

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

Our Conclusion:

Ernst & Young ('EY', 'we') were engaged by AGL Energy Limited to undertake a limited assurance engagement as defined by Australian Auditing Standards, hereafter referred to as a 'review', over the Subject Matter defined below for the year ended 30 June 2024. Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe the Subject Matter has not been prepared, in all material respects, in accordance with the Criteria defined below.

What our review covered

The Subject Matter for this review as AGL Energy Limited's (AGL) green debt update report.

Criteria applied by AGL Energy Limited

In preparing the subject matter, AGL applied the following Criteria:

- ▶ Climate Bonds Standard v3.0 and the Climate Bond Sector Eligibility Criteria for:
 - ▶ Electrical Grids and Storage
- ▶ AGL's Green Finance Framework.

Key responsibilities

AGL Energy Limited's responsibility

AGL's management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

EY's responsibility and independence

Our responsibility is to express a conclusion on the Subject Matter based on our review.

We have complied with the independence and relevant ethical requirements, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Auditing Standard ASQM 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements*, which requires the firm to design, implement and

operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our approach to conducting the review

We conducted this review in accordance with the Australian Auditing and Assurance Standards Board's *Australian Standard on Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* ('ASAE3000') and the terms of reference for this engagement as agreed with AGL on 26 February 2024. That standard requires that we plan and perform our engagement to express a conclusion on whether anything has come to our attention that causes us to believe that the Subject Matter is not prepared, in all material respects, in accordance with the Criteria, and to issue a report.

Summary of review procedures performed

A review consists of making enquiries, primarily of persons responsible for preparing the subject matter and related information and applying analytical and other review procedures.

The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risk of material misstatement, whether due to fraud or error. The procedures we performed included, but were not limited to:

- ▶ Conducting interviews with personnel to understand the business and reporting process
- ▶ Conducting interviews with key personnel to understand the process for collecting, collating and reporting the Subject Matter during the reporting period
- ▶ Assessing that the calculation criteria have been correctly applied in accordance with the methodologies outlined in the Criteria
- ▶ Identifying and testing assumptions supporting calculations



**Building a better
working world**

- ▶ Testing, on a sample basis, underlying source information to assess the accuracy of the data.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our review conclusion.

Inherent limitations

Procedures performed in a review engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a review engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

While we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to assessing aggregation or calculation of data within IT systems.

Other matters

We have not performed assurance procedures in respect of any information relating to prior reporting periods, including those presented in the Subject Matter. Our report does not extend to any disclosures or assertions made by AGL relating to future performance plans and/or strategies disclosed in the CBI report and supporting disclosures online.

Use of our Assurance Report

We disclaim any assumption of responsibility for any reliance on this assurance report to any persons other than management and the Directors of AGL, or for any purpose other than that for which it was prepared.

You may not disclose this assurance report externally without our prior written consent.

A handwritten signature in black ink, appearing to read 'Ernst & Young', is written above the printed name.

Ernst & Young
Sydney, Australia
08 October 2024

Annex A

Climate Bond Standard ('CBS') V3 criteria

AGL's Green Debt was assured against the following requirements as specified in the CBS.

| CBS sections | Requirement | Assurance Procedures | Demonstration of compliance (summary) |
|--------------|---|--|--|
| 5 | Use of proceeds | <ul style="list-style-type: none"> ▶ Confirm Nominated Projects & Assets meet the documented objectives of the Bond and are in conformance with the eligibility requirements of the standard ▶ Confirm that the Net Proceeds of the bond are allocated to the Nominated Projects & Assets ▶ Review allocation of Net Proceeds against Nominated Assets within the required time period of 24 months post-issuance ▶ Review overlap of Nominated Assets with other Certified Climate Bonds, Loans or other labelled instruments ▶ Confirm the proportion of Net Proceeds of the bond that are used for financing and refinancing ▶ Confirm that the Net Proceeds of the bond are tracked within a formal internal process ▶ Confirm that the Net Proceeds of the bond are no greater than the total debt ▶ Confirm the eligibility of any Additional Nominated Project & Assets which were not included in the Pre-Issuance or Post-Issuance Verification | <ul style="list-style-type: none"> ▶ EY reviewed AGL's Green Finance Framework and assessed that the stated environmental objective of the bond is to be used to meet the objectives of AGL's Climate Transition Action Plan (CTAP). As each Nominated Project & Asset is a storage device with capacity to store renewable energy, they contribute to all AGL's CTAP goals. ▶ EY reviewed AGL's post-issuance report which provides a summary of the loan drawn down balance and project allocation. Net proceeds have been allocated to Nominated Projects & Assets and any unallocated balance is held in a term deposit. EY obtained bank confirmation to verify the unallocated amount is held in a term deposit. ▶ EY obtained the green loan agreements and verified that 24 months of time has not passed post-issuance. ▶ EY has obtained management representation that Nominated Assets do not overlap with other Certified Climate Bonds. ▶ EY has confirmed through enquiry that no Net Proceeds of the loan are used for refinancing. All Net Proceeds have been allocated to a Nominated Project & Asset or are unallocated and held in a term deposit. ▶ EY has confirmed AGL's Group Treasury in conjunction with its Sustainable Debt Committee is responsible for the tracking of the Net Proceeds. EY obtained evidence of formal tracking of the Net proceeds through AGL's treasury managements system. ▶ EY confirmed that the allocated to Nominated Projects & Assets is less than the Book Value of all Projects & Assets. ▶ EY has obtained management representation that there are no Additional Nominated Projects & Assets other aside from the Projects & Assets included in the post-issuance report. |
| 6 | Process for Evaluation and Selection of Projects & Assets | <ul style="list-style-type: none"> ▶ Understand the Issuer's decision-making process used to determine the continuing eligibility of the Nominated Projects & Assets. ▶ Identify the climate-related objectives of the Bond & how the climate-related objectives of the Bond are positioned within the context of the Issuer's overarching objectives, | <ul style="list-style-type: none"> ▶ EY reviewed AGL's Green Finance Framework which prescribes AGL's decision-making process to determine the continuing eligibility of the Nominated Projects and Assets. ▶ EY reviewed AGL's Green Finance Framework which details that AGL's Green Debt will be used to meet the objective of AGL's CTAP in accordance with Market Standards. As each Nominated Project & Asset is a storage device with capacity to store renewable energy, they contribute to all AGL's CTAP goals. |



Building a better working world

| CBS sections | Requirement | Assurance Procedures | Demonstration of compliance (summary) |
|--------------|-------------------------------|---|---|
| | | <p>strategy, policy and/or processes relating to environmental sustainability;</p> <ul style="list-style-type: none"> ▶ Identify the Issuer's rationale for issuing the Bond; ▶ Confirm that the Nominated Projects & Assets meet the eligibility requirements | <ul style="list-style-type: none"> ▶ As above, AGL's CTAP objective serve as the rationale for obtaining Green Debt. ▶ EY confirmed all Nominated Projects & Assets pertain to Battery Storage. As a result, EY assessed all Nominated Projects & Assets against the relevant Sector criteria: Electrical Grids and Storage Criteria. |
| 7 | Management of Proceeds | <ul style="list-style-type: none"> ▶ Confirm that the Net Proceeds of the Bond have been credited to a sub account, moved to a sub-portfolio or otherwise identified by the Issuer in an appropriate manner, and documented. ▶ Confirm whether the Issuer of the Bond has maintained the earmarking process ▶ For Bonds that remains outstanding, confirm that the balance of the tracked Net Proceeds has been reduced by amounts allocated to Nominated Projects & Assets with the balance of unallocated Net Proceeds held temporarily in accordance with the requirements of the standard | <ul style="list-style-type: none"> ▶ EY has reviewed AGL's Treasury Management System to confirm that Net Proceeds are appropriately identified and tracked via internal information systems. ▶ EY has reviewed AGL's FY24 Update Report and confirmed with management that the earmarking process has been maintained. ▶ EY has confirmed through enquiry with management that the balance of the tracked Net Proceeds for Bonds outstanding has been reduced by amounts allocated to Nominated Projects & Assets with the balance of unallocated Net Proceeds held temporarily in accordance with the requirements of the standard. |
| 8 | Reporting | <ul style="list-style-type: none"> ▶ Review the Update Report for Bonds that are outstanding and confirm the report is available to holders of the Bond and to the Climate Bonds Standard Board on a timely basis. ▶ Review the Update Report to confirm the inclusion of the following: <ul style="list-style-type: none"> ▶ Allocation, Eligibility and Impact Reporting in accordance with the requirements outlined in the Standard ▶ Confirm that the Issuer has made the Verifier Reports or other relevant material which supports the Update Report available to the public ▶ Confirm that information about the Nominated Projects & Assets and the Management of Proceeds has been provided to the Verifier and to the Climate Bonds Standard Board to support the assessment of conformance with the Climate Bonds Standard. | <ul style="list-style-type: none"> ▶ EY has reviewed AGL's Update Report for the AGL green debt instruments for FY24 and have confirmed that the FY24 Assurance Report will be made available to the Climate Bonds Standard Board and shared with lenders. The statement will disclose the Verifier (EY). ▶ EY has reviewed AGL's Update Report for the AGL green debt instruments for FY24 and confirmed that it discloses the allocation, eligibility and impact of AGL's green debt. ▶ EY has confirmed through management representation that all information relevant to the nominated assets has been provided to the Verifier (EY) in accordance with the Climate Bonds Standard. |



**Building a better
working world**

Annex B

AGL Green Loan Green debt and status.

As at 30 June 24, AGL utilised \$275 million of the available \$600 million of the certified instruments. \$244 million of the utilised amount has been allocated to eligible projects. \$31 million of the utilised amount is unallocated and held in a term deposit.

Summary:

| Category | Amount |
|---|----------|
| Value of certified instruments | AU\$600m |
| Amount utilised (loan drawdown) | AU\$275m |
| Amount allocated to eligible projects | AU\$244m |
| Amount unallocated (held in term deposit) | AU\$31m |