 2020 base year (SBT).
 - » **Future-Gen Programme.** To achieve the above SBTi, Genesis is investing in more renewable energy and new technologies. To move further and faster in the development of renewables to displace baseload thermal generation, Genesis has an ambition to support an additional 1,800 GWh of incremental renewables development by 2025, and 2,650 GWh by 2030.
 - » **Task Force on Climate-related Financial Disclosures (TCFD)** reporting commenced in our 2020 Annual Report.
- **Water and Wildlife.** By working in partnership with iwi on projects that positively influence waterways and ecosystems, Genesis is working to increase efficiency of operations that utilise water and raise awareness of whio (blue duck), tuna (eels) and predator control efforts.

Building Strong Communities

- **Our People:** Committed to providing a supportive and inclusive workplace, we have implemented the following initiatives.
 - » **Living Wage Employer accreditation** achieved in 2020.
 - » **Gender pay gap.** Launched the 'Minding the Gap' programme in 2017 to create transparency and drive change. Awarded the YWCA's GenderTick in November 2019.
 - » **Gender diversity.** Targeting a 40:20:20 gender split (40% male, 40% female and 20% either gender) across the entire workforce, with 50% female representation at senior leadership level already achieved.
 - » **Health and safety ACC accreditation.** Targeting continued Health and Safety ACC accreditation at tertiary level.
- **Our Communities:** Our community investment approach is about collaboration and partnership, with a particular focus on education relating to energy, and the balanced use and management of resources.
 - » **School-gen programme and Trust.** Since 2006, Genesis has focussed on educating students and providing access to science, technology, engineering, and maths (STEM) equipment, to develop skills for the future of work and energy. Genesis continues to work with schools across New Zealand.
 - » **Ngā Ara Creating Pathways Programme.** Genesis is privileged to operate power schemes in some of the most special locations across Aotearoa. We developed the Ngā Ara Creating Pathways programme to create transformational education, training and employment opportunities to prepare young people in these local communities for the future of work. Underpinned by best-practice research and evidence for developing a pipeline of talent, the programme is focussed on attracting, nurturing and engaging rangatahi in STEM education, study and career pathways. The most impactful Ngā Ara initiatives include apprenticeships, internships, work experience, scholarships and partnership programmes.

Powering New Zealand

- **Putting control in our customers' hands:** To help customers make better energy choices, Genesis is working to give customers better visibility of their energy usage and control in their hands to make sustainable decisions.
 - » **Energy IQ programme** functionality enabling customers to make energy decisions based on emissions, targeting 40% of customers to be using digital tools to make active choices about their energy use by 2025.
 - » **EV car sharing programme.** Genesis obtained a 40% stake in Zilch, a fully electric vehicle (EV) car-sharing business, in December 2019.

Supporting a 'Just Transition'

- A Just Transition is vital: Through the Just Transition, Genesis is committed to stepping up and caring for the environment, our people, customers, and the communities in which we operate.
- In this Framework and across our broader Sustainability Strategy, Genesis has demonstrated its intention to meet climate-change related objectives and meet the global commitment within the Paris Agreement on Climate Change with a specific initial focus on transition to low carbon infrastructure.
- Genesis is committed to developing a Just Transition strategy that will further identify and build out how we will address this transition. This strategy will be in alignment with the five SDGs outlined in Section 2 above.

As at the date of this Framework, Genesis is a member, supporter, or partner of many organisations committed to delivering sustainable outcomes:



3. Sustainable Finance Framework

3.1 Sustainable Debt and Market Standards

This Framework is consistent with the applicable sustainable finance principles and guidelines issued by the International Capital Market Association (**ICMA**), the Asia-Pacific Loan Market Association (**APLMA**) and the Climate Bonds Standard & Certification Scheme (**CBS**) (together the '**Market Standards**'). The Market Standards are voluntary and accepted as best practice for issuance and management of Sustainable Debt in the global capital markets.

Genesis may issue or manage the following Sustainable Debt instruments under this Framework in accordance with the applicable Market Standards, as they evolve over time.

Sustainable Debt	Use of Proceeds	Assets / Activities	Applicable Market Standard
Sustainable Bonds			
Green Bonds	Proceeds-based: Net proceeds must be allocated towards identified assets or activities	Environmental	Green Bond Principles (GBP) ¹ or the CBS
Sustainability-Linked Bonds	Performance-based: Proceeds can be used for general corporate purposes	N/A	Sustainability-Linked Bond Principles (SLBP) ²
Sustainable Loans			
Green Loans	Proceeds-based: Net proceeds must be allocated towards identified assets and activities	Environmental	Green Loan Principles (GLP) ³ or the CBS
Sustainability-Linked Loans	Performance-based: Proceeds can be used for general corporate purposes	N/A	Sustainability-Linked Loan Principles (SLLP) ⁴
Climate Transition Finance			
All Sustainable Debt types	N/A	Aligned to Climate Transition (see <i>appendix 1</i>).	Climate Transition Finance Handbook (CTFH) ⁵

1. [ICMA](#) Green Bond Principles 2021 (**GBP**)

2. [ICMA](#) Sustainability-Linked Bond Principles 2020 (**SLBP**)

3. [APLMA](#) Green Loan Principles 2021 (**GLP**)

4. [APLMA](#) Sustainability Linked Loan Principles 2021 (**SLLP**)

5. [ICMA](#) Climate Transition Finance Handbook 2020 (**CTFH**)

4. Proceeds Based Instruments

Green Bonds and/or Loans are Sustainable Debt instruments where an amount equal to the proceeds of the Green Bonds and/or Loans (**Green Debt proceeds**) are intended to be allocated exclusively to finance or refinance Eligible Assets (see below) that help achieve Genesis' Sustainability Goals in accordance with the GBP and/or GLP.

A reference in this Framework to Green Debt proceeds being "allocated" to finance or refinance an Eligible Asset means a notional allocation in Genesis' systems.

In this section 4, we address the key elements of the Market Standards for Green Bonds and/or Loans:

- 4.1 Use of Proceeds;
- 4.2 Process for Project Evaluation and Selection;
- 4.3 Management of Proceeds;
- 4.4 Reporting; and
- 4.5 External Review.

4.1 Use of Proceeds

Genesis intends to allocate its Green Debt proceeds to finance or refinance projects, assets and/or activities (including capex and, if appropriate, operating, and other related expenditures) that meet the eligibility criteria set out below (**Eligible Assets**).

Eligible Assets may include projects or assets that Genesis (or a subsidiary):






- owns outright;
- partially owns (for example, through a joint venture); or
- has a material interest in because we hold an equity investment in the person (or its ultimate parent) that owns or develops the relevant project or asset.

In the case of partial ownership, the Green Debt proceeds allocated to finance or refinance the Eligible Asset will not exceed our proportionate share of the Eligible Asset. In the case of an equity investment, the amount allocated will not exceed the proportionate value of the relevant Eligible Asset equal to the percentage of our equity investment.

Genesis may allocate Green Debt proceeds to refinance an existing Eligible Asset without any limitation on the look-back period.

Eligibility Criteria

Examples of Eligible Assets are outlined in the criteria below (Eligibility Criteria). The Eligibility Criteria may be expanded over time as the Market Standards are updated and the global market develops.

Eligible Categories (GBP/GLP)	Eligibility Criteria	SDG Alignment	
Renewable Energy	<p>Expenditure, financing or refinancing related to the construction⁶, transmission, maintenance, operation and/or expansion of renewable energy generation projects. Renewable Energy includes but is not limited to:</p> <ul style="list-style-type: none"> • Wind energy • Solar energy • Geothermal energy, where direct emissions from generation facilities are less than 100gCO₂/kWh • Hydroelectricity: <ul style="list-style-type: none"> » run of river » small-scale hydropower schemes (<15MW capacity) » natural lake system hydropower projects that do not significantly alter an ecosystem » schemes with power density of greater than 5W/m²⁷. 	 	<p>Target 7.2: Increase substantially the share of renewable energy in the global energy mix.</p> <p>Target 13.1: Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.</p>
Energy Efficiency	<p>Expenditure, financing or refinancing of assets, activities or projects that contribute to a reduction in energy consumption. Eligible types of energy efficiency include but is not limited to:</p> <ul style="list-style-type: none"> • Energy storage (including batteries); and • Energy efficiency processes, appliances, products, and technology (including in apps). 		<p>Target 7.3: Double the global rate of improvement in energy efficiency.</p>
Clean Transportation	<p>Expenditure, financing or refinancing of low carbon transportation assets, systems and/or infrastructure including:</p> <ul style="list-style-type: none"> • Electric vehicles and supporting infrastructure and systems; • Investments, technology or infrastructure that allows for electric vehicle sharing programs; and • Hybrid vehicles that meet an emissions intensity threshold of 50 gCO₂ per passenger-km travelled. 		<p>Target 11.2: Provide access to safe, affordable, accessible, and sustainable transport systems for all.</p>
Green Buildings	<p>Expenditure, financing or refinancing related to the development, operation or lease of low carbon and energy efficient buildings that at least meet regional, national, or internationally recognised standards or certifications.</p> <p>This includes buildings with a Green Star (Design and/or As-Built) rating of at least 5-Stars and/or a NABERSNZ rating of at least 4-Stars.</p>		<p>Target 7.3: Double the global rate of improvement in energy efficiency.</p>

6. Eligible Assets may include the purchase of renewable energy pursuant to long-term power purchase agreements or virtual power purchase agreements entered into prior to the commencement of commercial operation of the renewable project. This contributes to Genesis' objective of sourcing new renewable energy generation.

7. Power density is measured as the installed capacity of a scheme divided by the maximum surface area of the lake.

4.2 Process for Project Evaluation and Selection:

Genesis has established processes to ensure that Eligible Assets are properly identified and assessed to ensure compliance with this Framework. The processes include Genesis' Sustainable Financing Committee (the **Committee**) holding responsibility for the Eligible Asset evaluation and selection process, as well as monitoring compliance with this Framework and the Market Standards. The Committee consists of representatives from Financial Control, Treasury, Risk Assurance and Sustainability.

The Committee will manage the Eligible Asset selection process and will consider each proposed project against the following factors:

- Conformance with the GBP or GLP (as applicable);
- Conformance with the Eligibility Criteria set out in section 4.1;
- Alignment with Genesis' Sustainability Goals outlined in section 2;
- Alignment to the SDGs;
- Genesis' own professional judgement, discretion and sustainability knowledge;
- Assessment of any potential negative social and/or environmental impacts from the Eligible Asset and mitigants to these impacts;
- Where Genesis chooses, conformance with any other principles, standards or tools that are or become both commonplace and respected in the market; and
- If certified under the CBS, compliance with the applicable CBS sector criteria.

4.3 Management of Proceeds

4.3.1 Tracking of proceeds

Genesis maintains a register of Eligible Assets that outlines (among other things) current value and the allocation of Green Debt proceeds.

As at the date of this Framework, NZX has approved a "green bond" designation in respect of Genesis' existing NZDX quoted senior bonds (GNE030) and Genesis has allocated the Green Debt proceeds of these existing Green Bonds to refinance Eligible Assets. In relation to new Green Bonds and/or Loans issued after the date of this Framework, Genesis intends to promptly allocate the Green Debt proceeds to finance or refinance Eligible Assets upon issue (and in any event within 24 months of the issue date).

Genesis intends to maintain a balance of Eligible Assets that have an aggregate book value which is at least equal to the aggregate Green Debt proceeds of all outstanding Green Bonds and/or Loans.

Genesis will service its debt obligations under Green Bonds and Loans out of its general cashflows and not specifically from revenues generated by Eligible Assets alone.

4.3.2 Unallocated proceeds

In the unlikely event that any Green Debt proceeds are unallocated, Genesis will ensure that those unallocated proceeds are temporarily:

- Held in cash or cash equivalent instruments with a Treasury function;
- Held in investment instruments that do not include greenhouse gas intensive projects which are inconsistent with the delivery of a low carbon and climate resilient economy; or
- Applied to reduce indebtedness of a short term or revolving nature before being redrawn for allocation to Eligible Assets.

4.4 Reporting

Genesis recognises the importance investors place on transparency and disclosure and will therefore make the following information available on its [website](#)

Item	Frequency
Framework	Upon establishment of this Framework and upon any amendment from time to time.
External Review	Upon establishment of this Framework (external review may be sought again if Framework changes or if an issuance requires it).
Climate Bond Certification (if applicable)	At issuance of any CBS certified Green Bond or Green Loan.
Annual Reporting, as outlined in this section 4.4.	Annually for all outstanding Green Bonds and/or Loans (Update Reports).
Post-Issuance External Review	At least once post-issuance (or annually if deemed necessary) for all outstanding Green Bonds and/or Loans.

Genesis will also disclose annual Update Reports, which will be in line with the Market Standards, and at a minimum include the following information:

- **Allocation Reporting:** A list and description of the Eligible Assets and the amount of Green Debt proceeds allocated towards such Eligible Assets.
- **Eligibility Reporting:** Confirmation that the Eligible Assets meet the relevant eligibility requirements included in this Framework and including information on the characteristics and performance of the Eligible Assets.
- **Impact Reporting:** Genesis will endeavour to provide qualitative and/or quantitative reporting of the environmental impacts resulting from the Eligible Assets, which may already be disclosed in Genesis' integrated reporting or other sustainability disclosures (e.g. annual renewable energy generation (GWh), capacity of renewable energy generation facilities (MW), emissions inventory reporting). Subject to the nature of Eligible Assets and availability of information, Genesis will look to utilise the impact reporting guidelines as detailed within the Market Standards⁸ as may be updated from time to time.

4.5 External Review - Green Bond and/or Loan

For the issuance and management of Green Bonds and/or Loans, Genesis will seek assurance in the form of external review from an independent and recognised sustainable finance verifier. Genesis is committed to transparency and will make assurance reports publicly available.

- In connection with the establishment of this Framework, Genesis has obtained second party opinion from DNV that this Framework and Eligible Assets align to the Market Standards.
- At least once post issuance of its Green Bond and/or Loan, Genesis intends to obtain post-issuance limited assurance over its Update Report (or as deemed necessary by Genesis based on the Market Standards and market practice).

8. This includes the guidance maintained and developed by the ICMA GBP [Impact Reporting Working Group](#).

5. Important Notice

This Framework does not form part of the contractual terms of any Sustainable Debt. If Genesis fails to comply with this Framework (including its Sustainability Strategy) or satisfy the Market Standards, then (1) this does not constitute an event of default, event of review or any other breach in relation to the Green Bonds and/or Loans; and (2) there is no requirement for Genesis to repay the Green Bonds and/or Loans early as a result of this non-compliance. This means there is no legal obligation on Genesis to comply with this Framework or the Market Standards on an ongoing basis.

However, in the event Genesis fails to comply with this Framework or satisfy the Market Standards, the Green Bonds and/or Loans may cease to be labelled as 'green' and Genesis will disclose this information within its annual Update Report.



6. Sustainability-Linked Instruments

Sustainability-Linked Bonds and Loans are Sustainable Debt issued or managed in accordance with the SLLP and/or the SLBP, where the cost of borrowing (bond coupon or loan margin/line fee) changes based on Genesis' performance against ambitious targets that are material to the borrower's sustainability strategy (**Sustainability-Linked Instruments**).

In this section 6, we address the key elements of the Market Standards for Sustainability-Linked Instruments:

- 6.1. Selection of Key Performance Indicators (**KPIs**);
- 6.2. Calibration of Sustainability Performance Targets;
- 6.3. Sustainability-Linked Instrument characteristics;
- 6.4. Disclosure and Reporting; and
- 6.5. Verification.

6.1 Selection of KPIs

Genesis targeting the following measurable and quantifiable sustainability KPIs that are relevant, core and material to its business and of high strategic significance to Genesis' current and future operations:

Ambition	Example Sustainability KPI and Goals
Reduce Emissions	<ul style="list-style-type: none">• Reduce absolute scope 1 and 2 GHG emissions 36% by 2025, from a 2020 baseline (SBTi validated).• Reduce absolute scope 3 GHG emissions from use of sold products 21% by 2025, from a 2020 baseline (SBTi validated).• Increase in EV and clean transportation.
Build and support our communities	<ul style="list-style-type: none">• Provide educational training and employment opportunities for students and people located in Genesis' generation sites in relation to the future of work.• Increase in employee volunteering.
Delivering New Zealand's energy future	<ul style="list-style-type: none">• Support an additional 1,800 GWh of incremental renewables development by 2025, and 2,650GWh by 2030.• Ensure suppliers are also committed to operating in a sustainable way.
Build and support our people	<ul style="list-style-type: none">• Ambition to have 40:40:20 gender split across the entire workforce and improve ethnic diversity at all levels, to better reflect our communities and customers.• Continued improvement across metrics in safety and wellness.
Preserve and restore water and wildlife	<ul style="list-style-type: none">• Work in partnership with Iwi on projects that positively influence waterways and their ecosystems.• Improvements in predator control and outcomes for New Zealand's native birds.

6.2 Calibration of Sustainability Performance Targets

Based on the above KPIs, Genesis will determine one or more timebound sustainability performance targets that are consistent with Genesis' Sustainability Strategy, represent a material improvement in the respective KPIs over the life of the Sustainability-Linked Instrument, are beyond a "business as usual" trajectory and are set in accordance with the Market Standards (**Targets**). Targets will be set with reference to Genesis' historical performance, peer performance, and reference to science, for example science-based scenarios, regional, national or international targets, or other best-available technologies or methodologies.

6.3 Sustainability-Linked Instrument characteristics

Any Sustainability-Linked Instrument will have a financial or structural characteristic that changes depending on whether Genesis attains the predefined Targets. The proceeds of Genesis' Sustainability-Linked Instruments will be used for general corporate purposes, unless stated otherwise, and may include both penalty and/or discount incentives (depending on the transaction).

The financial or structural characteristic will be meaningful and aligned with market practice. The magnitude of the pricing adjustment (as well as the effective trigger event date(s)) will be clearly detailed in the relevant documentation for each transaction.

6.4 Disclosure and reporting

Genesis is committed to transparency and will disclose and report on its Sustainability-Linked Instruments as follows.

For Sustainability-Linked Loans, Genesis and the arranging banks will agree on the appropriate reporting parameters and the schedule for disclosing information (this will most likely be annual).

For Sustainability-Linked Bonds, Genesis will undertake annual public reporting with regards to the issuance and sustainability performance against the Targets. This reporting will be available on Genesis' website. Genesis will disclose at issuance the reporting that will be provided, including its location, frequency, scope and assurance commitments.

6.5 Verification

To provide stakeholders with certainty that Genesis' Sustainability-Linked Instruments are structured and reported in alignment to the SLLP or SLBP (as relevant), Genesis will seek external review of the following:

- **Prior to issuance:** Limited assurance or a second party opinion that the Sustainability-Linked Instrument aligns to the SLLP/SLBP, with such assessment covering the materiality of the selected KPIs, nature of the Targets, credibility of Genesis' strategy to achieve the Targets, and verification of baseline performance (as applicable).
- **Post issuance:** Ongoing assurance or verification (at least annually, and at a date relevant for assessing the Target performance) on Genesis' performance against the Targets for each KPI. This may cover any material change to the KPI methodology or Target calibration.

These reviews will be made publicly available for Sustainability-Linked Bonds and will be made available to lenders at a minimum for Sustainability-Linked Loans.

7. Climate Transition Finance

When issuing or managing Sustainable Debt, Genesis may align with the CTFH. The CTFH provides guidance to issuers on how Genesis might credibly issue Green Bonds and/or Loans or Sustainability-Linked Instruments to achieve its emission reduction goals and climate transition strategy.

In Appendix 1, Genesis has outlined how its Sustainability Strategy aligns to the key elements of the CTFH:

- Climate transition strategy and governance;
- Business model environmental materiality;
- Science-based transition; and
- Implementation transparency.

8. Sustainable Debt Governance

Sustainability is integrated across Genesis and the Genesis Board has visibility and oversight of the development of Genesis' Sustainability Strategy. As outlined in section 4.2, Genesis has formed a Committee with sufficient expertise to perform the functions set out in this Framework.

The Committee will oversee key matters relating to Sustainable Debt, including approval prior to issuance of a Sustainable Debt Instrument, reporting and ongoing performance:

- For Green Bonds and/or Loans, the Committee has oversight of Genesis' reporting and the allocation of the Green Debt proceeds to finance or refinance Eligible Assets under this Framework.
- For Sustainability-Linked Instruments, the Committee has oversight of performance against the Targets.

The Committee meets on a six-monthly basis (or otherwise as required) and will report to the Genesis Board in respect of the activities for which the Committee is responsible.

9. Continuous Improvement

As the Market Standards and the global sustainable finance markets continue to evolve, so too will Genesis' approach as it seeks to adapt to the changing environment. Genesis may update this Framework from time to time in its discretion, including to remain in line with market best practice.

For the ongoing enhancement of Genesis' Sustainable Debt programme, we welcome feedback and input from stakeholders as this will support Genesis to deliver on its sustainability objectives and meets the needs of investors and stakeholders.

Appendix 1: Alignment with ICMA's Climate Transition Finance Handbook

Genesis' Framework and broader Sustainability Strategy both align to the issuer-level disclosure recommendations in ICMA's CTFH, as outlined below:

Key Elements	CTFH Recommendation	Genesis' Disclosures and Alignment
Issuer's climate transition strategy and governance	<ul style="list-style-type: none"> Transition strategy to address climate-related risks and contribute to alignment with the goals of the Paris Agreement. Relevant interim targets on the trajectory towards long-term goal. Governance of transition strategy. 	<ul style="list-style-type: none"> TCFD disclosures Medium-term SBTi-validated emissions reduction target aligning to 1.5 degrees, with interim targets established to support achievement of this. Decarbonisation levers and accompanied strategic planning is outlined in Genesis' Future-gen strategy. This strategy centres around transitioning the renewable energy asset base to deliver on the Future-gen strategy, which is core to the business model and achievable. Oversight and governance of the Future-gen strategy is a key responsibility assigned to Future Gen governance comprised of Chief Trading Officer, Chief Operations Officer, CFO, CEO. Outcomes are linked to all Execs STI's.
Business model environmental materiality	<ul style="list-style-type: none"> Transition trajectory should be relevant to the environmentally-material parts of the issuer's business mode. 	
Climate transition strategy to be 'science-based' including targets and pathways	<ul style="list-style-type: none"> Transition strategy should reference science-based targets and transition pathways. 	<ul style="list-style-type: none"> Interim emissions reduction targets aligned to 1.5 degrees. Covering all emission scopes and measured on an absolute basis. Credible and clear decarbonisation methodology – SBTi validation. Externally verified baseline year.
Transparency of climate transition implementation	<ul style="list-style-type: none"> Disclosure of CAPEX and OPEX plans. Climate-related outcomes and impacts that expenditures are intended to result in. 	<ul style="list-style-type: none"> Disclosure on the electricity generation asset base and the percentage of renewable assets that facilitate the transition. On announcement of new renewable energy developments, Genesis will disclose the environmental benefits (GWh generation, emissions avoided) and cost of development. Where possible, Genesis endeavours to report on the CAPEX and OPEX plans to achieve this climate transition. Genesis supports a 'Just Transition' and, over time, intends to develop a strategy to manage this.

Appendix 2: Further Information

More information on Genesis' approach to sustainability can be found:

On our website:

<http://genesisenenergy.co.nz/>

In our annual report:

<https://www.genesisenenergy.co.nz/investors/reports-and-presentations#annual>

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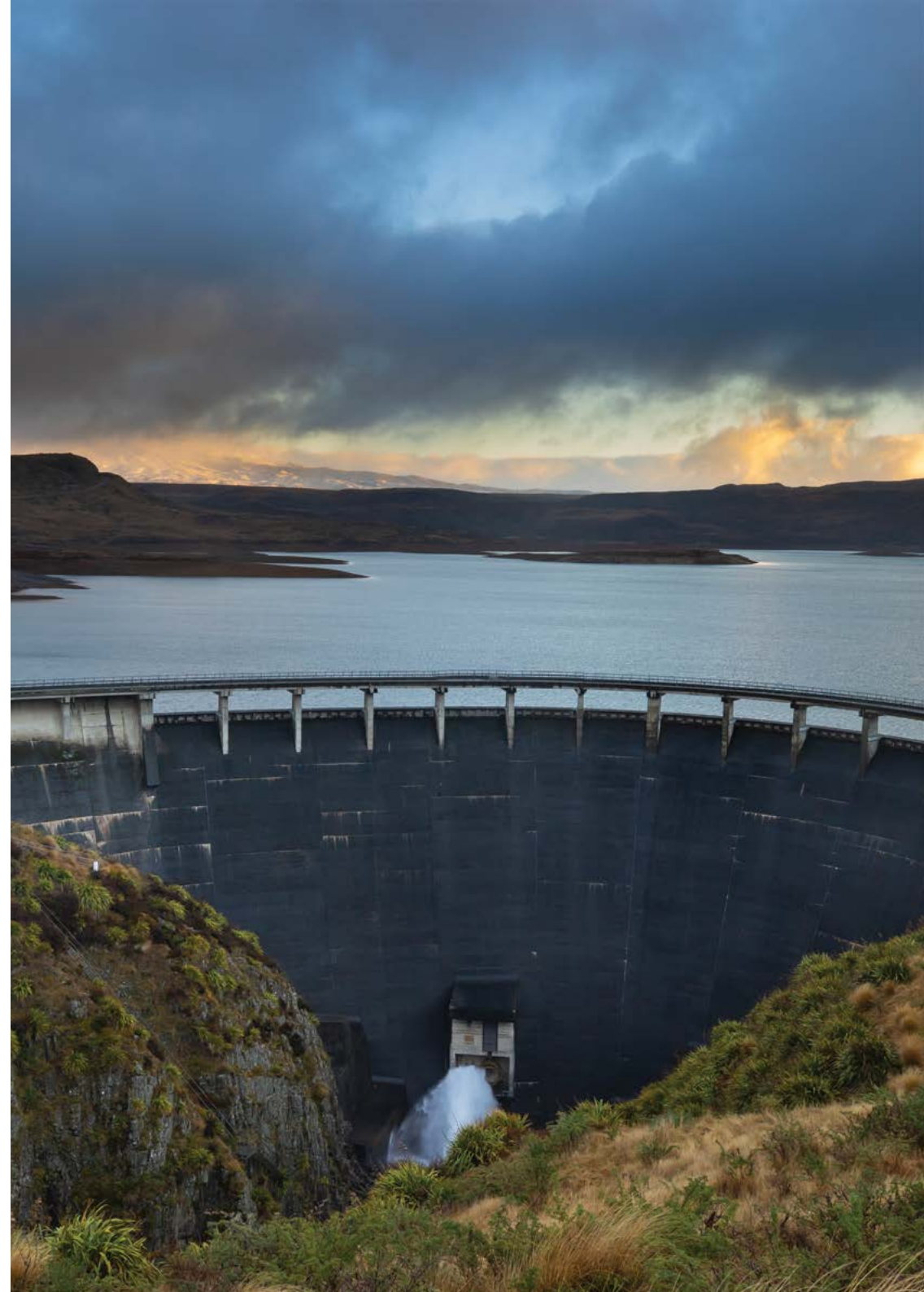
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Genesis Energy Limited

Eligible Asset Register, as at 3 November 2021



The net proceeds of the Green Bond will be notionally allocated in accordance with Genesis' Sustainable Finance Framework (November 2021) and will finance or refinance Eligible Assets consistent with the Green Bond Principles.

The Eligible Assets (outlined in the below table) meet the Renewable Energy Eligibility Criteria outlined in Genesis' Sustainable Finance Framework, including:

expenditure, financing or refinancing related to the construction, transmission, maintenance, operation and/or expansion of renewable energy generation projects. This may take the form of:

- Wind energy

- Hydroelectricity: Run of river, small-scale hydroelectricity schemes (<15MW capacity) and natural lake system hydroelectricity projects that do not significantly alter an ecosystem, are considered automatically eligible. For all other hydroelectricity schemes, a Power Density of greater than 5W/m² is assessed for eligibility.

Asset Name	Eligible Category	Renewable Energy - Generation Type	Location (New Zealand)	Year Commissioned	Capacity (MW)	Annual Generation (GWh), 30 June 2021	Asset Value (NZD \$m) ¹ , 30 June 2021	Hydroelectricity Eligibility Criteria		
								Hydroelectricity Category (Small or Large scale scheme) ²	Run of River or Natural Lake based scheme (Y/N) ³	Power Density ⁴ > 5W/m ²
Hau Nui	Renewable Energy	Wind	South Wairarapa	1996	8.65	19.3	5.7	N/A		
Rangipo	Renewable Energy	Hydroelectricity	Tongariro	1983	120	580.1	1,363.9	Large	No	62.1W/m ²
Tokaanu	Renewable Energy	Hydroelectricity	Tongariro	1973	240	706.6		Large	No	62.1W/m ²
Mangaio	Renewable Energy	Hydroelectricity	Tongariro	1983	1.8			Small	Yes - Run of River	N/A
Tuai	Renewable Energy	Hydroelectricity	Waikaremoana	1929	60	203.6	486.2	Large	Yes - Natural Lake based scheme	N/A
Piripaua	Renewable Energy	Hydroelectricity	Waikaremoana	1943	42	124.9		Large	Yes - Natural Lake based scheme	N/A
Kaitawa	Renewable Energy	Hydroelectricity	Waikaremoana	1948	36	77.0		Large	Yes - Natural Lake based scheme	N/A
Tekapo A	Renewable Energy	Hydroelectricity	Mackenzie District, South Island	1951	30	157.0	994	Large	Yes - Natural Lake based scheme	N/A
Tekapo B	Renewable Energy	Hydroelectricity	Mackenzie District, South Island	1977	160	1135.0		Large	Yes - Natural Lake based scheme	N/A
Total					698.45	3003.33	\$2,849.80			

Green Bond Facility

Genesis intends to maintain a balance of Eligible Assets that have a value at least equal to the original principal amount of the Green Bond.

Green Bond (NZX ticker)	Green Bond Value (NZD \$m)	Date of Issuance	Maturity Date
GNE030	\$100	Mar-16	Mar-22

Total Value Eligible Assets (\$m)	\$2,850
Green Bond (\$m)	\$100
Surplus Eligible Assets (\$m)	\$2,750
Eligible Asset Ratio (x)	28.50

Notes:

1 The Book Value of the hydroelectricity and/or wind assets is reported as at 30 June 2021.

2 Small scale hydroelectricity schemes includes assets with installed capacity below 15MW. Any stations greater than 15MW are considered large scale hydroelectricity and assessed against other hydroelectricity criteria.

3 In regard to the natural lake based schemes, there was considered to be no impact on the Waikaremoana surface area and negligible impact on the Lake Tekapo surface area.

4 The power density assessment considers whether the relative power density is greater than 5W/m². Power density is measured as the installed capacity of a scheme, divided by the surface area of the lake/reservoir.



WHEN TRUST MATTERS



GENESIS ENERGY LIMITED SUSTAINABLE FINANCE FRAMEWORK AND GREEN BOND



Document title: Second Party Opinion on Genesis' Sustainable Finance Framework and Green Bond

Prepared by: DNV Business Assurance Australia Pty Ltd

Location: Sydney, Australia

Date: 26 October 2021

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Disclaimer

Our assessment relies on the premise that the data and information provided by the client to us as part of our review procedures have been provided in good faith. Because of the selected nature (sampling) and other inherent limitation of both procedures and systems of internal control, there remains the unavoidable risk that errors or irregularities, possibly significant, may not have been detected. Limited depth of evidence gathering including inquiry and analytical procedures and limited sampling at lower levels in the organization were applied as per scope of work. DNV expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Statement.

Statement of Competence and Independence

DNV applies its own management standards and compliance policies for quality control, in accordance with ISO/IEC 17021:2011 - Conformity Assessment Requirements for bodies providing audit and certification of management systems, and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We have complied with the DNV Code of Conduct¹ during the assessment and maintain independence where required by relevant ethical requirements. This engagement work was carried out by an independent team of sustainability assurance professionals. DNV was not involved in the preparation of statements or data included in the Framework except for this Statement. DNV maintains complete impartiality toward stakeholders interviewed during the assessment process.

¹ DNV Code of Conduct is available from DNV website (www.dnv.com)

DNV'S INDEPENDENT ASSESSMENT

Scope and Objectives

Genesis Energy Limited ("GENESIS") is an energy company that owns and operates a diverse portfolio of generation assets in New Zealand, including hydropower, wind, and thermal generation.

Genesis have adopted a holistic approach to Sustainability. Through an understanding of the impact on people and the environment, Genesis incorporates social, economic, and environmental risks and benefits into business decision-making.

GENESIS has developed a Sustainable Finance Framework (the "Framework") under which it intends to issue and/or manage Green and sustainability-linked instruments, and in doing so contribute to positive environmental and social impacts. GENESIS will use the proceeds of any Green instruments issued under the Framework to finance or refinance the Eligible Projects which meet its eligibility criteria.

DNV Business Assurance Australia Pty Ltd ("DNV") has been commissioned by GENESIS to review the Framework and proposed issuance and provide a Second Party Opinion in relation to alignment of these with Green Bond Principles 2021 ("GBP"), published by the International Capital Market Association ("ICMA") and the Climate Transition Finance Handbook 2020 ("CTFH").

No assurance is provided regarding the financial performance of instruments issued via the GENESIS' Framework, the value of any investments, or the long-term environmental benefits of the transaction. Our objective has been to provide an assessment that the Framework has met the criteria established on the basis set out below.

Responsibilities of the Management of GENESIS and DNV

The management of GENESIS has provided the information and data used by DNV during the delivery of this review. Our statement represents an independent opinion and is intended to inform GENESIS management and other interested stakeholders in the Framework as to whether the Framework and Bond are aligned with the GBP. In our work we have relied on the information and the facts presented to us by GENESIS. DNV is not responsible for any aspect of the nominated assets referred to in this opinion and cannot be held liable if estimates, findings, opinions, or conclusions are incorrect. Thus, DNV shall not be held liable if any of the information or data provided by GENESIS' management and used as a basis for this assessment were not correct or complete.

Basis of DNV's opinion

We have adapted our assessment methodology to create the GENESIS-specific Eligibility Assessment Protocol (henceforth referred to as "Protocol"). Our Protocol includes a set of suitable criteria that can be used to underpin DNV's opinion.

As per our Protocol, the criteria against which the Framework has been reviewed are grouped under the four core components:

- 1. Use of Proceeds**
- 2. Process for Project Evaluation and Selection**
- 3. Management of Proceeds**
- 4. Reporting**

DNV has also considered the Framework and instruments that may be issued under the Framework in the context of the CTFH including elements of:

- 1. Issuer's climate transition strategy and governance**

The financing purpose should be for enabling an issuer's climate change strategy.

- 2. Business model environmental materiality**

The planned climate transition trajectory should be relevant to the environmentally-material parts of the issuer's business model.

- 3. Transition is science-based including targets and pathways**

Issuer's climate strategy should reference science-based targets and transition pathways.

- 4. Implementation transparency**

Market communication in connection with the offer of a financing instrument which has the aim of funding the issuer's climate transition strategy should also provide transparency of the underlying investment program.

Work Undertaken

Our work constituted a high-level review of the available information, based on the understanding that this information was provided to us by GENESIS in good faith. We have not performed an audit or other tests to check the veracity of the information provided to us. The work undertaken to form our opinion included:

- Creation of a Protocol, adapted to the purpose of the Framework, as described above and in Schedule 4 to this Assessment;
- Assessment of documentary evidence provided by GENESIS on the Framework and supplemented by a high-level desktop research. These checks refer to current assessment best practices and standards methodology;
- Review of published materials by GENESIS and GENESIS' website;
- Discussions with GENESIS' management, and review of relevant documentation and evidence related to the criteria of the Protocol; and
- Documentation of findings against each element of the criteria. Our opinion as detailed below is a summary of these findings.

Findings and DNV's Opinion

DNV's findings are listed below:

1. Use of Proceeds

GENESIS intends to notionally allocate the proceeds of the Green Bond (GNE030) under the Framework to finance or refinance, in whole or in part, new or existing Eligible Green Project Categories. The Framework identifies eligible categories including Renewable Energy, Energy Efficiency, Clean Transportation and Green Buildings. The Bond pool at the time of SPO includes Renewable Energy (Wind and Hydropower projects). DNV concludes that the eligible categories and projects detailed in the Framework are consistent with the categories outlined in the GBP.

2. Process for Project Evaluation and Selection

The Process for Project Evaluation and Selection section in the framework sets out the process for the identification and qualification of projects. DNV concludes that GENESIS' Framework appropriately describes the process of project evaluation and selection.

3. Management of Proceeds

The Framework states that the net proceeds from the Bond issued or managed under the Framework will be notionally allocated immediately after the Bond (GNE030) is reclassified as a Green Bond, and in any circumstance within 24 months. Genesis intends to maintain a balance of Eligible Assets that have a Book Value which is larger than the sum of the net proceeds from the Green Bond. DNV has reviewed the evidence presented and can confirm that the proceeds arising from the future issuances will be appropriately managed.

4. Reporting

GENESIS intends to publish a report on the allocation of net proceeds and associated impact metrics of its Bond annually, and as necessary in the event of material developments. GENESIS' reporting will include allocation reporting, eligibility reporting and impact reporting. DNV concludes that GENESIS' reporting is also aligned with the relevant principles.

On the basis of the information provided by GENESIS and the work undertaken, it is DNV's opinion that the GENESIS Sustainable Finance Framework and proposed Bond meet the criteria established in the Protocol and are aligned with the GBP.

In consideration of the Climate Transition Finance Handbook 2020:

1. **Issuer's climate transition strategy and governance:** DNV found that the proposed Framework and Bond were well aligned with Genesis' Sustainability Strategy, which is set out to consider and manage impacts and interactions with the environment and the community. Genesis has a medium-term (2025) SBTi-validated Science-Based Target aligning to 1.5 degrees, with interim targets established to support achievement of that target. Decarbonisation levers and accompanied strategic planning are outlined by Genesis in the Future-gen strategy. DNV found the transition plan based on Genesis' validated Science Based Target to be credible, ambitious and achievable.
2. **Business model environmental materiality:** DNV found that the climate transition focus of the Genesis business was central to its core operations delivering both environmental and social outcomes as well as supporting the commercial drivers of the business. The Future-gen strategy centres around transitioning the renewable energy asset base and is core to the business model. The climate transition focus is relevant to Genesis' material environmental impacts and is considered to be qualitatively and quantitatively material in impact.

3. **Transition is science-based including targets and pathways:** DNV confirmed that Genesis' transition strategy is quantified and built around a Science Based Target model, with a verified baseline year, and specified pathways for the sustained reduction of all scopes of emissions in an absolute sense. The demonstrated trajectory of emissions reduction meets and exceeds the 1.5 degree benchmark and is validated by the SBTi.
4. **Implementation transparency:** DNV has considered the investment and deployment plans associated with Genesis' transition strategy including investments made to date and commitments for investment and expenditure into the future. DNV up to Board level has also publicly outlined its commitment to a "Just Transition" and has provided to DNV some of the key components of Genesis' "Just Transition" strategy.

DNV has also concluded that the Genesis sustainability and transition strategy is well aligned with the guidance provided in the Climate Transition Finance Handbook 2020. DNV considers instruments issued under the Genesis Sustainable Finance Framework (including Green Bonds and Sustainability Linked Loans) to be aligned with the Handbook. Genesis has in place a quantified, ambitious and achievable plan to transition to a low carbon future that has been benchmarked to a 1.5 degree future.

for DNV Business Assurance Australia Pty Ltd

Sydney, Australia / 26 October 2021



Mark Robinson
Lead Assessor



David McCann
Technical Reviewer

Schedule 1. Description of Categories to be financed or refinanced through GENESIS' Sustainable Finance Framework

Eligible Green Project Categories	Eligible Criteria and Description	DNV Findings
Renewable Energy	<p>Expenditure, financing or refinancing related to the construction, transmission, maintenance, operation and/or expansion of renewable energy generation projects. Renewable Energy includes but is not limited to:</p> <ul style="list-style-type: none"> Solar energy Wind energy (onshore and offshore) Hydro energy (Run of river or small-scale hydropower schemes (<15MW capacity); or Schemes with power density of greater than 5W/m²; or schemes in natural lakes that do not significantly alter an ecosystem.) Geothermal energy for electricity generation (limited to direct emissions of <100g CO₂e/kWh) <p>Eligible Assets may include the purchase of renewable energy pursuant to long-term power purchase agreements or virtual power purchase agreements entered into prior to the commencement of commercial operation of the renewable project. This contributes to Genesis' objective of sourcing new renewable energy generation.</p>	<ul style="list-style-type: none"> Solar Power is deemed by DNV to be renewable energy and eligible as a green use of proceeds. Wind Power: Wind Power is deemed by DNV to be renewable energy and eligible as a green use of proceeds. Hydropower <ul style="list-style-type: none"> The activity complies with: <ul style="list-style-type: none"> ✓ the electricity generation facility is a run-of-river or natural lake based plant that does not have an artificial reservoir; or ✓ the power density of the electricity generation facility is above 5 W/m²; Geothermal <ul style="list-style-type: none"> According to the Climate Bonds Taxonomy, the threshold of direct emissions less than 100gCO₂/kWh should be applied for geothermal energy for electricity generation. DNV considers that the criteria of eligible projects are consistent with the aim of mitigating the effects of climate change and delivering genuine environmental benefits. DNV verified the list of nominated projects and assets and confirmed that the Wind and Hydro projects met the stated criteria.
Clean Transportation	<p>Expenditure, financing or refinancing of low carbon transportation assets, systems and/or infrastructure including:</p> <ul style="list-style-type: none"> Electric vehicles and supporting infrastructure and systems; Investments, technology or infrastructure that allows for 	<ul style="list-style-type: none"> Transport is the second largest contributor to global GHG emissions after electricity generation. It is responsible for 23% of all energy-related CO₂ emissions globally and 14% of total GHG emissions. Road transportation for passengers and freight remains the primary source of emissions in the sector, responsible for 73% of CO₂ emissions from all transport². DNV considers that the criteria of eligible projects are consistent with the aim of

² https://www.climatebonds.net/files/files/CBI_Background%20Doc_Transport_Jan2020%20.pdf

Eligible Green Project Categories	Eligible Criteria and Description	DNV Findings
	<p>electric vehicle sharing programs; and</p> <ul style="list-style-type: none"> Hybrid vehicles that meet an emissions intensity threshold of 50 gCO₂ per passenger-km travelled. 	mitigating the effects of climate change and delivering genuine Green benefits.
Energy Efficiency	<p>Expenditure, financing or refinancing of assets, activities or projects that contribute to a reduction in energy consumption. Eligible types of energy efficiency include but is not limited to:</p> <ul style="list-style-type: none"> Energy storage (including batteries); and Energy efficiency processes, appliances, products, and technology (including in apps). 	<ul style="list-style-type: none"> Battery facilities: Assessed as aligning with the GBP Use of Proceeds categories. Energy Storage Facilities: The relevant criterion in the footnote matches that of the Climate Bonds Taxonomy. DNV considers that the criteria of eligible projects are consistent with the aim of mitigating the effects of climate change and delivering genuine environmental benefits.
Green Buildings	<p>Expenditure, financing or refinancing related to the development, operation or lease of low carbon and energy efficient buildings that at least meet regional, national, or internationally recognised standards or certifications.</p> <p>This includes buildings with a Green Star (Design and/or As-Built) rating of at least 5-Stars and/or a NABERSNZ rating of at least 4-Stars.</p>	<ul style="list-style-type: none"> DNV considers that the stated benchmark for Green Buildings to deliver genuine contribution to the mitigation of climate change and to deliver genuine environmental benefits through energy efficiency in the built environment.

Schedule 2. Genesis Nominated Projects and Instruments

Genesis Use of Proceeds Report, as at 11 October 2021.

Asset Name	Renewable Energy - Generation Type	Location - New Zealand	Year Commissioned	Capacity (MW)	Run of River or Natural Lake based (Y/N)	Power Density	Asset Value (NZD \$m), 30 June 2021
Hau Nui	Wind	South Wairarapa	1996	8.65	NA		5.7
Rangipo	Hydroelectricity	Tongariro	1983	120	No	62.1W/m ²	1,363.9
Tokaanu	Hydroelectricity	Tongariro	1973	240	No	62.1W/m ²	
Mangaio	Hydroelectricity	Tongariro	1983	1.8	Run of River	NA	
Tuai	Hydroelectricity	Waikaremoana	1929	60	Natural Lake	NA	486.2
Piripaua	Hydroelectricity	Waikaremoana	1943	42	Natural Lake	NA	
Kaitawa	Hydroelectricity	Waikaremoana	1948	36	Natural Lake	NA	
Tekapo A	Hydroelectricity	Mackenzie District	1951	30	Natural Lake	NA	994
Tekapo B	Hydroelectricity	Mackenzie District	1977	160	Natural Lake	NA	
Total				698.45			2,849.8

Earmarked Instruments

Green Bond (NZX ticker)	Green Bond (NZD \$m)	Date of Issuance	Maturity Date
GNE030	\$100	Mar-16	Mar-22

Genesis Project Holding Comparison

Total Value Eligible Assets (\$m)	\$2,850
Green Bond (\$m)	\$100
Surplus Eligible Assets (\$m)	\$2,750

Schedule 3. Contributions to UN SDGs

Eligible Project Categories	UN SDGs	DNV Findings
Renewable Energy	SDG 7 Affordable and Clean Energy <ul style="list-style-type: none"> 7.2 Increase substantially the share of renewable energy in the global energy mix. SDG 13 Climate Action <ul style="list-style-type: none"> 13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries. 	DNV is of the opinion that eligible categories outlined in the Framework contribute to the achievement of the UN SDGs. DNV notes that these SDGs are aligned with the contributions to a Just Transition as set out in the Climate Transition Finance Handbook 2020 guidance.
Clean Transportation	SDG 11 Sustainable Cities and Communities <ul style="list-style-type: none"> 11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons 	
Energy Efficiency	SDG 7 Affordable and Clean Energy <ul style="list-style-type: none"> 7.3 By 2030, double the global rate of improvement in energy efficiency 	
Green Buildings	SDG 7 Affordable and Clean Energy <ul style="list-style-type: none"> 7.3 By 2030, double the global rate of improvement in energy efficiency 	

Schedule 4. Green Bond Eligibility Assessment Protocol

1. Use of Proceeds

Ref.	Criteria	Requirements	DNV Findings
1a	Type of bond / loan	<p>The Bond must fall in one of the following categories, as defined by the Green Bond Principles:</p> <ul style="list-style-type: none"> Green Use of Proceeds Bond Green Use of Proceeds Revenue Bond Green Project Bond Green Securitized Bond 	<p>The GENESIS' Sustainable Finance Framework clearly describes the instruments fall in green bonds or loans, and other forms of debt financing. GENESIS also clarifies that the Framework has been developed based on the most up-to-date principles.</p> <p>From the Framework</p> <p><i>This Framework is consistent with the applicable sustainable finance principles and guidelines issued by the International Capital Market Association (ICMA), the Loan Market Association (LMA), the Asia-Pacific Loan Market Association (APLMA) and the Climate Bonds Standard & Certification Scheme (CBS), where applicable (together the 'Market Standards'). The Market Standards are voluntary and accepted as best practice for issuance and management of Sustainable Debt in the global capital markets.</i></p>
1b	Green Project Categories	<p>The cornerstones of Green Bonds and Loans are the utilization of the proceeds of the bond and the loan which should be appropriately described in the legal documentation for the security.</p>	<p>Eligible project categories presented by GENESIS are as follows:</p> <p>Green Categories</p> <ul style="list-style-type: none"> Renewable Energy Clean Transportation Energy Efficiency Green Buildings
1c	Environmental benefits	<p>All designated Green Project categories should provide clear environmentally sustainable benefits, which, where feasible, will be quantified or assessed by the Issuer.</p>	<p>DNV considers it is well described in the section by selecting environmentally beneficial projects, which are closely aligned with the Green Bond Principles, Climate Bond Initiative, EU Taxonomy or any other relevant international standards, reinforced later by quantitative indicators in the Impact Reporting.</p>
1d	Refinancing Share	<p>In the event that a proportion of the proceeds may be used for refinancing, it is recommended that issuers provide an estimate of the share of financing vs. re-financing, and where appropriate, also clarify which investments or</p>	<p>The Bond issued March 2016 is to be notionally allocated to the nominated projects and assets for retrospective refinancing. The effect is a 100% refinancing share.</p> <p>DNV notes that the current value of the Green project pool at the time of SPO was NZDm 2,849.8. The retrospectively earmarked Bond Issuance from March 2016 was a NZDm 100</p>

Ref.	Criteria	Requirements	DNV Findings
		project portfolios may be refinanced.	issuance. DNV confirms a significant surplus of eligible projects and assets.

2. Process for Project Selection and Evaluation

Ref.	Criteria	Requirements	DNV Findings
2a	Investment-decision process	<p>The Issuer of a Green Bond and Loan should outline the decision-making process it follows to determine the eligibility of projects using Green Bond and Loan proceeds. This includes, without limitation:</p> <ul style="list-style-type: none"> A process to determine how the projects fit within the eligible Green Projects categories identified in the Green Bond Principles and Green Loan Principles; The criteria making the projects eligible for using the Green Bond and Loan proceeds; and The environmental sustainability objectives, and/or the social objectives 	<p>The Framework states that GENESIS will have a dedicated Sustainable Financing Committee ("Committee") to ensure that eligible projects and assets are reviewed and selected in accordance with the project category and exclusion list presented in the Framework.</p> <p>From the Framework</p> <p><i>The Committee will manage the Eligible Asset selection process and will consider each proposed project against the following factors:</i></p> <ul style="list-style-type: none"> Conformance with the GBP or GLP (as applicable); Conformance with the Eligibility Criteria set out in section 4.1; Alignment with Genesis' Sustainability Goals outlined in Section 3; Alignment to the SDGs; Genesis' own professional judgement, discretion and sustainability knowledge; and where Genesis chooses, conformance with any other principles, standards or tools that are or become both commonplace and respected in the market; and If certified under the CBS, compliance with the applicable CBS Sector Criteria.
2b	Issuer/borrower's environmental and social and governance framework	<p>In addition to information disclosed by an issuer on its Green Bond/Loan process, criteria and assurances, Green Bond and Loan investors may also take into consideration the quality of the issuer's overall framework and performance regarding environmental and/or social sustainability.</p>	<p>GENESIS has set out a comprehensive summary of the broader sustainability position, outlook and strategy of the organisation covering environmental stewardship, Community Support, Stakeholder Care and Support for a Just Transition.</p> <p>From the Framework</p> <p><i>Through an understanding of the impact on people and the environment, Genesis incorporates social, economic, and environmental risks and benefits</i></p>

Ref.	Criteria	Requirements	DNV Findings
			<p>into business decision-making (Sustainability Strategy). Since implementation, significant progress has been made in the areas that matter the most to and have the greatest impact on our stakeholders (Material Issues):</p> <p>Caring for our environment</p> <ul style="list-style-type: none"> Emissions reductions. Water and Wildlife. <p>Building Strong Communities</p> <ul style="list-style-type: none"> Our Communities – focus on education Our People – focus on fair pay, equality, diversity and health and safety <p>Powering New Zealand</p> <ul style="list-style-type: none"> Putting control in our customers hands. Delivering New Zealand's energy future. <p>Ngā Ara Creating Pathways Programme</p> <ul style="list-style-type: none"> Inspiring young people to become the energy innovators of the future. Pathway opportunities <p>Supporting a 'Just Transition'</p>

3. Management of Proceeds

Ref.	Criteria	Requirements	DNV Findings
3a	Tracking procedure	The net proceeds of Green Bond should be credited to a sub-account, moved to a sub- portfolio or otherwise tracked by the Issuer in an appropriate manner and attested to by a formal internal process that will be linked to the Issuer's lending and investment operations for Green Projects.	<p>The evidence reviewed shows how GENESIS plans to trace the Bond proceeds, in accordance with the evaluation and selection process presented.</p> <p>From the Framework</p> <p><i>Genesis commits to tracking the receipt and allocation of net proceeds from the Green Bonds and/or Loans and maintain a register of Eligible Assets, including the notional allocation of net proceeds against total Eligible Assets. This will ensure that Eligible Assets are appropriately identified and included in monitoring reports provided to the Committee at a minimum on an annual basis.</i></p>

Ref.	Criteria	Requirements	DNV Findings
3b	Tracking procedure	So long as the Green Bond/Loan is outstanding, the balance of the tracked proceeds should be periodically reduced by amounts matching eligible green investments or loan disbursements made during that period.	GENESIS commits to monitor the allocation of net proceeds and track the net proceeds through its internal financial reporting system.
3c	Temporary holdings	Pending such investments or disbursements to eligible Green Projects, the Issuer should make known to investors the intended types of temporary investment instruments for the balance of unallocated proceeds.	<p>Immediately after the Bond (GNE030) is reclassified as a Green Bond, GENESIS will notionally allocate all proceeds to eligible projects or assets, or at a minimum within 24 months. Any unallocated proceeds can be used as cash or cash equivalents, as low GHG intensive investments or used to repay existing borrowings under general credit facilities of GENESIS.</p> <p>From the Framework</p> <p><i>In the unlikely event that the net proceeds from the Green Bonds and/or Loans are unallocated, Genesis will ensure that any unallocated proceeds shall be temporarily:</i></p> <ul style="list-style-type: none"> • <i>Held in cash or cash equivalent instruments with a Treasury function;</i> • <i>Held in investment instruments that do not include greenhouse gas intensive projects which are inconsistent with the delivery of a low carbon and climate resilient economy; or</i> • <i>Applied to reduce indebtedness of a short term or revolving nature before being redrawn for investments or disbursements to Eligible Assets.</i>

4. Reporting

Ref.	Criteria	Requirements	DNV Findings
4a	Periodical reporting	In addition to reporting on the use of proceeds and the temporary investment of unallocated proceeds, issuers should provide at least annually a list of projects to which Green Bond proceeds have been allocated including - when	<p>The relevant information is appropriately described in the Framework as follows:</p> <p>From the Framework</p> <p><i>Genesis will also disclose annual Update Reports, which will be in line with the Market Standards, and at a minimum include the following information:</i></p> <ul style="list-style-type: none"> • Allocation Reporting: <i>A list of the Eligible Assets being financed or</i>

Ref.	Criteria	Requirements	DNV Findings
		possible with regards to confidentiality and/or competitive considerations - a brief description of the projects and the amounts disbursed, as well as the expected environmentally sustainable impact.	<p><i>refinanced utilising the Green Bond and/or Loan, including a description of the Eligible Assets and the amounts disbursed or invested.</i></p> <ul style="list-style-type: none"> • Eligibility Reporting: Confirmation that the Eligible Assets meet the relevant eligibility requirements including this Framework and including information on the characteristics and performance of the Eligible Assets. • Impact Reporting: Genesis will endeavour to provide qualitative and/or quantitative reporting of the environmental impacts resulting from the Eligible Assets, which may already be disclosed in Genesis' integrated reporting or other sustainability disclosures (e.g. annual renewable energy generation (GWh), capacity of renewable energy generation facilities (MW), emissions inventory reporting). <p>In particular, by adding quantitative impact indicators in the Framework, GENESIS commits to disclose the expected environmental and sustainability impacts.</p>

Schedule 5. Climate Transition Finance Handbook Eligibility Assessment Protocol

Climate Transition Handbook Alignment

Ref	Criteria	Requirements	DNV Findings
1	Issuer's climate transition strategy and governance	The financing purpose should be for enabling an issuer's climate change strategy. A 'transition' label applied to a debt financing instrument should serve to communicate the implementation of an issuer's corporate strategy to transform the business model in a way which	<p>Genesis has in place a Sustainable Finance Framework and a broader organisational sustainability strategy with various plans and initiatives to manage and enhance the organisation's environmental sustainability and related performance. This was reviewed and confirmed to include a quantified and science based assessment of what is required of the Genesis organisation to meet and exceed the equivalent Paris aligned targets for limiting warming to 1.5 degrees. This is captured within the Genesis Science Based Target and broader</p>

Ref	Criteria	Requirements	DNV Findings
		effectively addresses climate-related risks and contributes to alignment with the goals of the Paris Agreement.	<p>Sustainability strategy, which sets out the performance, initiatives and change required to realistically achieve the emissions reduction performance on an ongoing basis.</p> <p>DNV found that the proposed Framework and instruments were well aligned with Genesis' Sustainability strategy, which is benchmarked to a 1.5 degree performance transition. DNV found the transition plan to be credible, ambitious and achievable.</p>
2	Business model environmental materiality	The planned climate transition trajectory should be relevant to the environmentally-material parts of the issuer's business model, taking into account potential future scenarios which may impact on current determinations concerning materiality.	<p>DNV considered the primary operations associated with Genesis' business activities and their impact upon the natural environment and assessed Genesis' transition strategy in this context. Genesis' operations primarily result in impacts to the climate through production and consumption of energy and the associated scope 1 and 2 emissions within the organisation's operational boundary.</p> <p>Genesis' emission reduction plan is proposed and quantified in an absolute sense with a target set for ongoing scope 1 and 2 emissions to be met.</p> <p>DNV found that the climate transition focus of the Genesis business was central to its core operations delivering both environmental and social outcomes as well as supporting the commercial drivers of the business. The climate transition focus is relevant to Genesis' material environmental impacts and is considered to be qualitatively and quantitatively material in impact.</p>
3	Transition is science-based including targets and pathway	<p>Issuer's climate strategy should reference science-based targets and transition pathways. The planned transition trajectory should:</p> <ul style="list-style-type: none"> • be quantitatively measurable (based on a measurement methodology which is consistent over time); • be aligned with, benchmarked or otherwise referenced to recognized, science-based trajectories where such trajectories exist; • be publicly disclosed (ideally in mainstream financing filings), include interim milestones, and; • be supported by independent assurance or verification. 	<p>Genesis has in place a science based, 1.5 degree aligned transition plan and trajectory that has been developed in conjunction with an external Energy consultancy. This plan has been quantified and planned with defined projects and initiatives to set out an achievable and realistic pathway to reducing emissions in an absolute sense and a plan to maintain absolute emissions to that defined level into the future.</p> <p>DNV confirmed that Genesis' transition strategy is quantified and built around a Science Based Target model, with specified pathways for the sustained reduction of emissions in an absolute sense. The demonstrated trajectory of emissions reduction meets the 1.5 degree benchmark.</p>

Ref	Criteria	Requirements	DNV Findings
4	Implementation transparency	Market communication in connection with the offer of a financing instrument which has the aim of funding the issuer's climate transition strategy should also provide transparency to the extent practicable, of the underlying investment program including capital and operational expenditure.	DNV has considered the investment and deployment plans associated with Genesis' transition strategy including investments made to date and commitments for investment and expenditure into the future. DNV has also reviewed Genesis' Framework commitments to reporting associated with allocations and impacts and Genesis' broader Sustainability strategy and confirmed that a high degree of implementation transparency has been demonstrated and committed to by Genesis.



WHEN TRUST MATTERS

About DNV

Driven by our purpose of safeguarding life, property and the environment, DNV enables organisations to advance the safety and sustainability of their business. Combining leading technical and operational expertise, risk methodology and in-depth industry knowledge, we empower our customers' decisions and actions with trust and confidence. We continuously invest in research and collaborative innovation to provide customers and society with operational and technological foresight. With our origins stretching back to 1864, our reach today is global. Operating in more than 100 countries, our 16,000 professionals are dedicated to helping customers make the world safer, smarter and greener.

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