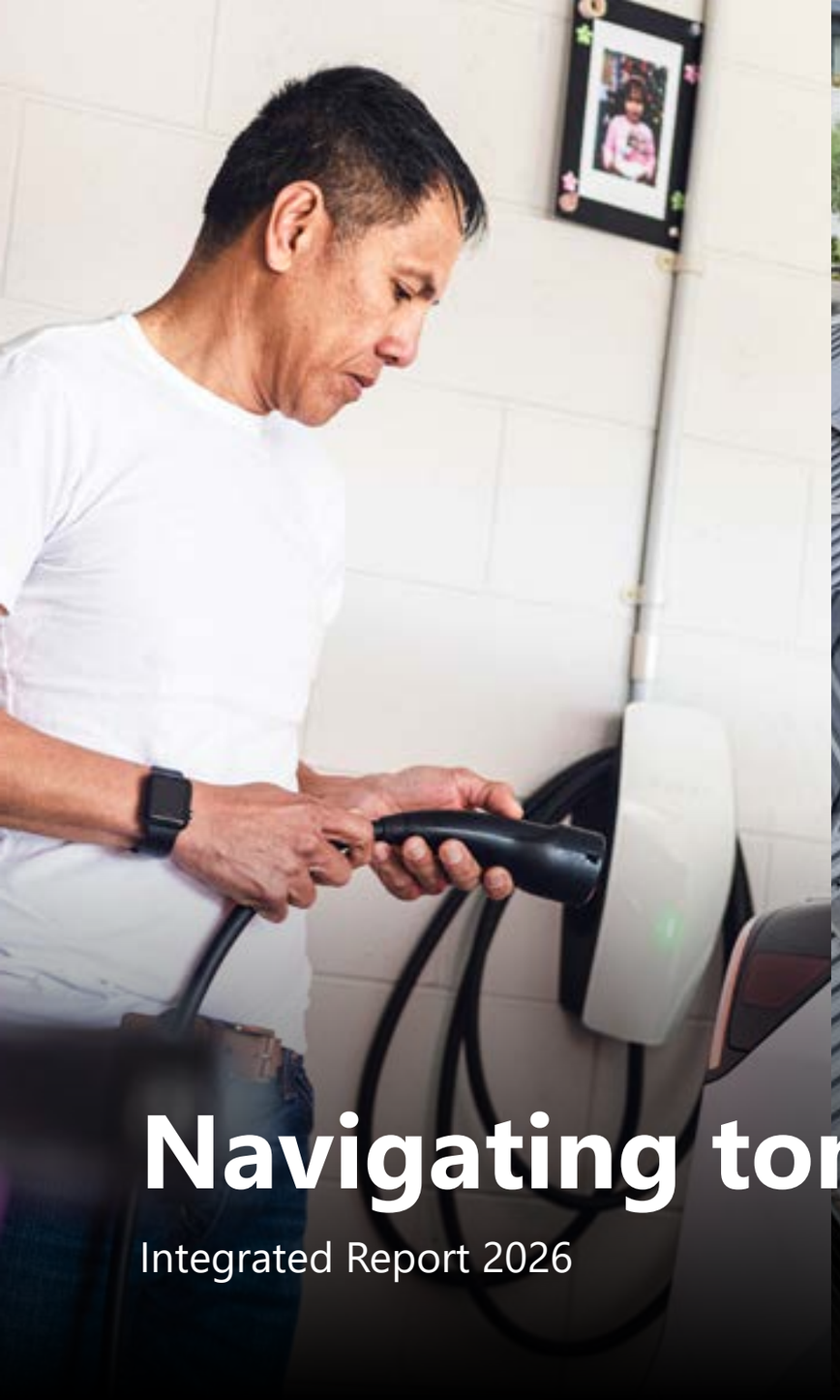
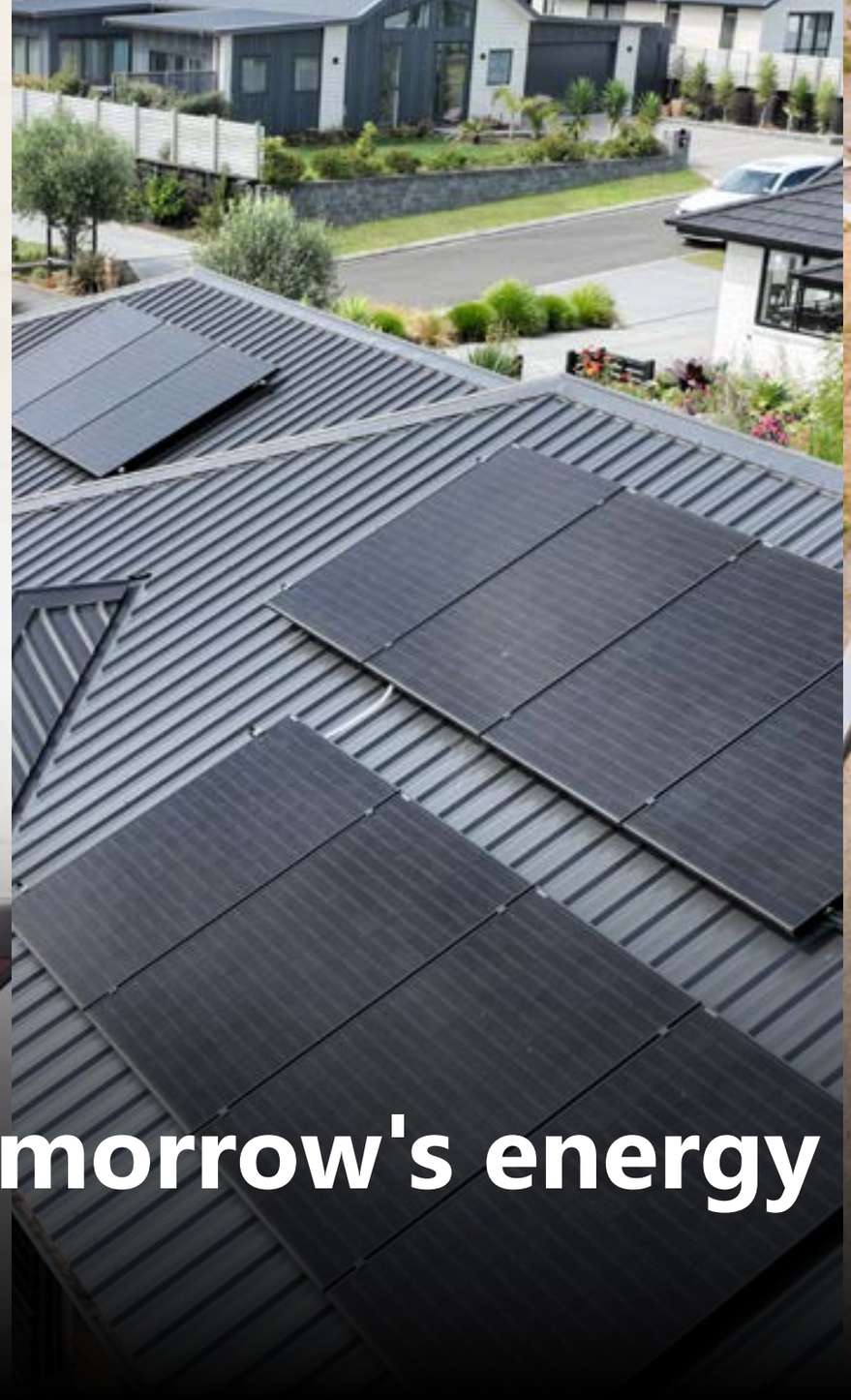




Navigating tomorrow's energy

Integrated Report 2026

POWERCO

Contents

Introduction

Disclaimer

Acknowledgement

The Powerco Board of Directors (Board) acknowledges its responsibility to ensure the integrity of this Integrated Report. Having reviewed the report prepared by senior management, we believe this Integrated Report addresses all material matters and provides a balanced view of Powerco's strategy and its ability to create and preserve value in the short, medium and long term.

Reporting period

This Integrated Report covers the period 1 April 2025 to 31 March 2026 and has been prepared with reference to the IR Framework.

Our climate-related disclosures

This Integrated Report contains our third climate-related disclosures.

Our climate-related disclosures are aligned with the Aotearoa New Zealand Climate Standards set by the External Reporting Board (XRB). Powerco is not captured by the mandatory disclosure requirements of the XRB climate-related disclosure framework, however, the XRB Climate Standards offer a robust, credible framework to ensure entities understand and are prepared for the impacts associated with climate change, and disclose to their stakeholders the challenges and opportunities presented by a changing climate, and their plan to transition to a low-emissions, climate-resilient state.

Our stakeholders include our shareholders, investors, regulators, customers, and the communities we supply energy to, as well as our employees and contractors, and members of the public. While this report is specific to Powerco and its operations, we recognise that collaboration and coordination with local authorities, lifeline utilities and other infrastructure owners is essential for transitioning towards a future that is resilient to climate change.

We have provided a climate standards index to clearly outline the connections to the Aotearoa New Zealand Climate Standards. As the practice of disclosing climate-related information continues to evolve, we may adopt new methodologies in future reports.

General disclaimer

This Integrated Report, including the climate-related disclosures, is for general information purposes, and should not be relied on as investment, financial, regulatory or professional advice. This Integrated Report includes both audited and unaudited information. At the time of publication of this report, electricity regulatory asset base (RAB) values as of 31 March 2026 were unaudited. Audited information is limited to where expressly stated, including the financial summary as of 31 March 2026, the gas RAB as of 30 September 2025, and the greenhouse gas inventory as of 31 March 2026. These are the latest available values, but noting that the gas reporting period does not fully align with the period covered by this Integrated Report, and electricity values are subject to change. While Powerco has taken reasonable care in preparing this Integrated Report, to the extent permitted by law it does not accept responsibility or liability for any loss arising from reliance on the information contained in it.

Any forward-looking statements in this report are based on assumptions about the future operating environment and events, which may or may not be correct. All costs and projections in this report are estimates only and are not independently verified. Data quality, modelling techniques, and assumptions may change materially over time. Where appropriate, the assumptions in this report align with our gas and electricity Asset Management Plans, which provide context for these disclosures.

This climate-related disclosure report may inform our response if we receive a mandatory request, as a lifeline utility, for information on climate adaptation preparedness under the Climate Change Response Act.

This report was published July 2026.

About this report

Welcome to our Integrated Report 2026

This report covers key activities and results for FY26 (1 April 2025 – 31 March 2026), and our targets for the future.

We believe it's important to be transparent about the performance of our business, which provides an essential service to more than one million Kiwi.

Our Integrated Report gives our customers, investors, industry, and other stakeholders visibility of our mahi, the value we've delivered and what we plan to deliver. We holistically embrace sustainability, and this report is designed to communicate how we preserve or erode value across the six integrated reporting core capitals – financial, manufactured, intellectual, human, social and relationship, and natural.

This report tells you who we are as a team, and how we work with our customers to deliver safe, reliable and affordable energy as Aotearoa transitions to net-zero by 2050. It includes our climate-related disclosures, a summary of our greenhouse gas inventory, our financial performance, our sustainable business targets and results, and tracks our top risks and opportunities.

The theme of this year's report reflects the need to successfully navigate through uncertainty to deliver the energy transition. Economic pressures have slowed the pace of electrification, while the decline of domestic natural gas has accelerated the pace of the gas transition. This report outlines the path we are on to ensure we're the efficient, customer-focused, and future-ready business we need to be.

Whāia te iti kahurangi, ki te tūohu koe, me he maunga teitei.

Seek the treasure that you value most dearly, if you bow your head, let it be to a lofty mountain.

> If you have any queries or feedback about this report contact us.

Here's what you'll find in our report

Ko Powerco mātou
About us speaks to the foundations of our business. It's where you'll find our purpose, our values, our business model, and read about our team.

Read more here

Ā mātou mahi
Our strategy is where you'll find our strategic focus areas, which have been informed by the issues our stakeholders have told us are material to them. It also covers the challenges and opportunities we anticipate.

Read more here

Ngā tūraru me ngā arawātea
Risks and opportunities articulates how we identify and respond to risks and opportunities for our business.

Read more here

Ngā Pou
Delivering value looks at how we're creating sustainable value for our customers and our shareholders – looking at our FY26 performance and our targets in FY27 and beyond.

Read more here

Chair and Chief Executive message

John Loughlin
Chair

Jason Franklin
Chief Executive

Kia ora koutou.

As Aotearoa New Zealand's largest dual-energy distributor by network length, one million Kiwi rely on us to keep the lights on and the gas flowing every day. It's a role we take seriously.

That's why we're ambitious to be the best at what we do; delivering value to our customers so whānau, businesses and communities can thrive.

Our customer focus is at the core of our approach, guiding our decisions as we navigate significant uncertainty in the energy sector.

Decarbonising energy is one of the key ways Aotearoa (and the world) will reduce its emissions. Balancing affordability, resilience and sustainability in order to transition equitably continues to challenge our sector.

Customers are electrifying at a slower rate than forecast just a few years ago (both here and overseas), driven by economic pressures and policy change, while natural gas supply has declined more quickly than anticipated, with gas fields approaching end-of-life and producers exiting the market.

During the past 12 months, public and political scrutiny of energy affordability has increased, indicating that our sector – Powerco included – needs to ensure our customers and energy affordability are foremost as we balance the challenges of the energy trilemma, ensuring we capture the opportunity to grow, rather than shrink, to net-zero.

Driving value through greater efficiency is an essential part of our strategy.

Working in partnership with our customers to understand their needs, wants and plans is core to doing this successfully.

We're carefully managing the pace of electricity network investment to support customers to decarbonise when they choose, without over-investing ahead of demand and negatively affecting affordability.

We also continue to advocate for gas and the role it plays to firm renewable electricity generation, help reduce the need (and cost) for customers to electrify, and retain options in the energy mix. We see biomethane as a renewable potential alternative for natural gas in the long term. We are investing prudently in our networks to continue supplying safe and reliable gas to our customers, and monitoring stranding risk.

There is real need for stable and predictable energy policy and regulatory settings to support investor confidence. Access to domestic and international capital to invest in our sector's long-lived infrastructure assets and ensure the energy transition is affordable is critical. Without it, Aotearoa risks further straining affordability and stifling transition by requiring upfront customer contributions to fund network investment.

At policy level we continue to advocate for a government-led energy strategy that will chart a path for Aotearoa to achieve net-zero by 2050 equitably, and for bipartisan support of the industry's Energy Transition Framework.

At regulatory level we believe that all Kiwi will benefit from the Commerce Commission applying the same rigorous price-quality regulation across all electricity distribution businesses, and by incentivising – rather than mandating – sector collaboration.

We anticipate further regulation from both the Commerce Commission and Electricity Authority. We welcome this where it creates real value and good outcomes for customers. Our customer focus means we are already ahead of the curve in many areas, such as network capacity visibility and solar rebate pricing.

We achieved a number of milestones during FY26.

We refreshed our strategy with renewed emphasis on sustainable growth. Our customer focus remains our north star as our point of difference to drive growth. Our networks are well-placed to serve our customers, and we have recommitted to ensuring customers get maximum value from them before we invest, while also ensuring our shareholders receive a fair, risk-adjusted return on their investments.

Supporting our customer-focused aspirations, our customer transformation programme of work continued with the go live of our Customer Delivery Service in September 2025.

We now work directly with customers wishing to connect, replacing an interposed model where customers engaged with contractors. This change enables us to own the end-to-end experience and is key to our customer strategy – serving more customers in more ways.

As part of this we introduced standard prices for simple connections, making connection pricing transparent, fair and easy to understand.

The impact and scale of this change has been challenging for our customers and our team, resulting in delays for some customers waiting to connect. Their feedback shows where we need to provide more clarity about the process, and better communication about job progress. We are working hard to make these improvements.

We also reviewed and awarded new field service, inspection and customer delivery contracts across our electricity footprint. These cover the contracting partners we work with to attend faults, build and maintain our network, and carry out customer connections (as part of our Customer Delivery Service). The new contracts commenced on 1 July.

This was the first time in over a decade that we had gone to market – a decision we made to ensure our customers get good value, and to foster partnerships with our service delivery providers that are grounded in safe operations, quality outcomes and mutual success.

Our team's workplace safety interactions (WSIs) and our service delivery partners' rates of positive incident reporting were consistently high, reflecting a good focus on safety. In FY26 we recorded five high potential incidents (HPIs) compared with six in FY25. A total of 10 days were lost due to injuries arising from those events, down significantly from 320 days last year – so while HPIs still occurred, they were considerably less severe. Recordable injuries on our electricity network were also down year-on-year, with 15 injuries compared with 23 in FY25. Pleasingly, the gas business achieved a recordable-injury-free year.

We also continue our mahi to reduce our emissions in line with our emissions reduction pathway (ERP). Although our target emissions increased during FY26, we remain on track to meet our FY30 emissions reduction target (read page 59 for more).

In May 2025, we commenced negotiations with Igneo Infrastructure Partners, the current owner of Clarus, to purchase Firstlight Network, which serves 51,000 Kiwi in Tairāwhiti and Wairoa (through 25,700 electricity ICPs). We entered into a conditional sale and purchase agreement in October.

We look forward to serving our new customers and supporting regional growth and improved resilience to the impacts of climate change over time through our scale, expertise and ability to invest.

Ownership consolidation in the electricity distribution sector (Aotearoa has 28 distributors) drives efficiency of scale for New Zealanders. Without scale, some distributors will struggle to keep pace with electrification and the changing technology needed to enable customers to engage in the electricity system through solar, batteries and flexible demand.

Our shareholders are very supportive of the purchase of Firstlight Network business which had a regulated asset base of $239 million as at 31 March 2025, and both our Board and Executive Leadership Team will be firmly focused on integrating the Powerco and Firstlight Network teams to achieve efficiencies quickly. We anticipate applying our learnings to future opportunities.

Overall, it has been a strong year. Our EBITDAF for FY26 was $415m, up from $342m in FY25. The increase was underpinned by the five-yearly reset of our electricity revenue by the Commerce Commission which came into effect on 1 April 2025. That reset supports higher levels of investment for network reliability and growth, as well as adjusting for changes in interest rates and operational costs.

As the most important measure of success, we continue to survey our customers as to whether they value the service we provide. This year, customer satisfaction with our electricity network (as measured by customers rating us 8-10 out of 10) was 60% (a modest 1% gain on FY25). We are keen to see this improve further as we continue to drive towards our customer-focused vision. Our net promoter score for The Gas Hub team was 65, which is a fantastic result. (Net promoter score is the percentage of promoters minus the percentage of detractors. Promoters rate you 9-10 out of 10, detractors rate you 0-6 out of 10.)

Keeping the lights on – our electricity network

We spent $354m on network investment this year.

Key projects as part of that spend included work on new and existing substations.

In Morrinsville, we built our new Magistrates Avenue substation ($7.7m) and completed an outdoor-to-indoor switchgear conversion on another ($4.5m) to support growth in the area. Our new Rangiuru substation at the Rangiuru Business Park was successfully commissioned. This $7.1m project (which was also partially funded by a customer contribution) underpins a key greenfield development in the Bay of Plenty and has been central to enabling future economic growth in the region.

In Taranaki, we replaced two ageing transformers at Livingston substation near Pātea ($3.4m), upgraded the switchboard at our New Plymouth City substation ($2.5m) and completed an outdoor-to-indoor switchgear conversion at the Waverley substation ($2.7m).

Further south, we also completed outdoor-to-indoor switchgear conversations at Turitea ($5m), and Greytown substations ($5.1m).

Revenue from our electricity lines services grew $116m to $577m against $461m last year. This step change in revenue was primarily due to FY26 being the first year of the five-yearly regulatory revenue reset.

We saw the continued rise in home solar adoption with 2,736 new connection applications, up 23% on FY25. We expect more customers to take up solar and battery technology as it improves in terms of performance and price. We will have a key role to play in enabling customers to monetise any excess electricity they produce or store by feeding it back into the network.

At a larger scale, this year we connected Lodestone's 23MW Pāmu Rā ki Whitianga solar farm, which will supply electricity to about 5,000 households in the region. (Read our case study on page 66 for more.) We also connected Daybreak's 3.8MW Komata North solar farm to supply about 850 Waikato homes, and Papa Rererangi i Puketapu New Plymouth Airport's 9MW solar farm which is primarily used to power the airport but may also be used for local energy supply.

In November 2025, we released a joint plan with Transpower to deliver nine major projects in the Western Bay of Plenty over the next decade. These projects are designed to meet the expected doubling of demand in this growing region by 2050. The plan was the result of both stakeholder and customer consultation, and we expect our first projects to begin delivery in 2031.

The reset of our cost recovery allowance also enabled us to review and adjust the investment plans in our electricity Asset Management Plan update. In it we also confirmed our commitment to becoming a fully functioning distribution system operator (DSO) by 2030.

The transformation from distribution network operator to distribution system operator will see us offer integrated and dynamic electricity distribution – combining traditional supply, distributed energy resources, and flexible use – to ensure customers get the best value from the electricity network. This is intended to support more cost-effective electrification outcomes for customers.

Delivering this smart and dynamic network requires significant operational investment in data and digital technology, as well as deep customer insights to understand their plans in order to develop products and pricing. Through this, we can defer network capital expenditure and support a more affordable electricity service.

This year our DSO programme gained significant momentum.

On 1 April, we introduced a winter peak buy-back rate of 5c/kWh for home solar, becoming the first lines company to offer this across an entire footprint. In July, the Electricity Authority mandated all lines companies to do the same. We welcomed this as an example of how industry standardisation can create better outcomes for all Kiwi.

During the year we continued inviting expressions of interest (EOI) for flex solutions on our network. Our six initial EOIs, to mitigate forecast peak demand constraints on parts of our network, were designed as a starting point for scaling up flex solutions so we can operate more cost-effectively for our customers by deferring network investment.

Additionally, we collaborated with Our Energy alongside Unison and Vector to investigate establishing Localflex – a flex market platform – in Aotearoa. Such a platform is intended to bring together networks seeking flex solutions with providers, such as large customers, retailers (or aggregators) and large-scale battery owners.

In February 2026, Gridsight, our low-voltage (LV) analytics platform, went live, giving us the ability to use smart meter data from 250,000 of our customers to analyse and visualise load and power quality on our LV network for the first time. This unlocked the ability to detect distributed energy resources (rooftop solar and batteries) and see whether new customer load or export capacity can be connected without network investment. (Read our case study on page 13 for more.)

We also continued to develop our industry-leading network visibility maps. We added seasonal profiles across a 24-hour period to indicate how much capacity is available to connect high-voltage load, or host utility-scale distributed generation. This work was a continuation of our commitment to transparency and providing smart solutions so customers can make informed decisions about their connections.

A number of storm events affected the communities we serve this year. Our network experienced significant impact over 10.6 days, which triggered five ‘major event days’ and resulted in substantial numbers of outages for customers. In particular, the storm that affected customers from Whanganui through to Wairarapa in February 2026 saw more than 25,000 customers without power at its height. This was the highest fault volume and damage to the network since Cyclone Gabrielle in 2023.

Despite these challenges, our unplanned SAIDI (the total time an average customer was without power during the year) was 178 minutes against a regulatory cap of 189 minutes, although this was an increase on the 111-minute SAIDI result for FY25.

In June 2025, the rural Tararua community of Ākitio became the home of our first PowerHub – Stand Alone Power System (SAPS) units that can deliver power to rural community hubs (such as town halls) during long power outages. (Read our case study on page 62 for more.) These hubs are a key part of our climate resilience mahi to reduce supply disruption to our rural communities during major storms.

Keeping the gas flowing – our gas network

New connection growth on our gas network has continued to slow, in line with our expectations.

We connected 447 new customers this year, down on 736 in FY25.

While we still welcome new connections, our focus is on continuing to serve our 111,365 existing residential and small business customers by prioritising the maintenance of our existing network over growth. We’re also supporting industrial customers (we have 96 on our network) to assess the most appropriate decarbonisation pathway for their operations (whether electrification, biomass, or other options).

As a result, we have rebalanced capital expenditure to support the cost-effective maintenance and renewal of our gas network assets, including climate resilience and adaptation projects, and renewable gas work. This approach is designed to ensure affordability for customers while retaining the gas infrastructure needed to support the future delivery of biomethane.

The team made significant progress on the bracket and coating replacement of our Ngaruroro Bridge crossing pipeline, which supplies our Napier customers. The project was closed out in early FY27. We are grateful for the positive engagement with local authorities, iwi and specialist contractors, who enabled us to work at pace to ensure the reliability and resilience of this key regional infrastructure.

Our Renewable Gas team made strides in the biomethane space this year.

In May 2025, we proceeded to front-end engineering design to produce biomethane at the Manawatū District Council’s wastewater treatment plant. We expect to make a financial investment decision by 2027.

We also helped to develop the inaugural Biogas Bridge Forum in July 2025 alongside GasNZ.

GasNZ’s subsequent Biomethane Strategy and Action Plan presents a credible path for Aotearoa to produce 25PJ of renewable gas by 2050 from organic waste from landfill, agriculture and wastewater. This is more than half of expected demand.

We encourage the government to support the establishment of biomethane as a viable alternative to natural gas.

Our assessment of the financial performance of our gas network is that 99.3% of our connections remain profitable. We continue to monitor the small number of vulnerable and high-risk areas that are non-profitable or may become stranded because of disconnections.

Overall, our approach is designed to help deliver a managed gas transition by supporting the retention of gas infrastructure to deliver biomethane in the future. This supports our customers, our shareholder returns, and the energy mix for Aotearoa.

We acknowledge that we are working in the context of significant uncertainty regarding the pace and pathway to transition. We continue to collaborate constructively with the gas sector, regulators and policymakers, and to closely monitor customer behaviour and external factors. Our investment planning will remain adaptable as these signals change.

Engaging with our world

Partnering with our communities to help deliver the projects that matter to them is another way we can increase our connection with our customers.

This year we were pleased to support 34 causes through our Powerco Community Fund.

Recipient projects included the Whangamatā Community Library, Social Link Volunteering Services, Keep Te Puke Beautiful and Taranaki Kiwi Trust.

The 'Grow together' garden partnership programme delivered through The Gas Hub also continued with veggie gardens established at Boulcott School in Lower Hutt and Waitara East in Taranaki. These gardens spark learning and curiosity about sustainability and renewable energy.

Within our industry we were proud to win the Public Safety Award at the 2025 Electricity Engineers' Association Awards for our work to improve information about safe working distances when working near our network assets. (Read our case study on page 70 for more.)

We also won the Wellbeing Award at the 2025 Energy Excellence Awards for our Leadership Development Programme. This bespoke programme, which our People and Culture team was hands-on in developing, embeds the principles of Te Whare Tapa Whā to foster resilience, self-leadership and cultural connection. We were also finalists in the Energy Distributor of the Year category, which we won in 2024.

Adapting today to deliver tomorrow

This year's Integrated Report reflects our mahi during FY26 and our strategy for managing the uncertainties ahead.

Responding with agility to the changing energy environment, while planning the long-term future of networks that will serve Kiwi for years to come, requires strong relationships with our customers and industry, a deep understanding of how to get the foundations right, and a drive to push boundaries through innovation.

Our scale and expertise mean we are well placed to chart this course.

We hope you enjoy reading the rest of this year's report.

Ko Powerco mātou

About us

Our business

Ko tā mātou mahi, he tūhono hapori
We're here to connect communities

As New Zealand's largest dual-energy distributor by length, we connect around one million people across the North Island to safe, reliable and resilient electricity and gas through our network of local lines, cables and pipes.

From homes and businesses in towns and cities to rural communities and large-scale industrial operations, keeping our customers connected now and in the future drives everything we do.

Providing an essential service

The Commerce Commission regulates our electricity and gas networks to ensure we provide a good level of service to our customers at a fair price.

Our revenue allowances are set by the Commission, and these allowances are recovered via the bills customers pay their retailer for their energy use.

These charges make up about 28% of our customers' electricity bill, and about 32% of our customers' gas bill. This covers our costs to invest and maintain our networks and ensure our communities' energy supply remains safe and reliable.

Preparing for the future

With New Zealanders predicted to use more electricity than ever before, we're evolving what it means to deliver electricity beyond traditional poles and wires.

Through developing distribution system operator (DSO) capabilities, we'll offer integrated electricity distribution – combining traditional supply, distributed energy resources, and flexible use – to ensure customers get the best value from their electricity network.

Strong shareholder support

International backing from Australian funds managed by QIC Limited (49%) and Dexus (51%), means we can attract capital to invest in our networks and grow our investment in infrastructure in Aotearoa.

Working closely with our Executive Leadership Team, our Board of Directors has significant international experience in asset management and infrastructure markets, giving our corporate governance the depth of expertise to lead our business into the future and deliver value for our shareholders.

Electricity

Investment in infrastructure and technology is nothing without the people to design, operate and maintain the electricity networks that keep the power flowing for our customers.

From overhead lines, poles and underground cables, to transformers, substations, and switchrooms, our people work tirelessly to maintain the electricity network.

With electricity demand expected to grow, driven by population increase, new housing developments, and electrification of transport and industry – we're looking ahead and investing to ensure our network can safely and reliably meet that demand.

By the numbers

We kept the lights on 99.9% of the time

3,120 new ICPs connected

2,736 new solar applications

85km new line/cable

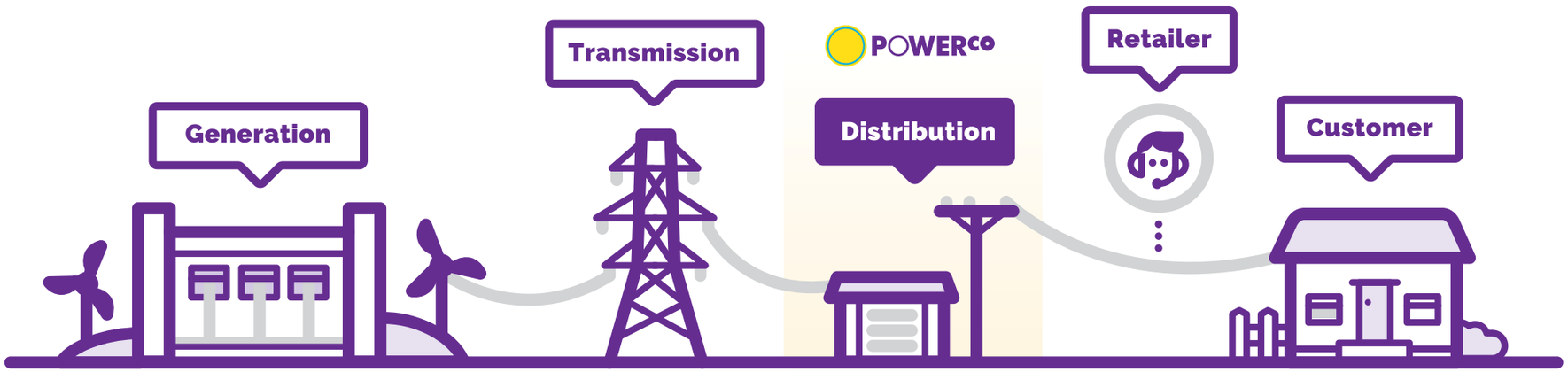
3 new substations

245 GWh less electricity delivered

To ensure we're continually improving and making decisions effectively, we're ISO: 55001 certified, which is the internationally recognised standard for asset management.

Because we live and work in the same communities as our customers, we stay closely connected – both to our physical network and to the people who use it and rely on it. Working alongside us are our trusted contractors, who play an essential role in maintaining, renewing, and expanding the network to support growth and resilience.

At the heart of our electricity operations is our Network Operations Centre in Taranaki. Our team of network controllers works around the clock, monitoring the network's performance, managing the flow of electricity, and ensuring the safety of customers and field crews. And when the unexpected strikes, they're ready – coordinating with our fault response teams to restore power quickly and safely for our customers.



Case study

Visualising low-voltage data

This year we started using Gridsight, a low-voltage (LV) analytics platform, to analyse and visualise LV network smart meter data.

It's a big milestone towards becoming a distribution system operator (DSO), improving how we plan and operate our network so we can run it more affordably and efficiently for our customers.

Before the implementation of Gridsight, we had good visibility of what was happening on our high-voltage (1kV or more) network through SCADA – a real-time system used to monitor and control power flow. However, we had limited visibility of activity at lower voltage levels (230/400V – the assets that connect to an individual customer's service line).

Using Gridsight we can now:

- Detect where customers have installed distributed energy resources on our network, such as rooftop solar, electric vehicle chargers and batteries.
- See whether the network has load (or export) capacity to connect a new customer – making new LV connections more timely.
- Identify areas with power quality issues so we can proactively find and repair equipment before it causes a power outage or becomes unsafe.
- Check the accuracy of our network data records.

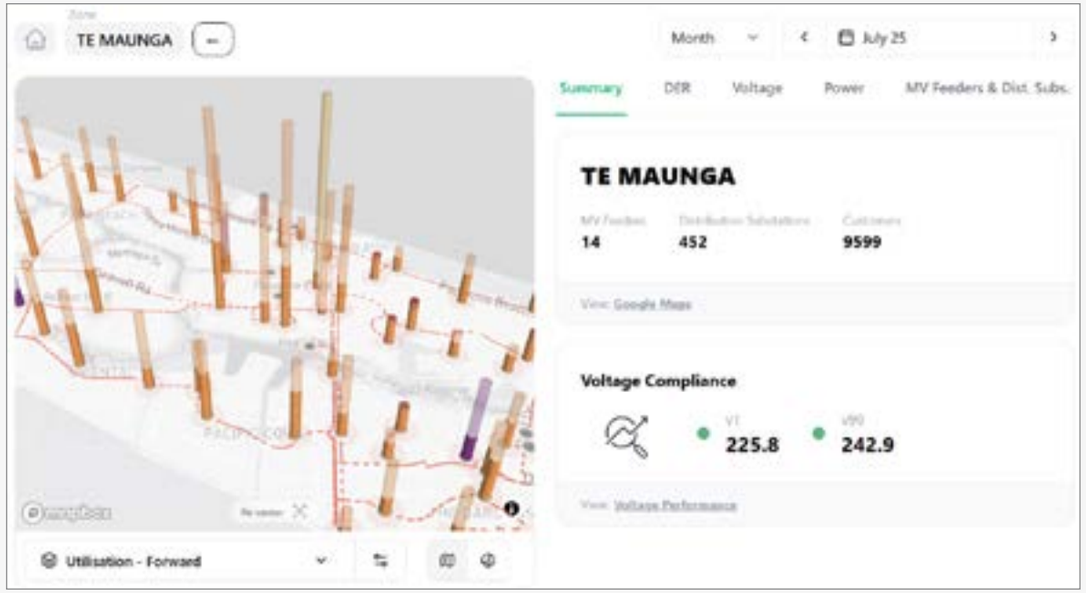
DSO Programme Director Ryno Verster says the Gridsight platform will help manage changing demands on the network.

Being able to consume and translate large amounts of data into graphs, charts and maps means the platform has become a set of digital eyes on what's happening across much of our 29,300km electricity network – which is no small feat.

It sets us up to offer a smarter and more flexible energy system.

"These insights help us to improve safety, make more informed decisions about capacity, and mean we can plan for the growing customer uptake of solar, batteries and electric vehicles. It lays the groundwork for integrating customer flexibility to manage demand and defer investment."

DSO Programme Director Ryno Verster



Gas

We connect 111,461 homes and businesses to gas through our network of underground pipes across Taranaki, Horowhenua, Porirua, Wellington, Hutt Valley, Manawatū and Hawke's Bay.

We're one of New Zealand's largest gas distributors, representing 36% of piped gas connections in the country, providing energy for hot water, heating and cooking.

We're committed to ensuring our gas network is dependable, resilient, cost-effective and safe – so our customers can continue to use gas now and into the future.

Our dedicated team at The Gas Hub simplifies the gas connection process for both residential and commercial customers – managing everything end-to-end to ensure a straightforward and hassle-free experience.

Although much of our pipe network is below ground and out of view, it's continuously monitored and maintained. We use a combination of live data, asset performance insights, and forecasting tools to make informed investment choices and ensure the system operates safely and efficiently.

By the numbers

We kept the gas flowing 99.9% of the time

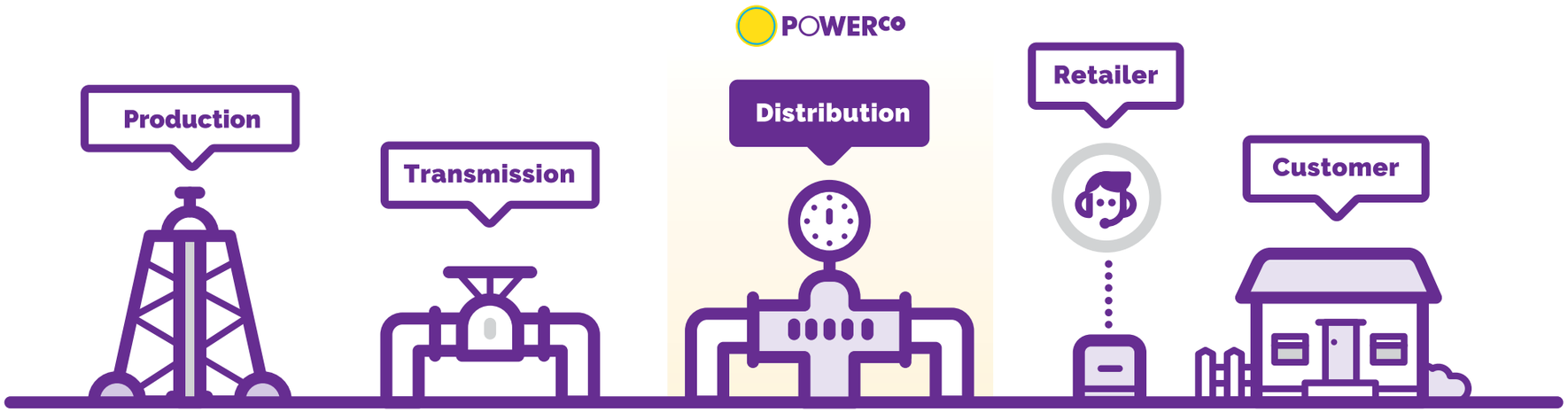
447 new ICPs connected

0.044 PJ more gas delivered

Advanced real time monitoring technology allows us to identify potential issues early. This is supported by our Network Operations Centre, which works closely with field teams to respond quickly to any faults, leaks, or interruptions.

Sourced from onshore and offshore gas fields in Taranaki, natural gas has long been an integral part of New Zealand's energy mix. It will continue to play a vital role in resilience while renewable alternatives are developed during the transition to a net-zero Aotearoa.

We're 100% behind a net-zero carbon future. For gas, that means continuing to provide reliable natural gas for our customers during the transition. We also see significant potential for biomethane in Aotearoa, and have projects underway in Manawatū, Hawke's Bay and Taranaki that investigate its production.



Case study

Putting waste to work

We're collaborating across the energy, agricultural and waste sectors to harness the benefits of biogas.

Organic waste emits biogas as it decomposes, and this can be processed into biomethane to use in homes and businesses. Biomethane is a renewable alternative to natural gas, suitable for use in existing infrastructure and customer appliances. Learn more.

Exploring the potential to produce biomethane is part of our commitment to offering low-carbon gas alternatives as part of Aotearoa New Zealand's journey to be net-zero by 2050.

We're progressing three biomethane projects, each at different stages of development. The Manawatū Resource Recovery Park project with Manawatū District Council (MDC), located at the Feilding wastewater treatment plant, is the most advanced.

First steps towards biomethane

In April 2024, we announced two initiatives with MDC and Midwest Disposals to explore how to produce biomethane and introduce it into the Powerco network. During the following 12 months, we carried out feasibility studies for biomethane production at the Manawatū Resource Recovery Park, as well as Midwest Disposals' Bonny Glen landfill (no longer being progressed).

We're now proceeding with front end engineering design (FEED) for biomethane production at the Manawatū Resource Recovery Park alongside MDC, and intend to take a business case to our Board of Directors for an investment decision by 2027.

Should it progress to become operational, this renewable gas is expected to make up more than one-third of the total gas content within the Feilding gas distribution network.

Our other two projects, which are larger, more complex greenfield developments, are in the pre-feasibility stage. As early-stage, multi-year projects, they are further from potential investment decisions and commercial operation.

The GasNZ Biomethane Strategy and Action Plan represents a credible pathway for Aotearoa New Zealand to produce up to 25 PJ of renewable gas by 2050 from organic waste streams, including landfill, agriculture and wastewater. This is sufficient to supply over half of New Zealand's projected natural gas demand in 2050.

Policy settings for renewable gases are still developing, and clearer signals for the gas transition will be important to support investment in renewable gas alternatives, such as biomethane.

Watch a video about our renewable natural gas initiatives here.

Base Power

Working outside our regulated operations, Base Power offers non-network energy supply solutions. We use Base Power's Stand Alone Power Systems (SAPS) to provide our customers with off-grid energy solutions that can be customised to suit their needs.

Base Power has introduced free-standing portable solar arrays, known as Solar Stacks, to its product range. These innovative products significantly reduce the need for diesel generators to operate – reducing emissions, delivering efficient, quiet, and sustainable power. They were first used at the national Māori performing arts festival, Te Matatini, held in Taranaki in February 2025.

Base Power rental solutions

In addition to providing SAPS solutions to customers on a purchase and support basis, Base Power also offers rental SAPS solutions, which can be easily deployed (and re-deployed) for customers with temporary power needs. The rental units can also be paired with Solar Stacks for additional renewable generation and to further extend their use. Clients range from remote civil construction sites to large facilities, such as RNZAF Base Ohakea, where a Base Power SAPS is supporting a localised outage within the customer's network. This option significantly outperforms a sole diesel generator alternative.

New PowerHub on Powerco footprint

Powerco's second PowerHub was established at the Harataunga Marae in Coromandel in March this year. Like the PowerHub in Ākitio, if the power goes out, a SAPS unit that has been installed will activate and provide reliable power to the marae, which will act as an emergency hub for the community.
Read more about the Ākitio PowerHub on page 62.

By the numbers

- 38 units throughout Aotearoa (32 on the Powerco network, six off-network)
- 2 PowerHubs on the Powerco network (Ākitio and Harataunga)
- 1 unit powering a six-home microgrid in the far north
- Solar Stacks: Standing load averaging 1.5kW and generating up to 2.7kW of solar power
- 5kVA inverter x 7.6kWh battery (smallest)
- 90kVA inverter x 160kWh battery (largest)

We distribute electricity and gas to one million Kiwi across the North Island

Our inputs

There's a lot that goes into keeping the lights on and the gas flowing and we're proud to do it.

Human
607 full-time equivalent staff
We invested $877k in training for our team.

Financial
$376.9m invested to grow, renew and maintain our electricity and gas networks.

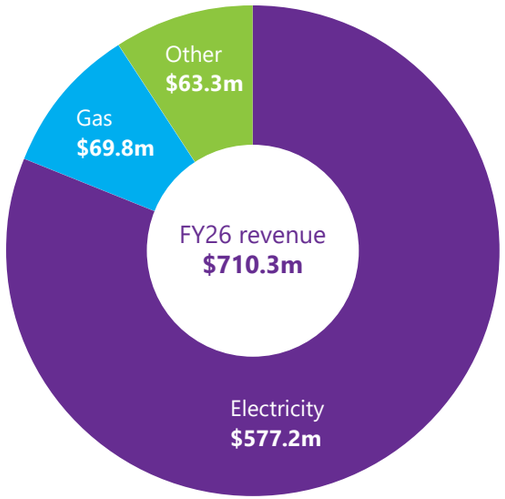
Manufactured
3,877 new poles
953 new transformers
Net 85km new conductor and cable (increase in network length).
Net 3.81km new gas pipe.

Intellectual
We strengthened our organisational knowledge, systems and procedures by expansion, utilisation or enablement of SAP Signavio, LeanIX and Gridsight.

Natural
302,781.61MWh of energy used or lost during our direct operations.

Social and relationship
We serve and work with:
21 district councils
62 iwi
6 Civil Defence Emergency Management areas across our network.

Our outcomes



Whirinaki Ensuring reliable and resilient networks	We kept our customers' electricity on for an average of 99.99% of the time and gas for an average of 99.9998%.
Taiao Protecting our environment	FY26 target emissions were 2.8% below the planned projections. We remain on track to deliver our 57% reduction in 2030.
Hauora Promoting health and safety	67% positive incident reporting rate (near misses, push backs and hazard IDs).
Manaaki Tāngata Supporting our people	Our latest employee net promoter score (Nov 2025) was 42*, with 88% of our people participating. This is down on our high of 47 in FY25.
Whakakotahitanga Engaging with our communities	We maintained our electricity customer satisfaction score at 60%. Our gas net promoter score for new connections was 65 – an increase on our previous score of 61.
Te Teo Sustainable governance, financial and risk management foundations	Sustainable growth in our regulated asset base from $3.5b to $3.6b** through disciplined asset management, governance, funding and risk, focused on supporting our customers' needs.

*eNPS is calculated by subtracting the percentage of detractors (those who score 0 to 6) from the percentage of promoters (those who score 9 or 10) based on responses to the question "How likely are you to recommend Powerco as a place to work?"

**RAB are based on 30 Sept 2025 published Gas Disclosures and unaudited figures for 31 March 2026 Electricity Disclosures.

Case study

Katikati mural tells local stories

As part of our art on assets programme, we have transformed a graffiti-prone roadside substation in Katikati into a welcoming artwork for travellers in the area.

The mural runs across two walls of the substation and incorporates stories of the local landscape. The artwork references the kōru and kōwhaiwhai patterns that line the wharenui at Tuapiro Marae, and features a sunrise and a kōtare on one wall, and a sunset and a kererū on the other.

"This is more than just a mural – it's a taonga that incorporates the stories of Tuapiro Marae and its people through meaningful symbolism and images drawn from the local environment," says Powerco General Manager Customer Stuart Dickson.

The mural was developed in partnership with tangata whenua at Tuapiro Marae and painted by artist Sarah Kolver, working in collaboration with Marino Magee (te whānau a Tauwhao).

"A long-standing goal has been to collaborate with mana whenua to share local stories in this way and we're thrilled with the outcome," Stuart says.

The mural was unveiled at a dawn blessing on 26 September 2025, with representatives of Tuapiro, Te Rereatukahia and Otawhiwhi hapū and Powerco present.

"It was very special to mark the occasion, learn more about the kaupapa behind the art, and spend time with local tangata whenua understanding their plans and future energy needs," he says.

This is one of many Powerco art on assets projects – where the company collaborates with artists in the communities it operates to paint murals on some Powerco electricity and gas assets.

"Our art on assets programme is one way we lessen the visual impact our assets have on the environment," Stuart says.

The mural is also in place to help prevent graffiti at the site.

Watch a video about the unveiling here.

Our people

Living and working in the same communities as our electricity and gas customers, our 640 team members operate from offices in New Plymouth, Tauranga, Wellington, Palmerston North, Whanganui, Masterton and Te Aroha.

Our bespoke Leadership Development Programme (LDP) continues to go from strength-to-strength helping to shape our emerging leaders.

The success of the programme was recognised at last year's New Zealand Energy Excellence Awards, winning the wellbeing section. (Read more on page 73.)

Leadership development is just one of the ways we help create an inclusive workplace and culture. Our focus on creating psychologically safe environments plays a role, too. Our psychological safety workshops are run in-house for all leaders and employees. Our people come together to learn how to create an environment where people feel welcome to share their ideas, opinions, questions and who they are at work. This work has been well received, so we continue to embed it into our training programmes, and it forms a foundational block of learning for those in our early careers cohort.

We're proud to be a top 100 New Zealand graduate employer, as surveyed by graduate recruitment specialists Prosple, and a past sector winner. Last year, our graduate programme was also a finalist in the 'best development programme – small' category at the New Zealand Association of Graduate Employers awards.

We've doubled our intake of graduates to eight. We've also revamped our grad programme to focus on four placements spread across two years, while retaining our popular dual mentor approach – one mentor helping navigate work life, and the other a go-to for technical expertise.

In addition to our successful graduate programme, we have two new in-house programmes running to develop a pipeline of network controllers and distribution designers. These programmes will be used to inform two additional programmes – junior project management training and a power technician programme.

Our annual employee net promoter score, which measures employee engagement, was 42%, with 53% of our people recommending Powerco as a place to work.

We're particularly proud of our psychological safety measure "at work my opinion seems to count", with 91% of our people either agreeing or strongly agreeing with this statement.

Ngā Tikanga – our cultural framework

Proud to be here
We're recognised for the difference we make and are respected for our actions and decisions. Our customers and communities value and trust us.

Better together
We're one team and stronger for it, inspired by our purpose to keep our communities connected and supporting each other to achieve great outcomes.

Working smarter
Innovating, learning and improving together every day, we keep things simple and streamline our approach.

Future focused
We're passionate about making sustainable choices that will help our communities thrive now and into the future.

Board of Directors

Our Board of Directors provides strategic guidance and oversight of risk management within the business. Its formal objectives are outlined in Powerco's Governance Statement.

Directors are nominated and appointed by the shareholders in accordance with their shareholdings. In addition, an Independent Chair is appointed – by all shareholders – whose primary role is to lead the Board in the best long-term interests of the company.

The Chair advocates Powerco's Ngā Tikanga values, and promotes sound principles of corporate governance, contributing to and facilitating productive and effective Board debate and decision-making.

Changes to the Board during FY26

Removal of Matt David as alternate director, 21 May 2025 (effective date 15 January 2025)
Resignation of David Kenny (remains as alternate director to Richard Van Breda), 21 May 2025
Appointment of Vince Hawksworth, 21 May 2025 (replaced David Kenny)
Appointment of Greg Lowe, 26 June 2025

Director education

Powerco's Board of Directors comprises individuals with a diverse set of skills and experience. During FY25, our Board of Directors undertook a competency self-evaluation. The results were published in Powerco's 2025 Integrated Report and highlighted some areas where Director expertise could be strengthened. These areas are appropriately covered through strength in the management team, through external advice, and/or through Director education. During FY26, the following Director education was undertaken:

Expertise (knowledge, skills and experience)	Director name	Date
Security, data and technology knowledge **Understanding of technology and digital business** Global and New Zealand cyber threat update and Integrated Cyber Risk Management – presented by an external cyber expert, supported by Powerco's Head of Information Security.	Mr J Loughlin, Mr P Cory-Wright Mr R Van Breda, Mr M Bessell Mr G Lowe, Ms B Ly	26 August 2025
Security, data and technology knowledge **Understanding of technology and digital business** Major cyber incident tabletop exercise.	Mr J Loughlin, Mr P Cory-Wright Mr R Van Breda, Mr M Bessell Mr V Hawksworth, Mr G Lowe Ms B Ly	18 February 2026
New Zealand Government engagement Meeting with senior staff and commissioners from the Commerce Commission.	Mr J Loughlin, Mr P Cory-Wright Mr R Van Breda, Mr M Bessell Mr V Hawksworth, Mr G Lowe Ms B Ly	25 September 2025
New Zealand Government engagement Meeting with Minister Simon Watts regarding energy matters.	Mr J Loughlin, Mr M Bessell Mr R Van Breda	5 November 2025
New Zealand Government engagement Position statements on key Government-related policies and topics updated and discussed with Board and Executive Leadership Team.	Mr J Loughlin, Ms B Ly, Mr R Van Breda, Mr V Hawksworth, Mr P Cory-Wright, Mr G Lowe, Mr M Bessell	19 February 2026 and 19 March 2026
Understanding of te ao Māori	*Planning is underway for directors to participate in te ao Māori education during FY27.*	Proposed for FY27

The next Director competency self-evaluation will be undertaken during FY27.

Executive Leadership Team

Our Executive Leadership Team drives our strategic direction and helps lead our business to deliver the company's strategy and annual business plan.

Changes to the ELT during FY26

Appointment of Jason Franklin as Powerco CEO, 28 April 2025

Departure of Emma Bennett, 24 December 2025

Appointment of Acting General Manager Business Transformation, Don Elers, 5 January 2026 (in addition to current role as General Manager Gas)

Our governance structure

Powerco has four formal Board sub-committees that assist the Board of Directors with discharging its governance responsibilities and provide robust strategic guidance.

Each committee includes at least three Directors (although all Directors have a standing invitation to attend) and meets at least quarterly, or more frequently, as required. The committee charters set out any specific expertise required for appointments.

The health, safety and wellbeing function is overseen by the Board as a whole, given the important role each Director plays as an officer in setting the direction for health and safety leadership and fulfilling the Board's due diligence and governance obligations.

Our approach to the governance and management of climate-related risks and opportunities is integrated within Powerco's broader governance framework. Further detail on our climate governance is available in our Sustainability Library.

Powerco Board

Provides strategic guidance and makes sure we're on track to perform well for our customers and are accountable to our shareholders. The Board focuses on creating value for our shareholders into the future.

Health, Safety and Wellbeing Health, safety and wellbeing governance is the responsibility of the Board as a whole, as set out in the Powerco Board Health, Safety and Wellbeing Charter.	**Regulatory and Asset Management Committee** Assists the Board with oversight and approval of Powerco's long-term asset management strategy and plans and material decisions, as well as oversight in relation to regulatory and policy affairs.	**Audit and Risk Committee** Assists the Board with ensuring the integrity of financial outputs, internal and external audit processes, and oversight of enterprise risk management systems.	**Treasury Committee** Assists the Board with decisions relating to debt funding, capital structure and treasury management.	**HR and Remuneration Committee** Assists the Board in all matters related to human resources and remuneration.

Executive Leadership Team

The needs of our communities are at the centre of the thinking of our Executive Leadership Team. Driving our strategic direction, it leads our business into the future.

HSE Operational Safety Governance Group Provides health, safety and environmental (HSE) leadership, learning and continuous improvement through the review and discussion of HSE-related topics, behaviours and performance.	**Asset Management Steering Committee** Provides strategic guidance and oversight on the ongoing development and implementation of Powerco's gas and electricity Asset Management Systems (AMS). **Data, Digital and Innovation Governance Group** Manages and reviews matters related to the selection, adoption, use, and convergence of digitial systems across Powerco's Information Technology (IT), Operational Technology (OT), and cyber-physical landscape.	**Internal Audit** Provides the Board and management with independent, risk-based, and objective assurance, advice, insight and foresight.	**Due Diligence Committee** Convened as required to provide oversight and management governance for debt transactions.	**People and Culture** Provides the Board and management with advice and reporting on human resources policies and procedures including employment law, remuneration, culture and inclusion and diversity performance.

Strategic Board actions during FY26

Strong Board oversight is not only a governance responsibility, but a key driver of Powerco's strategic direction and long-term value creation.

During FY26, the Board and its committees made a number of influential decisions that materially shaped our strategic priorities, asset management approach, and response to emerging risks and opportunities. These decisions were informed by regular engagement on strategic, financial and risk matters, and were made within the context of our broader strategic framework.

A summary of the FY26 key strategic decisions is included in Figure 1. Oversight of climate risks and opportunities are integrated into core governance processes. Actions labelled with an asterisk identify a governance action that includes a climate-related component.

Key FY26 Board actions that drove value creation aligned with our strategy

Figure 1:
* Actions that contributed to the oversight and management of climate-related risk and opportunities are noted by an asterisk.

Dates	Board actions	Enable a renewable economy	Accelerate electrification	Future-ready networks	Sustainable growth
May 2025	Approval of 30-year Electricity Asset Management Plan*				
May 2025	Approval of Gas Scenario*				
June 2025	Approval of GHG Emissions Inventory Report and audit*				
June 2025	Noting of risk status update (including climate change and natural disaster risk deep dive)*				
Aug 2025	Project Marama Tuatahi II – Final approvals (Firstlight Network)				
Aug 2025	Approval of Capex for electricity network investment for construction of the Pahoia substation				
Aug 2025	Approval of Capex for Taranaki field service delivery depot investment				
Aug 2025	Board strategy day*				
Sept 2025	Noting of risk status update (including emerging geopolitical risks deep dive)*				
Sept 2025	Approval of Gas Asset Management Plan*				
Sept 2025	Approval of Capex for electricity network investment for the Rangiuru zone substation project				
Sept 2025	Approval of non-network Capex for Masterton depot redevelopment				
Sept 2025	Approval of Low-Voltage Visibility Programme and update*				
Dec 2025	Noting of risk status update*				
Dec 2025	Approval of Capex for electricity network investment for the Kairanga substation upgrade project				
Feb 2026	Noting of risk status update*				
Mar 2026	Noting of risk status update (Including cyber security risk assessment)*				
Mar 2026	Approval of Electricity Asset Management Plan*				
Mar 2026	Approval of Powerco Group Business Plan FY27				
Mar 2026	Presentation: Strategy and Growth update*				

Ā mātou mahi

Strategy

Our context

With Jason Franklin joining the team as our new Chief Executive in April 2025, this year the Board and Executive Leadership Team took the opportunity to review our strategy to ensure it delivers long-term value for our shareholders, our customers and our stakeholders.

Through that process we agreed that our ambitions are largely the same, but how we will achieve growth has changed. So while serving more customers in more ways remains our north star, the course we're charting has adjusted in response to our changing operating environment.

These changes are evident in our refreshed strategic priorities (refer to page 32), which reflect the need for growth to be measured, disciplined and focused on delivering enduring value.

Our priorities are intended to support sustainable growth over the next decade, while still delivering on our responsibilities as a key enabler of Aotearoa New Zealand's target of net-zero by 2050. We remain committed to ensuring Kiwi thrive through the energy transition.

Here are some of the key external factors that have influenced our strategy, and our response to them.

Energy affordability

There is increased public and political scrutiny on energy prices as part of the overarching cost of living crisis Kiwi are experiencing.

This prompted both a Government-commissioned independent review of the electricity market conducted by Frontier Economics, and a letter in October 2025 from then-Minister of Energy Simon Watts to all electricity distributors directing them to improve affordability and security.

Our networks are in good shape, and through our strategy we are working to get the best value from them in order to control costs for our customers. Prudent, disciplined spend means we can manage the rate of investment and still enable customers to connect when and where they want. Additionally, more price signals and flexibility options will help customers decide how to get the most out of existing network capacity, and empower them to be part of the solution through rebates for their energy exported back into the grid.

At industry level, we continue to advocate for all distributors – not just the 15 non-council or trust-owned companies – to be subject to Commerce Commission price-quality regulation as a means to drive efficient spend for the benefit of all Kiwi, not just our customers.

The timing of electrification is uncertain

Here and internationally the pace of electrification has slowed because of economic downturns, policy change and geopolitical instability.

Electrification will still happen because switching from fossil fuels to electricity is one of the best ways to decarbonise – the majority of electricity is already generated renewably in Aotearoa.

That means we still need to invest in our networks in preparation for demand growth, but getting the timing of that investment right is critical to managing affordability. Our customer-faced model aligns our investment decisions with observable customer demand.

To better understand what electricity growth may look like under different decarbonisation pathways, we have aligned our peak system demand forecasts with our four climate scenarios (refer to page 47) in both our 10-year Asset Management Plan (AMP), and our 30-year investment forecast.

We continue to accelerate electrification where feasible, helping to spread fixed network costs to aid affordability. That mahi includes our 10kW export limit for residential solar, making network maps available that show where there is capacity to connect, and connecting solar farms.

Our evolution to a distribution system operator (DSO) is expected to support more cost-effective outcomes for customers. At its core it considers both traditional and non-traditional solutions to find the most cost-effective option to deliver reliable electricity. Flexibility, therefore, is also a key solution here; enabling us to connect more customers to the network by working in partnership with them to use existing capacity more efficiently. We are prioritising the development of products and services in this area, as well as industry collaboration to develop flexibility market platforms.

Our access to cost effective capital also continues to be a key advantage for spreading the cost of investment over the long term, without requiring 100% upfront capital contributions from customers. Lenders continue to show strong appetite to invest in New Zealand's long-lived infrastructure.
(Read our case study on page 79.)

Gas supply is uncertain

Gas is still needed in New Zealand's energy mix, firming renewable electricity generation, and reducing the overall cost and scale of electrification.

Gas supply and regulatory uncertainty heightens risk for our gas networks (and for electricity security).

This will help us to decarbonise the gas system. We are targeting biomethane injection of 20% for residential and small commercial gas volumes by 2030.

Balancing investment in our network while navigating the gas transition is a priority, and we are investing carefully to manage transition uncertainty for our customers and our business.

We're closely monitoring the economic viability of our networks to manage stranding risk – currently 99.3% of our total ICP numbers have been assessed as healthy. We're also carefully weighing up investment to continue serving customers using our Volume-to-Value Framework. We intend to maintain existing residential and small commercial customers and work more closely with our industrial customers to assess the most appropriate decarbonisation pathways for their operations (whether electrification, biomethane, or other options, such as biomass).

In October 2026, the gas revenue allowance settings for the next five years come into effect. These settings provide greater certainty for the gas network and support ongoing investment over time.

As with electricity, our four climate scenarios are being used to monitor progress of the gas transition and inform our decision-making.

Distributed energy resources are changing the energy landscape

Customers have more options than ever for how they choose to energise their homes and businesses.

We're seeing the increased adoption of solar, batteries and electric vehicle chargers at residential, commercial and industrial scale, driven by improved technology and cost-effectiveness.

A new data-driven electricity eco-system is emerging to enable customers to maximise the value of their distributed energy resources (DER). This is prompting electricity distributors to undergo a fundamental role shift. We're evolving from delivering centrally generated power to dynamically managing the flow of power to and from customers and the grid.

The rise of DER means we also need to provide greater transparency of hosting capacity on our network, as well as new connection and pricing options.

Our evolution to a DSO is core to delivering this.

Future-focused through our customer focus

To keep pace with these changing needs and expectations, we're continuing to improve our customer experiences by offering more self-service digital tools, direct-to-customer journeys and ways to engage.

Our Customer Delivery Service introduced a direct-to-customer model for our electricity connections in FY26. The next phases of our transformation will address high-volume customer experiences, including outage notifications and tree trimming. In turn, the customer insights delivered through these closer relationships will inform our network planning.

This customer-centric model requires significant cultural change within the Powerco team to deliver successfully, and this is ongoing.

Owning and managing our customer journeys means we can also capture growth in areas where customers have choice.

New types of customers are entering the market, and they're choosing who they work with. Charge point operators, utility-scale distributed generators, aggregators and market disruptors will choose a company that's collaborative in its solutions, and able to work at pace.

From asset manager to technology-enabled infrastructure platform

While our networks of poles, wires and pipes remain core to delivering energy, we're increasingly investing in modern network technology, digital platforms and data. These give our team the ability to improve how we operate our networks now, and to make data-informed planning decisions for the future.

This is a critical enabler for much of the mahi described above, including DSO, the rise in DER, our customer transformation and working more efficiently.

Supporting our team to be digitally savvy to get the best value from these solutions is key, as is careful consideration about the number of platforms and programmes we use to ensure efficiency. Our approach pairs digital acceleration with a 'back to basics' focus – balancing our investment in digital platforms and capability with robust digital governance and system lifecycle management to ensure long-term sustainability.

AI is a growing feature of many of the platforms we use. Our vegetation management team is using it to create cost-effective plans based on growth rates and outage trends. It's embedded in our Gridsight platform, where it uses pattern matching and machine learning to analyse data – predicting areas of the low-voltage network that may need to be repaired before it becomes unsafe, for instance. Our wider team is also using applications such as Microsoft Copilot to improve productivity and streamline workflows.

Distributor consolidation is needed for efficiency

The need for digital investment to keep pace with customer expectations, alongside the need for capital investment to deliver electrification, is a challenge for all 28 lines companies that serve the country.

We believe consolidation is needed – and perhaps inevitable – to reduce replication of systems, standards and operations, and drive efficiencies that benefit Kiwi. Through our purchase of Firstlight Network, which serves Tairāwhiti and Wairoa, we'll draw on the strengths of both teams to become a stronger, more operationally excellent distributor overall. We hope the success of this will position us for future opportunities as Aotearoa rationalises its lines companies.

Growing our energy core, and beyond

Our asset management expertise, coupled with our investment muscle, means we consider ourselves well-placed to expand across the energy segment and into adjacent types of infrastructure.

Owning and installing gas smart meters on behalf of retailers is an example of this. We've deployed 55,000 gas smart meters since 2022, successfully leveraging our technical, operational and customer service expertise.

The changing energy landscape opens opportunities to offer more contracted assets, such as renewable generation connections, batteries and dark fibre. DSO innovations may also present opportunities to offer smart network operations services in the future.

We continue to monitor opportunities for growth within the risk appetite statement provided by the Board.

Responding to a changing climate

We recognise our role in the transition towards a low-emissions, climate-resilient future will present both risks and opportunities, depending on the pace and extent to which we support customers to reduce emissions and adapt our assets to a changing climate. Our approach focuses on integrating climate considerations into network planning and investment decision-making to support the transition.

During FY26, we strengthened our understanding of how climate-related drivers are impacting our networks by embedding climate scenarios into our electricity and gas Asset Management Plans. These scenarios now inform network investment decisions, supporting a more disciplined and targeted approach to managing both transition and physical climate risks.

For transitional risk – the uptake in gas renewables – detailed analysis of assets exposed to transition impacts, including potential asset stranding, has improved our understanding of network vulnerability. This works supports our current assessment that only a small portion of the gas network is at risk of stranding. As a result, our approach is focused on maintaining the value of the existing gas network, while preparing for an uptake in gas renewables.

For physical climate risks, we have improved our understanding of assets exposed to climate hazards through asset-level engineering risk assessments and targeted mitigation where appropriate. Our resilience maturity assessment across both networks demonstrates strengths in risk assessment, recovery, preparedness and response, while also highlighting key opportunities for further improvement.

Our climate-related opportunity – growth of electricity distribution and services – continues to evolve alongside demand. Demand forecasting has been moderated to reflect uncertainty in electrification uptake, with a focus on monitoring key drivers and aligning investment with observable customer need.

Together, these activities position Powerco to respond to a changing climate through a measured, evidence-based approach, balancing resilience, affordability, and the timing of network investment as the transition unfolds.

Defining value – Ngā Pou

Understanding what our stakeholders value is a key input into our business strategy. It helps us connect the issues that matter most to our stakeholders with the mahi we carry out across the business.

Ngā Pou (our pillars) represent our key focus areas to provide sustainable value to our stakeholders. They were established through materiality assessments, a combination of online surveys, interviews, desktop reviews and informal feedback from our regular stakeholder engagement programme. Over time, these have helped us identify and prioritise the issues that matter most to Powerco and our stakeholders.

Te ao Māori concepts

Ngā Pou and Te Teo draw from te ao Māori concepts, where Te Teo is a hitching stake that safeguards and protects. For Powerco, Te Teo provides a foundation and security for the delivery of Ngā Pou.

FY26 changes from our previous material issues

While 'industry collaboration' is no longer identified as a standalone material issue, it remains a key enabler of how we work.

'Supporting energy affordability' has been introduced as a material issue, replacing 'price and reliability'. This reflects feedback we received on how it was being interpreted by stakeholders and an acknowledgement of current financial pressures.

Further information on our materiality assessment process to date, can be found on our website.

Stakeholder engagement: Material sustainability issues

Whirinaki
Maintaining a reliable energy supply.
Resilience to extreme weather and climate.

Hauora
Keeping people safe around our network and worksite.

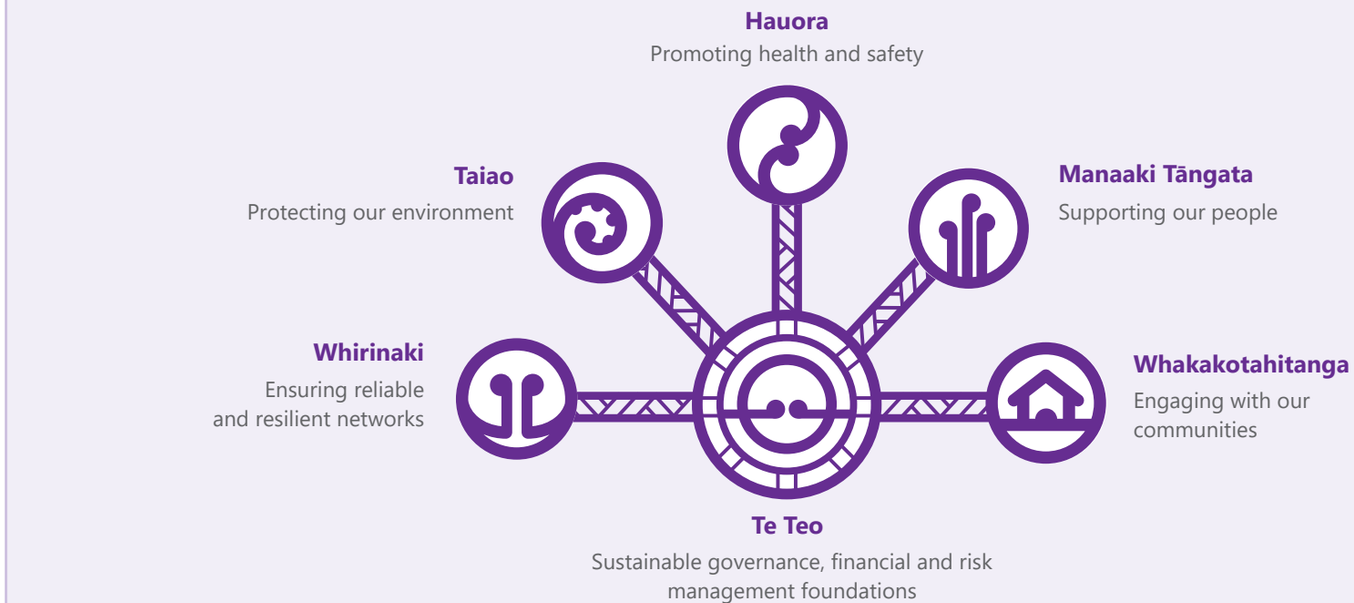
Taiao
Supporting New Zealand's decarbonisation.
Managing Powerco's operational and corporate climate footprint.

Manaaki Tāngata
Having a strong organisational culture that enables people to thrive and deliver for our customers.
Learning and development of our workforce to enable delivery for our customers.

Whakakotahitanga
Effective community engagement to understand our customers' needs.

Te Teo
Uptake of new technology and innovation.
Supporting energy affordability.
Keeping our technology system and data secure.

Ngā Pou: How we measure and communicate value



Our strategic framework

Our framework unites our vision, purpose, values, and strategic priorities, informing the creation of our annual business, asset management, and stakeholder engagement plans.

This ensures we have strong alignment with our vision right through to the mahi we do to grow, maintain, and secure our electricity and gas networks.

We measure the success of our work through Ngā Pou, so we can be confident we're delivering sustainable value for our stakeholders and our customers, based on the material sustainability issues they've helped us define.

That's why our targets and results are set and measured against Ngā Pou. You can find our FY26 performance results, as well as our FY27 targets, in the 'Delivering value' section of this report.

Ngā Pou also informs our strategy, closing the loop between what our stakeholders value and the direction of our business.

Our strategic priorities

Enable a renewable economy

We recognise our responsibility in enabling an affordable, lower-carbon energy future, and will lead by example through long-term, disciplined growth investments. As renewable gas and new technologies mature, we will actively manage the impacts on network utilisation and demand. We will play a leading role where credible, capable partners are needed to deliver essential infrastructure upgrades – ensuring customers and communities benefit from reliable, sustainable energy solutions.

Accelerate electrification

We will support customer choice and the transition to cleaner energy by coordinating new market offers, pricing structures, and service models that make electrification attractive and affordable. By extracting more value from every investment through disciplined asset management and operational excellence, we will free up capacity for reinvestment into innovative programmes and better service experiences. Our approach will prioritise fairness, reliability, and customer outcomes – helping homes, businesses, and communities shift to electric solutions with confidence.

Sustainable growth

We will grow in ways that maximise the utilisation and utility of our networks so we can serve more customers and services without increasing unit costs. This means scaling through thoughtful consolidation, standardising systems and service quality across new acquisitions, and building deeper partnerships across the sector. We will diversify into infrastructure markets where our capability makes a meaningful difference, while ensuring every move is measured, commercially sound, and aligned to long-term value for customers and shareholders.

Future-ready networks

We will invest now in the systems, digital platforms, and workforce skills that will underpin a modern, technology-enabled utility. Strengthening our operational and enterprise tools will unlock new service potential, improve reliability, and allow us to adapt as customer needs evolve. We will lead managed transitions, such as the shift to lower-carbon gas alternatives, while maintaining affordability and choice. By future-proofing our backbone, we ensure we remain resilient, efficient, fair, and ready for the next decade of change.

Delivering our strategy – our plans

Our plans align our work across our business to ensure we're working together to deliver our strategy and create value for our customers and shareholders.

Annual business plans

Our business plans put our strategic priorities into action by defining the projects and initiatives our teams will collaborate on to deliver within each financial year.

Asset management plans

Our electricity and gas Asset Management Plans map how, where and when we'll be investing in our networks during the next 10 years. These plans provide assurance to our customers and our regulators that we're managing our networks with the future in mind.

Customer and stakeholder engagement

Our customer and stakeholder engagement planning supports our entire strategic framework, ensuring that we're consulting, listening and responding to their needs.

Ngā tūraru me ngā arawātea

Risks and opportunities

How we manage risk

Risk appetite

We take a measured and informed approach to risk to ensure we deliver value for our customers, communities and partners.

- We have no appetite for any material risk that will compromise the safety of our people, contractors or the public, or which results in a serious safety event that jeopardises our licence (both actual and social) to operate.
- We have no appetite for any action or inaction that will jeopardise our long-term sustainability as a business (ie, reputational or regulatory).
- We have no appetite for any action or inaction that results in a downgrade of our credit rating below BBB and/or loss of utility status credit rating.

Our Risk Management Framework

Good management of risks and opportunities is enabled through our Risk Management Framework. This is aligned to the principles of ISO 31000: 2018 Risk Management Guidelines, and with the values of Ngā Tikanga. It provides a single, priority-based tool to promote prudent decision-making and is reviewed in conjunction with any material updates to our strategic objectives or operating environment.

The framework enables us to maintain a consistent and comprehensive understanding of risks and opportunities, including those that are climate-related, and involves a systematic approach.

Our risks are categorised into:

- Environmental
- Social
- Governance
- Operational

These are informed by the results of internal risk and maturity assessments, risk assurance work, and emerging insights from several industry and global publications.

Risk identification and assessment

Risk assessments initially involve identification and framing – setting the boundaries of the risks, the assessment process, and other key elements, including:

- Identification of risks and opportunities that may relate to our strategic priorities and business plan.
- Understanding who the key stakeholders are that may be impacted by the risk or opportunity.
- Categorisation of the risks and opportunities with our risk framework.
- Identification of the characteristics of the risks and opportunities, notably impact, likelihood and time horizon.
- Identification of possible controls/mitigations that are needed to manage the impact of each risk/ groups of risks to our organisation.

Risks and opportunities are assessed and prioritised using our Risk Management Framework, including a series of risk deep-dives, bringing together senior leaders and subject matter experts across Powerco. All risks need to be acceptable in terms of our risk appetite, and risk reduction measures may be required.

The most significant risks and opportunities are presented and confirmed with the Executive Leadership Team (ELT) before being incorporated in our broader risk status update to Powerco's Audit and Risk Committee. All parts of our gas and electricity network value chain are included in the risk assessment.

Frequency of assessment

Our risk and opportunity assessments are completed as focused deep-dive assessments for the current financial year. These are maintained continuously through our top priority-based risk assessments and reported regularly to the ELT and Audit and Risk Committee.

Our top risks and opportunities

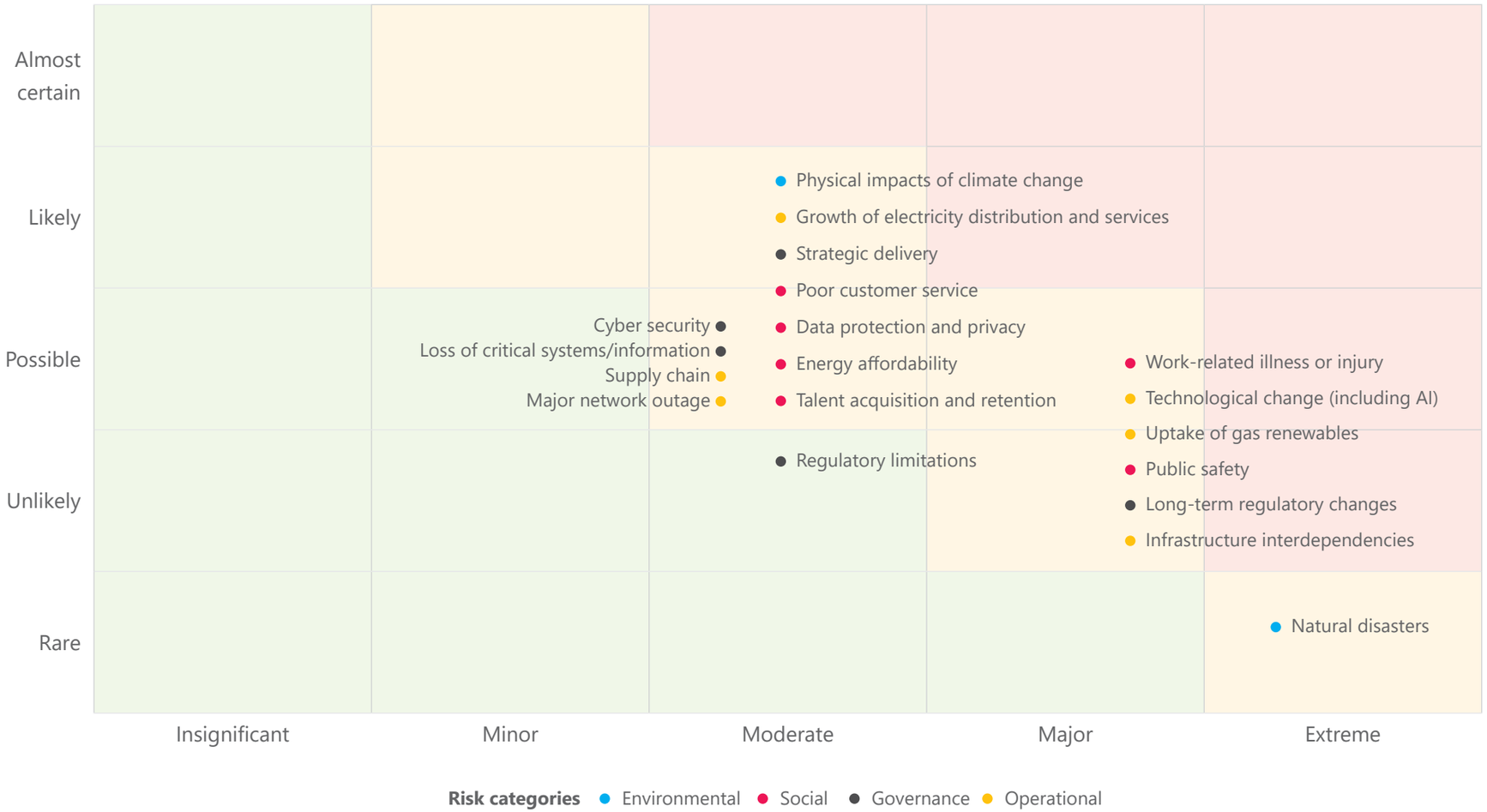
New Zealand's journey towards a net-zero emissions future by 2050 presents both challenges and opportunities. As a result, we continue to monitor and respond to the most material risks and opportunities facing our business.

During FY26, we expanded our corporate risks to reflect several important developments. These include risks associated with strategic delivery, such as the evolution of our distribution system operator (DSO) offering and the integration of the Firstlight Network organisation.

We also recognised the impact of the ongoing cost-of-living pressures in Aotearoa New Zealand, which has heightened risks related to energy affordability. This reinforced the importance of being transparent about how we prioritise growth and investment, and how we seek to deliver maximum efficiency and value for customers.

Our most recent enterprise-wide risk assessment, as shown in Figure 2, indicates that all our top risks and opportunities fall within a range of moderate to major impact, with likelihoods assessed between unlikely and likely. Importantly, none of our risks sit within the high-risk rating range, in line with our risk appetite, and reflecting the strength of our existing controls and mitigation strategies.

Figure 2: Our top risks and opportunities – risk heatmap



Global risk trends of 2026

External forces continue to shape our risk landscape. We actively monitor global trends, such as geopolitical uncertainty, economic volatility, and climate-related disruptions, and consider how these may influence outcomes for New Zealand and our business.

The 2026 World Economic Forum (WEF) Global Risks Report[1] reflects a shift in global risk focus to the immediate and short-term view. As shown in the global risk rankings, Figures 3 and 4, while climate-related risks remain critical over the long term, the emphasis has shifted to near-term risks, such as geopolitical and geo-economic pressures and their influence on national and local decision-making.

This reflects the increasing pace of change across geopolitical, economic and technological systems, and the need for organisations to adapt accordingly.

We are experiencing these dynamics first-hand. While remaining committed to building a resilient, reliable and affordable energy system for the future, we continue to reassess aspects of our planning to respond to pressures and impacts on our customers and the wider New Zealand economy.

Economic | Environmental | Geopolitical | Societal | Technological

Biggest increase in ranking

1	Geo-economic confrontation	↑ 8
11	Economic downturn	↑ 8
21	Inflation	↑ 8
18	Asset bubble burst	↑ 7
22	Disruptions to critical infrastructure	↑ 4

Biggest fall in ranking

23	Crime and illicit economic activity	↓ 12
24	Critical change to Earth systems	↓ 7
26	Biodiversity loss and ecosystem collapse	↓ 5
28	Biological, chemical or nuclear weapons or hazards	↓ 5
9	Pollution	↓ 3

Figure 3: World Economic Forum 2026 Global Risks Report – risk increases and falls

	Short term (two years)	Long term (10 years)
1	Geo-economic confrontation	Extreme weather events
2	Misinformation and disinformation	Biodiversity loss and ecosystem collapse
3	Societal polarisation	Critical change to Earth systems
4	Extreme weather events	Misinformation and disinformation
5	State-based armed conflict	Adverse outcomes of AI technologies
6	Cyber insecurity	Natural resource shortages
7	Inequality	Inequality
8	Erosion of human rights and/or of civic freedoms	Cyber insecurity
9	Pollution	Societal polarisation
10	Involuntary migration or displacement	Pollution

Figure 4: World Economic Forum 2026 Global Risks Report – top 10 risks, ranked by severity

[1] Global Risks Report, published 14 January 2026
www.weforum.org/publications/global-risks-report-2026/

Our top risks and opportunities

Related pou

Whirinaki
Ensuring reliable and resilient networks

Taiao
Protecting our environment

Hauora
Health and safety at our core

Manaaki Tāngata
Supporting our people

Whakakotahitanga
Engaging with our communities

Te Teo
Sustainable governance, financial and risk management foundations

Trends

Increasing Reducing Stable

Risk velocity

Slow: Medium to long-term, potentially over decades
Rapid: Expected to occur in the short term, 1-2 years
Immediate: The risk is occurring now

Risks and opportunities	Risk velocity	Powerco trend	Global trend	Current and future mitigations and opportunities	Related pou	Material issue
Environmental						
Physical impacts of climate change	Slow	↑	↑	• Embed the outcomes of our Climate Adaptation & Resilience Plan into our gas and electricity Asset Management Plans. • Continue to progress resilience repair projects (high criticality/ vulnerable) • Undertake planned feasibility assessments and site monitoring • Continually communicate and share information with lifelines groups on our network to further understand our interdependence and vulnerabilities • Improve our self-assessment asset management using the Resilience Management Maturity Assessment Tool (RMMAT)	Whirinaki, Taiao	• Supporting New Zealand's decarbonisation • Managing Powerco's operational and corporate climate footprint • Resilience to extreme weather and climate
Natural disasters	Immediate	↑	↑	• Revision to and exercise of Crisis Response Plan • Procurement and critical spares review • Industry standardisation	Whirinaki	• Maintaining a reliable energy supply

Risks and opportunities	Risk velocity	Powerco trend	Global trend	Current and future mitigations and opportunities	Related pou	Material issue
Social						
Work-related illness or injury	Immediate	=	↑	• FY25/26 high safety risk asset reduction programme. • Stop for Safety, Contractor FY25 safety programme collaboration • Introducing a learning management system • Review of our health and safety assurance programme		• Keeping people safe around our network and worksite • Having a strong organisational culture that enables people to thrive and deliver for our customers • Learning and development of our workforce to enable delivery for our customers
Public safety	Immediate	=	↑	• Implementing improvement opportunities arising from the Health and Safety Strategy/outcomes of sources of assurance (eg NZS7901 – Public Safety Management System) • Implementing the outcomes of our high-risk power pole assessment, safety in design (lines down monitoring) and defect management (e.g use of pole-top photography)		• Keeping people safe around our network and worksite • Effective community engagement to understand our customers' needs
Poor customer service	Slow	↑	↑	• Implementing our customer experience transformation • Developing our digital customer journey • Implementing a new customer initiated works (CIW) model • Commencing phase one of our Advanced Data Management System (ADMS) • Working towards becoming a DSO-enabled network • Artificial Intelligence (AI) Adoption Plan		• Having a strong organisational culture that enables people to thrive and deliver for our customers • Learning and development of our workforce to enable delivery for our customers • Effective community engagement to understand our customers' needs
Talent acquisition and retention	Slow	↓	↑	• Developing diversity and inclusion programmes • Introducing a bespoke in-house Leadership Development Programme • Growing a positive workplace culture • Graduate engineer programme • Review compensation strategy for targeted roles		• Having a strong organisational culture that enables people to thrive and deliver for our customers • Learning and development of our workforce to enable delivery for our customers

Risks and opportunities	Risk velocity	Powerco trend	Global trend	Current and future mitigations and opportunities	Related pou	Material issue
Social						
Data protection and privacy	Immediate	↑	↑	• Implementing recommendations from an independent privacy health check		• Having a strong organisational culture that enables people to thrive and deliver for our customers • Learning and development of our workforce to enable delivery for our customers • Keeping our technology system and data secure
Energy affordability	Immediate	New	↑	• A balanced approach between maintaining our commitment to our strategic commitments and maintaining energy affordability for all our customers • Transparency of investment and increase in charges		• Having a strong organisational culture that enables people to thrive and deliver for our customers • Learning and development of our workforce to enable delivery for our customers • Maintaining a reliable energy supply • Supporting energy affordability

Risks and opportunities	Risk velocity	Powerco trend	Global trend	Current and future mitigations and opportunities	Related pou	Material issue
Governance						
Long-term regulatory changes	Slow	↑	↑	• Executing our stakeholder plan to deliver regulatory and policy outcomes that enable us to support the transition • DSO initiatives to minimise asset-intensive investments and increase utilisation of existing assets • Biogas strategy to minimise asset stranding risk of existing natural gas pipelines		• Supporting New Zealand's decarbonisation • Resilience to extreme weather and climate • Effective community engagement to understand our customers' needs
Regulatory misalignment	Immediate	↑	=	• Executing our stakeholder plan to deliver regulatory and policy outcomes that enable us to support the energy transition • Achieving appropriate funding levels through either default price-quality path (DPP) and flexibility mechanisms, or customised price-quality path (CPP) routes • Live within regulatory outcomes, except where it creates value otherwise		• Supporting New Zealand's decarbonisation • Resilience to extreme weather and climate • Effective community engagement to understand our customers' needs
Loss of critical systems/information	Immediate	=	↑	• Enhance content and awareness of Powerco's Crisis Response Plan • Review and implement refreshed stakeholder communication process • Periodic testing and awareness of failover process • Enhance resilience of internet connections to support situational awareness		• Maintaining a reliable energy supply • Learning and development of our workforce to enable delivery for our customers • Keeping our technology system and data secure
Cyber-security	Immediate	↑	↑	• Physical security enhancements • Embedding Data Management Framework • Vendor risk management • Ongoing investment and improvement in our cyber-security system		• Maintaining a reliable energy supply • Keeping our technology system and data secure

Risks and opportunities	Risk velocity	Powerco trend	Global trend	Current and future mitigations and opportunities	Related pou	Material issue
Governance						
Strategic delivery (Firstlight Network/ DSO/organisational structure)	Immediate	New	↑	• A balanced approach to growth and expansion while maintaining the support of the existing business and ensuring energy affordability for all our customers • Maintaining a stable and efficient organisation structure while growing to meet our customers' needs into the future • Delivering flexibility to all our customers through our DSO programme of projects		• Having a strong organisational culture that enables people to thrive and deliver for our customers • Maintaining a reliable energy supply • Uptake of new technology and innovation

Risks and opportunities	Risk velocity	Powerco trend	Global trend	Current and future mitigations and opportunities	Related pou	Material issue
Operational						
Technological change (including AI)	Rapid	↑	↑	• Implement the Data and Digital Strategy • Implement AI governance, policy and guidelines • AI maturity assessment and target setting • Workforce training and development • Implement an AI deployment roadmap • IT investment programme • Modernised network architecture and DSO strategies • External collaboration and partnerships		• Keeping our technology system and data secure • Uptake of new technology and innovation
Uptake of gas renewables	Slow	=	↑	• Implementation of the renewable gas roadmap • Wind-down scenario captured in corporate model, accelerated depreciation captured		• Supporting New Zealand's decarbonisation • Resilience to extreme weather and climate • Managing Powerco's operational and corporate climate footprint
Infrastructure interdependencies	Immediate	↑	↑	• Opportunity to leverage lifelines advisory group co-ordination to align infrastructure owner adaptation plans		• Maintaining a reliable energy supply
Supply chain (our ability to secure services, assets or materials in a timely manner)	Immediate	↑	↑	• Extensive review of our procurement practice • Acceleration of equipment standardisation to enhance holding effectiveness and reducing costs		• Supporting New Zealand's decarbonisation • Maintaining a reliable energy supply • Learning and development of our workforce to enable delivery for our customers • Effective community engagement to understand our customers' needs

Risks and opportunities	Risk velocity	Powerco trend	Global trend	Current and future mitigations and opportunities	Related pou	Material issue
Operational						
Major network outage	Immediate	↑	↑	• Procurement and inventory remediation included in the supply chain assessment • Alternative network supply options to reduce impact, such as distribution batteries		• Maintaining a reliable energy supply
Growth of electricity distribution and services	Rapid	↑	↑	• Developed 30-year investment forecast using electricity demand drivers aligned to the Powerco climate scenarios • Undertake proactive customer consultation to understand their plans • Establish our DSO capabilities to minimise asset-intensive investments and increase utilisation of existing assets		• Supporting New Zealand's decarbonisation • Maintaining a reliable energy supply • Resilience to extreme weather and climate • Uptake of new technology and innovation

How we manage asset-level risk

Operational risks across our electricity and gas networks are managed through established asset management, planning, and assurance processes and support consistent evidence-based decision-making.

Our gas and electricity Asset Management Systems (AMS) are aligned to the principles of internationally recognised ISO: 55001 asset management standard[2]. Our AMS, illustrated in Figure 5, is based on the Institute of Asset Management's (IAM) 10-box capabilities model. It shows how all the interrelated parts of the business work together.

This reflects a holistic approach to asset management, supporting our business objective of 'delivering safe, reliable, resilient and cost-effective gas and electricity supply to our customers'. Our AMS integrates inputs from legislation, regulation, industry standards, customers, stakeholders, shareholders, and our operating context and strategic insights, as shown in Figure 5.

We achieve continual improvement of the AMS through the plan-do-check-act cycle:

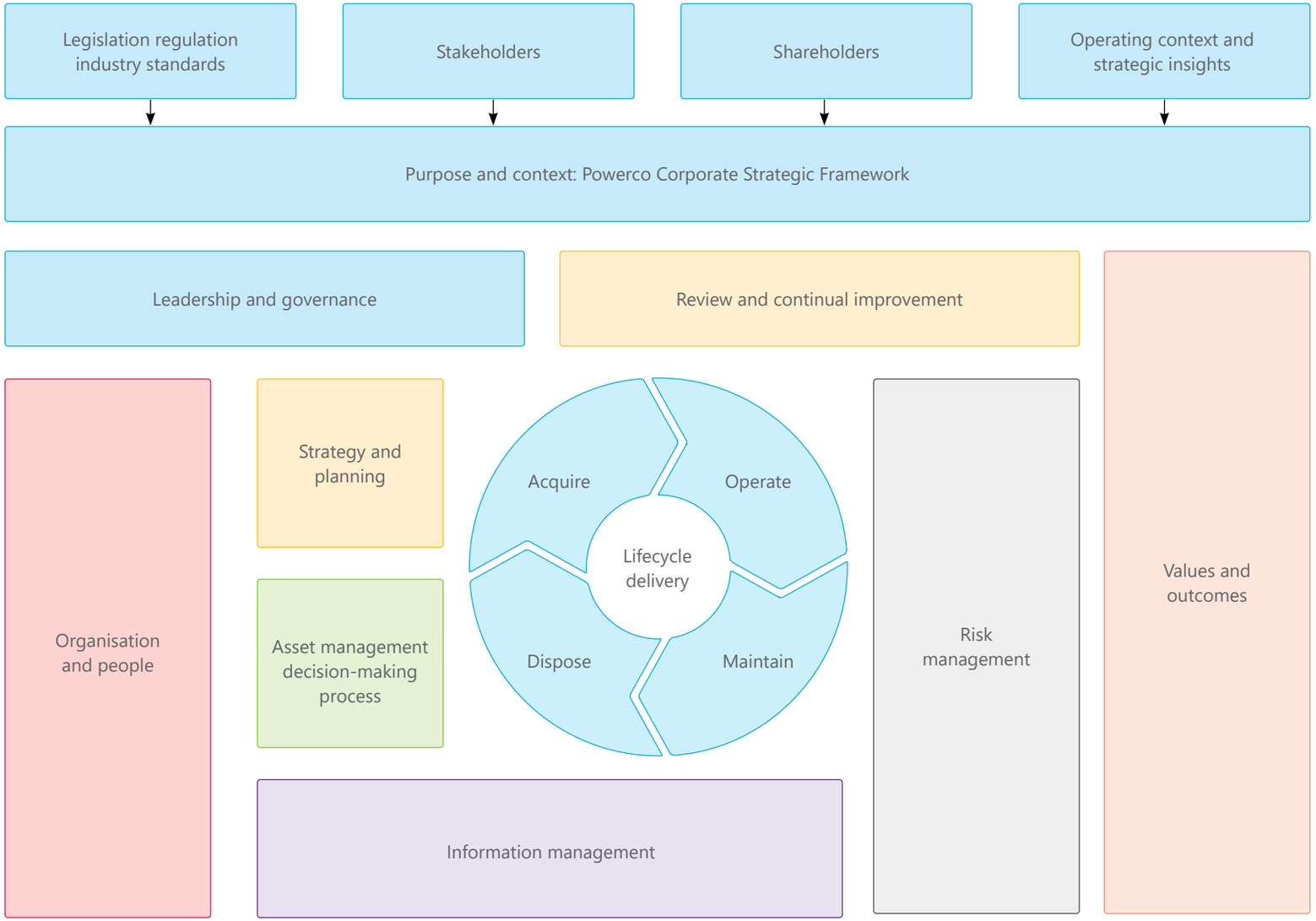
Plan – identify and assess risks using structured methods, supported by asset data and site level insight.

Do – implement controls and treatments through business-as-usual asset management activities, such as maintenance, vegetation management, standards, and operational practices.

Check – monitor performance, incidents, defects, and control effectiveness.

Act – refine asset management strategies, priorities, and controls based on learnings.

Figure 5: Our AMS, based on the Institute of Asset Management (IAM) 10-box capabilities model



[2] Our electricity network was recertified in June 2025 and our gas network is aligned.

Case study

Electricity network

A Lifecycle Asset Management Committee (LAMCO) has been established to strengthen how risks are identified, assessed, and managed at an engineering and asset management level on our electricity network.

During FY26, LAMCO led a series of structured risk assessments focused on current operational risk, starting with selected external drivers managed within business-as-usual asset management practices. These included vehicle-to-pole incidents and minimum clearance violations[3] for certain assets.

The assessments were applied across a small number of representative network sites to establish a baseline of present day operating risk, using probability of failure and consequence of failure concepts where appropriate.

A bowtie-based methodology was used to assess risk, including:

- Identify failure modes
- Document controls
- Assess consequences
- Test the ongoing suitability of existing controls

A key objective was to translate site-level insights into practical asset management actions, such as renewal investments, maintenance, inspection, defect prioritisation, standards, and operational responses. Where issues fall outside business-as-usual because of scale, complexity, or cross organisational implications, they are progressed through our broader risk and governance frameworks.

Gas network

During FY26, our gas network completed a 'Regulator Station Coastal and Inland Flooding Resilience Feasibility Study' to assess the 47 regulator stations across the gas network previously identified as vulnerable to flooding (at risk of damage). This work built on earlier work to improve understanding of asset-level vulnerability and inform prioritised resilience actions. Each site was assessed using a consistent, staged methodology, combining:

- Regional geospatial flood modelling.
- Asset condition data and known performance history.
- Site inspections to validate exposure, elevation, drainage and condition.
- Engineering judgement on consequence, customer criticality and response options.

Based on the results, 10 sites were identified as having higher exposure, being customer critical, or showing evidence of past flooding requiring escalation into resilience projects. These sites were progressed through:

- Low-cost targeted interventions, such as raising SCADA equipment or installing raised breather/vent extensions to prevent floodwater ingress.
- Options analysis for longer term solutions, including relocation where appropriate.

The feasibility study demonstrated that most sites (approximately 75%) did not require dedicated resilience projects. For these locations, flood risk was confirmed as being adequately managed through factors such as site elevation, natural drainage, existing protective measures, low customer criticality, or decommissioning plans. These assets are now managed through routine preventative maintenance, including sealing and greasing of district regulator sets.

Images show a gas district regulator station in Hawke's Bay impacted by flooding. Mitigation of raising the communications cabinet has been carried out for improved flood resilience.

[3]New Zealand Code of Practice (NZECP34 – Electrical Safe Distances). More information on what NZECP34 – Electrical Safe Distances Covers, can be found on our website.

Climate-related risks and opportunities

This section provides a deeper examination of our climate-related risks and opportunities.

During FY26, we embedded our climate scenarios into our gas and electricity asset management planning frameworks. This has strengthened our understanding of how climate-related drivers are playing out across our networks and has informed investment decisions.

- **Uptake of gas renewables:** As we progress towards biomethane, our analysis of assets exposed to gas transitional risks indicates that the gas network is largely resilient. Only a small portion of assets has been identified as potentially vulnerable to asset stranding.
- **Physical climate risks:** We have improved our understanding of assets exposed to physical climate risks. Our resilience maturity assessment across both networks demonstrates strengths in risk assessment, recovery, preparedness and response, while also highlighting key opportunities for improvement.
- **Growth of electricity distribution and services:** Electrification is central to long-term decarbonisation. However, assumptions have been moderated to reflect uncertainty around timing and pace of demand.

Overall, our FY26 disclosures reflect that, while the global and local transition towards a net-zero future remains underway, there has been a shift in emphasis towards shorter-term impacts, with affordability emerging as a key consideration. This has influenced how we respond to climate-related risks and opportunities, rather than indicating any reduction in our climate ambition.

To outline its connection to the Aotearoa New Zealand Climate Standards requirements of NZCS1 set by the External Reporting Board (XRB), a climate standards index is included in this document.

Our climate scenarios

Powerco continues to utilise four challenging and unique climate scenarios. These were developed in 2023 and remain relevant and specific to the Powerco gas and electricity networks. They are centred on how the New Zealand and global transition to a net-zero carbon future (or lack of) will plausibly affect us over the short (2035), medium (2050) and long term (2080). As noted in our top risks and opportunities section, geopolitical changes are occurring, however, at present these do not change the scenario architecture used to assess our climate-related risks and opportunities, particularly during the short term (next five years).

Our scenarios describe the driving forces of climate change, building high-level assumptions about each of the plausible worlds. Policy ambition (either coordinated or delayed, global or local) is relevant to Powerco and, therefore, is seen as foundational to the scenario development. The warming scenarios include several representative concentration pathways adopted from the Intergovernmental Panel on Climate Change (IPCC) and consider a range of possible greenhouse gas (GHG) concentration trajectories. These are also aligned with the Socio-economic Shared Pathways (SSPs) of the recent IPCC AR6 report. In addition to the Aotearoa Climate Standards mandated scenarios, Powerco has also elected to include a fourth scenario, New Zealand Greenhaven, which allows for a future where Powerco would need to consider both network resilience and decarbonisation aligned with a planned approach focused largely on electrification.

The time horizons in which climate-related risks and opportunities are identified are integrated into our strategic planning processes. The short-term time horizon (2035) captures part of our asset management planning period (10 years) and a variety of transitional risks and opportunities. The medium-term planning horizon (2050) aligns with New Zealand and international emissions targets. The long-term planning horizon (2080) accounts for the lifecycle of our network assets and the variety of physical risks that we may encounter when we replace these assets.

More information on the methodology we used to develop our scenarios can be found on our website.

Global Alignment

The globe and New Zealand pursue aggressive emissions reductions, and this succeeds in limiting global temperature increases to 1.5°C (above pre-industrial temperatures), with global net-zero emissions being achieved by 2050. The transition occurs in a coordinated manner across government and the energy sector, with clearly signalled policy changes.

- **1.5˚C policy ambition**
- **RCP 2.6 (0.9-2.3˚C by end of century)**
- **Lower increase in severe weather events**
- **Policy change is clearly signalled and smooth**

Hothouse

Global emissions continue to grow unabated largely due to a failure (reversal) of key emissions reduction policies both in New Zealand and in key developed, high-emitting countries. This leads to warming levels that reach 2°C by 2050, and continue to increase steeply thereafter, reaching 4°C by end of century. Climate 'chaos' enters mainstream discourse, across all sectors and communities.

- **No ambition**
- **RCP 8.5 (3.2-5.4˚C by end of century)**
- **Extreme increase in severe weather events**
- **No new policies, possible reversal**

Global Delay

The globe and New Zealand are delayed in their transition, resulting in a steady increase in temperature between 2020-2030. The New Zealand energy sector direction is unclear, and decisions are protracted. Realisation occurs in 2030 that action is urgently needed. However, this results in abrupt and poorly coordinated policy and market changes.

- **2˚C policy ambition**
- **RCP 4.5 (1.7-3.2˚C by end of century)**
- **Moderate increase in severe weather events**
- **Policy change is delayed and chaotic**

New Zealand Greenhaven

New Zealand and most of the developed world continue to pursue net-zero targets by 2050. However, the rest of the developing world do not follow suit, leading to a rise in global temperatures between 2-3˚C by end of century. New Zealand is viewed as a 'greenhaven' by many in the world and attracts investment and immigration as a result.

- **1.5˚C policy ambition**
- **RCP 4.5 (1.7-3.2˚C by end of century)**
- **Moderate increase in severe weather events**
- **Policy change is indicated and smooth for New Zealand**

Scenario analysis

Our role in the transition will have both risks and opportunities associated with the pace and extent to which we ensure our activities help customers to mitigate emissions and adapt to a changing climate.

We have used our four climate scenarios outlined on the previous page to identify and assess our material climate-related risks and opportunities.

During FY26, our reassessment did not result in any material changes to our climate-related risks or opportunities compared with the prior year. Therefore, we've focused on embedding the drivers into our decision-making frameworks.

This year's disclosures place greater emphasis on progress and maturity in how these risks and opportunities are measured, monitored and managed.

Climate driver	Business	Climate scenario				Time horizon		
		Global Alignment	**Global Delay**	**Hothouse**	**New Zealand Greenhaven**	Short – 2035	Medium – 2050	Long – 2080
Transitional risks								
Regulatory misalignment	Gas and electricity	Governance	Governance		Governance			
Uptake in gas renewables	Gas	Operational			Operational			
Physical risks								
Sea level rise and managed retreat	Gas and electricity		Environmental	Environmental	Environmental			
Severe weather events	Gas and electricity	Environmental	Environmental	Environmental	Environmental			
Transitional opportunities								
Growth of electricity distribution and services	Electricity	Operational	Operational	Operational	Operational			

Regulatory misalignment

Current and anticipated impacts

The Government continues to prioritise a market-driven energy transition[4]. Its response to the market review in October 2025[5] reinforced these priorities, rather than setting out a standalone energy strategy.

As part of this response, electricity distribution businesses are expected to support affordability outcomes through improved efficiency and greater collaboration. The Government's position and actions imply a more gradual pace of change in the transition towards a target of net-zero emissions by 2050.

With a general election in 2026, we remain concerned that short-term changes in policy settings may impact regulatory settings, which are designed for the long-term best interests of consumers. From a climate perspective, customer interests are best supported by a sustainable and stable regulatory environment that enables an affordable, secure and environmentally sound net-zero pathway[6].

While certainty in the regulatory settings for electricity emerged in late 2024 and gas in May 2026, distribution businesses face pressure to improve efficiency and reduce costs for consumers. These pressures can constrain organisational capacity and flexibility to prioritise and accelerate transition-enabling activities.

Ongoing regulatory and policy changes can also increase compliance and coordination effort. While amendments to the Electricity (Hazards from Trees) Regulations have progressed, these changes do not fully address the impacts associated with out-of-zone and fall-distance trees located on third-party land.

Ongoing reforms to electricity connection frameworks are increasing regulatory complexities, administration and systems requirements. In the near term, this requires additional resourcing and changes to our connections processes, diverting our focus from our longer-term strategy for our customer delivery service and connections management.

Current and anticipated financial impacts

Our 10-year Asset Management Plans set the direction for managing our gas and electricity assets. Our regulatory settings are fundamental to our business and customers.

There are no material financial impacts arising from regulatory misalignment for our electricity business. Our electricity business operates within the regulatory framework, with expenditure managed through regulatory mechanisms available over the regulatory period to FY30.

Anticipated financial impacts relate primarily to future regulatory resets. The gas default price-quality path (DPP4) reset process concluded with the final decision in May 2026, for commencement 1 October 2026. A reduction of Capex allowances to 86% of our Asset Management Plan forecasts for the five-year period will have some financial impact from October and requires adjustment of investment categories, scale and cost allocations.

Transition strategy

Our focus is on being ready to engage in a customised price-quality path application for the electricity business, price path reopener, or innovation allowance processes to enable alternative outcomes if necessary.

The outcome of the gas DPP4 process will enable us to fund and deliver our strategy, to support:

- The planned resilience spend.
- Maintaining network capability to continue supplying existing customers.
- The biogas renewable pathway as part of our mitigation plan for our regulated gas business.

[4]Government policy statement to the Electricity Authority, October 2024: GPS - gazette notice.
[5]Market review documents and factsheets outlining government's response: Ministry of Business, Innovation & Employment.
[6]New Zealand Government, New Zealand's Second Emissions Reduction Plan 2026-30, December 2024: ERP2.

Uptake in gas renewables

Current and anticipated impacts

We have continued to see a decline in residential and commercial gas connections and a decline in consumption volumes. These trends are driven by broader socio-economic conditions, with additional influence from increasing average temperatures, declining gas supply, decarbonisation pressures, and rising gas prices.

Gas consumption from our industrial gas customers has remained relatively stable[7]. Some industrial customers use high-temperature processes that require levels of heat not currently feasible or economically viable to achieve through electrification. As a result, gas or renewable gas alternatives remain necessary for certain industrial applications.

Our New Zealand Greenhaven scenario anticipates the gradual wind-down of natural gas, with a risk that our gas network assets could become stranded. There is, however, a high degree of uncertainty associated with this scenario because of the critical role gas plays in New Zealand's energy industry sectors[8].

New Zealand's Second Emissions Reduction Plan 2026-30 confirms that gas will continue to play a role in generation out to 2050. A balanced mix of energy sources will be needed to support the overall energy system, including electricity, biomethane, and natural gas.

Under our Global Alignment scenario, substituting natural gas use with biomethane will support a low-carbon sustainable transition[9]. However, the biomethane market remains in its early stages and will take time to develop and mature.

In the meantime, tightening domestic gas supply and emissions-reduction requirements are creating an energy shortfall that needs to be managed carefully to maintain security of supply. We support a range of energy sources to help bridge the transition period and see a credible role for a diverse gas mix, including domestic natural gas, biomethane, and imported liquefied natural gas (LNG)[10] to maintain security of supply.

As the transition unfolds, we expect our gas volumes and revenue to gradually decline during the next 10 to 15 years, before stabilising in the late 2030s to early 2040s, as renewable gas becomes more widely available. This expectation is supported by the progression of Powerco-led biomethane projects at different stages of development, which provide increasing confidence in the feasibility of renewable gas supply under our Global Alignment scenario.

[7]Powerco, Gas Asset Management Plan 2025, Section 2.2.2 Customer numbers and volume, page 17
[8]Powerco, Grow to zero, November 2024.
[9]New Zealand Government, New Zealand's Second Emissions Reduction Plan 2026-30, December 2024: ERP2 (page 40, paragraph 3).
[10]New Zealand Government delivering LNG to support energy security release – 9 February 2026.

Current and anticipated financial impacts

Our current financial impacts relate primarily to reduced revenue arising from declining residential and commercial gas connections, which have been trending downward over the past five years. In the current regulatory year, this resulted in a net decline of 796 customers, equating to an estimated revenue reduction of approximately $414,000.

We have also experienced reduced revenue arising from declining gas volumes from our existing customer base, with a 10-year trend analysis indicating an estimated underlying annual revenue reduction of approximately $590,000.

These impacts are associated with factors related to the gas transition. However, the overall effect on total gas revenue represents approximately 1.4% of total gas revenue.

In the long term, under the New Zealand Greenhaven scenario, a wind-down of the natural gas network could result in parts of the gas network becoming stranded, placing the carrying value of those assets at risk. The regulated asset base of the Powerco distribution gas network is $423.6 million.

Under the Global Alignment scenario, as we progress towards substituting natural gas use with biomethane, there remains a risk of asset stranding. However, our analysis in Table 1, indicates that the majority of gas network gates remain healthy, with only a small proportion assessed as vulnerable to asset stranding.

Assets are considered 'vulnerable' where they may be impacted by issues such as possible impairment or stranding of assets and/or the effects on the value of assets. The methods and assumptions underpinning this analysis are also available on our website here.

Table 1: Assets vulnerable to transitional risks (at risk of stranding)

Network gate categories	Total number of network gates (% of network)	Connections (ICPs)	Revenue (million)	Total net asset value (RAB) (million)
Healthy	21 (60%)	110,326	$68.4m	$414.3m
Vulnerable	8 (23%)	687	$0.36m	$5.9m
Industrial vulnerable(new)	6 (17%)	451	$0.6m	$3.4m
High-risk	0	0	-	-
Total	35 (100%)	111,464	$69.4m	$423.6m

This assessment has been updated to reflect a financial year basis.

Uptake in gas renewables – transition strategy

Our strategy provides a coordinated pathway towards a low-carbon future for the gas network focused on a transition to biomethane. This strategy aligns with our 'Future-ready networks' strategic priority.

The transition strategy for the gas network is informed by our gas scenarios and developed pathways. The actual outcome will depend on the pace of electrification, renewable energy uptake, and broader system developments.

Biomethane is expected to play a key role in enabling a managed transition of the gas network, supporting the maintenance of network value while reducing the risk of asset stranding over time[11]. This is supported by our target for biomethane injection into the Powerco gas network to represent 20% of the residential and small commercial gas volume by 2030[12]. As part of our commitment, we have a small portfolio of biomethane projects underway, supporting the introduction of renewable gas into the network over time.

For industrial customers, our approach has evolved to recognise that electrification may not always be practical or affordable in the near term. We are, therefore, working with industrial customers to assess the most appropriate decarbonisation pathways for their operations.

Our investment approach is guided by our Global Alignment scenario, which assumes New Zealand progresses towards net-zero emissions by 2050. In response to the slowing of gas connection growth, driven by policy direction and economic conditions, we have adopted a Volume-to-Value Investment Framework, focusing on maintaining the value of the existing network[13].

We will continue to align with this pathway unless developments leading up to 2035 indicate a shift is required. For example, a move away from the plan to import LNG by 2028, or it becomes evident that the ability to develop and reticulate biomethane by 2035 is not viable and would trigger a shift to the Global Delay climate scenario.

Figure 6: Gas scenarios and developed pathways

Global Alignment

Maintain existing ICPs where possible to within life of gas appliances (residential and commercial).

Gas pipelines maintained and ready for energy transition.

A few assets rationalised to avoid stranding.

Gas network supports the overall energy system while the electricity grid upgrades. Back-up supply options, including LNG where required, support energy security during the transition.

By 2035 the biomethane transition is largely complete (residential and commercial).

A few larger industrials electrify early freeing up gas supply for the residential market.

Global Delay

Initial decline of existing ICPs before stabilising (residential and commercial).

Gas pipelines maintained and ready for energy transition.

Some assets rationalised to avoid stranding. We expect more of our assets to be impacted.

As the energy transition is slowed, New Zealand continues investment in the exploration of natural gas for energy security, providing ample wholesale gas supply.

Gas network serves as a reliable back-up, enhancing resilience during prolonged electricity outages, while overall energy system transitions.

The transition to biomethane is largely complete by 2050 (residential and commercial).

Hothouse

Prolonged residential ICP gas demand as sector decarbonisation doesn't occur.

No loss of industrial and commercial customers.

Gas pipelines maintained for business-as-usual strategies.

The gas network remains as we see it today with no further investment in renewables.

The gas network balances seasonal extremes, preventing blackouts and protecting energy security.

Ample wholesale gas supply from new domestic production and imported LNG.

New Zealand Greenhaven

Loss of ICPs over time as the industry fails to decarbonise the gas network.

Assets become stranded over time with the entire asset base stranded by 2050.

With the decline in the availability of gas, by 2030, the government decides the gas network will be wound down during the next 10 years.

As fossil gas is phased out, vulnerabilities in energy supply emerge during outages from storms or cold periods.

[11]For progress against our targets, see Taiao, Protecting our environment. [12]Powerco, The future of gas, the journey to renewable gas. [13]Powerco, Gas Asset Management Plan 2025, section 4.10.1 Gas Volume-to-Value Investment Framework.

Uptake in gas renewables – performance measures

We track changes in the proportion of gas network gates assessed as vulnerable to transition risk (at risk of asset stranding). Table 2 shows this performance measure on a year-on-year basis.

Table 2: Gas network gates assessed as vulnerable to transition risk.

Network gate category	FY24 count (%)	FY25 count (%)	FY26 count (%)	Basis for change FY25-FY26
Healthy		25 (70%)	21 (60%)	Four gates reclassified to ‘industrial vulnerable‘
Vulnerable	36 (100%)*	9 (25%)	8 (23%)	One gate reclassified to ‘industrial vulnerable‘
Industrial vulnerable		-	6 (17%)	New category introduced in FY26 to better reflect industrial-customer exposure
High-risk		2 (5%)	0	One gate decommissioned (Mangatainoka) and remaining high-risk gate reclassified under ‘industrial vulnerable‘
Total	36	36	35	Decommissioning of Mangatainoka network gate in FY26

*FY24 results are not directly comparable because of changes in classification approach and reporting basis over time. The FY25 and FY26 results reflect the current assessment approach and are presented on a financial year basis.

Sea level rise, managed retreat and severe weather events

Current and anticipated impacts

During FY26, our networks experienced multiple severe weather-related events. While none were comparable with a single extreme event, such as Cyclone Gabrielle, the frequency and cumulative nature of these events presented a different risk profile. This was characterised by repeated disruption and increased recovery activity[14].

- Our electricity network experienced elevated weather-related network impacts over 10.6 days, which triggered five major event days (MED). These impacts were predominantly associated with high winds and vegetation, including trees located outside vegetation management zones.
- Our gas network experienced three severe weather-related events during the reporting period. One event involved water overflow at a bridge crossing in Taranaki in July 2025. Two further events in February 2026 involved wind-felled trees exposing gas pipelines in the Wellington region, requiring response and remediation activities.

Our assessment of anticipated physical climate-related impacts is informed by our Climate Adaptation & Resilience Plan published in FY25[15]. The plan sets out a structured approach for identifying and assessing climate-driven physical hazards across our gas and electricity networks.

This work identified material climate hazards and priority assets exposed to physical risks, as summarised in Table 3. These outputs provide a baseline for understanding how physical climate risks may evolve.

Based on this assessment, we anticipate the following physical climate-related impacts over the short, medium and long term:

- Increasing frequency and severity of severe weather events, with inland flooding and slips expected to place increasing pressure on network assets.
- Sea level rise, which may increase exposure of electricity and gas assets to coastal and riverine flooding and erosion.
- Increasing interdependencies between infrastructure providers, with responses to physical climate risks increasingly shaped by regional and local planning processes. In some locations, evolving adaptation pathways may influence decisions about where and how infrastructure is maintained, renewed, or relocated.

[14]A summary of historical severe weather events and impacts is provided on page 56

[15]Powerco Climate Adaptation & Resilience Plan, published in July 2025.

[16]Powerco, Climate-related disclosure report, page 22, July 2024

Current and anticipated financial impacts

Current financial impacts relate to the direct repair costs from severe weather events in the reporting period.

- **Electricity network:** Approximately $3.5m.
- **Gas network:** Approximately $26,000.

Direct repair costs associated with Cyclone Gabrielle were approximately $2.7m for the electricity network and $243,000 for the gas network[16]. To remain within regulated allowances, these impacts are often offset through lower expenditure in other asset management categories.

Anticipated financial impacts relate to total net asset value (RAB) vulnerable to physical risks (at risk of damage). Insurance replacement values for the same set of assets are also presented.

The total number of assets for zone substations includes 21 sites with flood protection provided by council infrastructure, meaning their resilience depends on the adequacy and performance of these external systems.

Assets are identified as vulnerable where they represent key points of supply to customers and are assessed as exposed to one or more material climate drivers.

The methods and assumptions underpinning this analysis are also available on our website here.

Table 3. Assets vulnerable to physical risks (at risk of damage)

Fleet categories	Total number of assets (% of fleet)	Total net asset value (RAB)	Insurance replacement value (min)	Insurance replacement value (max)
Gas district regulator stations	10 (5.5%)	$0.38m	$1m	$10m
Gas special crossings	13 (4%)	$0.47m		$7.1m
Gas high pressure pipes	892.6 metres (0.0137%)	$0.13m		
Electricity zone substations	28 (21%)	$65.31m	$32m	$1.9b
Electricity subtransmission poles (66kV/33kV)	174 (4%)	$1.35m		

Sea level rise, managed retreat and severe weather events – transition strategy

Our gas and electricity networks are inherently exposed to the physical environment. As a result, our transition strategy focuses on delivering an appropriate level of network resilience that balances safety and reliability with exposure to physical climate risks. This approach supports our strategic priorities – 'Future-ready networks', 'Sustainable growth' and 'Accelerate electrification'.

Powerco has embedded climate resilience into asset management planning frameworks and is primarily managed through asset replacement and renewals. Our approach differentiates between condition-driven risks and external drivers, including climate-related hazards. Our Sustainability pou (target) under Whirinaki – Ensuring reliable and resilient networks, demonstrates how our progress towards this work is being embedded and matured over time.

Table 4: Climate-driven resilience repair projects targeting vulnerable electricity and gas assets (as shown previously in Table 3).

Vulnerable asset types	Projects completed or underway
Gas regulator stations	Georges Drive renewal and SCADA relocation (completed FY25)
Gas special crossings	Ngaruroro River bridge reinforced bracket replacement (underway)
Community PowerHubs	Harataunga Marae (Kennedy Bay) (completed FY26) Ākitio Community Hall (completed FY26)

Material update FY25-FY26: The Colville slip remediation project was removed from the resilience repair projects list during FY26, pending project commencement in FY27. No expenditure for this project was disclosed in FY25.

Our climate adaptation and resilience geospatial analysis identified the proportion of assets vulnerable to physical climate risks (at risk of damage). The next stage of work focuses on refining this understanding to determine where targeted mitigation and investment are required:

- Site-specific risk and feasibility assessments.
- Monitoring of assets and critical locations, including interdependencies with surrounding infrastructure.
- Asset-level risk assessments.

This supports evidence-based decisions on whether risks are addressed through business-as-usual asset management or escalated into targeted resilience projects. Resilience projects typically span multiple years because of their scale and complexity, including site selection, detailed engineering studies, stakeholder engagement and feedback, property and consents, and investment approval in Asset Management Plans. Actual expenditure towards climate resilient projects is shown in Table 5.

Table 5: Climate-driven resilience expenditure from repair projects (as shown in Table 4).

	FY26 actual expenditure (m)	FY25 actual expenditure (m)	Total allocated expenditure (10-year AMP)(m)
Gas network	$0.7m	$0.1m	$20m
Electricity network	$0.7m	$0.4m	$14m*

Expenditure information is available in Powerco's Electricity 2026 and Gas 2025 financial and technical disclosures (Schedules 6a, Report on capital expenditure, asset replacement and renewal) available on our website here.

*Material update: In our FY24–FY25 disclosures for the electricity network, we signalled $113 million of allocated expenditure based on early identification of climate-related risks. This represented a broad estimate of expenditure to mitigate assets at risk of damage.

Our FY26 disclosure includes approximately $14 million of allocated expenditure towards mitigating climate driven risks, reflecting a more disciplined forecasting approach, with investment increasingly informed by risk assessment and prioritisation. Further investment is likely to emerge over time as asset level risk assessments are completed and programmes of work are established.

Gas network

Asset-level risk assessments completed for gas district regulator station sites have identified 10 sites requiring targeted mitigation, planned for detailed design in FY27. For gas special crossings, priority is given to high-risk assets and weighted against our key asset management drivers, with three priority sites progressing in FY27.

Electricity network

Another PowerHub was installed to support a rural community in the Coromandel. PowerHubs do not reduce the proportion of assets identified as vulnerable to physical climate risks, however, they support communities during prolonged outages.

Monitoring devices, satellite and low-power wide-area network technology, have been installed on selected 11kV distribution assets in known slip-prone areas to provide greater operational visibility of land movement that is causing the network to fail. Work has commenced to strengthen understanding of external risk interactions.

Infrastructure interdependencies

Powerco is actively engaging with lifelines partners to improve understanding of infrastructure interdependencies. This engagement supports better alignment of the timing and sequencing of network responses with council-led adaptation planning.

Sea level rise, managed retreat and severe weather events – performance measures

Resilience management maturity assessment

As our resilience projects will take several years to complete, we are using the Resilience Management Maturity Assessment Tool (RMMAT) to measure that improvement in resilience maturity is aligned to the 4Rs of the Civil Defence and Emergency Management (CDEM) framework.

- **Reduction** – identification and mitigation of network vulnerability risks.
- **Readiness** – contingency planning, training and exercising before an event.
- **Response** – immediate actions after an event, assessment, repair and restoration of supply.
- **Recovery** – long-term reinstatement of network to provide pre-event security of supply service standards.

The intention is that the RMMAT will be updated every two-to-three years, with an annual check-in. Our resilience maturity assessment across both networks highlights strengths in risk assessment, preparedness, response and recovery, while identifying key opportunities for improvement.

Gas network

The first full RMMAT assessment for the gas network was completed in 2025, resulting in an average maturity score of 2.37 out of 4. This score indicates we are progressing well in areas such as risk assessment, contingency planning, and recovery. However, there are opportunities to improve our capability in areas such as readiness, resourcing and spares.

Electricity

The electricity network interim RMMAT assessment score increased from 2.25 in FY22 to 2.55 in FY26, reflecting improved risk reduction and preparedness, demonstrated through major emergency responses. Our Coordinated Incident Management System (CIMS) responses have been regularly tested over multiple storm seasons, and our CIMS approach has matured in preparing our service providers ahead of expected storm events.

Sea level rise, managed retreat and severe weather events – performance measures

Assets vulnerable to physical risks (at risk of damage)

Year-on-year movements primarily reflect the maturity of our assessment processes, rather than underlying hazard exposure. In FY26, site-specific feasibility assessments refined the gas district regulator station vulnerability list from 47 sites to 10 priority sites. Other asset categories show no material change.

Table 6: Assets identified as vulnerable to physical climate risks (at risk of damage).

Asset category	Climate hazard(s)	FY25 count (%)	FY26 count (%)	Basis for change
Gas district regulator stations	Inland flooding/ coastal inundation	47 (25%)	10 (5%)	Completion of site specific feasibility assessments, 10 sites prioritised for FY27.
Gas special crossings	Inland flooding/ coastal inundation	13 (4%)	13 (4%)	No material change; high-risk sites prioritised for FY27.
Gas high pressure pipes	Landslip	892.6m (0.0137%)	892.6m (0.0137%)	Added in FY25. No material change; risk assessment work ongoing.
Electricity zone substations	Inland flooding/ coastal inundation	28 (21%)	28 (21%)	No material change; some mitigation work being confirmed and risk assessments ongoing.
Electricity subtransmission poles	Landslip, river erosion	174 (4%)	174 (4%)	Initial slip monitoring of critical 11kV sites in FY26, and 66/33kV sites in FY27.

The total number of assets for zone substations includes 21 sites with flood protection provided by council infrastructure, meaning their resilience depends on the adequacy and performance of these external systems.

Severe weather events

As previously noted, we anticipate that severe weather events will increase in frequency and intensity, and that the financial impacts associated with severe weather events on our network may be significantly broad and ongoing.

To monitor this assumption, we are tracking the historical impacts of severe weather events on our network by using industry metrics.

For our electricity network we use 'major event days – SAIDI' to measure this impact, which is the days of severe weather that breach our System Average Interruption Duration Index (SAIDI) boundary value for unplanned interruptions (a value set by the Commerce Commission).

For our gas network, we use loss of supply or leakages caused from severe weather events.

As these metrics provide a historical view of severe weather impacts, no target is set.

Table 7: Historical impacts of severe weather events on our networks

Network	Metric	FY23	FY24	FY25	FY26
Electricity network	Number of major event days (MED)	2	1	0	5
	Total number of ICPs affected across all MED events in the year	124,687	11,783	0	128,072
	% of SAIDI caused by out-of-zone vegetation	58%	41%	0%	59%
Gas network	Number of events	1*	0	0	3
	The event resulted in loss of supply	0	0	0	0
	The event resulted in leakage	0	0	0	1

*Significant damage to gas strategic pipe crossing in Hawke's Bay. Relates to resilience project – Ngaruroro River bridge reinforced bracket replacement (underway).
Our electricity annual compliance statements are found here on our website.
Electricity MED metrics were recalculated in FY26 to align with the DPP period, affecting comparability with prior disclosures.

Growth of electricity distribution and services

Current and anticipated impacts

As an energy distribution company, we play an enabling role in supporting New Zealand's decarbonisation[17].

To understand electricity growth under different decarbonisation pathways, we have aligned system peak demand forecasts to our climate scenarios[18]. These demand scenarios are informed by key drivers of electricity growth:

- Process heat conversion
- Domestic gas conversion to electricity
- Electric vehicle uptake
- Organic growth
- Demand management, including distributed energy resources

Our updated electricity demand scenarios show slower demand growth compared with previous Asset Management Plans. This is consistent with what we have observed in the current reporting period, where a shift in domestic economic conditions has led to a slowdown in our network demand growth and key electrification indicators.

Current and anticipated financial impacts

Supporting electrification is expected to require ongoing investment in electricity distribution. However, the scale and timing of this investment remain uncertain.

We monitor the progression of key electricity demand drivers as leading indicators of when future network investment may be required.

Table 8 summarises these demand drivers and their current directional signals. Where a driver is described as 'steady', this reflects relatively flat or stable conditions. Indicators described as 'slow' or 'accelerating' reflect cases where activity is observed, but where conversion to connected load and the timing of resulting demand remain uncertain.

Financial impacts are primarily influenced by when electrification-related demand materialises.

The methods and assumptions underpinning this analysis are available on our website here.

Table 8: Current direction of key electricity demand drivers

Demand driver	Current direction (2026 AMP)	Description of change since prior reporting period
Process heat conversion	Steady	Approximately 30MW of potential load remains in feasibility. Actively tracked through large-scale connection inquiries and feasibility pipeline, with connections growing over time.
Domestic gas conversion to electricity	Steady	Conversion timing varies by customer economics and policy signals.
Electric vehicle uptake	Steady	Uptake slowed following the end of the clean car discount in December 2023. More recently, there has been renewed interest in EVs.
Organic growth (new connections)	Slow	New connections have slowed since 2022, and have been slowly declining per annum, in addition to a slow increase in disconnections.
Distributed energy resources (residential)	Accelerating	We continue to see steady increases in residential solar PV, including increasing rates of battery installations.
Distributed generation pipeline	Accelerating	Ongoing connection activity supports longer term electrification, with variable near term demand impacts. Large-scale pipeline continues to grow.

[17]Powerco, Grow to zero, November 2024.
[18]Powerco Electricity Asset Management Plan 2026, section 3.1.3, Demand scenarios.

Growth of electricity distribution and services – transition strategy

Our transition strategy focuses on how the business responds to electrification under conditions of uncertainty, rather than forecasting the scale and pace of demand growth. This strategy is designed to enable electrification while managing affordability, reliability and long-term network resilience, consistent with our strategic priorities 'Enable a renewable economy, 'Future-ready networks', 'Sustainable growth' and 'Accelerate electrification'.

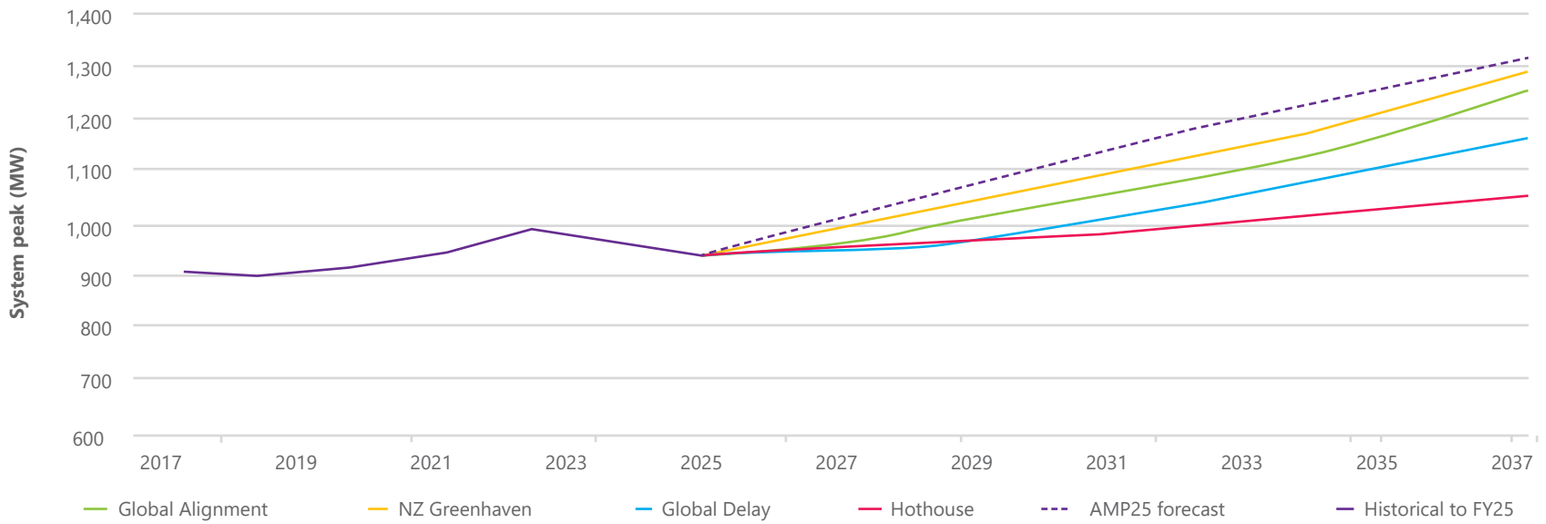
A central feature of the transition strategy is the deliberate staging and pacing of network investment. To support this approach, we have developed an electricity demand and investment forecast aligned to our climate scenarios. Currently, our 2026 electricity investment planning aligns most closely with our Global Delay climate scenario[19].

Affordability remains central to Powerco's transition strategy and reinforces the importance of aligning expenditure decisions closely with realised demand. There is a risk that affordability pressures may emerge if network investment outpaces customer uptake. Distribution system operator (DSO) capabilities, including demand flexibility, enhanced low-voltage visibility and improved network analytics, are being used as practical tools to defer or avoid near term capital expenditure where possible[20].

Implementation of the transition strategy is supported through a combination of:

- Proactively engaging with our customers to understand their long-term decarbonisation plans.
- Actively working with regulators and industry partners to ensure regulatory settings support timely and efficient investment.
- Continuing to develop DSO capabilities, including demand and flexibility, and enhanced network visibility.

Figure 7: Forecast electricity demand relevant to the four Powerco climate scenarios



The methods and assumptions underpinning this analysis are available on our website

[19]Further information on our plans for capital and operational investments for the 2027-2036 period are detailed in chapters 5 to 13 of our Electricity Asset Management Plan 2026.
[20]Powerco Electricity Asset Management Plan 2026, section 3.3 DSO and networks for the future.

Greenhouse gas emissions and reduction pathway

Greenhouse gas emissions and assurance

We measure and publicly disclose our greenhouse gas (GHG) emissions inventory annually. Our latest Greenhouse Gas Emissions Inventory Report was published in June 2026 and covers the financial year ending 31 March 2026 (FY26).

This report contains further detail on how our emissions reduction target was developed, performance against the target, and the key assumptions and dependencies that underpin our emissions reduction pathway.

Our GHG inventory is prepared in accordance with the GHG Protocol, using the operational control consolidation approach, and is annually verified by a third-party assurance provider against the ISO: 14064-1:2018 and ISO: 14064-3:2019 standards.

Emission reduction target

Aligned with our Climate Change Policy, to provide resilient energy and enable our customers to decarbonise, while also making sustainable choices in our own operations, we have set an emissions reduction target.

Our emissions reduction target is to reduce absolute scope 1 and 2 emissions (excluding electricity distribution line losses) by 57% by 2030 from a FY21 base year. Our target was developed using Science Based Targets initiative (SBTi) methodology, and is supported by an emissions reduction pathway (ERP).

However, our target has not been validated by SBTi because SBTi's methodology provides for the inclusion of emissions related to electricity distribution losses, which we have excluded. We can therefore not attribute our target to being entirely consistent with keeping global warming to 1.5°C, but we believe to include electricity line losses could inhibit New Zealand's efforts to decarbonise.

Electrification of Aotearoa New Zealand's economy will play an important role in achieving the country's ambition of decarbonisation and net-zero by 2050. To enable electrification, it is expected that networks such as ours will need to increase capacity to meet the additional demand. This correlates with potential increases in line losses – a factor that is largely an inevitable by-product of electrical conduction, and outside of Powerco's control.

Emission reduction performance

Figure 8 demonstrates our changes in target emissions to meet our overall reduction target. Based on FY26 performance and ongoing review of the underlying assumptions and dependencies, we continue to believe a 57% reduction in target emissions by 2030 is achievable and does not include the use of carbon offsets.

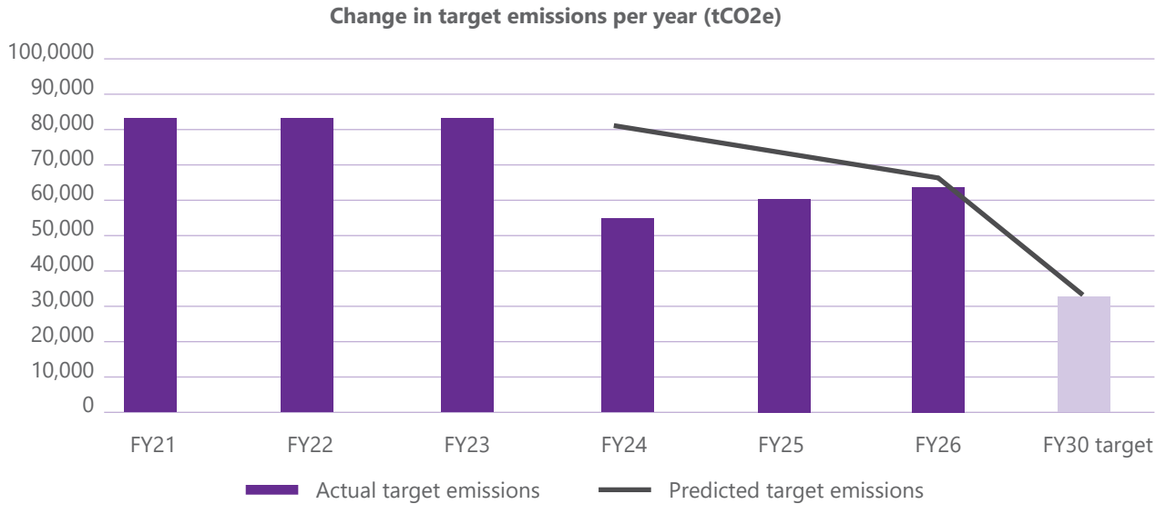
Our key ERP assumptions and dependencies are outlined in our GHG Emissions Inventory Report [21], the most significant of which relates to forecast gas line losses.

Internal emissions price

We use an internal cost of carbon of $140/tCO2e when applying carbon abatement cost curves to inform decisions on mitigation options for our target emissions. This is based on the Climate Change Commission's 2021 modelling, which indicated that meeting New Zealand's 2050 target would involve marginal abatement costs to reduce emissions from energy use at about $140 in 2030.

This carbon price continues to be applied in FY26 and is used to support decision-making through our ERP and investment considerations. It is overseen by the Asset Management Steering Committee and is periodically reviewed to ensure it remains appropriate.

Figure 8:



[21]Powerco Greenhouse Gas Emissions Inventory Report, Emissions by GHG emissions source, Table 9. ERP assumptions and status, published July 2026.

Delivering value


Whirinaki
Ensuring reliable and
resilient networks

Case study – *Whirinaki*

Ākitio home to first PowerHub

Communities in isolated spots and at the extremities of our network have told us their stories of coping in the face of frequent and sometimes lengthy power outages.

Tararua's small seaside settlement of Ākitio is one example. Being 25km from a substation and with power lines that run through slip-prone terrain and river crossings, Ākitio is prone to power outages caused by weather events.

During Cyclone Gabrielle, members of the community were without power for three days and without communications for a week.

Using data gathered after that weather event, alongside feedback from community members and stakeholders, Ākitio was considered the ideal location for our first PowerHub – a community meeting place with access to stand alone power during prolonged outages.

In May 2025, we installed a hybrid Stand Alone Power System (SAPS) unit at the Ākitio Hall, turning it into a PowerHub.

The bespoke SAPS unit is housed in a compact 10-foot container, mounted on ground screws and hardwired to the hall to provide power independent of the electricity grid. The unit combines solar power and diesel generation to charge an integrated battery bank. If the grid supply fails, an automatic switch activates the stored power, supplying electricity directly to the connected building.

The community can use the hub to stay connected and supported during prolonged power outages, as they did during a multi-day power outage in late 2025.

Powerco General Manager Electricity Karen Frew says she's excited about the use of PowerHubs on our network.

"Hardwiring a bespoke SAPS unit to a community venue is a first for us, and it's an important piece of the resilience puzzle for some of our isolated communities," she says.

Karen Frew adds that while many isolated communities are already highly self-reliant, PowerHubs enhance existing capabilities by providing additional power support when it's needed most.

"Communities tell us having a place to gather during emergencies, check in with one another and access essentials like hot water and power for charging devices is essential."

The PowerHub initiative emerged after Cyclone Gabrielle, through discussions with National Emergency Management Agency (NEMA) groups and other stakeholders within Powerco's network areas. At the same time, Powerco was conducting internal assessments to identify supply vulnerabilities and prioritise resilience investments.

Our second PowerHub has been installed in the Coromandel this year, building on what we learned alongside the Ākitio community.

Watch a video about the Ākitio PowerHub here.

Green = On track or completed Amber = Still in progress or target modified Red = Limited progress or change in direction

Term	Target FY26	Performance FY26	Term	Current targets FY27
Short	**Resilience to extreme weather and climate:** Undertake physical feasibility assessments to determine the impact on gas assets identified as vulnerable to physical climate risks.	In FY26, a desktop study assessed 47 regulator stations exposed to coastal inundation and inland flooding. Of these, 10 (5% of all Powerco's regulator stations) require feasibility assessments and targeted mitigation, and have been included in the FY27 Gas Works Plan. The remaining stations will be managed through preventative maintenance and reactive inspections following significant events, reducing the number of assets classified as vulnerable. Of the 13 crossings initially identified as vulnerable, three require mitigation and are included in the FY27 Gas Works Plan. The remaining crossings were assessed as lower priority against our asset management drivers and are not included in the FY27 delivery programme.	Short	**Resilience to extreme weather and climate:** Mitigation actions scoped and approved for the three special crossings (bridges) and 10 regulator stations assessed as vulnerable to coastal inundation and inland flooding.
Short	**Resilience to extreme weather and climate:** • Establish a second community hub to improve community electricity resilience. • Incorporation of climate change hazard data into our investment optimisation tool (Copperleaf) to include as part of our long-term electricity asset replacement criteria. • Publish our climate hazard maps to be used by electricity network designers and defect managers.	• We completed our second community PowerHub at Harataunga Marae – supporting energy to communities in Kennedy Bay and Coromandel. This builds on our learnings at Ākitio and Tararua, where we've partnered with EECA and Thames-Coromandel District Council to incorporate community solar. • Our newly established Lifecycle Asset Management group is exploring a new process to assess and apply asset risks, starting with bushfire. • We have developed internal hazard maps based on council, Earth Sciences New Zealand and other provider data in the form of GIS maps, but further work will be needed to publish internal maps that are more broadly available across the business.	Short	**Resilience to extreme weather and climate:** • Continue to develop community hub solutions where need is evident. • Assess at least one new hazard type (eg. bushfire), and incorporate this into our asset management processes to drive resilience-based investment, together with traditional reliability-based measures. • Make current hazard datasets (flooding, sea-level rise, slips) available to the business through GIS functionality for embedding in BAU investment processes. • Explore and potentially trial toolsets to expand the availability of hazard data to operations, planning and design teams, particularly regarding infrastructure interdependencies.
Short	**Resilience to extreme weather and climate:** Improvement in our self-assessment for resilience using Resilience Management Maturity Assessment Tool (RMMAT).	We have completed an interim review of the RMMAT, based on recent work in assessing climate and resilience risks. With improvement across several areas in both our work on asset vulnerability assessments and our response capability via CIMS, we have improved our score from 2.25-2.55.	Short	**Resilience to extreme weather and climate:** Assess the results of our latest Resilience Management Maturity Assessment Tool (RMMAT) for the electricity network, and agree on an improvement plan.

Short	**Maintaining a reliable energy supply:** Keep our customers' power on for an average of 99.95% of the time.	During FY26, we kept our customers' power on for an average of 99.99% of the time. This availability is the key measure used by the Commerce Commission to assess our performance, and includes normalised major events. During FY26, we faced five weather-related major event days (MED) with a total duration of 10.6 days. In comparison, during FY23 (Cyclone Gabrielle), we had two major events days with a total duration of 5.1 days. However, despite this, our performance as measured by the Commerce Commission was better than in FY23 and we remained under the quality path cap.	Short	**Maintaining a reliable energy supply:** Keep our customers' power on for an average of 99.95% of the time.
Short	**Maintaining a reliable energy supply:** Formalise the coordination of infrastructure interdependencies during disaster events through a Taranaki Lifelines Advisory Group pilot.	The Taranaki Lifelines Advisory Group launched a pilot project to demonstrate how climate-related adaptation plans can be better coordinated between infrastructure owners, including the opportunity to utilise the National Forward Works Viewer. Powerco will leverage its physical risk assessments and adaptation plans, completed as part of the climate-related disclosures, for assets in the Taranaki region. These will be combined with the adaptation plans from the other participants of the pilot and loaded into the works viewer for coordination and opportunities to sequence the plans more efficiently.	Short	**Resilience to extreme weather and climate:** Present the Taranaki Lifelines Advisory Group pilot as a use-case to demonstrate how the National Forward Works Viewer can be used for climate-related adaptation plans. This can be shared with other regional lifelines groups, to be a model to coordinate future plans, and shared at the National Lifelines Utility Forum in November 2026.
Medium	**Maintaining a reliable energy supply:** Continue the rollout of further ADMS modules and functionality as per our roadmap, including the business adoption of intelligent switching, and developing an operator training simulator.	During FY26, we continued to install automation equipment in readiness for ADMS and DSO implementation. Phase 2 of this project has been paused while we deliver other business priorities.		
Short	**Maintaining a reliable energy supply:** Deliver energy security to gas customers by keeping gas flowing 99.99% of the time.	We kept the gas flowing to customers 99.9998% of the time during FY26.	Short	**Maintaining a reliable energy supply:** Deliver energy security to gas customers by keeping gas flowing 99.99% of the time.
Short	**Maintaining a reliable energy supply:** Update our 30-year electricity demand forecast scenarios to inform our network strategies and planning.	The Powerco Board approved our 30-year Electricity Asset Management Plan (AMP) scenarios in May 2025. These were shared with the wider industry at the Electricity Engineers Association conference in September 2025, and are summarised on Powerco's website. The 30-year scenarios also formed part of Powerco's full update of the 2026 Electricity AMP, published end of FY26.		

Taiao

Protecting our environment

Case study – *Taiao*

Helping communities decarbonise with power of the sun

Locally generated solar energy is now helping power Coromandel, improving resilience in a region where electricity demand can surge during holiday periods, and supporting Aotearoa New Zealand's transition to a lower carbon energy future.

In late 2025, Lodestone Energy's Pāmu Rā ki Whitianga solar farm began generating electricity near Whitianga – the region's first utility-scale solar development. Powerco enabled the project by delivering a new switching station to connect the solar farm into the local electricity network.

General Manager Electricity Karen Frew says the project highlights the value of partnership in enabling renewable energy while supporting regional growth and energy security.

"By connecting locally generated solar into the network, we're enabling more renewable electricity to reach homes and businesses while strengthening security of supply for the upper Coromandel," she says.

Once fully operational, the solar farm will generate about 49 GWh of renewable electricity annually, enough to power approximately 6,800 homes and businesses. With more than 53,000 panels installed, the project increases the availability of locally generated renewable electricity and supports the transition away from carbon-intensive energy sources.

Its largest volume of generation aligns with the Coromandel's summer demand, when population and electricity use increase significantly.

The new switching station, which has been designed with the ability to upgrade capacity as demand rises, also boosts the security of electricity supply and enables future regional growth.

Projects such as this demonstrate Powerco's important role in supporting the country's decarbonisation journey, enabling renewable generation and building the network capability for Aotearoa New Zealand's energy future.

Green = On track or completed Amber = Still in progress or target modified Red = Limited progress or change in direction

Term	Target FY26	Performance FY26
Long	**Managing Powerco's operational and corporate climate footprint:** 25% reduction in gas line losses emissions by 2030, based on an FY25 base year.	FY26 gas line losses emissions were 6.8% over the projection for our long-term goal of 25% reduction in gas line losses by 2030 from a FY25 base year. This would be on track excluding changes to the global warming potential for natural gas. In order to streamline our emissions reporting and to avoid confusion with targets, our long-term target for gas has been aligned with our overall Emissions Reduction Pathway.
Short	**Supporting New Zealand's decarbonisation:** Measure our contribution to customer decarbonisation through: • Forecast MWh electricity enabled through committed industrial decarbonisation projects (customers changing to a lower carbon energy source). • Additional MW capacity through public EV chargers on our network. • Additional MW capacity of distributed renewable energy delivered directly into Powerco's electricity network (projects over 100kW). • Fossil gas volumes (GJ) displaced by renewable gas.	1. 11MW of forecast electricity was enabled through committed industrial decarbonisation projects (customers changing to a lower carbon energy source). 2. We are currently unable to effectively report on MW of additional EV charger capacity on our network. A change to our Customer Delivery Service information forms will enable this to be reported on in FY27. 3. An improvement in our data collection process meant that during FY26 we were able to report on the additional distributed renewable energy capacity for all connections, rather than just the large ones (as previously reported). During FY26, 81.19MW of additional distributed renewable energy capacity (maximum export capacity) was delivered directly into Powerco's electricity network. This was our largest year of additional capacity connected to date. 4. No renewable gas (biomethane) was injected into the Powerco gas network to displace fossil gas.
Long	**Managing Powerco's operational and corporate climate footprint:** Annual emissions reductions to meet our absolute emissions reduction target of 57% reduction in scope 1 and 2 emissions (excluding electricity distribution line losses) by 2030 from an FY21 base year.	Overall, FY26 total target emissions were 2.8% below the Emissions Reduction Pathway. Compared against our FY21 baseline year, emissions from our target sources have reduced by 26% or 22,260.60tCO2e. We remain on track to deliver our 57% reduction in 2030.
Medium	**Managing Powerco's operational and corporate climate footprint:** Reduce generator usage through the management of reactive fault management.	We successfully reduced generator usage by approximately 30% - in a year where there was a significant uplift in weather-related outages. During FY26, we produced and utilised a dashboard to pro-actively manage the time it was taking to complete faults where generators were required on our network. This looks at leading factors (the amount of generation in use on any day kVA) and lagging factors (such as cost per month by region and fuel type), to more effectively manage the time it's taking for projects to be completed. In addition, we are utilising Powerco's mobile hybrid Stand Alone Power Systems (MHSAPS), and from FY27, our underground cable asset strategy will start to proactively target known cable type issues, which will be carried out over the next 10 years.

Term	Current targets FY27
Long	**Emissions reduction:** 58% reduction in gas line losses emissions by 2030, from an FY21 base year.
Short	**Supporting New Zealand's decarbonisation through:** • Forecast MWh electricity enabled through committed industrial decarbonisation projects (customers changing to a lower carbon energy source). • Additional MW capacity through public EV chargers on our network. • Additional MW capacity of distributed renewable energy connected directly into Powerco's electricity network. • Amount of fossil gas volume (GJ) displaced by renewable gas.
Long	**Emissions reduction:** Annual emissions reductions to meet our absolute emissions reduction target of 57% reduction in scope 1 and 2 emissions (excluding electricity distribution line losses) by 2030 from an FY21 base year.

Medium	**Supporting New Zealand's decarbonisation:** Reduce the average connection time for EV chargers to be installed on our network. During FY26 we will baseline connection times.	Baselining EV connection times was unable to be achieved during FY26 because of the transition to a new service delivery model. This is still a business priority and will be baselined FY27.
Short	**Supporting New Zealand's decarbonisation:** Reach final investment decision (FID) on at least one biogas project.	A FID for a biogas project was not achieved in FY26. This is still a focus for FY27.
Long	**Supporting New Zealand's decarbonisation:** 20% of residential and small commercial gas volume is renewable by 2030. Identification of a specific year-on-year targeted renewable gas volume supply for FY26-FY30.	We currently have no renewable gas in the Powerco gas network. Our target to have 20% of residential and small commercial gas volume renewable by 2030 remains relevant.

Short	**Supporting New Zealand's decarbonisation:** Reduce the average connection time for public EV chargers to be installed on our network. During FY27 we will baseline connection times.
Short	**Emissions reduction:** Reach FID on at least one biogas project.
Long	**Emissions reduction:** Biomethane injection into the Powerco gas network represents 20% of residential and small commercial gas volume by 2030.


Hauora
Promoting health and safety

Case study – *Hauora*

Building safer outcomes together

Keeping people and communities safe requires more than systems and procedures, it depends on strong partnerships, shared accountability, and a culture where learning and continuous improvement are embedded in everyday work.

During FY26, we continued to strengthen health and safety across our contractor network through closer collaboration, stronger governance, and industry-wide engagement.

A key focus was strengthening health and safety requirements in contract processes. Working alongside commercial and operational teams, we embedded enhanced health and safety expectations/requirements into new contracts with service providers to support improved safety performance, greater visibility of critical tasks, and more proactive reporting.

"Our contractors play a critical role in maintaining and building our networks, and strong safety outcomes rely on us working together. Safety is not something that sits with one organisation or team alone – it requires shared responsibility, open conversations and a willingness to continually learn and improve," says Head of Health and Safety Craig Stewart.

We also strengthened collaboration with health and safety leaders through dedicated monthly health and safety forums. These forums created a regular platform for our service providers to discuss incidents and learnings, address inconsistencies in critical risk management, and explore new controls and initiatives to further strengthen safety performance.

By bringing health and safety leaders together more frequently, we have supported greater consistency in safety practices and encouraged stronger sharing of knowledge and lessons learned across the network.

This collaborative approach extended to our annual Contractor Health and Safety Forum, which brought together more than 100 leaders from across the service provider network and Powerco teams.

The forum featured respected speakers, including Dr Lucy Hone and Jon Harper-Slade, with discussions focused on worker resilience, leadership, and contemporary approaches to managing critical risks. Alongside expert insights and business updates, the event provided valuable opportunities for learning, collaboration and industry engagement.

The event also celebrated outstanding safety leadership and performance through the annual SHINE Awards, recognising individuals and teams making meaningful contributions to safer outcomes.

Our commitment to improving safety outcomes was also recognised more broadly by the industry. At the Electricity Engineers' Association Conference, we received the Public Safety Award for improvements to our close approach consent (CAC) process.

The enhanced process included clearer imagery and simplified diagrams to improve understanding and practical application for members of the public and non-electrically competent workers operating near electrical assets.

Through strong partnerships, shared learning, and practical safety improvements, we continue working towards our goal of ensuring everyone returns home safely.

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Term	Target FY26	Performance FY26	Term	Current targets FY27
Medium	**Keeping people safe:** Establish a psychosocial risk management metric, target and report monthly.	A psychosocial risk management metric has been proposed. Formal endorsement and benchmarking are expected in FY27.	Short	**Keeping people safe:** Commence monthly reporting of Powerco's proposed psychosocial risk management metric, which will help establish a benchmark for FY28 onwards.
Short	**Keeping people safe:** Expand our offering of training topics and use our system reporting as a lead indicator of health and safety performance.	Our Learning Management System was embedded within Powerco for enterprise use and to expand training offerings. A focus on meaningful reporting on health and safety training will be the focus for FY27, with network induction training and Network Operations Centre compliance training.		
Short	**Keeping people safe:** Review the process, timing and content of risk assessments following the work done in FY25.	The health and safety risk assessment process and timing were reconsidered during FY26, with a bowtie risk summary for all critical risks agreed, and delivered.		
Short	**Keeping people safe:** Driving overspeed frequency rate <1.70.	We met our target of a <1.70 driving overspeed frequency rate during FY26, recording a rate of 0.95. Our future goal will be to continue to improve with 10% fewer overspeeds than the average of the previous three years.	Short	**Keeping people safe:** 10% fewer overspeeds than the average of the previous three years.
Short	**Keeping people safe:** Achieve workplace safety interaction targets at three levels: Directors (15), Executive Leadership Team (80), and Powerco team (450).	We achieved all our workplace safety interaction targets. Directors' target 15, actual 17. Executive Leadership Team target 80, actual 85. Powerco team target 450, actual 789.	Short	**Keeping people safe:** Achieve workplace safety interaction targets at three levels: Directors (15), Executive Leadership Team (80), and Powerco team (500).
Short	**Keeping people safe:** Achieve 25% positive incident reporting rate (near misses, push backs and hazard IDs).	We achieved our 25% positive incident reporting rate (near misses, push backs and hazard IDs), with an FY26 result of 67% positive reporting.	Short	**Keeping people safe:** Achieve 35% positive incident reporting rate (near misses, push backs and hazard IDs).
Short	**Keeping people safe:** 10% reduction in higher safety risk assets (electricity).	During FY26, we had a goal to complete 100% of the investment programme to mitigate higher risk safety assets. We achieved 82%. Nine of the 11 investments have been completed, with the remaining two now planned for FY27.	Short	**Keeping people safe:** Complete the remaining two investments to reduce our identified higher risk assets.
Short	**Keeping people safe:** Deliver quarterly workshops to all of our gas network service providers to improve our safety relationships with our contractors.	We delivered safety workshops by attending all of our service provider monthly toolbox meetings where we coordinated 'Stop for Safety' sessions with a focus on physical risks, using the 4Ds prompts (dumb, different, dangerous or difficult). Our team was also based in our service providers' offices for 2-3 days each week and attended their health and safety discussions, and undertook more than six audits per month in each region.	Short	**Keeping people safe:** Being part of and presenting within monthly toolbox meetings to all of our gas network service providers to improve our safety relationships with our contractors. Running one 'Stop for Safety' session across all regions.


Manaaki Tāngata
Supporting our people

Case study – *Manaaki Tāngata*

An award-winning approach to leadership

Our transformative leadership programme was recognised at the New Zealand Energy Excellence Awards in Wellington last year, winning the 'wellbeing' category. But it's the impact the programme is having on the business that's really putting it at the top of the leaderboard.

Across the first two cohorts of the programme, 70% of participants have moved into new leadership roles or have taken on additional responsibilities.

Based on the Māori hauora concept, Te Whare Tapa Whā, the Leadership Development Programme (LDP) has been developed in-house in collaboration with Māori thought leaders, academics, authors, organisational development and wellbeing practitioners, and community partners.

"Te Whare Tapa Whā is the foundation that all the learning and leadership tools anchor back to, and it resonates in different ways with each emerging leader," says Powerco Head of People and Culture Mel Whiting.

Powerco Communications and Engagement Manager Robyn Towning completed the inaugural programme in 2023 and says it gave her a boost to step more confidently into leadership opportunities at Powerco.

"Our te ao Māori focus is unique and sets the programme apart. For me, I discovered I can be my authentic self as a leader at Powerco – there is no cookie cutter ideal leader. This knowledge gave me the confidence to take a leap when a bigger leadership role came up."

Delivered over four modules, the programme fosters personal resilience, self-leadership, and cultural connection to help shape the innovative leaders the business needs. Tikanga, te reo Māori, emotional intelligence and psychological safety are embedded through every aspect of the development programme.

Participants report gaining greater self-awareness and empathy for those they work with, while learning practical tools for resilience, conflict resolution and inclusive leadership.

"The programme has transformed Powerco – boosting performance, engagement, and Māori representation – and sets a powerful benchmark for organisations embracing New Zealand's cultural growth," says Mel Whiting.

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Term	Target FY26	Performance FY26
Medium	**Having a strong organisational culture:** Achieve equal gender representation (40/40/20) within all people leadership roles (50/50 +/- 10%) by FY27.	During FY26 a few of our senior female leaders departed Powerco and this had an impact on our leadership gender representation. Gender representation within all people leadership roles is currently 62% for men and 38% for women. We still have a target to achieve equal gender representation (40/40/20) within all people leadership roles (50/50 +/- 10%) by FY27.
Short	**Having a strong organisational culture:** 10% workforce identify as Māori.	During FY26, 10.11% of our workforce identify as Māori.
Short	**Having a strong organisational culture:** Closing the gender pay gap. Continue to reduce our gender pay gap. FY25 levels >FY26 levels.	During FY26, a few of our senior female leaders departed Powerco and this had an impact on our gender pay gap, which has increased from FY25 15.17% to FY26 15.50%.

Term	Current targets FY27
Short	**Having a strong organisational culture:** Achieve equal gender representation (40/40/20) within all people leadership roles (50/50 +/- 10%) by FY27.
Short	**Having a strong organisational culture:** Maintain 10% workforce identify as Māori.
Short	**Having a strong organisational culture:** Reduce our gender pay gap. FY26 levels >FY27 levels.

Whakakotahitanga

Engaging with our communities

Case study – *Whakakotahitanga*

Generation keeping community connected

Frequent and lengthy power outages had been a pain point for the seaside community of Castlepoint, Wairarapa for many years.

At the end of a single power line (feeder), the community, which swells during holiday periods, would come to a stop when power outages struck. And power outages were common – particularly when winds brought down trees in forestry blocks inland from the village, cutting supply for days at a time.

In late 2023, we held a community meeting at the Tīnui Hall to answer questions and hear suggestions on community resilience in the Wairarapa east coast area, stretching from Mataikona to Stronvar and including Tīnui, Castlepoint and Riversdale Beach communities.

About 40 people attended, with many travelling more than an hour-and-a-half to speak to us on a wide range of topics – from magpies to forestry and reclosers to emergency power solutions.

This community engagement led to the installation of backup generators in Castlepoint and Riversdale Beach, which is also supplied by a single feeder, meaning we're unable to re-route power from another feeder to restore supply during an outage.

The backup generators became operational in 2025.

With backup generation, there's a resource ready to help power the communities in the event of the electricity feed being unavailable for an extended period. It also enables the communities to set up community hubs to supply essential services in the event of a natural disaster.

Castlepoint Residents and Ratepayers Association Chair Chris Garland says that apart from a few teething issues when it was installed, the backup generator is now boosting the community's resilience.

"The generator appears to be working well and has mitigated the inconvenience of long outages due to storm damage," he says.

Castlepoint generation during storm event

The Castlepoint generator proved its worth during the February 2026 storm that hit the lower North Island.

Placed on the western outskirts of Castlepoint, the generator is used if the single feeder line coming into the township has a fault, such as a tree through the line on the way to Castlepoint.

At the peak of the storm overnight on 15-16 February, more than 25,000 properties lost power on our electricity network – the highest fault volumes and damage to the network since Cyclone Gabrielle, with the main cause of outages being trees down on lines, particularly through forestry blocks.

In the Wairarapa region alone more than 8,000 properties lost power.

Thanks to the community generator, Castlepoint avoided a potentially prolonged power outage. The generator powered the township for almost three days until crews could gain access and repair damage to the power line supplying the settlement.

Powerco's community generators are digitally connected to the company's Network Operations Centre in New Plymouth. There are situations, however, when it is not safe for the generators to be turned on remotely or manually. For Castlepoint, this is when there is a network fault in the township, such as a car hitting a power pole or lines are down.

Unfortunately, during the mid-February storm, the amount of damage to the power lines and poles on both sides of the Riversdale Beach generator meant it couldn't safely be used during the weather event.

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Term	Target FY26	Performance FY26
Medium	**Effective community engagement:** Update emergency response plans in coordination with regional and national emergency management agencies to define community acceptable response targets.	Powerco has refreshed its suite of emergency response plans during the financial year, including the Electricity Networks - Incident Plan and Enterprise-wise Major Events Plan. Powerco has also provided feedback on the proposed Emergency Management Bill to the Governance and Administration Select Committee to strengthen coordination and communication going forward. Following adoption of the new Emergency Management Act, Powerco's response plans will be reviewed against the new Act and, where appropriate, updated to align to the requirements of the Act, including regional and national response plans.
Short	**Understanding our customers' needs:** Improve customer experience across Powerco's electricity footprint by achieving a minimum customer satisfaction score of 60%.	We achieved our overall customer satisfaction target of 60% FY26, across Powerco's electricity footprint.
Short	**Understanding our customers' needs:** Maintain net promoter score of >50 to measure our quality of gas customer service and customer experience.	The Gas Hub FY26 net promoter score for new gas connections was 65. This exceeded our target to maintain the net promoter score of >50.
Short	**Understanding our customers' needs:** Improve customer perception of Powerco's brand and reputation though a 5-point increase from a score of 40% in FY25.	Customer perception of Powerco's brand and reputation improved from an average of 39% to 44% in FY26. This target has been updated to align more closely with the material topic of understanding our customers' needs.
Short	**Effective community engagement:** We will consistently apply and improve the complexity matrix and engagement processes across the project portfolio, ensuring engagement is proportionate to customer impact and stakeholder complexity.	A measurement for ensuring our engagement is proportionate to customer impact was not undertaken during FY26. Our target for FY27 is for community engagement to be undertaken for 75% of complex projects.
Short	**Understanding our customers' needs:** Improve pricing methodology and contributions policy – as reviewed in the Electricity Authority (EA) scorecard.	An improvement in pricing methodology and contributions policy could not be assessed during FY26 as this was dependent on the EA scorecard. The EA hasn't made any commitment to produce scorecards again, and without this it will be hard to independently measure an improvement. During FY26, we did introduce standardised pricing for simple connections, which has improved the process for these customers.

Term	Current targets FY27
Short	**Understanding our customers' needs:** Maintain or improve overall electricity customer satisfaction at or above 60%, measured across a rolling 12 months.
Short	**Understanding our customers' needs:** Maintain net promoter score of >50 to measure our quality of new gas customer service and experience.
Short	**Understanding our customers' needs:** Undertake eight regional forums designed to regularly check in on a variety of customer-focused issues with representatives of significant end users.
Short	**Effective community engagement:** Undertake community engagement for 75% of complex projects.

Te Teo

Sustainable governance, financial and risk management foundations

Case study – *Te Teo*

Securing cost-effective capital

We require stable, long-term and cost-efficient domestic and foreign capital to invest in our networks and enable electrification and decarbonisation.

That's why we sought to optimise our debt platform in FY26, which saw us finalise a NZ$570 million syndicated bank loan in December 2025.

The facility, used to refinance existing debt, was successful on several fronts:

- Expanded our lender base internationally, attracting Asian, European and North American lenders.
- Achieved cost-effective interest rates relative to both on and offshore public and private credit markets.
- Introduced long-dated tenors (of seven to 10 years) for stability.

While the transaction was initially launched at NZ$300m, strong interest led to oversubscription, enabling the team to scale up the transaction.

The success of the transaction sent a strong signal of confidence that our experienced owners and Executive Leadership Team, our robust asset management practice, and the relatively stable regulatory settings are attractive to lenders.

Our team worked closely with Mizuho Bank (acting as sole mandated lead arranger and bookrunner), ANZ (as Facility Agent), Societe Generale, CIBC, Credit Industriel et Commercial – Corporate & Institutional Banking and OCBC to put the transaction together.

The facility was the largest to be structured in line with our Green Finance Framework, and was certified as green by the Climate Bonds Initiative (CBI). Established in 2024, our framework demonstrates how we actively manage our assets to meet rigorous climate mitigation, adaptation and resilience standards across their lifecycle.

Securing this facility has materially strengthened our capital structure and positioned our business to continue funding our network investment well into the future. Ultimately that enables us to provide cost-effective, reliable and sustainable energy solutions to the one million Kiwi we serve.

We were pleased to see the transaction recognised by the finance sector. It was named one of three finalists in the 'debt deal of the year' category at the annual INFINZ Awards in April 2026.

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Term	Target FY26	Performance FY26
Short	**Supporting energy affordability:** Expand our trial of low-voltage (LV) network batteries to also include ground-mounted units, allowing their use in areas with underground electrical services. Follow up on learnings from our earlier pilot trial to identify further locations for applying LV batteries.	We have continued developing our pole-mounted LV battery energy storage system (BESS) solutions, although equipment issues have delayed us fully testing the capabilities of the system. We have also started exploring larger ground-mounted BESS solutions.
Long	**Supporting energy affordability:** Establish and embed a distribution system operator (DSO) programme for Powerco where we partner with customers to optimise opportunities for distributed energy resources and other flexibility applications.	A dedicated programme team has been established with the mandate to develop the functions and services of a DSO. This progressed well during FY26, and several demonstration pilots were successfully completed and some major initiatives kicked off. In particular, expressions of interest were published for flexibility services on six locations, via multiple public channels. These sought customer and commercial flex where network constraints are forecast in the foreseeable future. Following successful negotiations, a number of flex contracts are now being finalised, which will defer about $22 million of upgrades by FY29 (with a potential of up to $40m more to come by FY30). Another major success was the procurement of network operation data and the development of a platform that now gives us LV network visibility across >70% of the network.
Short	**Supporting energy affordability:** Procure flex services to allow the substantial deferral of at least $20m of network capacity projects, gaining the associated benefits from avoiding emissions associated with manufacturing and installing network assets, without compromising customers' service quality.	Our goal was to procure flex services to allow the substantial deferral of at least $20m of network capacity projects. By the end of FY26, the first tranche of flexibility contracts were being finalised to allow deferment of growth projects valued about $22m. Other projects being negotiated may increase this total to $155m, with deferral typically 4-6 years.
Short	**Keeping our technology system and data secure:** Set a baseline measure for cyber-security using the Australian Energy Sector Cyber Security Framework (AESCSF) and establish key areas for improvement.	Powerco has benchmarked its cyber-security against the Australian Energy Sector Cyber Security Framework (AESCSF) industry standards and approved a baseline target. Areas for continuous improvement initiatives have been identified, to maintain resilience and protection of customer data in an evolving threat landscape.

Term	Current targets FY27
Medium	**Supporting energy affordability:** Continue work in developing non-network solutions (both through batteries and flex tenders) to continue to explore cheaper alternatives to network investment Capex.
Long	**Supporting energy affordability:** Fully embed a DSO programme for Powerco where we partner with customers to optimise opportunities for distributed energy resources and other flexibility applications by 2030. In FY27, the focus is on enabling technology and automating currently manual processes as business-as-usual.
Medium	**Supporting energy affordability:** Continue procuring flexibility services to defer growth investment, aiming for about $100m of deferral.
Medium	**Keeping our technology system and data secure:** Achieve Board-approved target score (aligned with Australian Energy Sector Cyber Security Framework) within three years.
Long	**Uptake of new technology and innovation:** Successful innovation allowance applications with the Commerce Commission, exceeding $20m over five years. This will provide Powerco with access to funding for innovation projects that wouldn't otherwise progress.

Term	Target FY26	Performance FY26
Short	**Risk management:** At least a third of FY26 business plan initiatives include uniform risk assessment, Risk Appetite Statement, and action plan.	Powerco's risk team facilitated assessments across 37% of FY26 business plan initiatives ensuring a consistent approach to the evaluation of key project risks and development of action plans in accordance with risk appetite boundaries.
Short	**Financial credibility:** Maintain our existing S&P credit rating (BBB).	We maintained our S&P BBB credit rating through FY26. Continuing to maintain this rating ensures we have access to debt markets at an affordable level to fund continued investment in our network. This helps to maintain a reliable and resistant network for our customers, to support decarbonisation and investment in new technologies while balancing affordability.
Medium	**Regulatory settings:** Secure gas regulatory settings that enable us to fund and deliver our gas strategy.	The Commerce Commission's final decision on the gas DPP4 reset was released in May 2026 (outside of FY26). A reduction of Capex allowances to 86% of our Asset Management Plan forecasts for the five-year period will have some financial impact from October and requires adjustment of investment categories, scale and cost allocations.
Short	**Governance:** Undertake Director professional education sessions that align with current or anticipated gaps identified through the FY25 Board competencies evaluation.	During FY26, Directors engaged in competency and education sessions relating to areas previously identified as having lower levels of expertise. These included a cyber threat update and integrated cyber risk management session, NZ Government engagement sessions, and a major cyber incident tabletop exercise. Further education, including a focus on te ao Māori understanding will occur during FY27.
Short	**Governance:** Undertake an annual review of the performance of the Audit and Risk, Regulatory and Asset Management, Treasury and HR and Remuneration Committees' performance against their charters, and the Board's performance against the Health and Safety Charter.	All annual performance reviews were undertaken as per the Health and Safety, Audit and Risk, Regulatory and Asset Management, Treasury and HR and Remuneration Committee charters. This target will be replaced with targets that more closely align with our material areas.

Term	Current targets FY27
Short	**Financial credibility:** Maintain our existing S&P credit rating (BBB).
Short	**Governance:** Undertake a refreshed Board competency evaluation, and continue our education focus on a deeper understanding of technology and digital business, and te ao Māori.

Financial summary

Financial summary

The financial information provided on the following pages is based on a subset of Powerco's audited financial statements. It details key financial metrics and aspects of our operations to provide stakeholders with a clear and concise overview of our financial performance. While this subset reflects the integrity and accuracy of the full audited financials, it is important to note that it does not encompass all disclosures included in the complete financial statements.

Revenue

In FY26, we entered a new five-year regulatory period (DPP4) for our electricity business that will support increased investment in our network underpinned by higher revenues. Gas network revenue was reset by the Commerce Commission during FY23 with the full impact of the revenue uplift reflected in FY24. This reset allowed for an increase in revenue to capture accelerated depreciation on the gas network, reflecting the uncertainty associated with future utilisation of gas networks. The new five-year regulatory period for gas (DPP4) commences on 1 October 2026, and the new revenue settings reflect the continued uncertainty in the gas business, while acknowledging that gas will continue to play a role in New Zealand for years to come. Accelerated depreciation remains a key component of the DPP4 settings. Other revenue is dominated by capital contributions, which reflect the contributions that our customers have made to connect to our network. These grew considerably from FY21-FY23, but from FY24 onwards the economic downturn has negatively impacted the number of new customer connections, mainly because of reduced volume of new residential connections.

EBITDAF

Our EBITDAF largely tracks our revenue profile. In particular, EBITDAF dropped in FY21 following the DPP3 electricity regulatory reset, but has experienced strong growth since, on the back of our revenue growth and disciplined cost control in a high inflationary environment. EBITDAF margin (excluding the impact of pass-through costs) has remained relatively consistent over the five-year period, peaking in FY25 following the step-down in FY21 after the regulatory reset.

Network investment

We have continued to invest heavily to provide the energy solutions our customers need. During the past five years, expenditure on our networks through a combination of maintenance and capital expenditure has increased by more than 25%. Our investment reflects our commitment to ensuring that our networks support our customers to deliver their electrification goals, improve both the resilience and reliability of our networks, and provide energy options to our customers.

Item	FY2022 ($m)	FY2023 ($m)	FY2024 ($m)	FY2025 ($m)	FY2026 ($m)
Electricity revenue	365.8	392.6	431.1	461.1	577.2
Gas revenue	55.4	55.8	61.1	67.0	69.8
Other revenue	54.4	64.6	57.6	59.8	63.3
Total revenue	**475.6**	**513.0**	**549.8**	**587.9**	**710.3**
EBITDAF $	241.0	267.7	304.1	341.9	415.5
EBITDAF margin % (excluding pass though costs)	65.9%	66.9%	67.6%	70.7%	70.5%
Maintenance	56.2	59.5	60.6	61.8	72.7
Capital – renewal/replacement	115.5	105.6	120.2	126.0	121.6
Capital – growth	139.7	190.1	172.9	211.3	182.6
Total network investment	**311.4**	**355.2**	**353.7**	**399.1**	**376.9**

Fixed assets
Our network and systems assets underpin our ability to serve our customers and reflect our investment in continuing to ensure we can meet their needs. As highlighted above, we have invested heavily during the past five years in our network assets, which manifests in an asset base that has grown from $2.4 billion to $3.5b over that time.

Item	FY2022 ($m)	FY2023 ($m)	FY2024 ($m)	FY2025 ($m)	FY2026 ($m)
Electricity assets (NBV) – accounting	2,327.2	2,521.9	2,683.2	2,899.4	3,087.6
Gas assets (NBV) – accounting	399.9	408.3	416.8	428.0	432.9
Total fixed assets	**2,727.1**	**2,930.2**	**3,100.0**	**3,327.4**	**3,520.5**

Capital structure

Credit rating
Our credit rating provides an independent view of the credit worthiness of our business. We target an S&P BBB rating, which represents an investment grade rating (i.e signifying a low risk of default). This rating provides the right balance of risk and reward for our capital providers. We manage our business and its capital structure to maintain this rating. This ensures we can attract capital that allows us to fund our business to meet the needs of our customers, at the right cost.

Funding
As a monopoly service provider operating under a well-established regulatory framework, we generate stable cash flows from our business. In addition to ensuring fair outcomes for customers, the regulatory framework also allows us to earn a fair return on our investment. This return is underpinned by our regulated assets, or more specifically our regulated investment value (RIV). As a result, we have structured our debt levels such that they are supported by these assets. This approach is relatively common for regulated assets in countries with similar regulatory frameworks. Our internal target for gearing (net debt/RIV) is 77.5%. We have been operating below this level for the past five years, and most recently, because of uncertainties regarding the economic environment, we have maintained a conservative buffer below this level. In addition, to further reduce volatility in our returns, we hedge our interest rate costs to reduce exposure to movements in rates because of macro-economic events. Our regulatory hedging approach largely aligns our interest costs with the interest rates that underpin our regulatory return, reducing volatility in our overall financial returns.

Net debt to RIV – Treasury policy target	77.50%	77.50%	77.50%	77.50%	77.50%
Net debt to RIV – actual	74.98%	71.16%	70.10%	71.57%	70.33%
Dividends	100.0	23.8	60.1	18.5	30.5

Reference

Climate standards index (NZCS1)

NZCS1 requirement	Link to disclosure requirement in report
Governance	
Identity of the governance body responsible for oversight of climate-related risks and opportunities	Our people
The organisational structure showing where the management-level positions and committees lie	Our governance structure
Board oversight of climate-related risks and opportunities	Our climate governance
The skills and competencies to provide oversight of climate-related risks and opportunities	Powerco governance statement
Management's role in managing climate-related risks and opportunities	Our climate governance
Strategy	
Business model	Business model
How the entity positions itself as the global and domestic economy transitions towards a low-emissions, climate-resilient future	Our context
Business strategy	Our strategic framework. Also see, Our strategic priorities
Internal capital deployment and funding decision-making processes	Our strategic priorities, Asset Management Plans
Scenario analysis undertaken	Our climate scenarios
Material climate-related risks and opportunities	Scenario analysis
Current impacts and anticipated impacts, including financial impacts	• Regulatory misalignment • Uptake in gas renewables • Sea level rise, managed retreat and severe weather events • Growth of electricity distribution and services
Transition strategies	• Regulatory misalignment – transition strategy • Uptake in gas renewables – transition strategy • Sea level rise, managed retreat and severe weather events – transition strategy • Growth of electricity distribution and services – transition strategy Transition strategies include associated targets and performance measures, which are used to manage climate-related risks and opportunities.

NZCS1 requirement	Link to disclosure requirement in report
Risk management	
Processes for identifying, assessing and managing climate-related risks	How we manage risk
Integration with overall risk management processes	How we manage risk
Metrics and targets	
Greenhouse gas emissions and intensity metric	Greenhouse Gas Emissions Inventory Report
Assurance of greenhouse gas emissions	Greenhouse Gas Emissions Inventory Report
Percentage of assets vulnerable to transition risks	Uptake in gas renewables
Percentage of assets vulnerable to physical risks	Sea level rise, managed retreat and severe weather events
Business activities aligned with climate-related opportunities	Growth of electricity distribution and services
Actual expenditure towards climate-related risks and opportunities	Sea level rise, managed retreat and severe weather events – transition strategy
Internal emissions price	Internal emissions price
Remuneration linked to climate-related risks and opportunities	Our climate governance
Industry-based metrics	Sea level rise, managed retreat and severe weather events – performance measures – Severe weather events
Sea level rise, managed retreat and severe weather events – performance measures – Severe weather events	Uptake in gas renewables – performance measures – Asset vulnerability Sea level rise, managed retreat and severe weather events – performance measures – RMMAT Sea level rise, managed retreat and severe weather events – performance measures – Asset vulnerability
Greenhouse gas emissions target	Greenhouse gas emissions and reduction pathway
Performance against greenhouse gas emissions target	Greenhouse gas emissions and reduction pathway

Our Disclaimer on page 4 of this integrated report includes our statement of compliance.

Useful links

Here is a list of links to reports, disclosures and website pages for further reading about Powerco or industry-related topics.

Disclosures
Gas disclosure 1 October 2024 – 30 September 2025
Electricity disclosure 1 April 2024 - 31 March 2025
Reports
The GasNZ Biomethane Strategy and Action Plan
New Zealand Government, New Zealand's Second Emissions Reduction Plan 2026-30, December 2024
Powerco 2025 Integrated Report
Powerco Greenhouse Gas Emissions Inventory Report – 01 April 2025 – 31 March 2026

Powerco website pages
GHG Emissions Inventory Report
The basics of biomethane
Powerco's previous material issues
Powerco's Materiality Assessments
Powerco's Board of Directors
Powerco's Governance Statement
Powerco announces renewable natural gas initiatives
The future of gas

Other websites
Integrated Reporting Framework
The Gas Hub
Plans
Gas Transition Plan – Biogas Research Report
Gas Asset Management Plan 2025
Electricity Asset Management Plan 2026
Climate-related publications
Our Climate Scenarios
FY25 Climate-related disclosure report (in 2025 Integrated Report)
FY24 Climate-related disclosure report
Climate Adaptation & Resilience Plan, published in July 2025

Glossary

Te reo

We support the revitalisation of te reo Māori. Here are the reo words and phrases we use in our report.

Aotearoa
New Zealand

Hauora
Health and wellbeing

Hapū
Sub-tribe

Kaupapa
Topic, theme

Kaimahi
Employees

Kererū
Wood pigeon

Kete
Basket

Kiwi
New Zealanders

Kōwhaiwhai
Traditional Māori patterns

Kōtare
Kingfisher

Mahi
Work

Manaaki Tāngata
Caring/uplifting

Pou
Pillars

Tikanga
Traditional values and customs, the right way of doing things

Taiao
The natural environment

Taonga
Treasure

Tāngata
People

Te ao Māori
The Māori world view. Represents the holistic Māori worldview, cultural tapestry, and indigenous knowledge system.

Te Teo
A hitching stake or bollard that safeguards and protects

Te Whare Tapa Whā
A holistic Māori health model developed by Sir Mason Durie

Wharenui
Meeting house

Whakakotahitanga
Unifying or bringing together

Whānau
Family

Whirinaki
Reliable and dependable

Whenua
Land

Terms used in our report

ADMS
Advanced distribution management system

Asset stranding/stranded assets
Assets that may no longer be able to earn an economic return or recover their value because of changes in market conditions, customer demand, policy settings, or technological developments.

b
billion

Capex
Capital expenditure
Expenditure on acquiring, upgrading or extending long-term assets, such as network infrastructure.

CIMS
Coordinated Incident Management System
A standardised framework used in New Zealand to coordinate and manage incident response across organisations, ensuring a structured and consistent approach during emergency events.

CPI
Consumer price index

DPP
Default price-quality path

DSO
Distribution system operator

EBITDAF
Earnings before interest, tax, depreciation, amortisation and fair value adjustments

EOI
Expressions of interest

Firstlight Network
Electricity distribution business serving Tairāwhiti and Wairoa.

GWh
Gigawatt-hour

ICP
An individual customer connection to our network (gas or electricity).

ISO: 14064-1:2018 and ISO: 14064-3:2019 standards
International standards for greenhouse gas (GHG) accounting, reporting and verification. International standards that provide requirements and guidance for quantifying, reporting and verifying greenhouse gas emissions.

k
thousand

km
kilometres

kV
Kilovolt (1,000 volts)

kWh
Kilowatt-hours

m
million

MED
Major event day
A day on which network interruptions exceed a defined threshold, typically because of significant events, such as severe weather, and is treated separately for reliability performance reporting purposes.

MW
Megawatt (one million watts)

NBV
Net book value

Net promoter score (NPS)
Net promoter score measures customer satisfaction. It is calculated as your percentage of promoters minus your percentage of detractors. Promoters rate you 9-10 out of 10, detractors rate you 0-6 out of 10 when respondents are asked to rate the likelihood of recommending a company.

Opex
Operational expenditure
Expenditure associated with the day-to-day operation, maintenance and management of assets and services.

PJ
Petajoule

RAB
Regulatory asset base
The value of assets recognised by the economic regulator for the purposes of setting allowable revenue for regulated services

RIV
Regulatory investment value

RMMAT
Resilience management maturity assessment tool
A framework used to assess organisational capability to manage resilience across reduction, readiness, response and recovery.

SAIDI
System average interruption duration index
An industry reliability metric that measures the average total duration of unplanned electricity interruptions experienced by customers over a defined period.

SCADA
Supervisory control and data acquisition
A control system used by electricity and gas teams to remotely monitor and control the network.

WACC
Weighted average cost of capital

Climate-related terms

Climate scenarios
Plausible, internally developed narratives describing how different combinations of global warming and policy ambition, both local and global, may affect Powerco's networks and operations over time.

Climate-related physical risks
Physical risks are risks resulting from climate change that are event-driven (acute risks), including increased severity of extreme weather events, such as cyclones, high winds, and floods. They also relate to longer-term shifts in climate patterns (chronic risks) that may cause sea level rise or chronic heat waves.

Climate-related transitional risks
Transitional risks are those associated with the pace and extent to which our activities help customers to mitigate emissions and adapt to a changing climate. This includes changes in policy, technology, markets and customer behaviour that influence how energy is produced, delivered, and consumed.

Climate-related transitional opportunities
Transitional opportunities are business opportunities arising from efforts to mitigate and adapt to climate change. This includes resource efficiency, shifting energy sources, new products and services, and adaptive capacity.


POWERCO