



WHEN TRUST MATTERS



MERIDIAN ENERGY LIMITED GREEN FINANCE FRAMEWORK



Document title: Second Party Opinion on Meridian Energy Limited's Green Finance Framework

Prepared by: DNV Business Assurance Australia Pty. Ltd.

Date: 20 February 2023

This statement is valid until the Framework provided in February 2023 remains materially unchanged.

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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

Meridian Energy Limited, Ltd. ("Meridian" or the "Company")² is New Zealand's largest electricity generator. Meridian generates 100% renewable electricity through wind, water and sun. Meridian's operations also extend to electricity retailing through two unique brands – Meridian and Powershop. Employing over 1,000 people, Meridian is listed on the New Zealand and Australian stock exchanges and is 51% owned by the New Zealand Government.

Meridian currently has 2,353 MW of hydro installed capacity and 416 MW of wind installed capacity in New Zealand.

Meridian's purpose is to provide clean energy for a fairer and healthier world. Meridian recognises the critical role renewable energy plays in driving decarbonisation of the wider economy. With a desire to be a part of the solution, Meridian works to accelerate the pace of this transition and provide leadership for other businesses to do the same.

As part of Meridian's commitment to sustainability, it has developed a Green Finance Framework (the "Framework"), which will be used to finance or refinance projects and assets that deliver positive environmental outcomes, align with and contribute towards meeting the relevant United Nations Sustainable Development Goals (SDGs) – SDG13 Climate Action and SDG7 Affordable and Clean Energy – and to support Meridian's sustainability strategy. In line with its efforts for sustainable growth, Meridian has developed the Framework under which it is issuing Green Bonds/Loans with structures tailored to contribute to sustainable development. Meridian plans to use the proceeds to refinance or finance the Eligible Projects in green development categories.

DNV Business Assurance Australia Pty. Ltd. ("DNV")³ has been commissioned by Meridian to review its Framework and provide a Second Party Opinion on the Framework considering the alignment with Green Bond Principles 2021 ("GBP")⁴ published by the International Capital Market Association ("ICMA") and Green Loan Principles 2021 ("GLP") published by the Loan Market Association ("LMA"). Our methodology to achieve this is described under 'Work Undertaken' below. We were not commissioned to provide independent assurance or other audit activities in this instance, however DNV has delivered such services to Meridian previously.

No assurance is provided regarding the financial performance of instruments issued via Meridian's Framework, the value of any investments, or the long-term environmental benefits of the transactions. 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 Meridian and DNV

The management of Meridian 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 Meridian management and other interested stakeholders in the Framework as to whether the Framework is aligned with GBP and GLP. In our work we have relied on the information and the facts presented to us by Meridian Energy Limited. 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 Meridian Energy Limited's management and used as a basis for this assessment were not correct or complete.

² <https://www.meridianenergy.co.nz>

³ <https://www.dnv.com>

⁴ <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/green-bond-principles-gbp/>

Basis of DNV's opinion

We have adapted our assessment methodology to create the Meridian-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

The Use of Proceeds criteria are guided by the requirement that an issuer of a bond/a borrower of a loan must use the funds raised to finance eligible activities. The eligible activities should produce clear environmental benefits.

2. Process for Project Evaluation and Selection

The Project Evaluation and Selection criteria are guided by the requirements that an issuer of a bond/a borrower of a loan should outline the process it follows when determining eligibility of an investment using Green Bond/Loan proceeds, and outline any impact objectives it will consider.

3. Management of Proceeds

The Management of Proceeds criteria are guided by the requirements that a bond/a loan should be tracked within the organization, that separate portfolios should be created when necessary and that a declaration of how unallocated funds will be handled should be made.

4. Reporting

The Reporting criteria are guided by the recommendation that at least annual reporting should be made of the use of proceeds and that quantitative and/or qualitative performance indicators should be used, where feasible.

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 Meridian 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 3 to this Assessment;
- Assessment of documentary evidence provided by Meridian 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 Meridian and hosted on their website;
- Discussions with Meridian Energy Limited's 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

Meridian intends to use the proceeds from Green Bonds/Loans issued under the Framework to finance or refinance, in whole or in part, new or existing Eligible Green Project Categories. The Framework defines the following eligible project categories.

Eligible Green Project Categories

- Renewable Energy
 - Wind Power
 - Solar Power
 - Hydro Power
- Energy Efficiency
 - Energy Efficiency
 - Battery Storage

DNV undertook an analysis of the associated project types to determine the eligibility as "Green" in line with the GBP and GLP. Meridian has provided tables mapping its Eligible Categories and the United Nations Sustainable Development Goals ("UN SDGs"). The outlined types of project within each category and associated selection criteria is provided in the Framework in order to determine eligibility.

DNV concludes that the eligible categories outlined in the Framework are consistent with the categories outlined in the GBP and GLP. DNV also confirmed the links and contributions to SDG 7 and SDG 13.

2. Process for Project Evaluation and Selection

The Framework describes the process for project evaluation and selection. Potential projects to which proceeds are used under the Framework will be identified and selected by Meridian's Green Finance Committee and will be assessed according to the process and criteria set out in the Framework. The nominated projects will be reviewed and approved after final review by the Green Finance Committee.

DNV concludes that Meridian Energy Limited's Framework appropriately describes the process of project evaluation and selection.

3. Management of Proceeds

The net proceeds of Green Bonds/Loans issued under the Framework will be used and managed accordingly for financing and/or refinancing of existing or new eligible Green projects. For effective management of the proceeds Meridian plans to maintain a Green Finance Programme Register to manage the allocations of proceeds for Green Bonds/Loans. The Green Finance Programme Register will be reviewed on an ongoing basis to account for any re-allocation, repayments or drawings on the Eligible projects and expenditures within the project pools.

Pending the full allocation of the net proceeds, all or a portion of the net investment proceeds will be in held in accordance with the Framework provisions for Management of Proceeds. The unallocated proceeds may be temporarily invested in cash, or cash equivalents, within a Treasury function; or applied to temporarily reduce indebtedness of a revolving nature before being redrawn for investments or disbursement to a proposed Green Asset.

DNV has reviewed the evidence presented and can confirm that the Framework provides a suitable structure for the proceeds of Bonds/Loans issued or entered into under be appropriately managed in line with the GBP and GLP.

4. Reporting

Meridian intends to report on the use of proceeds annually for effective communication with related stakeholders including investors.

Meridian reporting is proposed to include;

- Allocation including a list of the financed Green Assets, share of net proceeds allocated and types of temporary investments used for unallocated proceeds.
- Eligibility Reporting including information on the ongoing eligibility of financed or refinanced Green Assets.
- Impact Reporting including, where possible, qualitative and/or quantitative reporting of the environmental impact resulting from the Green Assets.

DNV can confirm that Meridian Energy Limited's Framework appropriately describes the procedures of reporting in line with GBP and GLP.

On the basis of the information provided by Meridian and the work undertaken, it is DNV's opinion that the Meridian Energy Limited's Green Finance Framework meets the criteria established in the Protocol and is aligned with GBP and GLP. Please refer to Schedule 3 for detailed information.

for DNV Business Assurance Australia Pty. Ltd.

Sydney, Australia, 20 February 2023



Mark Robinson
Lead Assessor



David McCann
Peer Reviewer

Schedule 1. Description of Categories to be financed or refinanced through Meridian Energy Limited's Green Financing Transactions

Eligible Green Project Categories	Eligible Criteria and Description	DNV Findings
Renewable Energy	<p>Construction, maintenance, operation and expansion of renewable energy generation facilities, as well as related appliances, products and storage, including but not limited to:</p> <p>Wind: Any onshore wind energy project and/or transmission and supporting infrastructure.</p> <p>Solar: Any onshore solar energy project and/or transmission and supporting infrastructure. This includes both solar photovoltaic and solar thermal facilities.</p> <p>Hydropower:</p> <ul style="list-style-type: none"> Any storage (reservoir) and/or pumped storage hydropower projects, which are located in temperate (non-tropical) locations and have a relative power density of $>5W/m^2$ (area of reservoir footprint relative to the output of the hydropower project measured in W/m^2). Any run-of-river hydropower projects, which are located in temperate (non-tropical) locations and did not result in changes to baseline water level. Associated transmission and/or supporting infrastructure. 	<p>Investments in Wind Energy are confirmed to present substantial environmental benefits related to GHG mitigation from the production of renewable energy.</p> <p>Investments in Solar Energy are confirmed to present substantial environmental benefits related to GHG mitigation from the production of renewable energy.</p> <p>DNV reviewed all the Hydropower eligibility criteria proposed to be included within the category of Renewable Energy – Hydropower with further analysis as follows: below.</p> <p>The type of hydropower assets includes reservoir fed hydropower facilities, those on existing natural water bodies with a run-of-river structure and any dedicated transmission infrastructure. All hydropower assets are located in Temperate zones in New Zealand.</p> <p>DNV considered the regulatory environment in New Zealand related to hydropower operations and development. DNV considers the environmental, social and OHS regulatory frameworks in New Zealand to meet global guidance including the IFC Hydropower Good Practice Notes and Free Prior and Informed Consent under the UN Declaration of Rights of Indigenous Peoples.</p> <p>DNV has considered the environmental impact of the hydropower projects based on any change to pre-existing hydrological conditions.</p> <p>The investments as set out in the Framework fall into 3 categories:</p> <ol style="list-style-type: none"> Any storage (reservoir) and/or pumped storage hydropower projects, which are located in temperate (non-tropical) locations and have a relative power density of $>5W/m^2$ (area of reservoir footprint relative to the output of the hydropower project measured in W/m^2); Any run-of-river hydropower projects, which are located in temperate (non-tropical) locations and did not result in changes to baseline water level; Transmission and/or supporting infrastructure. <p>Categories 2 and 3 above do not result in material increases to existing water levels and present minimal risk of additional GHG emissions associated with the inundation of terrestrial areas. DNV refers to the International Hydropower Association summary indicating that run-of-river hydro may be expected to present lower risks of GHG emissions than Hydropower storage projects⁵. This is further supported by average emissions intensity data of run-of-river hydro plants indicating run-of-river hydro plant emissions within the range of 3-4kgCO₂e/MWh, significantly below combined cycle gas</p>

⁵ <https://www.hydropower.org/blog/carbon-emissions-from-hydropower-reservoirs-facts-and-myths>

Eligible Green Project Categories	Eligible Criteria and Description	DNV Findings
		<p>plant emissions at around 300kgCO₂e/MWh⁶ and below the 2020 grid emissions factor for NZ of 120kgCO₂e/MWh identified by MFE⁷. Category 1 may result in inundation of terrestrial areas and the potential for this resulting in higher GHG emissions relative to fossil fuel use has been considered in the context of relative power density (area of added reservoir footprint relative to the output of the hydropower project) measured in W/m². Hydropower with storage of a power density of >5W/m² showed minimal risk of GHG emissions intensity when under 100kgCO₂e/MWh based on IHA G-Res data⁸. DNV notes that the last large hydro plant with storage to be commissioned in NZ was the Clyde dam project in 1992⁹. The benchmark power density of >5W/m² is consistent with the CBI Hydro criteria for mitigation for plants built before 2020.</p> <p>DNV's conclusion on the Hydropower Use of Proceeds</p> <ul style="list-style-type: none"> A. DNV considers the risk of emissions relative to fossil fuel use to be minimal for existing temperate zone hydropower projects with a relative power density of >5W/m². Projects meeting this criteria are considered by DNV to be aligned with the Green Bond/Loan Principles. B. DNV considers run-of-river hydropower projects that did not result in material changes to baseline water levels to have a low risk of GHG emissions relative to fossil fuel use and are considered by DNV to be aligned with the Green Bond/Loan Principles. <p>DNV concludes that the nominated Use of Proceeds categories in the Framework to meet the defined criteria and may be considered to fall under the category of Renewable Energy for the Green Bond/Loan Principles.</p>
Energy Efficiency	<p>Development, implementation and operation of products, services and/or technologies that improve energy efficiency, including energy storage facilities.</p> <p>Examples include batteries for renewable energy storage</p>	<p>Investment in energy efficiency and renewable energy storage projects and assets is confirmed by DNV to result in energy savings. Where the Electricity grid has a component of fossil fuel generation, energy efficiency gains are confirmed to provide measurable GHG mitigation benefits.</p> <p>Investments in renewable energy storage systems such as batteries is confirmed by DNV to provide benefits to the supply of renewable energy during evenings, low sunlight and wind periods and peak demand periods.</p> <p>DNV concludes that the nominated Use of Proceeds categories in the Framework to meet the defined criteria and may be considered to fall under the category of Energy Efficiency for the Green Bond/Loan Principles.</p>





⁶ <https://www.sciencedirect.com/science/article/pii/S209580991631164X>

⁷ <https://environment.govt.nz/assets/publications/Measuring-emissions-guidance-August-2022/Summary-PDF-Measuring-emissions-guidance-August-2022.pdf>

⁸ <https://www.climatebonds.net/files/files/Hydro-Background-Paper-Mar%202021-release3%281%29.pdf>

⁹ <https://www.nzgs.org/libraries/geology-and-the-clyde-dam/>

Schedule 2. Contributions to UN SDGs

Eligible Project Categories	Linked UN SDGs	DNV Confirmed SDG Targets	DNV Conclusion
Renewable Energy	 	<p>SDG 7.2 By 2030, increase substantially the share of renewable energy in the global energy mix</p> <p>SDG 7.a By 2030, enhance international cooperation to facilitate access to clean energy research and technology, including renewable energy, energy efficiency and advanced and cleaner fossil-fuel technology, and promote investment in energy infrastructure and clean energy technology</p> <p>SDG 13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries</p> <p>13.2 Integrate climate change measures into national policies, strategies and planning</p>	<p>DNV is of the opinion that the eligible category outlined in the Framework contributes to the achievement of the UN SDGs and that the claimed SDG linkages relate to listed targets within those SDGs.</p> <p>DNV concludes that for SDG targets:</p> <p>7.2 has clear direct linkage;</p> <p>7.a has demonstrated global linkages through Meridian suppliers and partners;</p> <p>13.1 has risk mitigation linkages through distributed generation and storage, and;</p> <p>13.2 has linkage through Meridian policy advocacy support and alignment.</p>
Energy Efficiency	 	<p>SDG 7.2 By 2030, increase substantially the share of renewable energy in the global energy mix</p> <p>SDG 7.a By 2030, enhance international cooperation to facilitate access to clean energy research and technology, including renewable energy, energy efficiency and advanced and cleaner fossil-fuel technology, and promote investment in energy infrastructure and clean energy technology</p> <p>SDG 13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries</p> <p>13.2 Integrate climate change measures into national policies, strategies and planning</p>	<p>DNV is of the opinion that the eligible category outlined in the Framework contributes to the achievement of the UN SDGs and that the claimed SDG linkages relate to listed targets within those SDGs.</p> <p>DNV concludes that for SDG targets:</p> <p>7.2 has clear direct linkage;</p> <p>7.a has demonstrated global linkages through Meridian suppliers and partners;</p> <p>13.1 has risk mitigation linkages through distributed generation and storage, and;</p> <p>13.2 has linkage through Meridian policy advocacy support and alignment.</p>

Schedule 3. Eligibility Assessment Protocol

1. Use of Proceeds

Ref.	Criteria	Requirements	DNV Findings
1a	Type of bond / loan	<p>The instruments should fall in at least one of the following categories, as defined by the GLP or GBP:</p> <ul style="list-style-type: none"> • Green Use of Proceeds Bond/Loan • Green Use of Proceeds Revenue Bond • Green Project Bond/Loan • Green Securitized Bond • Revolving Credit Facility <p>Other Loan instruments made available exclusively for Green projects (Green use of loan proceeds)</p>	<p>The reviewed evidence confirms that the bond/loan fall in the category: Green Use of Bond/Loan proceeds.</p> <p>The specific type of Green Bond/Loan will need to be further assessed on an individual basis.</p> <p>From the Framework <i>Under the Framework, Meridian supports and maintains green debt instruments (together Green Debt), including but not limited to:</i> <ul style="list-style-type: none"> – Committed bank facilities; – Commercial paper; – Listed retail and wholesale bonds; – US Private Placement; and – Bonds issued in other offshore jurisdictions. </p> <p>The nominated types of instrument are considered to be well aligned to the GBP and GLP.</p>
1b	Sustainable Project Categories	<p>The cornerstone of Green Bond/Loan is the utilization of the proceeds of the bond or the loan which should be appropriately described in the legal documentation for the security.</p>	<p>Eligible project categories presented by Meridian include:</p> <ul style="list-style-type: none"> • Renewable Energy • Energy Efficiency <p>The above-mentioned project categories align with the eligible Green Project Categories set out in GBP and GLP.</p>
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>The presented green project categories are aligned with GBP and GLP and discussion on the associated environmental benefits are provided in the Schedule 1.</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 project portfolios may be refinanced.</p>	<p>In the Framework, it is clearly indicated that the net proceeds will be used to finance or refinance, in whole or in part, new or existing Eligible Green Project Categories in section 3 of the Framework, Use of Proceeds.</p> <p>From the Framework <i>The net proceeds from the Green Debt will be allocated (directly or notionally) wholly or in part to finance or refinance new or existing projects and/or assets that deliver positive environmental outcomes and meet the relevant Market Standards</i></p>

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</p>	<p>As per the Framework, Meridian has nominated responsibility and a defined process for the selection of eligible projects and assets.</p> <p>From the Framework</p>

Ref.	Criteria	Requirements	DNV Findings
		<p>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 GBP and GLP; • The criteria making the projects eligible for using the Green Bond and Loan proceeds; and • The environmental sustainability objectives 	<p><i>Meridian has formed a Green Finance Committee (Committee) which holds ultimate responsibility and accountability of this Framework and ongoing compliance with it and the Market Standards. The Committee comprises of senior representatives of Meridian's finance and sustainability business units. Membership of the Committee is designed to ensure there is sufficient subject matter expertise to meet the obligations set out in this Framework. The Committee may be supplemented from time to time, or expanded, by representatives from other divisions.</i></p> <p><i>The Committee will manage the Green Asset selection process.</i></p> <p>Decision-making process to determine the eligibility of projects are well explained in the Framework, including creation of a dedicated Green Finance Committee ("Committee").</p> <p>From the Framework</p> <p><i>In determining the Green Assets to be included in the Programme, the Committee will consider the following:</i></p> <ul style="list-style-type: none"> • <i>Does the relevant asset and/or project deliver positive environmental benefits that are consistent with Meridian's sustainability strategy and environmental goals?</i> • <i>Does the asset and/or project contribute towards meeting the SDGs?</i> • <i>Does the relevant asset and/or project meet the Eligibility Criteria set out in this Framework?</i> • <i>Does the relevant asset and/or project comply with the Market Standards?</i> • <i>Confirm that the relevant asset and/or project does not fall within the Excluded Categories set out in this Framework.</i> • <i>Where the Committee chooses, does the relevant asset and/or project comply with any other principles, standards, methodologies or tools that are or have become commonplace and respected in the market?</i> • <i>What are the environmental impact outcomes arising from the Green Assets?</i> <p>The Framework states that the Committee will meet to review the projects and make necessary steps when for new and outstanding instruments and updates to the Framework.</p> <p>From the Framework</p> <p><i>The Committee is the arbiter of asset proposals and substitution determinations of Green Assets. The Committee will also have oversight of allocation of proceeds against Green Assets in the Programme and is responsible for updating and reviewing this Framework from time to time.</i></p>
2b	Issuer/borrower's environmental and social and	In addition to information disclosed by an issuer on its Green Bond/Loan process, criteria and assurances, Green Bond and Loan	Meridian has placed a strong focus on sustainability at the core of its operations, including nominated focus areas as set out in the Meridian Climate Action Plan and an approved Science Based Target.

Ref.	Criteria	Requirements	DNV Findings
	governance framework	investors may also take into consideration the quality of the issuer's overall framework and performance regarding environmental sustainability.	<p>From the Framework</p> <p><i>Meridian's sustainability efforts are focused on areas that can achieve a meaningful difference. These focus areas are outlined in Meridian's Climate Action Plan, and include bringing to market more renewable generation, reducing our Greenhouse Gas Emissions (GHGs) in line with our "Half by 30" goal and our approved near-term Science Based Target, growing 'Forever Forests' in New Zealand – our nature-based carbon sink is sized to remove our operational emissions from 2030, and providing energy solutions to our customers to decarbonise.</i></p> <p>DNV considers Meridian's track record and position on Sustainability to be very well aligned with the GBP and GLP and their operations and investments to be consistent with the goals of the GBP and GLP.</p>

3. Management of Proceeds

Ref.	Criteria	Requirements	DNV Findings
3a	Tracking procedure	<p>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/Social Projects.</p> <p>The proceeds of a Green Loan should be credited to a dedicated account or otherwise tracked by the borrower in an appropriate manner, so as to maintain transparency and promote the integrity of the product. Where a green loan takes the form of one or more tranches of a loan facility, each green tranche(s) must be clearly designated, with proceeds of the green tranche(s) credited to a separate account or tracked by the borrower in an appropriate manner.</p>	<p>The evidence reviewed shows how Meridian plans to record and track the net proceeds of Green Bonds/Loans. In particular, Meridian plans to establish a Register to record the allocations and track the use of the proceeds.</p> <p>From the Framework</p> <p><i>Meridian has established a register that contains the proceeds of the Green Debt and the book value of all Green Assets managed under the Programme (Programme Register).</i></p> <p><i>The Programme Register will be used to internally verify that the net proceeds of all Green Debt have been (directly or notionally) allocated against Green Assets. This will ensure that Green Assets are appropriately identified, with semi-annual monitoring reports provided to the Committee.</i></p> <p>This is consistent with the criteria of the GBP and GLP and would be expected to provide Meridian with the necessary records and data to conduct allocation reporting.</p>
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.	<p>The details of information to be traced are addressed in the Framework.</p> <p>From the Framework</p> <p><i>Details of Meridian's Green Assets to Green Debt Ratio can be found in the Green Finance Programme Register on our website (under Green finance Meridian Energy).</i></p> <p><i>Meridian will ensure funds are allocated to Green Assets within 24 months of the issuance of any new Green Debt</i></p>

Ref.	Criteria	Requirements	DNV Findings
			<p>and will not invest unallocated proceeds in the Excluded Categories detailed above.</p> <p>Proceeds derived from Green Debt that are CBS certified will be allocated, tracked and reported separately using Meridian's internal processes from the proceeds derived from other Green Debt.</p> <p>The proposed tracking provisions are considered to be reasonable in context and should provide a basis for the accurate reporting of allocation data.</p>
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>Meridian indicates in the Framework that the unallocated proceeds can be invested in various activities (including cash or cash equivalents). This is considered to be consistent with the criteria of the GBP and GLP.</p> <p>From the Framework</p> <p><i>Pending the allocation (directly or notionally) of any proceeds from Green Debt to a Green Asset project, Meridian will:</i></p> <ol style="list-style-type: none"> temporarily invest the balance of unallocated proceeds in cash, or cash equivalents, within a Treasury function; or apply the unallocated balance to temporarily reduce indebtedness of a revolving nature before being redrawn for investments or disbursement to a proposed Green Asset.

4. Reporting

Ref.	Criteria	Requirements	DNV Findings
4a	Periodical reporting	Borrowers should make and keep readily available up to date information on the use of proceeds to be renewed annually until fully drawn, and as necessary thereafter in the event of material developments. This should include a list of the Green projects to which the Green Bond/Loan proceeds have been allocated and a brief description of the projects and the amounts allocated and their expected impact. Where confidentiality agreements, competitive considerations, or a large number of underlying projects limit the amount of detail that can be made available, the information is presented in generic terms or on an	<p>Meridian has confirmed that it will report on allocations, eligibility and impacts associated with the Green Bonds/Loans issued and the earmarked projects and assets.</p> <p>From the Framework</p> <p><i>Meridian intends to disclose in line with the Market Standards the following information:</i></p> <ol style="list-style-type: none"> Allocation Reporting: <ul style="list-style-type: none"> A list of the Green Assets allocated (directly or notionally) as being financed or refinanced by the proceeds of the Green Debt; A description of the Green Assets (including geographical distribution); An estimate of the share of the net proceeds from Green Debt used for financing and refinancing of the Green Assets; and Intended types of temporary investment instruments for the management of unallocated proceeds, as well as the remaining balance of unallocated proceeds yet to be allocated (directly or notionally) (if applicable). Eligibility Reporting:

Ref.	Criteria	Requirements	DNV Findings
		<p>aggregated project portfolio basis.</p> <p>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/Loan proceeds have been allocated including - when 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>	<ul style="list-style-type: none"> • Confirmation that the Green Assets continue to meet the relevant criteria in section 3.1; and • Information on the environmental performance characteristics of the Green Assets. <p>3) Impact Reporting:</p> <ul style="list-style-type: none"> • Where possible, Meridian will provide qualitative and/or quantitative reporting of the environmental impact resulting from the Green Assets. Subject to the nature of the Green Assets, and availability of information, Meridian will look to utilise the impact reporting guidelines as detailed within the Market Standards, and as may be updated from time to time. Refer to Appendix 1 for a summary of impact reporting indicators. <p>DNV considers the proposed reporting set out in the Framework to be well aligned with the GBP and GLP.</p>

Schedule 4. Green Bond / Green Bond Programme External Review Form (Edited for Framework application to Bonds and Loans)

Section 1. Basic Information

Issuer name:

Meridian Energy Limited ("Meridian")

Green Bond ISIN or Issuer Green Bond Framework Name, if applicable:

Meridian Energy Limited Green Finance Framework, February 2023

Independent External Review provider's name:

DNV Business Assurance Australia Pty. Ltd.

Completion date of this form:

20 February 2023

Publication date of review publication:

February 2023

Section 2. Review overview

SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise the scope of the review.

The review assessed the following elements and confirmed their alignment with the GBPs and GLPs:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting |

ROLE(S) OF INDEPENDENT EXTERNAL REVIEW PROVIDER

- | | |
|--|---|
| <input checked="" type="checkbox"/> Second Party Opinion | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input type="checkbox"/> Scoring/Rating |
| <input type="checkbox"/> Other (please specify): | |

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW (if applicable)

On the basis of the information provided by Meridian and the work undertaken, it is DNV's opinion that the Meridian Green Finance Framework meets the criteria established in the Protocol and is aligned with the stated definition of Green Bonds and Loans within the Green Bond Principles 2021 and Green Loan Principles 2021.

Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

1. USE OF PROCEEDS**Overall comment on section (if applicable):**

Meridian intends to use the proceeds of Green Bonds/Loans issued under its Green Finance Framework to finance or refinance, in whole or in part, new or existing Eligible Green Project Categories. DNV concludes that the Meridian's Framework is aligned with the GBP and GLP.

Use of proceeds categories as per GBP:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Renewable energy | <input checked="" type="checkbox"/> Energy efficiency |
| <input type="checkbox"/> Pollution prevention and control | <input type="checkbox"/> Environmentally sustainable management of living natural resources and land use |
| <input type="checkbox"/> Terrestrial and aquatic biodiversity conservation | <input type="checkbox"/> Clean transportation |
| <input type="checkbox"/> Sustainable water and wastewater management | <input type="checkbox"/> Climate change adaptation |
| <input type="checkbox"/> Eco-efficient and/or circular economy adapted products, production technologies and processes | <input type="checkbox"/> Green buildings |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBPs | <input type="checkbox"/> Other (<i>please specify</i>): |

If applicable please specify the environmental taxonomy, if other than GBPs: N/A

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):
 The Green Bond/Loan proceeds will be allocated to finance and refinance the assets as defined in Schedule 1 of the DNV SPO. DNV reviewed the Framework which describes the process through which projects are evaluated and selected. DNV can confirm the Green Bond/Loan proceeds by Meridian Energy Limited go through a clearly defined internal process for evaluation and selection. Potentially eligible projects for the Use of Proceeds of each Bond or Loan issued under the Framework will be identified and assessed by Meridian's Green Finance Committee ("Committee"). The Committee will review eligible projects according to the criteria outlined in Sections 3.1 of the Framework. Eligible projects are approved after successful review by the Committee.

Evaluation and selection

- | | |
|---|---|
| <input checked="" type="checkbox"/> Credentials on the issuer's green objectives | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories |
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Sustainability Bond proceeds | <input checked="" type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input checked="" type="checkbox"/> Summary criteria for project evaluation and selection publicly available | <input type="checkbox"/> Other (<i>please specify</i>): |

Information on Responsibilities and Accountability

- | | |
|--|---|
| <input checked="" type="checkbox"/> Evaluation / Selection criteria subject to external advice or verification | <input checked="" type="checkbox"/> In-house assessment |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

3. MANAGEMENT OF PROCEEDS

Overall comment on section (if applicable):
 The proceeds from Green Bond/Loan issued under the Meridian Framework will be managed by the Meridian's internal financial system and recorded in the Green Finance Register ("Register"). The Register will be created to record the allocations and track the uses of proceeds. Pending allocation, the unallocated proceeds can be temporarily invest the balance of unallocated proceeds in cash, or cash equivalents, within a Treasury function; or apply the unallocated balance to temporarily reduce indebtedness of a revolving nature before being redrawn for investments or disbursement to a proposed Green Asset.

DNV has reviewed the evidence presented and can confirm that the proceeds arising from future issuances will be appropriately managed.

Tracking of proceeds:

- Green Bond/Loan proceeds segregated or tracked by the issuer in an appropriate manner
- Disclosure of intended types of temporary investment instruments for unallocated proceeds
- Other *(please specify)*:

Additional disclosure:

- Allocations to future investments only
- Allocation to individual disbursements
- Disclosure of portfolio balance of unallocated proceeds
- Allocations to both existing and future investments
- Allocation to a portfolio of disbursements
- Other *(please specify)*:

4. REPORTING

Overall comment on section *(if applicable)*:

Meridian Energy Limited has confirmed it plans to report on the allocation of proceeds, eligibility of projects and assets and impact of the projects and assets on an annual basis.

Use of proceeds reporting:

- Project-by-project
- Linkage to individual bond(s)
- On a project portfolio basis
- Other *(please specify)*:

Information reported:

- Allocated amounts
- Other *(please specify)*:
- Sustainability Bond financed share of total investment

Frequency:

- Annual
- Other *(please specify)*:
- Semi-annual

Impact reporting:

- Project-by-project
- Linkage to individual bond(s)
- On a project portfolio basis
- Other *(please specify)*:

Frequency:

- Annual
- Other *(please specify)*:
- Semi-annual

Information reported (expected or ex-post):

- GHG Emissions / Savings
- Decrease in water use
- Target populations
- Energy Savings
- Number of beneficiaries
- Other ESG indicators *(please specify)*:
Qualitative and quantitative indicators as possible at the time of reporting.

Means of Disclosure

- | | |
|---|--|
| <input type="checkbox"/> Information published in financial report | <input checked="" type="checkbox"/> Information published in sustainability report |
| <input type="checkbox"/> Information published in ad hoc documents | <input checked="" type="checkbox"/> Other (please specify): Available on website |
| <input type="checkbox"/> Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review): | |

Where appropriate, please specify name and date of publication in the useful links section.

USEFUL LINKS (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)

<https://www.meridianenergy.co.nz/about-us/investors/reports/green-finance>

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

Type(s) of Review provided:

- | | |
|--|---|
| <input checked="" type="checkbox"/> Second Party Opinion (Annual SPO on Hydro Pool) | <input type="checkbox"/> Certification |
| <input checked="" type="checkbox"/> Verification (Annual Programmatic Verification of CBS Wind Pool) | <input type="checkbox"/> Scoring/Rating |
| <input type="checkbox"/> Other (please specify): | |

Review provider(s):

DNV Business Assurance Australia Pty. Ltd.

Date of publication:

20 February 2023

ABOUT ROLE(S) OF REVIEW PROVIDERS AS DEFINED BY THE GBP AND THE GLP

- 1. Second Party Opinion:** An institution with environmental expertise, that is independent from the issuer may issue a Second Party Opinion. The institution should be independent from the issuer's adviser for its Green Bond framework, or appropriate procedures, such as information barriers, will have been implemented within the institution to ensure the independence of the Second Party Opinion. It normally entails an assessment of the alignment with the Green Bond Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy and/or processes relating to environmental sustainability, and an evaluation of the environmental features of the type of projects intended for the Use of Proceeds.
- 2. Verification:** An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or environmental criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Green Bond proceeds, statement of environmental impact or alignment of reporting with the GBP, may also be termed verification.
- 3. Certification:** An issuer can have its Green Bond or associated Green Bond framework or Use of Proceeds certified against a recognised external green standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.
- 4. Green Bond Scoring/Rating:** An issuer can have its Green Bond, associated Green Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental performance data, the process relative to the GBP, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material environmental risks.



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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