

For FY27, FY28 and FY29  
The Orion Group

# Statement of Intent





## Introduction

From the Rakaia to the Waimakariri, Banks Peninsula to Arthur's Pass, Orion owns and operates the electricity distribution infrastructure in central Waitaha Canterbury, including Ōtautahi Christchurch city and Selwyn District.

Our network extends over 8,000 square kilometres and delivers electricity to more than 235,000 homes and businesses. We are Aotearoa New Zealand's third largest electricity distribution business. Our network is both rural and urban, serving diverse communities from the bustling city centre to remote alpine townships.

Central Waitaha Canterbury is experiencing rapid population growth, with Christchurch and surrounding townships at the centre of this dynamic region and the main business hub of the South Island. One of the crucial services that underpins the wellbeing and prosperity of the people and businesses in this area is safe, reliable and resilient electricity distribution.

This Statement of Intent (SOI) is submitted by the Board of Directors of Orion, in accordance with section 39 of the Energy Companies Act 1992 (the Act). It sets out the Board's overall intentions and objectives for Orion New Zealand Limited and its subsidiary companies (The Orion Group) for the year commencing 1 April 2026 and the following two financial years. The companies that comprise The Orion Group are listed in the Appendix.

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

## Our Group Strategy

This document sets out our strategy and key measures. Our strategy is divided into focus areas and key enablers. Our focus areas are:

- Our community – our community is our anchor and is front and centre in our decision making. We want to have a positive impact on our people and place.
- Safe, reliable, resilient network – this is the core of what we do, ensuring that the lights stay on and people are safe and can rely on us to invest wisely for future generations.
- Utilised and accessible network – a highly utilised and accessible network is essential to keeping power affordable and enabling decarbonisation.

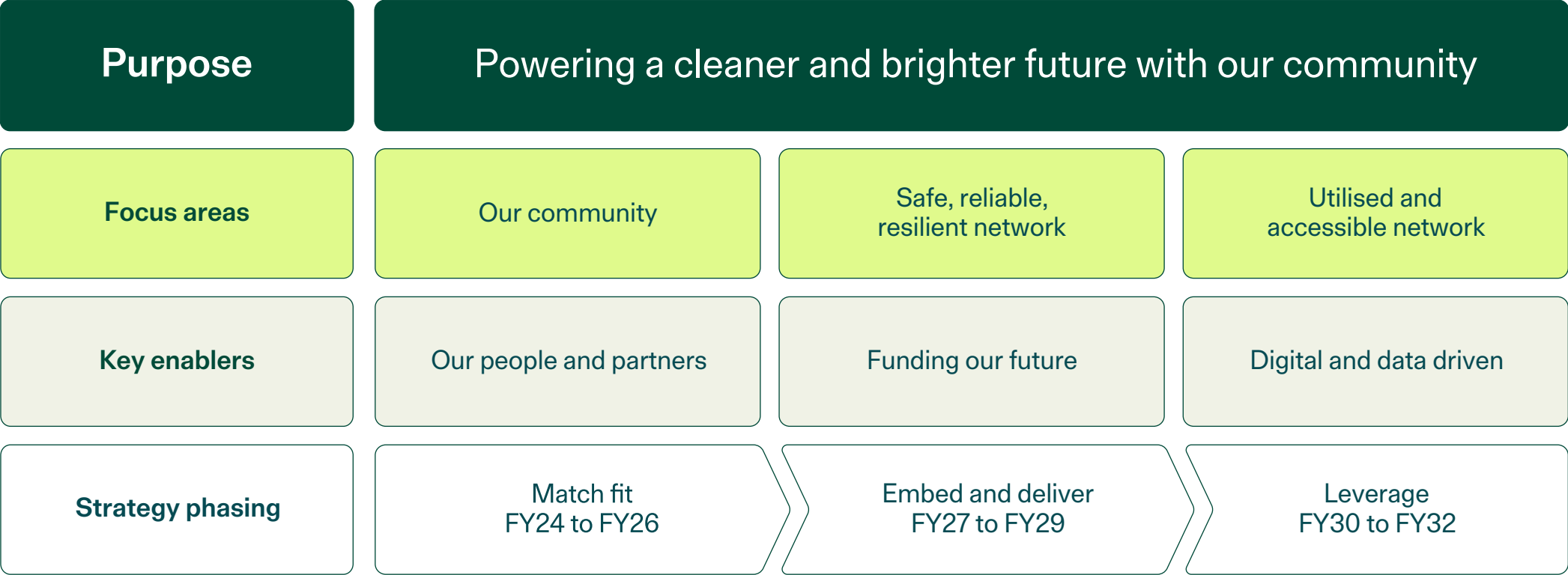
Supporting our focus areas are three key enablers:

- Our people and partners
- Funding our future
- Digital and data driven

The following page sets out the 'embed and deliver' phase (FY27 to FY29) of our strategy.

\* Our focus areas and enablers are aligned to the integrated reporting framework with key inputs noted with each focus area and enabler.

# Group Strategy



# How our key strategic measures are anchored in community partnership and decarbonisation

Our key performance measures in this Statement of Intent are deliberately anchored in how we work with our community to deliver electricity and enable decarbonisation.

As a community-owned organisation, our success is not defined solely by what we deliver internally, but by the outcomes we enable for the region we serve. That means our measures focus on whether our network, our decisions, and our way of working are genuinely helping households, businesses, iwi and local partners to electrify and decarbonise at the lowest long-term cost to the community.

We measure our performance based on how effectively we collaborate with our community and stakeholders. That includes working alongside customers to maximise the use of the existing network, enabling flexibility and non-network solutions, and ensuring our network does not become a blocker to electrification or renewable uptake. Success, in this context, is about enabling choice, access and participation.

## **Our measures:**

1. Reflect partnership
2. Outcome focused for our region
3. Reflect long-term stewardship





Focus areas

# What we deliver for our community

Our community

Safe, reliable,  
resilient network

Utilised and  
accessible network

# Our community

## Know how, communities and environment



Key performance measures	Targets		
	FY27	FY28	FY29
<b>Reducing the environmental impact of our operations</b>			
Scope 1 & 2 Group greenhouse gas emissions (tCO2e)	2,550	2,412	2,389
Planting of native forest in partnership with Wairewa Rūnanga	50,000 seedlings planted	70,000 seedlings planted	35,000 seedlings planted
From FY30 we will provide measures for forest growth and carbon credits			
<b>Households and communities (Enhancing technical knowledge and capacity and empowering localised energy solutions)</b>			
Number of households supported by our sponsorship of Community Energy Action including insulation of homes and curtain bank	220	220	220
Community energy projects	4	4	4

### How we show up for our community:

**Resilient:** we have built a strong network and provided alternative solutions to ensure our community needs are met.

**Efficient:** by doing this efficiently and thinking about the way we build we can reduce costs to our customers.

**Work with our community:** on key projects and mahi in the Community ensuring that we leverage sponsorships and relevant groups where we can make an impact.



# Safe, reliable, resilient network

Know how  
and people



Key performance measures	Targets		
	FY27	FY28	FY29
<b>Customer Experience/Network performance</b>			
SAIDI – total minutes per customer	124.12	124.12	124.12
SAIFI – total number of interruptions per customer	1.1299	1.1299	1.1299
<b>Resilience of our rural and urban network</b>			
Hoon Hay zone substation upgrade and installation of 66kV cables from Milton to Hoon Hay	Complete		
Replacement of oil filled 66kV cables from Hoon Hay to Halswell	Complete		
Installation of 66kV cables between Oxford Tuam and Milton Zone substation	In progress	Complete	
Replacement of 33kV switchgear and protection at Hororata Zone substation	In progress	In progress	Complete

**What safe, reliable, resilient network means for our community:**

**Integrated, digital operating model:** gives us real-time asset insights, smarter decisions, and faster responses – keeping the network reliable and efficient.

**Customer experience:** builds trust and satisfaction through clear communication, quick issue resolution, and services that meet customer needs. Exceeding performance benchmarks, satisfying stakeholders, and securing long-term advantages is key to securing favorable regulatory outcomes and the social licence and capacity to adapt to change.

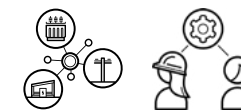
**Network performance:** delivers reliable network at the best value - meeting regulatory targets while keeping costs down for everyone.

**Network resilience:** ensures we can respond to disruptions and, where possible, avoid them altogether – protecting our community and service.



# Utilised and accessible network

## Assets and know how



Key performance measures	Targets		
	FY27	FY28	FY29
<b>Capacity unlocked through intelligence – keeping costs down by using our network smarter</b>			
Accuracy of operational/day ahead load forecast used for network peak demand management	>=90%	>=92.5%	>=95%
Regulated Asset Base/maximum system coincident demand	In top 25% of EDBs		
<b>Organisational efficiency</b>			
Operational expenditure per MWh	<= average of our NZ comparator group EDBs	<= average of our NZ comparator group EDBs	<= average of our NZ comparator group EDBs

**High utilisation ensures that our infrastructure (asset capacity) is used to its full, risk-optimised, potential:**

Optimises investment by reducing or deferring network build or reinforcement.

Enabling more connections, distributed energy resources, and leveraging demand flexibility.

**An accessible network means our network is available and affordable to all customers, technologies, and service providers:**

Ensures access and connectivity is not a barrier - open for business - for new technologies and services, supportive of the changing demands and customers - a more responsive energy ecosystem.

Promotes equity by ensuring all customers - regardless of size or relative location - can access the network and its opportunities equitably and affordably.

Encourages innovation by allowing new energy solutions and business models to evolve.





Key enablers

# How we make decisions and deliver for our community

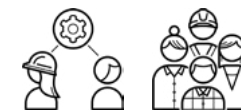
Our people and partners

Funding our future

Digital and data driven

# Our people and partners

Know how  
and people



Key performance measures	Targets		
	FY27	FY28	FY29
<b>Our people (reflect combined data from both Connetics and Orion)</b>			
Engagement score	>64% positive	>65% positive	>66% positive
Gender pay gap	<13.9%	<12.9%	<11.9%
<b>Health, safety and wellbeing</b>			
Notified events that did result in serious injury to employees	≤1	≤1	≤1
Notified events that did result in serious injury to service providers	≤1	≤1	≤1
Events that did result in serious injury to the public, excluding car versus pole incidents	≤1	≤1	≤1

## Our enabler pillars and what they mean to us:

**Service Deliver Partners (SDPs):** skilled, responsive teams; investing in critical skills for future readiness.

**Employee Value Proposition (EVP) and inclusivity:** attracting and securing tomorrow's workforce through inclusivity and a compelling EVP.

**Culture, capabilities and skills:** building new capabilities, including a digital and data driven culture, through a skills-first approach.

**Alliances and collaboration:** strong relationships with local stakeholders (including CCC and SDC), iwi, and our sector partners for coordinated action.

**Health, safety and wellbeing:** proactive risk management and a strong safety culture – ensuring everyone goes home safe.



# Funding our future

## Assets and financial



Key performance measures	Targets		
	FY27	FY28	FY29
Profit after tax (\$m) (including contributions)	36.0	43.6	49.0
Earnings before interest, tax, depreciation and amortisation (\$m)	179	200	217
Dividends (\$m)	35	40	45
Total shareholder return (%)	6.4%	7.2%	7.6%
Return on equity (PAT including capital contributions / Average Equity) (%)	3.6%	4.3%	4.6%
Debt over EBITDA	4.7	4.6	4.8
Debt over Regulated Asset Base (%)	43%	44%	46%
Shareholders' funds to total assets ratio	46%	44%	43%

### We recognise that our key broad sources of funding are:

**Capital contributions:** what our customers pay up front.

**Line charges:** what our customers pay over time.

**Debt:** accessing debt market funding to support customised price-quality path (CPP) investment while remaining within agreed capital structure parameters.

**Non-regulated returns:** including Connetics and any other non-regulated income streams.

### We will manage these well to:

**Delivering CPP:** ensure we can deliver our work programmes that underpin our CPP and strategy.

**Pricing integrity:** deliver our pricing strategy objectives and enable cost-reflective recovery from customers.

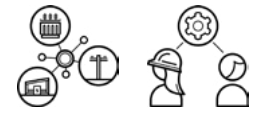
**Capital strength and flexibility:** ensure that our capital structure provides strong borrowing capacity and competitive debt pricing in multiple markets.

**Shareholder value:** ensure we can provide an appropriate return to shareholders.



# Digital and data-driven

## Assets and financial



Key performance measures	Targets		
	FY27	FY28	FY29
Number of priority business processes enabled by automation or AI (value –assured)	>=4	>=10	>=15
Core operational systems are integrated into the Integrated Asset Management platforms (EAM – Maximo; GIS – Esri)	Phase 1 complete	Phase 2 established	Phase 2 complete

### Empowerment and culture:

Adopt and exploit digital technologies - developing digital skills and a culture that embraces change.

### Digital and innovative:

AI, digital tooling and automation drive smart networks, grid flexibility, efficiency, and better ways of working - using modern tools to meet our energy future demands.

### Data and insights:

Be “data-driven,” obtaining, curating and transitioning data into actionable intelligence enabling smart networks and customer value.

### Secure and resilient systems:

Underpins everything; without security and reliability, digital advancements can introduce risk. We need confidence that our digital evolution will not compromise privacy, safety or reliability.



# Governance

## Board

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

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

## Board operation

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

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

## Policies

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

## Board performance and review

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

## Executive remuneration

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

## Board meetings and committees

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

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

## The Orion Board has two standing committees:

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

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

## Liability insurance and indemnity

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

## Loans to directors or employees

The Group does not make loans to directors or employees.

## Statement of Intent (SOI)

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

## Risk management

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

## Legislative compliance

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

## Auditor

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

## Procurement practices

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

## Stakeholder engagement

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

# Governance Continued

## Commercial value of shareholder's investment

The commercial value of the Shareholder's investment in Orion is considered by the Directors to be not less than the Shareholder's funds as disclosed in the statement of financial position published in our FY25 Annual report.

This will be considered annually when the Statement of Intent is completed.

## Living wage

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

## How we will report to our shareholders

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

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

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

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

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

Our accounting policies comply with applicable NZ IFRS standards and interpretations and will be consistent with the accounting policies adopted by the Christchurch City Council consolidated Group. We have applied the same accounting policies when preparing our financial forecasts in this SOI that we applied for our audited financial statements for the year ended 31 March 2025, see [The Orion Group Annual Report 2025](#). Our actual accounting policies may change because of changes to NZ IFRS standards and interpretations.

## Acquisitions and divestments

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

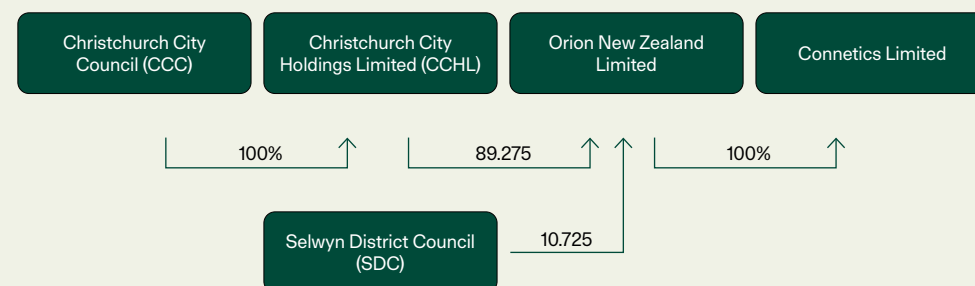
Major transactions as defined by the Companies Act 1993, will be subject to shareholders' approval by special resolution. Where we decide to incorporate or subscribe for shares in subsidiaries to undertake our commercial activities, we will ensure effective management.

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

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

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

## Our Group structure



# Appendix

## Notes and definitions

### Financial

- Our financial targets are for the consolidated The Orion Group and are in nominal terms – they include forecast inflation/escalation.
- Our key assumptions for our financial targets are:
  - our future electricity distribution revenues will be within the limits the Commerce Commission has set for Orion
  - our transmission charges from Transpower will be ‘passed through’ to customers
  - our future opex and capex will largely reflect the work programme in our 2026 Asset Management Plan, subject to our supply chain and resources
  - no future major investments/divestments
  - no future natural disasters, material adverse events or materially adverse decisions by regulatory agencies.

### Reliability

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

### Group corporate emissions

Our total Group carbon emissions for our current benchmark year of 2020 were 17,203 tCO<sub>2</sub>e. 81 per cent of these are associated with electrical losses, directly linked to how New Zealand generates its electricity. We take steps to limit losses, for example by reducing peak load, but there are no viable solutions to eliminate them yet.

What we consider to be our Group corporate emissions are relatively small by comparison, comprising 2,550 tonnes per annum in FY27, which we propose to reduce 2,412 tonnes in FY28, with a goal to reduce to 2,389 tonnes in FY29. They include direct emissions, such as petrol or diesel used by the Group, as well as some indirect emissions, such as landfill gas and air travel by employees.

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

### Health and Safety

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

