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**Building a better  
 working world**

## Independent Limited Assurance Report to the Directors and Management of AGL Energy Limited

### Assurance Conclusion

Assurance Conclusion Based on our limited assurance procedures described below, nothing has come to our attention that causes us to believe that AGL Energy Limited's ('AGL') Green Finance Framework and nominated assets (as attached at Annex B), ('the Subject Matter'), do not meet the project identification, project minimum Criteria, management of proceeds, and reporting requirements of the Climate Bond Initiative's *Climate Bonds Standard v3.0*, the International Capital Market Association's ('ICMA') *Green Bond Principles (June 2021)*, the Loan Market Association's *Green Loan Principles (February 2021)* and ICMA's *Climate Transition Finance Handbook*.

### Background

AGL Energy Limited ('AGL') has developed its Green Finance Framework (the 'Framework') to further its focus on sustainability and to support its sustainability initiatives and outcomes. The Framework sets out how AGL and its managed funds intend to issue and manage green finance instruments on an ongoing basis.

The International Capital Market Association ('ICMA') and the Loan Market Association ('LMA') provide the market standards which set out voluntary process guidelines that outline best practices for financial instruments to incorporate forward-looking environmental, social and governance outcomes and promote integrity in the development of the sustainable finance instruments market by clarifying the approach for issuance, hereafter referred to as the "Principles".

### Scope

Ernst & Young ('EY') has performed a limited assurance engagement in relation to AGL's Green Finance Framework ('the Framework') and the associated potential nominated asset pool in order to conclude that nothing has come to our attention that the Framework does not meet the Criteria presented below.

### Subject Matter and Criteria

Subject Matter	Criteria
<p>AGL's Green Finance pre-issuance process, as described in AGL's Green Finance Framework that sets out:</p> <p><i>For Proceeds based loans and bonds:</i></p> <ul style="list-style-type: none"> <li>▶ Policies and procedures related to the use of proceeds and management of proceeds raised from the debt instrument(s)</li> <li>▶ Environmental performance and valuations relating to nominated projects and assets to be funded by the funds raised by the debt instrument(s)</li> <li>▶ Procedures for reporting on the use of proceeds and performance of the debt instrument(s).</li> </ul>	<ul style="list-style-type: none"> <li>▶ <i>Climate Bonds Standard v3.0 and the Climate Bond Standard Sector Eligibility Criteria</i> for:             <ul style="list-style-type: none"> <li>▶ Electrical Grids and Storage</li> <li>▶ Other criteria as applicable to the debt instrument(s)</li> </ul> </li> <li>▶ <i>Green Bond Principles (June 2021)</i> published by ICMA</li> <li>▶ <i>Green Loan Principles (February 2023)</i> published by LMA</li> <li>▶ <i>Climate Transition Finance Handbook</i> published by ICMA</li> </ul>

### Management Responsibility

The management of AGL is responsible for the collection, and presentation of the Subject Matter in accordance with the criteria and for maintaining adequate records and internal controls that are designed to support assertions made in the Framework.

### Assurance Practitioner's Responsibility

EY's responsibility is to express a limited assurance conclusion on the noted subject matter as defined above. We are also responsible for maintaining our independence and confirm that we have met the requirements of the APES 110 *Code of Ethics for Professional Accountants* including independence and have the required competencies and experience to conduct this assurance engagement.

### Level of Assurance

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

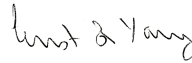
### Our Approach

We conducted our procedures in accordance with the *Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information ('ASAE 3000')* and the terms of reference for this engagement as agreed with AGL on 2 February 2023.

The procedures we performed were based on our professional judgement and included, but were not limited to, the following:

- ▶ Reviewing the policies and procedures established by AGL related to the Framework to assess whether they were aligned to the requirements detailed in the Criteria
- ▶ Interviewing selected group level personnel to understand key issues related to AGL's relevant policies and procedures
- ▶ Confirming eligibility of nominated projects for inclusion in AGL's associated potential nominated asset pool against the Criteria
- ▶ Reviewing selected performance information for potential nominated assets, and documentation supporting assertions made in the subject matter
- ▶ Obtaining and reviewing evidence to support key assumptions and other data
- ▶ Confirming the maximum potential value of debt to understand the basis and integrity for the value of possible debt instruments
- ▶ Understanding the systems planned to be in place to support the reporting requirements stipulated in the Framework
- ▶ Seeking management representation on key assertions.

statement is made as to whether the Criteria are appropriate for any third-party purpose.



Ernst & Young



Emma Herd,  
Partner  
Sydney, Australia  
28 February 2023

### Limitations

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

Our assurance was limited to the Framework and did not include statutory financial statements. Our assurance is limited to policies and procedures in place as of 28 February 2023.

### Independence

We confirm that EY has complied with all professional regulations relating to Independence in relation to this engagement. EY has stringent policies and procedures in place to ensure independence requirements are addressed and monitored on a timely basis.

### Use of Report

Our responsibility in performing our assurance activities is to the Directors and Management of AGL and its managed funds, and for the Climate Bonds Initiative, for the sole purpose of reporting on AGL's compliance with the Climate Bonds Standard. We do not therefore accept or assume any responsibility for any other purpose or to any other person or organisation. Any reliance any such third party may place on the Framework is entirely at its own risk. No

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## Annex A

### Proceeds-based Criteria

AGL's Green Finance Framework was assured against the following requirements as specified in the Climate Bonds Standard v3.0, Green Bond Principles (June 2021), Green Loan Principles (February 2021) and the Climate Transition Finance Handbook.

Ref	Significant Process	Risks	Testing Procedures and Observations
1	Use of Proceeds	<ul style="list-style-type: none"> <li>▶ That decision making processes to select nominated projects and assets are inadequate (and therefore assets that do not provide clear sustainability benefits are included in a debt instrument).</li> <li>▶ That the expected Net Proceeds of the debt instrument exceeds the fair market value of the proposed nominated projects and assets.</li> </ul>	<ul style="list-style-type: none"> <li>▶ EY reviewed AGL's Green Finance Framework to determine whether processes and controls are adequately in place to ensure appropriate use of proceeds.</li> <li>▶ AGL's Green Finance Framework provides an overview of AGL's broader Environmental, Social and Governance ('ESG') issues and addresses the core requirements of the Criteria.</li> <li>▶ All assets listed in Annex B currently meet the Electrical Grid and Storage eligibility criteria.</li> <li>▶ EY conducted a process interview with AGL to understand further detail regarding internal processes and controls.</li> <li>▶ EY verified the expected net proceeds of the debt instrument, based on the fair market value of the proposed nominated assets and projects, against external valuation reports.</li> </ul>
2	Process for Evaluation and Selection of Projects & Assets	<ul style="list-style-type: none"> <li>▶ That decision making processes to select nominated projects and assets are inadequate.</li> <li>▶ That nominated projects and assets are already nominated to another debt instrument.</li> </ul>	<ul style="list-style-type: none"> <li>▶ EY reviewed AGL's Green Finance Framework to determine whether decision making processes with respect to selecting nominated projects and assets were adequate.</li> <li>▶ EY conducted a process interview with AGL to understand whether nominated projects and assets are already nominated to another debt instrument, and if so, EY determined whether parts could be distinguished.</li> </ul>
3	Management of Proceeds	<ul style="list-style-type: none"> <li>▶ That net proceeds of the debt instrument are not appropriately tracked.</li> <li>▶ That unallocated proceeds are not appropriately managed.</li> <li>▶ That an appropriate earmarking process to manage and account for funding to the Nominated Projects &amp; Assets is not in place.</li> </ul>	<ul style="list-style-type: none"> <li>▶ EY reviewed AGL's Green Finance Framework to determine whether processes and controls are adequately in place to track proceeds.</li> <li>▶ EY conducted a process interview with AGL to understand further detail regarding internal processes and controls.</li> </ul>
4	Reporting Prior to Issuance	<ul style="list-style-type: none"> <li>▶ That proposed debt instrument disclosure documentation is insufficient.</li> <li>▶ That periodic assurance engagements are not sufficiently planned for to meet the post-issuance requirements of the CBI standard.</li> </ul>	<ul style="list-style-type: none"> <li>▶ EY reviewed processes and procedures in place in relation to debt instrument disclosure documentation including the public availability of the Green Finance Framework.</li> <li>▶ AGL plans to report on an annual basis, which will include at a minimum the sustainability performance of the assets. The performance data will be assured annually.</li> <li>▶ EY assessed whether periodic assurance engagements had been sufficiently planned.</li> </ul>



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## Annex B

### Nominated asset pool

The pool of nominated assets for AGL Energy Limited are listed below.

Potential Nominated Asset	Class	Country
AGL Energy Limited		
Torrens Island BESS	Electrical Grids and Storage	Australia
Broken Hill BESS		
Liddell BESS		
Loy Yang BESS		