

For FY26, FY27 and FY28
The Orion Group

Statement of Intent





Front cover: Our Milton Switching station was officially opened in September 2024. The station is a connection point for our 66kV underground cable from Bromley to Milton and is a key milestone in strengthening our network. We worked with Ariki Creative, who developed the cultural narrative artwork. The inspiration behind the design came from Te Ngāi Tūāhuriri. Opāwaho was an important mahinga kai, or source of plentiful food, the design incorporates different elements of flora and fauna, particularly tuna (eels), pātiki (flounder), and inaka (whitebait).

Our purpose is to power a cleaner and brighter future with our community.

Introduction

This Statement of Intent (SOI) is submitted by the Board of Directors of Orion, in accordance with section 39 of the Energy Companies Act 1992 (the Act). It sets out the Board’s overall intentions and objectives for Orion New Zealand Limited and its subsidiary companies (The Orion Group) for the year commencing 1 April 2025 and the following two financial years. The companies that comprise The Orion Group are listed in the Appendix.

At Orion, we are owned by the community we serve: the people of central Waitaha Canterbury.

That means we have a responsibility. To those people, but also to our environment and to the future generations who will call this region their home. Because a clean, reliable, and fair energy system is key to the wellbeing and prosperity of any community.

That sense of responsibility and our deep ties to central Waitaha Canterbury are at the heart of our organisation. It is the reason we have been at the forefront of electricity safety, reliability, and resilience in Aotearoa New Zealand for more than 125 years. It is why we are inspired to care more, work harder, and think bigger for our customers.

And we love what we do. We love being of service and making a difference. We use our expertise to connect homes, businesses, and people to a reliable, safe, and innovative energy supply. From urban to rural, we are here to usher in the best possible future for all of us.

Yes, the future is always on our mind. Whether it is building human networks that foster learning and innovation or being the driving force behind a transition to a net-zero energy future, we aspire to be a catalyst for change. We want to make sure that everyone has easy access to clean energy now and tomorrow.

You will find us at the forefront of facilitating our region’s decarbonisation efforts. Our distribution system connects our community to Aotearoa New Zealand’s most renewable energy sources, supporting our region to reduce environmental impacts, and prepare to integrate future energy options. We encourage everyone to join us in embracing innovation. Because fresh thinking and new technologies are helping us provide more choice and control over the type of energy we all use – and when we use it.

Creating a better tomorrow is all about working ‘together.’ Progress thrives when people and ideas converge. That is why our purpose is to power a cleaner and brighter future with our community.

The next two pages outline our strategy and five-year match fit focus areas.

Our Group Strategy

Purpose

Powering a cleaner and brighter future with our community

Impact

Driving prosperity for our region through balancing energy affordability, energy security and sustainability

Our Group strategy begins with our purpose – powering a cleaner and brighter future with our community – and talks to the impacts we want to make on regional prosperity through energy equity, sustainability, and energy security.

Orion (and its predecessors) have been enabling our community to transition to renewable electricity for the last 111 years when the first power from Lake Coleridge was distributed by CCC MED.

This started with keeping the lights on (literally) and has expanded to keeping prime mover motors powered and all devices charged, as well as the Wi-Fi connected.

We have been at the vanguard of climate mitigation and adaptation throughout this time: –

- We (with our community) electrified industry with the electric motor as the dominant prime mover, other than for industries requiring large scale process heat. This enabled the phasing out of steam and coal gas
- We (with our community) electrified how we heat our homes and hot water. Again, enabling the phasing out of coal gas and a lot of wood burners/fires
- Reliability and resilience of supply has improved (to match customers' increasing dependency and expectations)
- We are constantly learning from (and modernising the network as part of lifecycle investment) to embed the lessons of major events and climate change – “investing for tomorrow, today”.

Our planting of native forest in partnership with Wairewa Rūnanga is one of our latest examples of how we are working with our community to enable the transition.

To The Orion Group, this is our core business. While 111 years ago climate change might not have been the word “de jour” – we were bringing renewable electricity and adapting to our natural environment then and continue to do so today.

This SOI covers year three of our five-year ‘match fit’ strategy and the following pages expand on this. This means our network will be ready for the increased demand as electricity plays a crucial role in decarbonising Aotearoa New Zealand. Our five focus areas are:

- Fit for purpose capital structure
- Creating the preferred workplace
- Being a force for good in the communities we serve, enabling the equitable transition to a net zero, resilient future
- Facilitating decarbonisation and hosting capacity at lowest cost
- Investing to maintain a safe, reliable, resilient network at lowest total lifecycle cost.



Our Group Strategy

Fit for purpose capital structure

Capital structure refers to the combination of debt and equity used by Orion to finance its operations and growth. Debt comes in the form of loans while equity may come in the form of owners' contributions and retained earnings.

An appropriate capital structure is intended to enable Orion to manage financial sustainability over the long term and enable investment to fulfil our Purpose. It should provide appropriate flexibility to manage the business, regulatory environment and adjust in response to unexpected shocks whilst also delivering an appropriate level of certainty to our key shareholders.



Integrated reporting capital:
Assets & Financial

Creating the preferred workplace

Creating the preferred workplace is all about putting our people at the heart of everything we do through attracting, developing, and retaining a skilled and motivated team that feels included and reflects the diverse communities that we serve.

Actively looking for opportunities to better use our people's skill and expertise and minimise their involvement in inefficient workflows.



Integrated reporting capital:
Know-how & People

Being a force for good in the communities we serve, enabling the equitable transition to a net zero, resilient future

Being a force for good refers to enabling the equitable transition to a net zero, resilient future. We will achieve this by being vigilant about our changing external environment and effectively manage emerging strategic threats and opportunities. Collaborating with local authorities and stakeholders on regional climate and energy plans.

Develop authentic, respectful and collaborative relationships with Ngāi Tahu and rūnanga. Play a proactive role, working with other trusted organisations, to understand and support our community households and commercial and industrial customers to close the "knowledge gap" on how they can move to a more energy efficient and greener way of living and working and reduce the environmental impact of our operations.



Integrated reporting capitals:
Know-how, Community & Environment

Facilitating decarbonisation & hosting capacity at lowest cost

Facilitating decarbonisation at lowest cost refers to maximising the use of the existing network with smart technologies and better data so that we can understand network demand and maximise ways to utilise our existing network. These insights help us to make decisions about how to build and when and how we work with customers to enable participation through flexibility. We want to be part of the solution not a blocker to the path to decarbonisation.



Integrated reporting capitals:
Assets & Know-how

Investing to maintain a safe, reliable, resilient network at lowest total lifecycle cost

As an intergenerational asset manager our duty is to make long-term investments for our community. This focus area will be accomplished by prioritising cost-effectiveness and efficiency through integrated systems, designing and building a network fit for the future and continuously innovating.



Integrated reporting capitals:
Know-how & People

Value Creation Model

Our Value Creation Model shows how we create, preserve and erode value. This helps us ensure the focus areas in our strategy create value for our stakeholders and business.

Powering a cleaner and brighter future with our community

Driving prosperity for our region through balancing energy affordability, energy security and sustainability

Inputs

Assets

Our built network and value chain, network management systems



Know-how

Technical knowledge and skills to build and design, asset management planning and technologies



Community

Reputation and goodwill, relationships with our community, regional partnerships for decarbonisation



Environment

Land for operations, SF6 use, delivering renewable and non-renewable electricity



People

Our diverse workforce, technical skills and capabilities



Financial

Shareholder equity and debt facilities
Regulated income from our customers
Innovating distribution pricing



What We Do



Connect people and power



Enable electricity distribution



Build and manage our network



Act to be future ready



Care for our people and community

Outputs

➔ **Designed, built and maintained electrical infrastructure, for our region and across Aotearoa**

➔ **A network that enables a safe, reliable and consistent supply of electricity to our customers**

➔ **Communicating with our customers and community to minimise the impact of disruptions**

➔ **Industry leadership and contribution**

➔ **Environmental and social impact of our activities in our community**

➔ **Employee value proposition and engagement**

➔ **Financial returns to our shareholders**

Outcomes for our Focus Areas

Facilitating decarbonisation and hosting capacity at lowest cost



- Using smart technologies and data to maximise our existing network
- Enabling participation through flexibility

Investing to maintain a safe, reliable, resilient network at lowest total lifecycle cost



- Prioritising cost-effectiveness and efficiency
- Designing and building a future-fit network through continual innovation

Being a force for good in the community we serve, enabling the net zero transition



- Managing emerging strategic threats and opportunities
- Holding authentic, respectful and collaborative relationships with Ngāi Tahu and papatipu rūnanga
- Collaborating on climate and energy plans

Creating the preferred workplace



- Utilising our people's skills and expertise
- Attracting, developing and retaining an inclusive team

Fit for purpose capital structure



- Fit for purpose capital structure
- Certainty to our shareholders and flexibility to respond to unexpected shocks

Fit for purpose capital structure

Key performance measures	Targets		
	FY26	FY27	FY28
Profit after tax (\$m) (including capital contributions)	30.6	34.7	44.8
Earnings before interest, tax, depreciation, and amortisation (\$m)	155	174	199
Dividends (\$m)	30	35	40
Total Shareholder Return (%)	6.5%	7.0%	8.1%
Return on equity (PAT including capital contributions/ Average Equity) (%)	3.6%	3.9%	4.9%
Debt over EBITDA	4.6	4.7	4.8
Debt over Regulated Asset Base (%)	42%	44%	47%

The key outcomes in this focus area:

Target capital structure

While not formally rated, Orion seeks to maintain a capital structure consistent with achieving a minimum supported issuer indicative credit rating of A- (Standard and Poor's) and a standalone (unsupported) indicative credit rating of BBB.

The benefits associated with this level of rating / financial strength include:

- Availability of debt from both domestic and international debt markets
- Flexible longer term (10yr +) funding arrangements can be arranged
- Competitive debt pricing.

Dividends

We will distribute funds to our shareholders subject to meeting the solvency requirements of s53 of the Companies Act 1993.

Our distribution strategy is based on these key principles:

- Long-term sustainability is a priority
- Distribution growth matches operating cash flow growth
- Decisions on distributions are influenced by current financial conditions
- Market and regulatory conditions are considered.

The Board has considered our forecast capital and operating expenditure, and financial forecasts over the medium term and the implications for dividends and our target capital structure. All dividends will be subject to Board comfort with determining factors noted above at the time of declaration.

The Board considers dividends will be payable as follows:

- FY26 Dividend of \$30m, paid in two equal instalments in June 2025 and December 2025
- FY27 Dividend of \$35m, paid in two equal instalments in June 2026 and December 2026
- FY28 Dividend of \$40m, paid in two equal instalments in June 2027 and December 2027.

Our dividend profile is based on our regulatory Default Price Path (DPP) for FY26 and FY27, and a projected Customised Price Path (CPP) for FY28. Our SOI dividend forecasts are based on sustainable dividend growth but are subject to a Customised Price Path outcome and business outcomes. changes in our DPP from FY26 onwards.

We will advise shareholders on a "no surprises" basis in the event of any substantial investment (either because of the quantum or the nature of the investment), or material changes in regulatory settings which requires a significant increase in corporate debt, and/or has a subsequent material impact on dividends.

Regulatory financial impacts

Orion is price/quality regulated via a revenue cap and as such Orion's line revenue is set by the Commerce Commission. This revenue setting process is done in 5-year blocks and FY26 is the first year of the current 5-year block (April 2025 to March 2030). The Commerce Commission has reset our revenue along with quality targets (along with the other price/quality regulated Electricity Distribution Business (EDBs)) for the period from 1 April 2025.

The option of applying for a Customised Price Path (CPP) is under active consideration by Orion's Board and management to improve outcomes for stakeholders. If we make a CPP application, it is a multi-year, multi-million dollar process and will mean that two years of the default pricing applies until Orion's revenue and quality standards are reset via a CPP.

Return on capital

The economic regulatory framework limits the return Orion can generate from the electricity network to a prescribed regulated weighted average cost of capital (WACC), set by the Commerce Commission every five years. The Commerce Commission sets the allowed return on capital, and inflation-indexes our Regulated Asset Base (RAB) annually. Therefore, total return is split between a cash return (in the form of profit) and an annual increase in the value of RAB (in the form of inflation-based indexation).

Creating the preferred workplace

Key performance measures	Targets		
	FY26	FY27	FY28
Our People*			
Engagement score	> 63% positive	> 64% positive	> 65% positive
Gender pay gap	≤1	≤1	≤1
	< 14.9%	< 13.9%	<12.9%
Health, Safety and Wellbeing			
Events that did result in serious injury to employees (notified events)	≤1	≤1	≤1
Events that did result in serious injury to service providers (notified events)	≤1	≤1	≤1
Events that did result in serious injury to the public, excluding car versus pole incidents	≤1	≤1	≤1

*Our People Measures now reflect combined data from both Connetics and Orion, whereas previously, these were reported separately.

The key outcomes in this focus area:

Our People focuses on understanding our future capability needs across Orion and our service delivery partners and developing our talent profile to meet the needs of tomorrow's workforce. We need to attract and source the right people to enable our future growth, while maintaining a healthy turnover.

Our Place focuses on creating an environment that supports employee wellbeing and lifts performance by ensuring our workforce reflects the diverse communities we serve and embraces our differences.

Orion has gathered demographic data to better understand how representative we are of our communities. Our data shows we have an opportunity to improve our representation of kaimahi Māori. Orion will continue to monitor our ability to attract and retain kaimahi Māori, debias processes, to ensure we create an environment where all individuals can thrive.

Activity is primarily aligned around our Diversity and Inclusiveness Programme (Ubuntu), and we are continuing to support the employee-led Inclusion Council and Mātauranga Māori activity led by kaimahi Māori.

Our Performance focuses on driving sustainable performance over time by ensuring our people have the confidence and capability to seek opportunities to improve performance.

In addition to supporting ongoing activities, such as the Integrated Asset Management (IAM) programme, our key FY26 improvement activity focuses on driving efficiency of the end-to-end works delivery pipeline. This includes defining the concept of baseload availability for programming and working towards a 3-year planned works pipeline view to help our service delivery partners improve their resilience by giving them the confidence to invest in capability.

Te Whāriki

This platform has helped to enrich our perspective on diversity and broaden our approach to how we work. By facilitating connections, Te Whāriki provides opportunities for our people to develop beyond their role and for The Orion Group to access knowledge and talent from a wider pool of people.

Gender pay gap

The Orion Group is committed to fair and equitable pay for all people and roles. We have analysed the overall pay gap (average median pay for males versus average median pay for females), conducted an analysis on the drivers of our gender pay gap and have comprehensive action plans in place to close the gap at both Orion and Connetics.

Our pay gaps are externally reported on our Careers website and on the New Zealand pay gap registry (<https://www.paygapinsightshub.nz>).

Engagement and partnerships with other ethnicities

Enhancing our ethnic diversity is one of our DEI targets. Orion has gathered demographic data to better understand how representative we are of our communities. To support this mahi, The Orion Group is continuing to support the employee-led Inclusion Council (Orion) and Wellbeing Rōpū (Connetics) as well as developing attraction strategies customised to the demographic make-up of future New Zealanders.

Living wage

The Orion Group pays all employees on or above the living wage, except some apprentices while they are working towards their initial competencies and high-school aged youth participating in work experience programmes. Orion Group has considered pursuing Living Wage Accreditation, and we have decided not to due to the above exceptions.

Executive remuneration

We continue to be conscious of our community context and shareholding structure in setting remuneration for senior executives, which is closely managed by the Board and made publicly available via our Annual Report. We regularly compare our employee remuneration against relevant market data. In general, we aim to meet the Energy and Private markets.

Health, Safety and Wellbeing

Our approach to the health, safety and wellbeing for our people focuses on senior leadership commitment and engagement, critical risk management and improving our systems and processes.

We continue to review our critical risks and have commenced a dedicated programme to ensure our risk controls are fit for purpose. Our critical risks include eight inherent risks. Connetics also has an additional 10 that cover situational high impact, low probably risks.

Being a force for good in the communities we serve, enabling the net zero transition

Key performance measures (reported at year-end)	Targets		
	FY26	FY27	FY28
Reducing the environmental impact of our operations			
Group operational carbon emissions	2,400	2,350	2,200
Planting of native forest in partnership with Wairewa Rūnanga	75,000 seedlings planted	45,000 seedlings planted	45,000 seedlings planted

The key outcomes in this focus area:

Collaborative local energy planning

Our future energy scenarios for the Orion area have evolved in FY25 and enable us to examine potential energy futures, including energy generation and demand in our network area up to 2050. This work continues in FY26, including through support of regional energy collaboration led by local government and the Mayoral Forum.

Households and communities

We will continue to collaborate with community service providers that support community energy resilience and improve household and community understanding of how they can better utilise energy. This will include ongoing support for specific community energy initiatives started in FY25 with the Community Energy Activator.

Reducing the environmental impact of our operations

This captures our culture of being responsible stewards of the assets and energy resources we manage. We recognise that our operations have environmental and social impacts and to be an authentic decarbonisation partner we must decouple our operations from carbon emissions. On that basis we have set a carbon reduction target aligned with keeping warming within 1.5 degrees and will track our progress towards it.

In addition, we are collaborating with local landowners and Rūnanga to establish up to 300ha of indigenous forest in our network area. This will support biodiversity and have the additional benefit of creating carbon units that The Orion Group can use to inset its operational emissions.

Facilitating decarbonisation and hosting capacity at lowest cost

Key performance measures	Targets		
	FY26	FY27	FY28
Network transformation			
Number of installed monitors on transformers over 200kVa	200	Complete	
Accuracy of operational/day ahead load forecast used for network peak demand management	>=85%	>=90%	>=92.5%
Accuracy of operational/day ahead load forecast used for network peak demand management	>=85%	>=90%	>=92.5%

The key outcomes in this focus area:

Network transformation

Through our Network Transformation Programme, we are addressing the challenge and opportunity decarbonisation presents. Our programme's focus is ensuring we transition to a dynamic, energy-sharing, "smart" network that facilitates customer participation and integration of a range of renewable energy sources, electric vehicles, energy storage, and low carbon technologies (LCT), in a cost-effective way through optimising the network and leveraging spare capacity.

Maximising flexibility

The transition towards net-zero emissions is driving a need for more demand side flexibility to support the integration of intermittent renewables and improve utilisation of electricity networks. Existing approaches to flexibility, such as ripple relays and peak period pricing, are crucial to system security and help manage cost to customers. Orion is also exploring new approaches, such as flexibility services and innovating distribution pricing.

We are actively collaborating with customers and stakeholders across the energy sector through a range of initiatives, both strategic and practical.

Investing to maintain a safe, reliable, resilient network at lowest total lifecycle cost

Key performance measures	Targets		
	FY26	FY27	FY28
Network performance			
SAIDI – total minutes per customer	124.12	124.39	124.39
SAIFI – total number of interruptions per customer	1.1299	1.1832	1.1832
Resilience of our rural and urban network			
Hoon Hay zone substation upgrade and replacement of oil filled 66kV cables from Milton to Hoon Hay	In progress	Complete	
Replacement of oil filled 66kV cables from Halswell to Hoon Hay	In progress	Complete	
Integrated view of our assets and processes			
Delivery of Integrated Asset Management • Maximo integration • GeoSpatial	In progress	In progress	Complete
Customer experience of our network			
Overall performance – customers are satisfied with Orion as a lines company	8.3/10	8.3/10	8.3/10

The key outcomes in this focus area:

Network performance

As a regulated business the Commerce Commission sets performance measures for our network reliability. SAIDI measures supply interruptions per customer by minutes and SAIFI measures supply interruption by number of outages. Our SAIDI and SAIFI measures are set for each default price period (DPP). The Commerce Commission sets the measures on the past performance of our network. Our Asset Management Plan (AMP) sets out our capital expenditure programme of work for the next ten years and is a pivotal for allowances under the Commerce Commission DPP settings.

Resilience of our rural and urban network

Our region's greatest natural disaster risk is a major earthquake. This would test our network in different ways to 2011. To increase the network's resilience, we have planned to replace our key oil filled 66kV cables over the next 10 years. We began this replacement in FY22, and it is a key risk mitigation for a potential Alpine Fault event (AF8). The architecture and routes adopted also supports our future aspirations to power a cleaner and brighter future with our community.

Building an integrated view of our assets and processes

We are significantly shifting our approach to asset management through better use of data and technology. A fully integrated view will deliver efficient management of our assets. As part of our 'match-fit' strategy, our Integrated Asset Management programme will continue to focus on implementing a modern asset management platform, reviewing the end-to-end asset management value chain and associated processes. Key to this is the capturing and use of asset data and improving field force support through mobility.

Customer experience of our network

We value our customers and want to make their experience with us even better. Over the next period, our developing Customer Relationship Management system, use of the Snap Send Solve app, and refreshed Orion website will contribute to this. We will also boost engagement through awareness campaigns, sharing stories via our Community Updates and digital channels, and implementing a Stakeholder and Community Engagement Plan. Our customers appreciate our focus on safety, reliability, and resilience, and most are satisfied with our current performance.

Governance

Board

Our shareholders appoint the directors to govern Orion New Zealand Limited. The Orion Board appoints the directors of Connetics Limited. The Orion Board is the overall and final body responsible for the direction and control of the activities and decision-making of both companies.

The boards' responsibilities include the overall strategy, objectives, stewardship, performance and reporting of the relevant entities and Group.

Board operation

Our boards are committed to best practice governance. Our boards' operations are subject to the companies' constitutions and the Board Charter. The Charter sets out how the boards and directors shall undertake their responsibilities.

The Orion Chair leads the Board and its relationship with shareholders and other major stakeholders. The Chair maintains a close professional relationship with the Group Chief Executive and leadership teams. New directors undertake an induction process to familiarise them with matters related to the company.

Policies

Both boards review their companies' key policies at regular intervals. We develop new policies as needed to provide clarity and guidance to our people on changes in an evolving work and social environment.

Board performance and review

Both boards regularly review their performance and the performance of the Group Chief Executive. The reviews identify opportunities and set plans for performance development and improvement. Orion maintains a regularly reviewed Orion directors' skills matrix with the skills and areas of expertise Orion needs mapped against our strategy and current capabilities.

Board meetings and committees

Each board meets approximately eight times per year. Additional meetings are convened as and when required. The boards' annual work programmes are set by each board before the start of each calendar year. The boards receive formal agenda papers and regular reports, generally a week in advance of meetings. The Orion Integrated Leadership Team (ILT) and the Connetics Senior Leadership Team (SLT) and other business leaders in the Group are regularly involved in board discussions. Directors also have other opportunities to obtain information and may seek independent expert advice.

The boards delegate some responsibilities and tasks to board committees, but the boards retain the ultimate responsibility and accountability for any committee's actions or inactions. Subject to any conflict issues, all directors receive agenda papers for committee meetings and all directors may attend committee meetings.

The Orion Board has two standing committees:

- **Audit Risk Committee:** liaises with the company's independent external auditor and reviews the effectiveness of internal controls, financial and regulatory information, and climate reporting
- **People and Culture Committee:** reviews the company's remuneration policies and practices. It reviews and sets the remuneration of the company's Chief Executives and ILT as well as providing guidance and feedback on succession planning, talent development, inclusion and diversity and other people and culture policies and practices.

Connetics report Audit Risk and People and Culture activity to the full Connetics Board.

Liability insurance and indemnity

The Group arranges comprehensive liability insurance policies within the limits and requirements as set out in the Companies Act 1993 and the Group's constitution. The Group also indemnifies directors and employees within the limits and requirements set out in the Act.

Loans to directors or employees

The Group does not make loans to directors or employees.

Statement of Intent (SOI)

This SOI is prepared in accordance with section 39 of the Energy Companies Act 1992 and the Group's constitution.

Risk management

The Orion Group provides a flexible and purpose-built approach to the application of risk management and is consistent with ISO31000:2018 Risk Management Guideline. Our risk management processes and tools are embedded within our business operations, to drive consistent and accountable decision-making through an Enterprise Risk Management (ERM) approach. This ensures we have a complete, integrated, group-wide focus on managing our strategic and operational risks and enables the Group to make clear decisions around opportunities. Our risk management approach is reviewed by the full Orion Board and reported to the Orion Board at least twice yearly.

Legislative compliance

To ensure we deliver on our Purpose we need to balance what is in the best interest of our community while managing our compliance under relevant legislation and regulation.

Auditor

Audit New Zealand on behalf of the Auditor-General is the auditor of the Group.

Procurement practices

Where practical we are working with suppliers to move to 'All of Government' (AOG) contracts to gain efficiencies and lower rates.

Stakeholder engagement

We undertake annual stakeholder engagement surveys to engage with our community on their needs and how we are performing. This work is an integral part of our strategy and ensures we have the community's voice at the heart of everything we do.

Governance Continued

How we will report to our shareholders

We will deliver our Integrated Annual Report to our shareholders on or before 30 June each year. Our Integrated Annual Report will include:

- our audited financial statements
- our performance relative to the targets we set in our SOI
- how we are delivering on our Group Purpose and Strategy
- climate reporting
- other information to enable an informed assessment of the Group's governance.

We will deliver half-year reports to our shareholders that will contain unaudited information similar in content to our Annual Report and will comply with financial reporting standard NZ IAS 34 – Interim Financial Reporting. We will provide regular updates to our shareholders on our performance, which may include updates on financial, strategic, risk and operational issues.

Board and Management will meet regularly with shareholders to provide briefings and context on our five-year plan. We will also have a yearly investor day presentation to share progress with shareholders on our strategy and focus areas. Our public Annual Stakeholder Meeting is held in August every year.

We will continue to support and co-operate with shareholders sharing information to assist with forecasting and shareholder strategic reporting.

Our accounting policies comply with applicable NZ IFRS standards and interpretations and will be consistent with the accounting policies adopted by the Christchurch City Council consolidated Group. We have applied the same accounting policies when preparing our financial forecasts in this SOI that we applied for our audited financial statements for the year ended 31 March 2024, Annual report FY24. Our actual accounting policies may change because of changes to NZ IFRS standards and interpretations.

Acquisitions and divestments

We will only consider acquiring securities in a company or organisation, or divesting part of an existing business, where consistent with The Orion Group Strategy and Purpose. When we consider a transaction to be significant, we will consult with our shareholders with as much lead-time as is commercially practicable in the prevailing circumstances.

Major transactions as defined by the Companies Act 1993, will be subject to shareholders' approval by special resolution. Where we decide to incorporate or subscribe for shares in subsidiaries to undertake our commercial activities, we will ensure effective management.

Board control of any subsidiary is exercised by our Directors and Management. No material intercompany transactions are forecast to take place with our shareholders, or the wider CCC and SDC group, during the three years covered by this SOI, except the payment of dividends, services provided or received on an arms-length commercial basis and services received that are covered by local authority rates. We will advise shareholders of any additional material intercompany transactions which take place with our shareholders or the wider CCC and SDC group.

We operate on a "no surprises" basis with shareholders in respect of significant matters, to the extent possible in the context of commercial sensitivity and confidentiality obligations.

If a shareholder decides to sell shares in Orion, we will co-operate and work with that shareholder and its advisors, subject to our obligations at law.



Appendix

Notes and definitions

Financial

- Our financial targets are for the consolidated Orion Group and are in nominal terms – they include forecast inflation/escalation.
- Our key assumptions for our financial targets are:
 - our future electricity distribution revenues will be within the limits the Commerce Commission has set for Orion
 - our transmission charges from Transpower will be 'passed through' to customers
 - our future opex and capex will largely reflect the work programme in our 2024 Asset Management Plan, subject to any impacts of COVID-19 on our supply chain and resources
 - no future major investments/divestments
 - no future natural disasters, material adverse events or materially adverse decisions by regulatory agencies.

Reliability

- SAIDI and SAIFI are standard industry measures for network reliability:
 - SAIDI refers to our system average duration: the minutes of supply interruptions per customer
 - SAIFI refers to our system average frequency: the number of supply interruptions per customer
- Both measures exclude interruptions that are caused by electricity generators or Transpower, are caused by our low voltage (400V) network or last for less than one minute
- The Commerce Commission sets performance limits for our network reliability as part of the Commerce Act (Part 4) price-quality control regime. Our annual targets are consistent with our performance limits for FY26 to FY30
- The Commission assesses our actual unplanned network reliability against our limits each year after 'normalising' for the impacts of major events by 'capping' the measured impact of each major event. We will report our annual performance against our network reliability limits, after normalising for 'major events' using the Commerce Commission's methodology.

Group corporate emissions

Our total Group carbon emissions for our current benchmark year of 2020 were 17,203 tCO₂e. 81 per cent of these are associated with electrical losses, directly linked to how New Zealand generates its electricity. We take steps to limit losses, for example by reducing peak load, but there are no viable solutions to eliminate them yet.

What we consider to be our Group corporate emissions are relatively small by comparison, comprising 3,448 tonnes per annum in 2020, which we propose to reduce to 2,200 tonnes in FY27, with a goal to reduce to 2,400 tonnes in FY24. They include direct emissions, such as petrol or diesel used by the Group, as well as some indirect emissions, such as landfill gas and air travel by employees.

We use Renewable Energy Certificates to address our electricity consumption emissions and anticipate our reduction pathway will be assisted by the introduction of PHEV 4WD utility vehicles in FY27 and FY28.

Health and Safety

Events that did or could have resulted in serious injury are events defined in section 25 of the Health and Safety at Work Act 2015 as Notifiable Events.

Our Group structure

