



# **CLIMATE RELATED DISCLOSURE**

FOR THE PERIOD ENDED 31 DECEMBER 2024

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## 1.Introduction

## 1.1. NZL and Climate Change

New Zealand Rural Land Company (NZL) is focused on building a diversified portfolio of high-quality, productive rural land across New Zealand. As of 31 December 2024, NZL owned 17,503 hectares (43,232 acres) of premium agricultural land.

We understand that long-term investment performance is inherently linked to the enduring integrity of our land. As such, we place great importance on making smart, future-focused decisions about land use. Our strategy prioritises diversity in land utilisation and geographical spread, which not only optimises outcomes but also reduces our exposure to regional and sector-specific risks. This approach enables us, as the ground lessor, to remain agile and responsive to the challenges and opportunities arising from a changing climate.

While dairy and forestry remain a core part of NZL's portfolio, 2024 marked our entry into a new sub-sector: horticulture. We also expanded our existing forestry estates and partnered with New Zealand Forest Leasing to implement a native regeneration programme across our forestry properties. Notably, our 2,606-hectare site in the Manawatū-Whanganui region is now a part of one of New Zealand's largest active pest management initiatives, aimed at supporting regeneration and enhancing native biodiversity.

Sustainable agriculture and forestry are both vital components of New Zealand's national climate strategy, and we remain committed to aligning our operations with the global drive to reduce emissions while contributing to a resilient, thriving local economy. New Zealand's primary industries have earned a strong global reputation as suppliers of low-emission, high-quality products. However, we are conscious of the risks posed by climate change. Rising temperatures and shifting weather patterns—trends mirrored globally—require us to be more resilient and better prepared.

We were fortunate that none of our properties, including our new forestry and horticulture acquisitions, were impacted by the extreme rainfall events experienced during the reporting period. However, we acknowledge that climate impacts are indiscriminate. As such, building resilience across our portfolio is more important than ever.

In addition to physical climate risks, we face potential transition risks as the global economy moves toward decarbonisation. These include shifting consumer preferences, evolving regulatory frameworks, and changes to trade and market access. While these developments may present challenges, we also see significant opportunities to lead and innovate in the transition to a net-zero, nature-positive future.

#### 1.2. This Climate Statement

This is our second climate-related disclosure and represents a significant step in deepening our understanding of how climate change may affect our business over time. It also supports the development of strategies to enhance the resilience of our portfolio. This climate statement has been prepared in compliance with the Aotearoa New Zealand Climate Standards (NZCS1, NZCS2, and NZCS3), published by the External Reporting Board (XRB).

We acknowledge the importance of identifying, managing, and disclosing material climate-related risks and opportunities in a consistent and comparable way. To this end, we have invested in understanding the latest climate science and physical impacts, including assessing projections of future climate conditions over the coming decades. This work draws on climate scenarios developed by the Intergovernmental Panel on Climate Change (IPCC), adapted to New Zealand's context through modelling provided by NIWA and the Deep South Challenge. We have also reviewed three possible future scenarios which utilise and build on Aotearoa Circle's Agricultural Sector Climate Scenario work. These climate scenarios provide a window

into different plausible futures, enabling us to stress test our strategy under plausible socio-economic, technological, environmental, and political futures. Insights from the scenario analysis process are crucial to building resilience and preparing for the risks and opportunities we may encounter in the future.

Importantly, this second climate statement extends the scope of our emissions reporting to include scope 3 GHG emissions. While NZL operates under a land-ownership-only model, we understand the need to account for GHG emissions along our value chain and across our entire portfolio to comprehensively manage GHG-related risks and opportunities. As such, we are opting to report our full scope emissions ahead of the mandatory requirement. Understanding our full scope GHG profile will inform the programme of work between NZL, and our manager New Zealand Rural Land Management (NZRLM) pertaining to climate related risk and opportunity.

This statement also includes further details on the Transition Plan aspects of our strategy. The land-ownership-only model at NZL will continue to shape our transition planning. We have carefully evaluated the nature of our ownership and management structure and the key levers available to drive meaningful impact. As a result, transition plan commitments go beyond decarbonisation opportunities within our value chain. We are also focused on enhancing climate resilience across our existing portfolio and integrating climate-related risks and opportunities into our acquisition strategies for both short, medium, and long-term planning.

While the XRB acknowledges transition planning as an iterative and dynamic process, we have already established foundational elements of our transition plan and made meaningful progress toward our climate goals.

We look forward to further increasing the depth of our disclosures in subsequent reporting periods and support the shift toward a greater level of publicly available climate-related information. We understand the need for an efficient allocation of capital to help smooth the transition to a more sustainable, low emissions economy. To support climate preparedness and long-term sustainability, we offer an investment approach that contributes to a future that benefits both the environment and our communities.

#### ADOPTION PROVISIONS

NZL has elected to use the following adoption provisions from NZ CS 2 in preparing these Statements:

- Adoption provision 2: Anticipated financial impacts
- Adoption provision 4: Scope 3 greenhouse gas (GHG) emissions
- Adoption provision 5: Comparatives for Scope 3 GHG emissions
- Adoption provision 7: Analysis of trends
- Adoption provision 8: Scope 3 GHG emissions assurance

#### **DISCLAIMER**

Management of climate-related risks is a burgeoning field, characterised by evolving data and methodologies. This document includes forward-looking statements, encompassing climate-related scenarios, targets, assumptions, projections, and judgments, which may not materialise as anticipated.

Whilst NZL has endeavoured to establish a reasonable foundation for these statements including through utilising the work of the XRB, Institute of Directors and Aotearoa Circle, NZL will continue to enhance its response to climate-related risks and opportunities over time, however, the dynamic and evolving nature of this domain imposes constraints. It's prudent to exercise caution in relying solely on these forward-looking climate-related statements, as they inherently carry less reliability compared to other statements NZL makes in its annual reports. These statements contain many assumptions, forecasts, and projections concerning NZL's present and future strategies and operating environment, inherently susceptible to uncertainties and limitations given the evolving inputs, data, and information landscape. The statements are based on our understanding as at the time of writing.

This document does not constitute financial, legal, tax, or other advice or guidance regarding capital growth or earnings.

Approved for release by the board on 23 April 2025

Rob Campbell Chair

Tia Greenway Director

Myrenen

## 2. Governance

#### 2.1. NZL Board of Directors

The NZL Board of Directors are ultimately responsible for protecting and enhancing the value of our company assets. This responsibility includes oversight of risks and opportunities presented by climate-related issues. The Board approves and is responsible for, our overall strategy, initiatives, frameworks, targets, metrics and policies.

The Board meets regularly, at least 8 times each year, and is updated on the management and strategic risks of climate-related issues on a periodic basis during meetings. NZL's manager NZRLM joins each board meeting to ensure appropriate risk oversight.

The NZL Board reviews its performance, composition, and structure on an annual basis. Collectively the board and NZRLM together hold accountability for the inclusion and delivery of actions relating to climate change into risk management, business planning, business processes and capital allocation within the overall budgets and financial delegations set by the Board.

NZRLM works in partnership with NZL to drive activities on leased sites within our portfolio. The partnership is collectively responsible for the regular assessment and monitoring of all risks, including managing climate risk and GHG reduction. Tenants are required to calculate net farm GHG emissions using a recognised method, establish a GHG reduction plan and keep records of stock, fertiliser, and other relevant farm data.

A key assessment mechanism for on-farm activities is facilitated through the Enduring Land for Life (ELFL) framework. ELFL framework allows the governance body to receive advice and consider climate-related impacts when developing and overseeing implementation of the organisation's strategy. The Board is updated every two months on the framework, including carbon management. The framework sets standards in our approach to land management, animal welfare, human resources, and governance, ensuring the land we own and our farming partners of today will be safeguarded to support the producers of tomorrow. Best practice expectations are binding, as they are written into the contractual relationship with partners to ensure we become a positive, market-leading force for exceptional land stewardship and sustainability.

While the ELFL framework is an industry-leading means for communicating measurement and management of emissions within our properties (with emissions reduction per unit of production used as a key reporting metric), we are committed to furthering this work through a more explicit focus on climate-risk and how NZL governance can best be kept informed on an ongoing basis.

NZL's acquisition strategy requires rural land to be assessed for climate related risk including extreme weather events such as drought (alongside capacity to support appropriate herd sizes, high quality infrastructure, environmental compliance and availability of skilled labour). The Board is currently working with external experts to incorporate an additional level of diligence into the strategy to further optimise the assessment of climate-related risk for acquisitions.

## 2.2. Organisational Structure

NZL BoardNZRLMRob Campbell – Independent ChairShelley Ruha – DirectorSarah Kennedy – Independent DirectorRichard Milsom – Executive Director and FounderTia Greenaway – Independent DirectorXavier Lynch – General ManagerChristopher Swasbrook – Non-independent DirectorJosh Jenkins – Investment Associate





Figure 1: New Zealand Rural Land Co. Organisational Structure.

#### 2.3. Future Governance

We engage specialists on an as needed basis and will engage climate-impact specialists to provide on-going advice on climate-related readiness to the Board on a regular basis.

Specialist advisory in the climate space has supported the Board to keep abreast of latest science and monitor progress against metrics and targets for managing climate-related risks and opportunities. This function will also support us to consider climate-related risks and opportunities when developing and overseeing implementation of our strategy, specifically how these considerations can more fully inform our land management practices, decarbonisation efforts and acquisition strategy.

Sustainability is a skill considered essential for the effective governance of climate-related risks and opportunities. Our Board continues to expand its knowledge and further climate training sessions are planned for the next reporting period.

The NZL Board is currently developing a skills matrix capturing climate competencies of NZLRM. This will ensure our organisation has appropriate and sufficient capabilities to deliver on our decarbonation plan, which we look forward to sharing details of in subsequent reporting rounds.

# 3. Strategy

## 3.1 NZL's Current Business Model and Strategy

Our strategy is to own quality rural land in New Zealand, growing a diverse portfolio while delivering attractive risk-adjusted returns as a ground lessor. Recent acquisitions are delivering on this strategy.

Our business model of longer-term ownership of land than the typical operator, reflects our commitment to sustainable land management. Our properties are 100% tenanted on long-term leases, with a weighted average lease term of 12.5 years. We leverage our position as the ground lessor via contractual commitments to caring for the land, climate, and communities. NZL therefore has both the incentive and the ability to ensure lessees are using land with respect and are prepared for the impacts of climate change.

In the first half of the reporting year, NZL announced the acquisition of several additional properties including a 97-hectare horticultural property in Hawke's Bay and a 1,105-hectare forestry estate in Manawatu-Whanganui. NZL supplemented these purchases with an additional 1,501-hectare forestry estate in the same well regarded forestry region and the first tranche of 126 hectares of horticultural land supporting an apple orchard in central Otago. These properties were collectively purchased for \$39.8m and were leased to Kiwi Crunch, New Zealand Forest Leasing, MM Forests, and SI Orchards respectively.

Our choice to be a leader in the sustainable ownership of land is based on the fundamental belief that investment performance is inherently tied to the enduring integrity of our land. This means that as the global and domestic economies transition towards a low-emission, climate resilient future, NZL will continue to position itself as a leader and genuine steward of land and of the environment.

Aotearoa New Zealand offers a strong foundation for sustainable investment in rural land, with the agricultural, horticultural, and forestry sectors continuing to play a central role in the country's economy—contributing over half of national export earnings. With a large proportion of the country's land dedicated to primary production, New Zealand presents valuable opportunities for businesses seeking to align land use with long-term environmental and economic goals. While patterns of land use have evolved over time, including a reduction of approximately 208,000 hectares between 2017 and 2019 much of which was due to housing, these shifts open new pathways for innovative land stewardship, sustainable development, and regenerative practices.

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NZL is actively mapping its current land portfolio to identify marginal areas suitable for enhancement through targeted planting. This initiative aims to deliver multiple environmental benefits, including erosion control, increased biodiversity, sediment reduction, and the potential for long-term carbon sequestration.

We have assessed the current and future impacts of climate-related risks and opportunities of most relevance to our business, model and strategy and believe NZL and our lessees are well positioned to capture opportunities and meet the challenges ahead. Specifically, we've assessed NZL's climate-related risks and opportunities over the short (2026), medium (2030) and longer (2050) term. and adjusted our risk register and strategic approach accordingly. The process has validated the importance of considering climate-related risks and opportunities in our strategic and operational business planning.

## 3.2. Climate Related Risk and Decision Making

NZL generates shareholder value through a combination of rural land asset appreciation and stable lease income from long-term agreements with agricultural operators. While NZL is not directly engaged in farming operations and does not bear operational costs or production-related risks, the wellbeing, safety, and long-term viability of our lessees are foundational to the integrity and performance of our business model.

Our strategic interest extends beyond the land itself to the broader ecosystem in which our lessees operate. We are acutely aware of the increasing challenges posed by a changing climate and are committed to a rigorous due diligence process that prioritises climate resilience and sustainability when assessing land acquisitions.

By ensuring that our lessees are situated on properties that are better positioned to mitigate environmental and operational risks, we aim to foster a more secure and prosperous environment for both parties. Our business model has been intentionally designed to allow us the opportunity of being responsive to physical and transition risks – current and anticipated - as we are not tied to a particular land-use type, region or sub-sector. This proactive approach not only enhances the long-term performance and stability of NZL's asset base but also supports the ongoing productivity and economic security of our lessees. In doing so, we seek to uphold our fiduciary responsibility to shareholders while contributing positively to the broader agricultural sector.

While our initial acquisitions were pastoral properties, we have since expanded our focus to other agricultural sub-sectors, including horticulture, and forestry. This diversification improves the resilience of NZL's portfolio, in conjunction with driving greater returns through value appreciation and an increased overall rental income. As NZL grows, we will continue to diversify our portfolio.

Integrating climate risk assessment into our acquisition strategy, funding and future funding decisions are a recognised lever to optimise commercial value. We are working with external experts to further mature our approach to integrating climate-related risk into our decision-making process and capital deployment.

## 3.3. Current Physical and Transition Impacts

This section sets out the current view of physical and transition climate related impacts identified or experienced by NZL.

While the effects of climate change on the economy have the potential to intensify over the coming decades, a number of impacts are already being observed. Agriculture in New Zealand has entered a period of potential disruption due to impacts from change drivers including trade agreements, evolving consumer preferences and expectations, pandemic and disease, and emerging technologies.

We are aware that climate impacts being experienced by our lessees and their sectoral counterparts have the potential for flow-through both in our current operating environment, and into the future. It's also true that not all adverse weather events experienced in New Zealand translate into climate-related physical impacts for NZL.

NZL is keeping abreast of shifts in the regulatory environment pertaining to climate-related risk and opportunity. Of note are several significant changes to the New Zealand Emissions Trading Scheme (NZ ETS) affecting agriculture, forestry, and carbon market operations. We welcome recent investment in the development of emission reducing technologies and the NZ Agricultural Greenhouse Gas Research Centre.

On the 26 November 2024 the Climate Change Response (Emissions Trading Scheme Agricultural Obligations) Amendment Act came into force. The act removes all agricultural activities from the NZ Emissions Trading Scheme. The government intends to introduce a farm-level pricing system by 2030.

As a company investing in both forestry and agriculture, NZL recognises the imperative for the business to keep abreast of transitional risks and opportunities brought about through changes in the regulatory environment.

Current climate-related impacts of most relevance to NZL were identified via engagement with external experts and tested at a Climate Risk workshop. The results of these conversations are summarised in **Table 1**. Anticipated future impacts of climate change are explored more fully in **Table 4**, Section 3.6.

Table 1: Current Physical and Transition Impacts

| Current<br>Physical<br>Impacts   | Risk                  | Extreme Weather Events  Several extreme rainfall events occurred throughout the reporting period, with four local state of emergency declarations (Westland District in January, Wairoa in June, Dunedin and Clutha District in October, and Westland District in November).  The southern South Island was exposed to frequent rain-bearing systems during the year, and the Ministry for Primary Industries announced a medium-scale adverse event classification for Southland and the Clutha District in October due to persistently wet conditions. Most notably, Lumsden observed its wettest year since records began in 1982.  Our lessees are at risk of experiencing the effects of such events, including flooding, power outages, road damage, and logistical breakdown. Extreme weather events can cause long-term disruption to rural communities, and to vital networks and support services. Some communities may need to relocate, either temporarily or permanently.  Mâori Communities in rural areas have intergenerational cultural identity sustained within the whenua, taiao, and taonga species which are at threat from the impacts of climate change.  Low Hydro Storage driving wholesale electricity prices  2024 was New Zealand's 10th warmest year on record. Dargaville and Whitianga each observed their driest year on record. A further eight locations observed near-record low annual rainfall totals. Between April and August 2024, hydro storage steadily declined, with storage reaching a six-year low in early August. During this decline, electricity generation from hydropower was sold at higher prices into the wholesale market.  Between July and early August 2024, New Zealand's wholesale electricity prices increased from roughly \$300/MWh to over \$800/MWh. Lessee exposure to electricity price peaks has the potential to threatens financial resilience and stable lease payments |
|----------------------------------|-----------------------|--|
|                                  | Opportunity           | Land Value  As climate impacts trade and production globally, rural land in Aotearoa New Zealand becomes more valuable on a global scale relative to regions that are more greatly affected by the impact of climate change  |
| Current<br>Transition<br>Impacts | Risk &<br>Opportunity | Regulatory Environment Impacting Productivity  The combination of forestry, biodiversity, freshwater and climate policy is already having an impact on how land is used by the agricultural sector.  |

Emissions pricing and incentives for private sector financing could change the profitability of certain farm systems and practices. They could also affect the price of food, with significant implications for food security.

Current global climate on geopolitical stage (including policy signals coming from the United States) suggest potential impacts to global carbon pricing.

#### Reputational Risk

Aotearoa New Zealand's primary sectors have earned a global reputation as a trusted supplier of quality products and ingredients. If we are unable to maintain the integrity of our natural environment under a changing climate, this reputation could be tarnished, impacting consumer preferences.

Reputational risk also applies to NZL as an entity, given the reliance on sustainability credentials in our brand proposition. Continuing to protect the integrity of our land through partnerships with our lessees and acquisition of climate resilient parcels will ensure our reputation remains our competitive advantage.

## 3.4. Climate Scenario Analysis & Narratives

Climate scenario analysis is a forward-looking structured, strategic tool that considers plausible futures and impacts to the financial resilience of an entity's business model under difference temperature changes and over different time horizons.

To assist our forecasting of climate related risks and opportunities over the short, medium and long-term, and to test our business strategy, we undertook a climate scenario analysis exercise. NZL adopted the process steps detailed in the XRB's Staff Guidance Entity Scenario Development. This process was facilitated as a stand-alone exercise by external specialists. Members of the Board attended the workshop which included a:

- Summary of the climate change context and globally agreed science and data
- Summary of sector level drivers of change and impact pathways
- Risk Prioritisation exercise to review, then update the highest ranked priority risks and opportunities identified in CRD 2023
- Climate Scenario Analysis exercise to take the highest ranked priority risks and opportunities and test them under three future climate scenarios.

In accordance with the requirements of NZ CS1, three future climate scenarios were assessed each of which represent an alternative potential future:

• Tū-ā-pae a 1.5 degrees Celsius climate-related scenario (Mandatory Scenario)

Tū-ā-hopo a 2 degrees Celsius climate related scenario (NZL Selected Scenario)

Tū-ā-tapape a 3 degrees Celsius or greater climate related scenario (Mandatory Scenario)

## **Analysis Process**

To ensure a robust and consistent approach, we leveraged and built on the sector-specific scenario definitions developed by the Aotearoa Circle for New Zealand's agriculture sector. This foundational work brought together key industry stakeholders to support climate reporting entities and foster greater alignment and comparability in climate-related disclosures. By adopting these widely recognised scenarios, we are aligning our analysis with best practices, supporting regulatory readiness, and reinforcing the credibility of our climate risk assessments.

Recognising the importance of understanding how climate change may affect our agricultural investments at a more granular level, we enhanced our scenario analysis this year through the integration of climate projections and spatial mapping. During our scenario analysis workshop, we assessed a range of possible future climate conditions based on global scenarios developed by the Intergovernmental Panel on Climate Change (IPCC). These models incorporate the latest science and data to represent a spectrum of emissions pathways and associated warming outcomes over the coming decades.

In addition to global models, we also reviewed specific downscaled 2024 climate projections for Aotearoa New Zealand, produced by NIWA and the Deep South National Science Challenge. These regionally tailored projections offered higher-resolution insights into likely changes in temperature, rainfall, drought frequency, and other key climate variables across different parts of the country. By overlaying these projections with our investment footprint, we were able to assess potential risks and opportunities at the asset level, enhancing our ability to identify location-specific climate impacts and potential adaptive responses.

This enriched approach equips us with a deeper understanding of both systemic and site-specific climate exposures across our portfolio. It strengthens our capacity to make informed, forward-looking investment decisions, enhance long-term resilience, and unlock value creation opportunities in a transitioning economy. Importantly, it also supports our commitment to

transparent, high-quality climate-related disclosures that meet the evolving expectations of investors, regulators, and stakeholders.

The boundary of the assessment accounted for both direct operations along with those within our value chain, upstream and downstream such as suppliers, partners, and customers. Time horizons relevant for the analysis were discussed by participants in light of our business processes and strategy setting practices as outlined in **Table 2**.

Table 2: Time Horizons considered for Climate Risk and Opportunity Identification

NZL consider the following short-, medium-, and long-term horizons when conducting its physical and transition risk analysis.

| Time Frame  | Time Interval | Years       | Relevant Business Process   |
|-------------|---------------|-------------|---|
| Short-term  | 1 – 5 years   | 2025 - 2029 | Operational planning timeframes relevant for Board's budget + business planning cycle.  |
| Medium-term | 6 – 10 years  | 2030 - 2034 | In line with NZL long-term strategic planning.  More certainty of climatic impact and policy settings over these time frames.   |
| Long-term   | 10+ years     | 2034 +      | Longer term strategy planning. Lifespan relevant timeframe for significant assets such as property and tenancy agreements, in line with strategic outlook of Board and tenants, including 2050 Net Zero ambitions |

## 3.5. Climate Scenarios Overview

This section summarises the three scenario narratives, utilised by NZL, that present plausible, alternative futures and are not probabilistic predictions. These narratives do not represent a view of the 'most likely' outcome(s) of climate change, rather they have been developed and used as scenarios to better understand and prepare for the uncertain future impacts of climate change.

Table 3: Scenario architecture and assumptions underlying scenario pathways

| Climate<br>Scenarios          | Tū-ā-pae 1.5°C  | Tū-ā-hopo 2.0°C  | Tū-ā-tapape 3.0°C   |
|-------------------------------|---|--|---|
| Scenario<br>description       | Tū-ā-pae represents a world defined by a smooth transition to net zero CO <sub>2</sub> by 2050. Global warming is limited to 1.5°C through stringent climate policies and innovation.  Tū-ā-pae assumes climate policies are introduced immediately and become gradually more stringent as 2050 looms. Both physical and transition risks are relatively subdued. Achieving net zero by 2050 reflects an ambitious mitigation scenario. | Tū-ā-hopo represents a world with little policy action until after 2030 after which strong, rapid action is implemented to limit warming to 2°C.  In Tū-ā-hopo, countries and territories use fossil-fuel heavy policies to recover from Covid-19, so emissions increase, and nationally determined contributions are not met.  It is only after 2030 that new climate change policies are introduced, but not all countries take equal action.  Consequently, physical and transition risks are higher. This is a costly and disruptive transition. | Tū-ā-tapape scenario describes a world in which emissions continue to rise unabated as no additional climate change policies are introduced. Fossil fuel use continues to increase, and so global CO <sub>2</sub> emissions continue to rise and warming is expected to reach 3°C high by 2080.  The physical impacts of climate change are severe. There are irreversible changes such as ice sheet loss and sea level rise. Adapting to climate change has become the priority. |
| Scenario<br>definition/source | Aotearoa Circle (agriculture sector specific)   | Aotearoa Circle (agriculture sector specific)  | Aotearoa Circle (agriculture sector specific)   |
| End point                     | 2050, NetZero   | 2050, NetZero  | 2050  |
| Climate Policy                | Immediate, smooth   | Delayed, divergent transition  | Current Policies  |

| 2050 carbon price                               | \$277 Per tonne NZD  | \$369 Per tonne NZD   | \$35 Per tonne NZD  |
|---|--|---|---|
| Global Warming                                  | 1.5°C  | 2°C   | 3°C   |
| Global Population increase (relative to 2022)   | 7%   | 16%   | 8%  |
| NZ population<br>increase (relative to<br>2020) | 16%  | 22%   | 26%   |
| Agricultural impacts (to 2050)                  | 30% smaller dairy herd than 2020   | 17% smaller dairy herd than in 2020   | 13% smaller dairy herd than 2020  |
|   | 22% smaller livestock herd than in 2020  | 19% smaller livestock herd than in 2020   | 15% smaller livestock herd than in 2020   |
|   | 34% larger horticulture and arable land than in 2020   | 1% larger horticulture and arable land than in 2020   | 1% larger horticulture and arable land than in 2020   |
|   | 30% larger exotic forestry land area than in 2020  | 40% larger exotic forestry land area than in 2020   | 48% larger exotic forestry land area than in 2020   |
|   | 704% larger native forestry land area than in 2020   | 459% larger native forestry land area than in 2020  | 134% larger native forestry land area than in 2020  |
| NZ resource and agricultural management         | Regenerative practices and mixed farming systems have built resilience to the physical and transition impacts of climate change across the sector. | Around 2030, a sequence of compound weather events swept across the country, causing significant damage to people and property. The most vulnerable parts of the country suffered the greatest losses and food production was impacted heavily. | Physical climate change has affected growing regions around the country. Costs are high for farmers and growers who struggle to get insurance but are still exposed to weather extremes that damage crops, reduce yields and impact transport routes. |

| Although some farm operations have been lost, thriving rural communities have emerged. Skilled workers are driven to the sector by its strong international reputation.   | The Central Government responded by dramatically scaling up action to adapt to climate change and reduce emissions, joining the global effort to meet the goals of the Paris Agreement.  The associated transition was disruptive and took a toll on the agriculture sector which saw dramatically increased operating and capital costs. As farmers and growers adapt to changing seasons and variability, stranded assets have become an issue through poorly planned land use change. | Without a cohesive land use policy, food production falls until innovation enabled indoor farming systems begin to thrive, and additional types of proteins emerge into the market.   |
|---|--|---|
| A balance has been struck between productive agricultural and forestry land, biodiversity protection, emissions reductions, and food security. Climate and land use data has improved and become easily accessible for the sector so that farmers and growers can understand their climate risks, build resilience, and best understand their contribution to achieving net zero. As a result, native forestry has dramatically increased, biodiversity and water quality outcomes have improved, and the sector is prosperous. | Consumer demand is still strong for staples and desire for homegrown products gives confidence to the horticulture and broad acre cropping subsystems. But the incentivisation of exotic forestry by the government through the emissions trading scheme has seen many sheep and beef farms converted to exotic forestry.  | Some farmers and growers have been able to diversify by adopting mixed or innovative farming systems. These farmers and growers have been the most successful in the face of climate change.  But investing in innovative systems such as indoor or vertical farming comes at a high cost and many farm operations could not transition quickly enough to remain viable.                              |
|   | There is little regard given to protecting biodiversity or soil health. Local meat products remain reasonably popular and competition from a more diversified protein sector is strong.  | Exports are high, but instead of being a priority for food production as in the 2020s, supplying the domestic market takes precedence which yields lower incomes for farmers and growers.   |
|   |  | Community tension over lack of water control and who should have priority access, led to the introduction of the Water Allocation Act in 2032, which aimed to shift water from wet to dry regions. However, the Act did not appropriately recognise the needs of ecosystems and although it has helped prolong intensive agriculture in some areas, it has led to devastating impacts on biodiversity |

## 3.6. Scenario Analysis Insights

Scenario narratives from our Year 1 reporting cycle were reviewed this year to explore potential climate-related impacts over the short, medium, and long-term time horizons and to capture changes in our thinking that emerged over the reporting period.

The value of assessing nuanced studies on ways in which climate processes are changing around New Zealand was immediately obvious to the Board. For example, exploring how climate change may impact the frequency and strength of storms that make landfall in New Zealand sheds light on potential risks to forestry assets currently within our portfolio, and will become a valuable input to decision making on future acquisitions within this assets class.

Similarly, this type of data can help us build climate resilience amongst our land users. Understanding down to a 5km farm level for example, how many additional days per year over 30 degrees the farm is likely to experience over multiple time horizons, and other factors including water stress can inform future planning in terms of optimizing our properties for climate risk.

The Board looks forwards to incorporating learning from the 2025 Climate Scenario Analysis into our long-term acquisition strategy and current operating context. Further to this combining the most recent, data-driven climate science with insights from mātauranga māori presents an opportunity to unlock pathways for building climate resilience into our portfolio and we look forward to increasing our knowledge in this area through genuine partnership.

During the scenario analysis workshop, climate related risks and opportunities were prioritized from an initial long list agreed in the first round of climate reporting. The analysis of climate-related risks found varying degrees of impact on the business across the three scenarios and time horizons. We set out NZLs updated material climate-related risks and opportunities, and their anticipated impacts that we reasonably expect in **Table 4**. Management responses to these prioritised risks are explored further in Section 3.7 (Transition Planning) below.

Our analysis indicates that global demand for sustainably productive land in climate resilient areas will continue to grow over the long-term. Our broad strategy of purchasing high quality land, partnering with high quality tenants stands under any possible future scenario.

A key piece of our transition planning which is reflected throughout our summary findings is to maintain diversity by geographical location and land utilisation type in the parcels of land we acquire. This will allow us to remain responsive within a climate changed world, regardless of scenario type we find ourselves in the coming decades.

As highlighted in our 2023 CRD, assessing land resilience in a changing climate—and optimising land use in response to both risk and opportunity—is becoming an increasingly critical factor in NZL's business case development. We are committed to building greater sophistication and capability in climate scenario analysis to inform these strategic decisions and guide capital deployment over time. The climate forecasting work (outlined in Section 3.4) will play a key role in supporting this ambition.

#### Table 4: Climate-Related Risks and Anticipated Impacts

NZL has identified climate related risks through various tools and methods such as stress testing to assess resilience and scenario analysis. The anticipated impacts summarised in the following tables, were identified through these processes.

All risks and opportunities identified and reasonably anticipated impacts of those are identified, are experienced within New Zealand and are described in the following table without the mitigants that NZL may implement to strategically manage and reduce the impact through transition planning as outlined in Section 3.7 below. The impacts may eventuate earlier or later than the time horizons stated here.

| Risk       | Highest Ranked Risks  | Time<br>Horizon     | Anticipated Impacts   |
|------------|---|---------------------|---|
| Transition | Loss of identity and degradation of mauri for rural communities and agricultural sector operators | Short and<br>Medium | Loss of rural communities' leads to loss of local value; land without a thriving local community becomes less valuable.  - Social licence to operate within rural communities could be impacted if land management practices and relationships with rural communities isn't maintained.   |
|            | Policy becomes misaligned with the needs of the sector and how it operates                        | Medium              | Tightening environmental regulations may cause significant direct and indirect cost increases over short and medium terms. Environmental regulations are already starting to increase in many of the markets in which lessees operate.  Global regulatory landscape will increasingly incorporate climate objectives which will influence how we will access markets in the future. |
| Transition | Inability to access and maintain public acceptance to operate in key markets                      | Medium              | Reduced demand for leased land, reputational damage, increased regulatory scrutiny, and financial losses due to decreased market access and investor confidence.  Higher operational costs and disruptions in business operations to lessees could affect their ability to meet commercial obligations.   |

|                         | Failure to understand and meet changing consumer preferences in the markets     |                               | Acquisitions and/or land use becomes misaligned with commercial opportunities for lessees. Lessee unable to meet commercial obligations due to loss of revenue. Decreased asset value.  |
|-------------------------|---|-------------------------------|---|
| Physical and Transition | Land use changes by geographical location                                       | Medium-<br>Long               | Implementation and expansion of regulatory requirements relating to emissions pricing and trading could affect value of carbon forestry assets.   |
|                         |   |                               | Unanticipated or premature write-downs, devaluations, or conversion to liabilities due to these changes in regulatory and/or physical environment could leave lessees with increased liabilities, challenging their ability to meet commercial obligations.   |
| Physical                | Inability for existing practices to maintain productivity output                | Medium-<br>Long               | The agriculture sector is already experiencing worsening climate extremes and disruption.  These will be exacerbated and will have a greater negative impact across the whole agriculture sector value chain as the frequency of extreme weather events increases.  |
|                         |   |                               | More frequent and severe extreme weather events impact lessee ability to conduct operations, increased damage to capital assets. Unanticipated or premature write-downs, devaluations or conversion to liabilities resulting from these impacts could leave lessees with increased liabilities, challenging their ability to meet commercial obligations. |
|                         | Increased volatility in production and reduced ability to get product to market | Long                          | Reduced productivity and disruptions to logistical supply chains  |
|                         | Inability for agriculture industry operator to access financial products        | Medium-<br>Long               | Reduced availability of financial and insurance products for lessees due to the inability to meet institutions' increasing climate related requirements such as targets, performance, and standards.  This may result in increased operating costs, financial exposure and/or land-use change.  Debt  |
|                         | Increased water stress and lack of water security                               | Short,<br>Medium and<br>Long. | Equitable access to water will increasingly become a key driver in maintaining/decreasing productivity. Lack of water security could render certain land use types inviable.  |
|                         |   |                               | Water has cultural significance beyond commercial and recreational use; water imbues mauri and mana, if not managed well by lessee operations, this could impact social licence to operate in our rural communities.  |

## 3.7. Transition Planning

Work to ensure NZL deploys capital to address climate-related risk and accelerate the just transition to a low-emissions, climate resilience economy is discussed below.

NZL has undertaken transition planning in alignment with the Transition Plan Taskforce (TPT) recommendations and the Chapter Zero & XRB Transition Planning Guidance (October 2024).

As part of our ongoing climate governance, the NZL Board conducted a dedicated Transition Planning Workshop in 2025 to refine our strategy for managing climate-related risks and opportunities and contribute to the broader economy-wide transition.

#### **Embedding Climate Resilience into Our Business Model**

From its inception, NZL's Acquisition Strategy has accounted for climate resilience. By investing in rural land across a broad geographic spread, NZL reduces exposure to regional risks and climate variability. This diversification is a critical element of resilience and remains central to our forward strategy.

NZL's business model is built on the belief that long-term investment performance is intrinsically linked to the enduring quality of our land and the resilience of those who farm it. As outlined in Section 3.1, our approach prioritises high-quality, productive land assets leased to skilled primary producers. While our model reduces direct exposure to farming operations, we are deeply connected to the financial and operational success of our tenants.

Climate change presents both physical and transitional risks that could impair the ability of tenants to meet lease obligations, potentially impacting our income stability and asset performance. We therefore view tenant resilience—and the broader rural community vitality they depend on—as material to our business sustainability.

#### Socio-Economic and Community Interdependencies

The health of rural communities is inseparable from land value and long-term investment success. Many communities across Aotearoa have experienced a decline in essential services, such as schools, hospitals, and local businesses. These communities support the primary sector, and climate change is exacerbating pressures already felt due to economic and demographic shifts. NZL acknowledges that our investment decisions can either support or accelerate these changes. We aim to play a role in strengthening rural resilience.

#### Responding to Transition Drivers and Market Signals

In preparation for the second CRD reporting cycle, the NZL Board has begun integrating a broader set of climate-related considerations into our acquisition due diligence process. These include:

- Climate exposure (e.g. water availability, temperature stress)
- Carbon market dynamics
- Environmental compliance
- Skilled labour access
- Community resilience

Recent regulatory and policy developments have also shaped our planning:

- NZ ETS tightening: Emissions unit supply to fall from 45M to 21M between 2025–2029.
- EU Carbon Border Adjustment Mechanism (from 2026): Impacts exporters with embedded emissions.
- NZ policy changes: Delay to agricultural emissions pricing and lifting of the oil and gas exploration ban.

These signals highlight the complex balance between emissions reduction goals and economic resilience. NZL is positioning to navigate both.

#### **Climate Risk Prioritisation and Transition Planning Outputs**

A key outcome of our 2025 Board workshop was the refinement of our Climate-Related Risks Register (**Table 4**). This involved a structured prioritisation process, ranking risks by impact and likelihood. This targeted approach will inform ongoing mitigation and adaptation strategies within the business. In parallel, we continue to map our land portfolio for marginal or underutilised land to support biodiversity, erosion control, and carbon sequestration. Our partnerships in forestry and horticulture—including native regeneration efforts—contribute to NZ's emissions reduction target and enhance portfolio resilience.

#### **Our Transition Plan Objectives**

NZL's transition plan is designed to:

- Preserve and create long-term value
- Reduce portfolio exposure to climate-related risks
- Generate sustainable revenue in a climate-resilient future
- Support the transition to net zero, in alignment with fiduciary duties

#### **Strategic Transition Plan Pillars**

#### 1. Material Decarbonisation Across the Value Chain

Supporting lessees to align with sustainable practices, acquiring land suitable for climate-aligned uses, and enabling land-based emissions reductions through ELFL.

#### 2. Optimising Land Use for Climate Resilience

Reduce climate vulnerability and enhance adaptive capacity across the portfolio through rigorous acquisition due diligence, landscape and water resource assessment, and tenant selection.

#### 3. Diversification by Geography, Sub-Sector, and Tenant

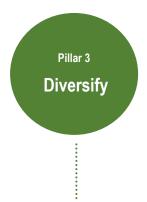
Spreading exposure across regions, agricultural sub-sectors (e.g., dairy, horticulture, forestry), and lessees reduces concentration risk and allows NZL to remain flexible in responding to climate and economic changes.



- Finalise Decarbonisation Plan.
- Support for ELFL decarbonisation including pump and effluent system upgrades.
- Maximise permanent nature-based carbon removals.

Pillar 2
Optimise for
Resilience

- Enhance adaptive capacity by engaging Climate Resilience Experts to map the portfolio.
- Research enduring market and regulatory trends.



 Optimise climate opportunities and flexibility by intentional diversification.

**Table 5** outlines the prioritised transition risks identified by NZL and the corresponding strategic mitigation actions we are implementing. These actions are designed to ensure NZL is proactively managing potential challenges and aligning with long-term transition goals. Progress against these actions will be reported in future updates.

Table 5: Transition Planning & Strategic Mitigations

| Risk<br>Type | Priority Risk  | Mitigation Action   | Transition<br>Planning<br>Focus<br>Area |
|--------------|--|---|---|
| Transition   | Loss of identity and degradation of mauri for rural communities and agricultural sector operators. | Continue capital allocation to ELFL programme, broadening scope of programme to drive down emissions across full scope of NZL value chain.                              | 1                                       |
|              |  | Engage climate resilience experts to continue to identify emerging risks, assess long-term climate trends, and ensure portfolio optimized for climate risk/opportunity. | 2,3                                     |
|              | Failure to understand and meet changing consumer preferences in the markets.                       | Allocate capital toward research and expert consultation to distinguish between short-term market trends and longer-term preferences that are enduring.                 | 2                                       |
|              | Policy becomes misaligned with the needs of the sector and how it operates.                        | Actively engage with policy makers in key markets to stay at the forefront of regulatory changes.   | 2                                       |
|              |  | Strengthen engagement with lessees to support on-farm preparedness pertaining to regulatory environment.  | 1                                       |

| Physical<br>and<br>Transition | Land use changes by geographical location.                                       | Seek regular, specialist advice on both New Zealand's ETS and voluntary carbon markets, incorporate insights into acquisition decision-making-process.                     | 2,3 |
|-------------------------------|--|--|-----|
| Physical                      | Increased water stress and lack of water security.                               | Seek regular advice from climate mapping experts to identify emerging risks, assess long-term climate trends, and ensure portfolio optimized for climate risk/opportunity. | 2   |
|                               |  | Monitor domestic and global regulatory landscape (including private sector operators such as irrigation market).   | 2   |
|                               | Inability for agriculture industry operator to access financial products.        | Engage with financial institutions to monitor future trends + risks.   | 2   |
|                               |  | Continue to report and share sustainability performance of ELFL Framework on behalf of lessees to support their reporting.   | 1   |
|                               | Increased volatility in production and reduced ability to get product to market. | Seek advice and monitor trends.  | 2   |

## **Priority Decarbonisation Activities**

NZL is actively advancing several decarbonisation initiatives across its portfolio. Key projects include upgrading solar pumps to replace diesel systems, improving effluent infrastructure on select farms (with capex allocated at acquisition), and supporting native regeneration and predator control within its forestry estate in partnership with tenant New Zealand Forestry Leasing (NZFL).

A major focus is NZL's collaboration with NZFL on nationwide carbon sequestration and native regeneration projects. This involves the use of *Pinus radiata* as a "nurse crop"— to accelerate carbon capture while facilitating the natural regeneration of native forest species. The pines' rapid growth creates a dense canopy that suppresses competing weeds and grasses, conserving moisture and nutrients to create favourable conditions for shade-tolerant native plants to establish and thrive.

To support regeneration, NZL has implemented fire risk management, an intensive pest animal and plant control programme, and ongoing forest health monitoring. NZFL complements this by applying best-practice techniques such as native planting, canopy thinning, and encouraging seed dispersal from existing native stands. These measures are expected to boost native biodiversity, including bird and insect populations, which will be further protected through the pest control programme.

In parallel, NZL is mapping marginal land within its current holdings to identify opportunities for ecological restoration through planting. This work supports erosion control, enhances biodiversity, and contributes to carbon sequestration and sediment management outcomes.

## **Priority Resilience Activities**

Climate resilience has been a core consideration in NZL's Acquisition Strategy since the company's inception. A central component of this strategy is geographic diversification—focusing on acquiring rural land across a broad range of regions

throughout New Zealand. This approach reduces overexposure to any single area, helping to mitigate risks associated with regional climate events, environmental variability, and land value fluctuations.

To further strengthen long-term resilience, NZL is actively exploring opportunities beyond the dairy sector. Expanding into other agricultural industries will diversify the company's operational and environmental risk profile, supporting a more adaptable and future-focused portfolio.

As part of our continuous improvement, NZL is currently updating its Acquisition Strategy to include enhanced climate-related due diligence. This will ensure that, in addition to key factors such as farm size, regulatory compliance, and availability of skilled labour, we are systematically evaluating climate-related risks and opportunities—such as water availability, heat stress, and long-term land viability—within our investment decision-making process.

This integrated approach supports NZL's broader goal of building a resilient, climate-smart portfolio that can adapt to future challenges while continuing to deliver long-term value and positive environmental outcomes.

#### **Portfolio Diversification Activities**

In 2024, NZL completed four acquisitions. These acquisitions contribute to portfolio diversification by tenant, geography, and agricultural sub-sector, further strengthening NZL's income resilience.

The four acquisitions include:

- Twyford Orchards (Hawke's Bay): High-quality horticultural land supporting three apple orchards. This marks NZL's strategic entry into the horticulture sector, expanding its exposure beyond traditional categories.
- Forestry Estate 1: Forestry land near NZL's existing estates, leased to New Zealand Forest Leasing (NZFL), reinforcing regional scale and operational synergies.
- Forestry Estate 2: Forestry land located across Taranaki, Whanganui, and Rangitīkei, leased to MM Forests Limited.
   This acquisition supports both geographic and tenant diversification.
- Southern Orchards (Central Otago): The first tranche of a 126-hectare apple orchard acquisition, with 47 hectares settled in FY24. The transaction included NZL shares as part of the consideration, with the second tranche scheduled for settlement in September 2025.

In total, NZL invested \$14.4 million during FY24 to acquire 2,606 hectares of premium forestry land. These acquisitions not only strengthen the company's portfolio diversity but also align with New Zealand's broader environmental objectives—supporting national biodiversity targets and contributing to domestic and international greenhouse gas emissions reduction goals.

## **Capital Deployment and Funding Decisions**

NZL's capital deployment and funding strategy is designed to preserve long-term value while aligning with the transition to a low-emissions, climate-resilient economy. Linking capital deployment with transition plans and our climate risks and opportunities is essential to enable climate action and the successful delivery of our growth strategy

Climate considerations are embedded across our acquisition due diligence, investment prioritisation, and capital planning processes. These practices reflect guidance from both the Transition Plan Taskforce (TPT) and XRB's Climate-Related Disclosures Standards and will continue to evolve in line with regulatory expectations and market best practice.

#### **Funding Decisions**

NZL's acquisition strategy will continue to focus on acquiring high-quality, productive rural land in diversified geographic and agricultural sectors.

This strategy supports NZL's broader climate transition plan by favouring investments that are more resilient to climate-related risks, and that create long-term value through improved environmental performance, tenant profitability, and community outcomes. Recent acquisitions into forestry and horticulture reflect this transition in practice, with over 2,600 hectares of forestry land acquired in FY24 to support carbon sequestration, biodiversity, and erosion control outcomes.

#### Integration of Climate-Related Risk and Opportunity

As part of our evolving approach to climate governance and resilience, NZL has begun incorporating climate-related risks and opportunities into the financial and non-financial aspects of capital decision-making.

Climate-related factors now influence:

- 1. Site and region selection, with a focus on water security, soil quality, and climate vulnerability
- 2. Asset-class diversification, moving beyond dairy into forestry and horticulture with differing climate exposures and mitigation potential
- 3. Due diligence processes, which now include explicit review of physical climate risks (e.g., flood, drought, fire), emissions profiles, and tenant climate resilience
- 4. Prioritisation of land-use potential for carbon seguestration and biodiversity enhancement.

This ensures our capital deployment decisions are informed by both climate transition and physical scenarios, with the aim of mitigating downside risks while capturing opportunities related to natural capital and low-emissions land use.

## **Use of Climate-Aligned Financing Instruments**

While NZL has not yet issued green or sustainability-linked financial instruments, we are actively monitoring developments in climate-aligned finance and assessing the relevance of:

- Green bonds or sustainability-linked loans, particularly in support of native regeneration, carbon forestry, or water resilience upgrades
- Blended finance opportunities, where investment can generate both financial and environmental return
- Partnerships with public or private entities to co-finance projects that generate measurable climate and nature outcomes.

These tools could support NZL's capacity to finance transition-aligned land management initiatives while aligning investor expectations with climate-related performance.

#### **Capital Planning in a Transitioning Economy**

In FY25, the NZL Board conducted a dedicated Transition Planning Workshop to review capital allocation strategy through a climate lens. Key outputs of this process included:

- Refinement of our Climate-Related Risks Table, which now guides capital prioritisation by materiality and likelihood of risk exposure
- Identification of specific opportunity areas, including native regeneration and carbon sequestration, that align with both NZ's emissions target and future land value potential
- Recognition that exposure to tightening carbon markets, regional water stress, and evolving land use policy will
  materially affect acquisition strategy and land management decisions in the medium to long term.

# 4. Risk Management

# 4.1. Identification and assessment of climate-related risks and opportunities

NZL employs a range of risk identification tools and methodologies to understand both current and emerging climate-related risks. This includes the analysis of physical climate risks and ongoing monitoring of regulatory changes. These efforts enable us to proactively manage climate risks as part of our overall risk management framework.

Following our Climate Scenario Analysis, we have determined that climate risk should be embedded within the responsibilities of the Audit and Risk Committee. Integrating climate-related risks into existing governance structures ensures they are prioritised appropriately alongside other strategic and operational risks in our decision-making processes.

The NZL Board has an established Audit and Risk Committee, comprising three members: Sarah Kennedy (Chair), Rob Campbell, and Tia Greenaway. This Committee reports directly to the full Board, allowing for robust oversight and the opportunity for all Board members to engage in discussion around risk-related matters.

The purpose of the Audit and Risk Committee is to support the Board in discharging its responsibilities related to risk management, financial reporting, and accounting practices. It also plays a critical role in providing oversight for shareholders, potential investors, and the broader investment community. The Committee formally reviews its objectives and activities at least every two years. Additional committees may be established as needed, with the Board maintaining overall responsibility for their function and scope.

During this reporting period, NZL has engaged specialist external advisors to guide the integration of climate-related risks into our broader risk management programme. This work includes the development of specific "climate impact" metrics and the establishment of tools and methodologies to better identify, assess, and quantify the scope and potential impact of climate-related risks.

For further detail on the outcomes of our scenario-based approach, which assessed plausible future scenarios and their potential implications across NZL's value chain and over short-, medium-, and long-term horizons, please refer to the Strategy section. All parts of our value chain were considered in this analysis.

## 4.2. Integration within overall Risk Management Approach

NZL has integrated climate-related risk within our risk management approach via three key pathways:

- 1. Assessment and review of Scope 1, 2 and 3 GHG emissions (Refer to GHG Emissions Inventory in Section 5)
- 2. Exposure to high-levels of transition risks, such as potential exposure to changes in climate- related policy.
- 3. Vulnerability to physical risk exposure to through the overlay of areas of climate-related risk.

In addition to the above a foundational mechanism for managing climate related risk and seizing climate related opportunities lies in our acquisition strategy. Processes for identifying, assessing and managing climate related risks, and its integration into NZLs overall risk management processes will be codified in our acquisition strategy.

## 5. Metrics and Targets

## 5.1. Greenhouse Gas Inventory

A Greenhouse Gas (GHG) Inventory is the measurement of emissions generated by an organisation. This includes six key gases — Carbon Dioxide ( $CO_2$ ), Methane ( $CH_4$ ), Nitrous Oxide ( $N_2O$ ), Hydrofluorocarbons (HFCs), Perfluorocarbons (PFCs), and Sulphur Hexafluoride ( $SF_6$ ) — reported as carbon dioxide equivalents ( $CO_2e$ ).

GHG emissions are categorised across three scopes based on activity type and position within the organisation's value chain (see Figure 2):

- Scope 1: Direct emissions from sources owned or controlled by the organisation (e.g. fuel combustion from vehicles or equipment).
- Scope 2: Indirect emissions from the consumption of purchased electricity, steam, heating, or cooling.
- Scope 3: All other indirect emissions occurring in the upstream and downstream value chain (e.g. purchased goods and services, investments, travel).

A hybrid approach was used to calculate this year's inventory, combining activity data (e.g. flight records) and spend-based methods derived from NZL's financial system (Xero), along with secondary data from lessees where available.

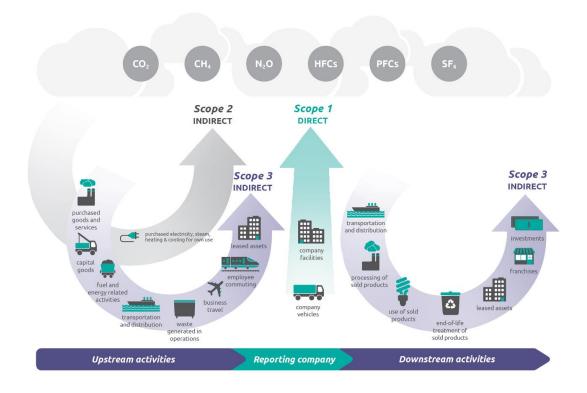


Figure 2: GHG Emissions by Scope (GHG Protocol)

## 5.2. FY24 Inventory Summary

FY24 represents the second year of GHG reporting for NZL. The boundary approach was updated from operational control to financial control, and Scope 3 has been expanded to include the previously excluded investments category.

FY24 is now considered NZL's base year for future comparisons.

Scope 1 and Scope 2 emissions have received limited assurance by McHugh & Shaw Limited under ISO 14064-3:2019 / NZ SAE 1 (Categories 1 & 2).

NZL has adopted NZ CS2 – Provision 8: Scope 3 Greenhouse Gas Emissions Assurance and therefore Scope 3 emissions disclosed for FY24 have not been subject to independent assurance. NZL is currently focused on improving the quality and completeness of Scope 3 data and intends to prepare for assurance in future reporting years.

A copy of the assurance report can be found in **Appendix 1**.

Table 6: Comparison of Total GHG Emissions by Period

| Scope   | Reporting Period                   | Prior Year                 |
|---------|------------------------------------|----------------------------|
|         | FY24 tCO2<br>(Scope 1 & 2 Assured) | FY23 tCO2<br>(Not Assured) |
| Scope 1 | -                                  | -                          |
| Scope 2 | -                                  | -                          |
| Scope 3 | 129,163                            | 480                        |
| Total   | 129,163                            | 480                        |

**Note:** As in FY23, NZL has no Scope 1 or 2 emissions due to the absence of directly owned vehicles, facilities, or electricity accounts. All land is leased to third parties and remains outside NZL's operational control. This year, the boundary was updated from operational to financial control, and investments have been included.

## 5.2.1. Scope 3

Table 7: Comparison of GHG Emissions by Activity

| Category                   | Reporting Period | Prior Year |
|----------------------------|------------------|------------|
|                            | FY24 tCO2e       | FY23 tCO2e |
| Business Travel            | 1                | -          |
| Purchased Goods & Services | 534              | 312        |
| Capital Goods              | 119              | 168        |
| Investments                | 128,509          | 133        |
| Total                      | 129,163          | 480        |

## 5.2.1.1. Comparatives for Scope 3 Emissions

NZL has adopted NZ CS2 – Provision 5: Comparatives for Scope 3 Greenhouse Gas Emissions. This provision allows entities to present non-comparable Scope 3 emissions data where justified.

Due to a material change in measurement boundary and the inclusion of previously excluded categories (such as investments) in FY24, direct year-on-year comparison with FY23 is not appropriate. Scope 3 comparatives have therefore been disclosed for transparency but should not be interpreted as directly comparable.

#### 5.2.1.2. Emissions by Gas Type

Table 8: Emissions by Gas Type

| Gas              | tCO2e   |
|------------------|---------|
| CO <sub>2</sub>  | 18      |
| CH <sub>4</sub>  | 0       |
| N <sub>2</sub> O | 0       |
| Other            | 129,145 |
| Total            | 129,163 |

#### 5.2.1.3. Emissions Intensity

Table 9: Emissions Intensity

| Metric    | Indicator                    | FY 24   | FY 23  |
|-----------|------------------------------|---------|--------|
| Income    | tCO2e/millions NZD\$ Revenue | 6500.74 | 31.25  |
| Land Area | tCO2e/ha                     | 7.379   | 0.0349 |

#### 5.2.2. Targets

Recognising climate change as a material threat, NZL has committed to setting a greenhouse gas emissions reduction target covering an initial 10-year horizon. This target is designed to guide and track the implementation of our broader strategy and ensure alignment with credible climate science.

NZL's GHG reduction target is informed by the target-setting guidance of the Science Based Targets initiative (SBTi). This ensures our targets are scientifically robust and aligned with the global goal of limiting warming to 1.5°C above pre-industrial levels, as outlined in the Paris Agreement.

The use of the SBTi framework enables NZL to determine mitigation rates that are consistent with global best practice and scientifically determined pathways. We recognise and rely on the accuracy and completeness of the SBTi methodology and its target-setting tools in the formulation of our targets.

While our current focus is on near-term targets, NZL acknowledges that climate change—as a systemic and long-term risk—requires sustained and strategic planning. Therefore, the development of long-term emissions reduction targets and confirmation of near-term targets will follow once a comprehensive, evidence-based decarbonisation plan has been finalised and embedded within our operational strategy

In alignment with SBTi Forest, Land and Agriculture sector guidance, NZL is currently establishing a target to reduce absolute emissions by 45.5% by 2035, from a 2024 base year.

Importantly, no carbon offsets will be used to achieve this target. All reductions will be realised through direct action and structural changes within our operations and investment activities.

#### 5.3. How we Measure

#### 5.3.1. Approach

NZL's greenhouse gas (GHG) emissions have been calculated in accordance with the Greenhouse Gas Protocol's Corporate Accounting and Reporting Standard (revised version) and the Corporate Value Chain (Scope 3) Accounting and Reporting Standard. These standards provide a globally recognized framework for measuring and reporting GHG emissions at both the corporate and value chain levels.

Additionally, our GHG emissions have been calculated in compliance with ISO 14064-1:2018—Greenhouse gases – Part 1: Specification with guidance at the organization level for the quantification and reporting of greenhouse gas emissions and removals. This ensures that our reporting adheres to the international standard for GHG accounting and reporting, guaranteeing both accuracy and transparency in the quantification of our emissions.

Activity-based methods were used where high-quality data (e.g. flight records) was available and spend-based methods were used where activity data was not available. Scope 3 emissions, particularly those related to tenant operations, were calculated using secondary and modelled data where required.

Table 10: FY24 GHG Emissions Data Quality

|                       | Category                           | Emission Source   | Data Source                  | Data Quality             |
|-----------------------|------------------------------------|---|------------------------------|--------------------------|
| Scope 3<br>(Indirect) | Purchased<br>goods and<br>services | Accounting, auditing, bookkeeping, insolvency, receivership, and taxation services  Advertising services and provision of advertising space or time  Financial intermediation services directly measured.  General construction services of non-residential buildings, including erection of prefabricated constructions.  Imports of software, subscriptions to streaming services & other internet services  Legal services  Local government administration services  Management consulting and management services  Other insurance services  Other professional, technical and business services nec | Xero accounting transactions | Low – Spend based factor |
|                       | Capital Goods                      | Accounting, auditing,<br>bookkeeping, insolvency,<br>receivership and taxation<br>services  | Xero accounting transactions | Low – Spend based factor |

| Category           | Emission Source  | Data Source                  | Data Quality                                |
|--------------------|--|------------------------------|---|
|                    | Legal services Other professional, technical and business services nec |                              |   |
| Business<br>travel | Flights & Accommodation  | Xero accounting transactions | High – Flight records of departure, arrival |
| Investments        | Livestock, Electricity, Fuel   | Records of lessees           | Low – secondary data from lessees           |

A qualitative uncertainty assessment was undertaken due to limitations in the availability and precision of activity data across certain operational boundaries. At this stage, a quantitative assessment would require assumptions that may introduce more uncertainty than insight.

#### 5.3.2. Emission Factor Selection

The following emission factors have been selected as recommended by the New Zealand Ministry for the Environment, they represent the geographical locations in which NZL operate and are regularly updated. A review of emission factor selection will be performed during each reporting period to ensure best practice is maintained.

1) New Zealand Ministry for the Environment's Measuring emissions: A guide for organisations: 2024 summary of emission factors.<sup>1</sup>

Uses the 100-year GWPs in the IPCC Fifth Assessment Report (AR5)

2) Emission Factors for New Zealand: Greenhouse Gas Emissions Intensities for Commodities and Industries (2024)<sup>2</sup>

## 5.4. Risks and Opportunities

#### 5.4.1. Risks

#### **Transition Risks**

All assets within NZL's portfolio are exposed to transition risks due to the global shift towards a low-carbon economy. As a rural landowner involved in the agricultural, horticultural, and forestry sectors, NZL faces a broad range of transition risks—regulatory, market, technological, and reputational—that apply across all areas of its operations.

<sup>&</sup>lt;sup>1</sup> https://environment.govt.nz/publications/measuring-emissions-a-guide-for-organisations-2024-detailed-guide/

<sup>&</sup>lt;sup>2</sup> https://www.thinkstep-anz.com/software/emission-factors-for-new-zealand

Changes to the New Zealand Emissions Trading Scheme (ETS), evolving consumer preferences, and the tightening of climate-related regulations will significantly impact both the profitability of lessee operations and the value of NZL's assets. For example, changes in carbon pricing or ETS policy could lead to increased operational costs for land-based activities, while shifting market demands for more sustainable products may require adaptation from both NZL and its lessees to maintain competitiveness.

Technological advancements in sustainability, as well as reputational pressures from investors and stakeholders, further drive the need for proactive climate action. These factors will continue to shape the future financial performance of NZL's portfolio, making effective management of transition risks crucial for long-term success.

#### **Physical Risks**

NZL's portfolio is exposed to physical climate risks, with assets located across various regions of New Zealand. These regions are projected to experience a range of both acute risks (e.g., storms, flooding, and droughts) and chronic risks (e.g., rising temperatures, biodiversity loss, and water stress).

Given NZL's involvement in the agricultural, horticultural, and forestry sectors, these risks have the potential to affect the productivity and resilience of lessee activities. For instance, areas dependent on agricultural output may face reduced yields or soil degradation due to more frequent droughts or flooding. Similarly, forestry operations could be impacted by changing rainfall patterns or increased pest pressures associated with rising temperatures.

Furthermore, NZL's portfolio includes land in diverse climatic regions, meaning the severity and type of physical climate risks may vary across its assets. Some regions may be more vulnerable to water stress or flooding, while others may see significant shifts in biodiversity that could affect long-term land use and value. These physical risks, both acute and chronic, could directly undermine long-term land value by reducing its suitability for current agricultural practices or increasing the cost of mitigation measures.

Importantly, we have assessed that 40ha of our orchard land in Hawkes Bay is included in an observed flood plain. This is 0.02% of the portfolio by area and 3% of the portfolio by lease value.

In addition to specific physical risks the broader community viability of NZL's assets is also at risk, as extreme weather events or gradual environmental degradation could impact the local economy and infrastructure, further affecting the resilience of lessee operations. As these risks continue to evolve, they could have implications for the stability and profitability of NZL's portfolio.

#### **Current Financial Effects of Climate-Related Risks**

NZL has not experienced any direct or material financial losses from climate-related risks during the reporting period. However, both transition and physical risks are inherent to NZL's rural land portfolio and are recognised as ongoing risk exposures within the business.

Transition risks—including changes to emissions pricing, regulatory developments, and volatility in carbon markets—may affect lessee performance, influence land valuations, and inform future capital deployment. As policy settings and market expectations continue to evolve, these factors could introduce variability in revenue streams or increase compliance costs for land-based activities.

Physical risks, such as extreme weather events, water stress, and rising insurance costs, have not yet materially impacted NZL's assets. Nonetheless, the potential for disruption to lessee operations and infrastructure remains a key consideration, particularly given the portfolio's exposure across diverse climatic regions of Aotearoa New Zealand.

The NZL Board actively considers these risks as part of its acquisition strategy, portfolio risk assessments, and long-term transition planning. Climate-related risks are embedded in broader enterprise risk management processes to support resilience and value preservation across the portfolio.

#### 5.4.2. Opportunities

While climate change presents a range of physical and transition risks, the shift toward a low-emissions and climate-resilient economy also creates strategic opportunities across NZL's entire portfolio.

All NZL's land holdings (100%) are positioned to capture value through climate-aligned land use, ecosystem enhancement, and market-based environmental incentives. Climate-related opportunities are currently concentrated across four key areas:

#### Sustainable land management and resilience-building

NZL is enhancing long-term asset resilience through regenerative agricultural practices, sustainable forestry management, soil health initiatives, and water efficiency improvements. These approaches reduce exposure to physical climate risks while enhancing land productivity, long-term asset value, and tenant performance.

#### Participation in environmental markets

NZL's land portfolio provides access to carbon and biodiversity markets—such as the New Zealand Emissions Trading Scheme (NZ ETS), voluntary carbon credit platforms, and emerging biodiversity credit frameworks. These markets are anticipated to grow as policy and investor demand increases, creating new revenue streams and incentivising conservation-based land use.

#### Responding to market and investor demand for climate-aligned assets

There is increasing demand from tenants, supply chains, and institutional investors for land assets that are demonstrably resilient to climate change and aligned with sustainability and emissions reduction objectives. NZL's proactive climate strategy supports this market positioning, making its portfolio more attractive in a decarbonising economy.

#### Enhancement of biodiversity and natural capital

Through native vegetation regeneration, riparian planting, and habitat preservation initiatives, NZL is improving ecosystem services across its landholdings. These actions contribute to long-term environmental and reputational value and align with the anticipated development of global and domestic nature-related disclosure requirements.

NZL's strategy is designed to capitalise on these opportunities by embedding climate considerations into core business functions, including land acquisition, tenant engagement, asset due diligence, and portfolio management. This approach ensures that value creation is aligned with broader environmental, social, and economic outcomes—supporting both long-term returns and resilience.

#### 5.4.3. Capital Deployment

NZL's core asset class is rural land. While diversification across geography, land use, and sector exposure contributes to building resilience within the portfolio, no part of our value chain is entirely insulated from either transition or physical climate-related risks under any plausible future scenario. Climate risk is systemic and interconnected—and land-based industries remain exposed.

As part of our 2024 capital strategy to address climate risk and tap into emerging opportunities, we invested \$14.95 million in carbon forestry. This supports portfolio diversification, strengthens our position in the carbon market and advances emissions reduction through land-based sequestration

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Through our climate scenario analysis process, the NZL Board has developed a clearer understanding of the risks and opportunities that may emerge across different future climate trajectories. One key insight is that productive, climate-resilient

rural land is likely to become an increasingly scarce and valuable resource globally. In this context, NZL's capital deployment strategy is focused on identifying and investing in land assets that are best placed to withstand climate shocks and regulatory change, while supporting productive and sustainable land use.

The primary opportunity across NZL's portfolio is to continue allocating capital toward land with characteristics that reduce downside climate risk exposure and enhance long-term value. This includes:

#### Geographies with lower exposure to acute and chronic physical risks

Priority is given to regions where agricultural sub-systems are not classified as "extremely exposed" to physical risks such as drought, flooding, temperature extremes, or sea level rise. This includes areas with stable weather patterns, adaptive local land practices, and infrastructure resilience.

#### Locations with reliable logistics and supply chain access

Land that is well-connected and less vulnerable to climate-related logistics disruptions will be better positioned to meet shifting market demands and maintain access to regional and global markets.

#### Assets supporting diversified land use potential

Preference is given to land that can support multiple utilisation types—e.g., transitioning between pastoral, horticultural, and forestry use—allowing greater flexibility to respond to evolving consumer preferences, environmental regulation, lessee financial requirements, and trade dynamics.

#### Regions with strong water security

Given the increasing scarcity and competition for freshwater resources, access to sustainable and reliable water sources is a core consideration in assessing acquisition opportunities and future land use productivity.

#### Land use that enhances community resilience and supports mana whenua

NZL is committed to deploying capital in ways that promote the resilience and wellbeing of rural communities. This includes investing in land use types that create enduring value for mana whenua, acknowledging their role as kaitiaki and supporting intergenerational prosperity and environmental stewardship.

NZL's capital allocation strategy is reviewed regularly by the Board and management to ensure alignment with the organisation's climate transition goals and long-term value creation objectives. Climate risk and opportunity assessments are embedded in investment due diligence, asset acquisition, and long-term land use planning.

#### 5.5. Internal Emissions Price

NZL acknowledges the importance of having an internal price of carbon that is backed up by a robust methodology and regularly reviewed. To meet these requirements, we have contracted an independent expert to assist, they provided 3 price path scenarios covering a high, mid and low-price path. The scenarios use current NZU prices, substantiated assumptions, and international market signals to provide a forecast based on the best available information.

- High Price Path: 2025 \$50, 2030 \$233, 2050 \$386
- Mid-Price Path: 2025 \$50, 2030 \$155, 2050 \$253
- Low Price Path: 2025 \$50, 2030 \$78, 2050 \$120

We currently use the middle scenario for internal risk management, this decision will be reviewed as required.

Further details on the methodology used by our provider are available on request.

#### 5.6. Remuneration

At present, management remuneration at NZL is not directly linked to the achievement of climate-related risk management or opportunity objectives. While NZL acknowledges the increasing importance of integrating climate considerations into business decision-making, the remuneration framework currently focuses on broader performance indicators, including financial outcomes and operational targets. As the organisation continues to mature its approach to climate-related risk management and transition planning, the potential to formally incorporate climate-related metrics into future remuneration frameworks will be considered.

## 5.7. Enduring Land for Life

Land is essential for life. It's the source of most of our food, it underpins half of New Zealand's export earnings, and it supports families, iwi, jobs, companies and communities. NZL through the Enduring Land for Life programme are building a portfolio of highly productive land and partnering with skilled primary producers. NZL are setting exacting standards in our approach to land management, animal welfare, human resources, and governance, ensuring the land we own and our farming partners of today will be safeguarded to support the producers of tomorrow.

#### 5.7.1. The Framework

# Environment Sol Health Water Quality Elisideverity Emissions reduction per unit of production Production Oversight and management of goals; skills and commitment to "Enduring Land for Life" vision. Strength and diversity. We know that the success of any strategy starts with the tone at the top, and we value strong and diverse governance. Having the right mix of skills and commitment ensures NZL has the capability and vision needed to achieve our mission.

Figure 3: Enduring Land for Life Framework

Farms are complex natural systems where the performance of one component, such as sheep or dairy cattle, is influenced by others, including soil fertility, quality feed or the training, competence, and morale of farm staff.

Enduring land management is achieved through goals and actions in four connected areas: environmental, economic, social and animal welfare. A fifth area, governance, ensures oversight and management of these goals in each on-farm area, and the monitoring and measurement of performance. These goals and the specifics related to their achievement are included in our partnership agreements with lessees.

Further information on the programme can be found at NZRLC.co.nz/sustainability.

# **Appendix 1: GHG Inventory & Assurance Report**

# McHugh & Shaw.



# INDEPENDENT ASSURANCE REPORT ON NEW ZEALAND RURAL LAND COMPANY LIMITED'S GREENHOUSE GAS (GHG) DISCLOSURES

#### TO THE DIRECTORS OF NEW ZEALAND RURAL LAND COMPANY LIMITED (NZL)

#### **Our Assurance Conclusion**

#### **Limited Assurance Conclusion**

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the gross GHG emissions, additional required disclosures of gross GHG emissions, and gross GHG emissions methods, assumptions and estimation uncertainty, within the scope of our limited assurance engagement (as outlined below) included in the climate statements for the year ended 31 December 2024 are not fairly presented and not prepared, in all material respects, in accordance with Aotearoa New Zealand Climate Standards (NZ CSs) issued by the External Reporting Board (XRB), as explained on page 4 of the climate statements.

#### **Scope of the Assurance Engagement**

We have undertaken a limited assurance verification engagement over the following GHG disclosures within the climate statements for the year ended 31 December 2024.

- GHG Emissions Scope 1/ISO Category 1, 0.00 tCO₂e, on page 31.
- GHG Emissions Scope 2/ISO Category 2, 0.00 tCO₂e, on page 31.

We have not undertaken assurance on Scope 3 emissions or information reported outside of Sections 5.1 to 5.3 of the disclosure.

It is important to note that the level of assurance obtained in a limited assurance engagement is considerably lower than that involved in reasonable assurance engagement.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls for emission sources subject to limited assurance.

Our assurance is limited to policies, and procedures in place as of 24 April 2025, ahead of the publication of NZL's climate-related disclosure for FY 2024.

Our assurance engagement does not extend to any other information included, or referred to, in the climate statements on pages 1 to 28 and 31 to 34. We have not performed any procedures with respect to the excluded information and, therefore, no conclusion is expressed on it.

#### **Key Matters to the GHG Assurance Engagement**

In this section we present those matters that, in our professional judgement, were most significant in undertaking the assurance engagement over GHG disclosures. These matters were addressed in the context of our assurance engagement, and in forming our conclusion. We did not reach a separate assurance conclusion on each individual key matter.

| Key Matter  | Procedures to address the Key Matter  |
|---|---|
| <ul> <li>Confirmation that there are no Scope 1 and Scope 2<br/>emissions within the consolidation approach (financial<br/>control).</li> </ul> | <ul> <li>Review of financial transaction reports for NZL and the<br/>subsidiary New Zealand Rural Land Investments<br/>Limited Partnership to confirm that there were no<br/>transactions paid to companies for activities that could<br/>generate Scope 1 or Scope 2 emissions.</li> </ul> |

#### **Emphasis of Matter**

- We draw attention to Section 2.2 FY24 Inventory Summary and the change in consolidation approach from FY23 to FY24.
- Our assurance conclusion is not modified in response to the matter stated above.

#### **Other Matter**

- The previous reporting year was not subject to assurance.
- The current reporting year was not subject to assurance over the Scope 3 emissions disclosed.

#### **Comparative Information**

The comparative GHG disclosures (that is GHG disclosures for the period ended 1 January 2023 and 31 December 2023 have not been subject to assurance. As such, these disclosures are not covered by our assurance conclusion.

#### **Materiality**

Based on our professional judgement, determined quantitative materiality for the GHG disclosures at 1% for individual emission sources, and not totalling more than 5%. Qualitative materiality has been determined with due consideration to relevance to users of the climate statement, as well as the potential impact of omission, misstatement, or obscurement of any information.

#### **Competence and Experience of the Engagement Team**

Our work was carried out by an independent and multi-disciplinary team including sustainability assurance and environmental practitioners. The assurance lead retains overall responsibility for the assurance conclusion provided.

#### NZL's Responsibilities for the GHG Disclosures

NZL is responsible for the preparation and fair presentation of the GHG disclosures in accordance with the Aotearoa New Zealand Climate Standards (NZ CSs). This responsibility includes designing, implementing and maintaining a data management system relevant to the preparation and fair presentation of GHG disclosures that is free from material misstatement.

#### **Inherent Uncertainty in Preparing GHG Disclosures**

As discussed on page 4 of the climate statements the GHG quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases.

#### **Our Responsibilities**

Our responsibility is to express an opinion on the GHG disclosures based on our verification and are responsible for planning and performing the verification to obtain assurance that the onsite GHG disclosures are free from material misstatement.

As we are engaged to form an independent conclusion on the GHG disclosures prepared by management, we are not permitted to be involved in the preparation of the GHG information as doing so may compromise our independence.

#### **Other Relationships**

Other than in our capacity as assurance practitioners, and the provision of the assurance for this engagement, we have no relationship with, or interests, in NZL.

#### **Independence and Quality Management Standards Applied**

This assurance engagement was undertaken in accordance with NZ SAE 1 Assurance Engagements over Greenhouse Gas Emissions Disclosures issued by the External Reporting Board (XRB). NZ SAE 1 is founded on the fundamental principles of independence, integrity, objectivity, professional competence and due care, confidentiality, and professional behaviour.

Professional and ethical standards are held in high regard and our quality management system aligns with the standards ISO 9001:2015 and ISO 14065:2020 and we comply with the Carbon and Energy Professionals New Zealand Code of Ethics and Code of Professional Conduct.

#### **Summary of Work Performed**

Our verification strategy used a combined data and controls testing approach. Evidence-gathering procedures included but were not limited to:

- Enquiries of the management company (New Zealand Rural Land Management Limited Partnership)
  to obtain an understanding of the overall governance and internal control environmental, risk
  management delegation, processes and procedures relevant to GHG information;
- Evidence to support the reporting boundaries, organisational and legal structure reported;
- Recalculation of the GHG emissions;
- Analytical review and trend analysis of the GHG information;
- Evaluation of relationships among GHG and non-GHG data;
- Interview of personnel involved in data collection;
- Review of emissions factors used within the calculations for source appropriateness;
- Review of uncertainty and data quality;
- Review of the assumptions, estimations and quantification methodologies; and
- Seeking written representation from governance on key assertions.

#### **Limited Assurance Conclusion**

Our limited assurance verification engagement was performed in accordance with NZ SAE 1, and ISO 14064-3: 2019 – Specification with guidance for the verification and validation of greenhouse gas statements, issued by the International Organization for Standardization (ISO). This requires that we comply with ethical requirements (as outlined above), and plan and perform the verification to limited assurance (Scope 1 and 2) that the GHG disclosures are free from material misstatement.

#### **Limited Assurance Procedures**

• Tests to confirm that there are no Scope 1 and 2 emission generating activities or financial transactions within the consolidation approach.

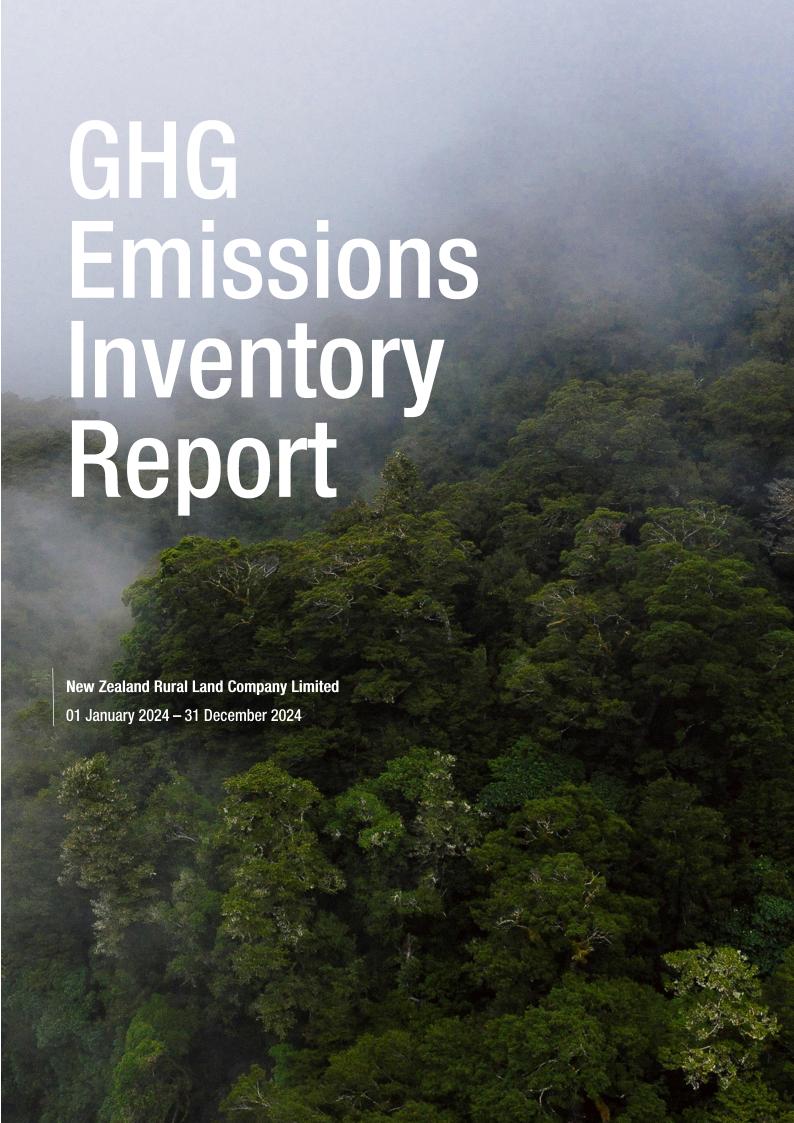
The data examined during the verification were historical in nature. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Jeska McHugh, Assurance Lead

CEP NZ Certified Carbon Auditor (#CCA1005) McHugh & Shaw Limited Christchurch, New Zealand 23 April 2025 May Stewart, Independent Reviewer

May Stewart Consulting
On behalf of McHugh & Shaw Limited
Christchurch, New Zealand
24 April 2025

This report including the opinion expressed herein, is issued to the Directors of New Zealand Rural Land Company Limited in accordance with the terms of our agreement for the purpose of disclosing GHG emissions. We consent to the release of this report by you to interested parties, but we disclaim any assumption of responsibility for any reliance on this report by any other party than for which it was prepared.



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#### **Purpose of Document**

This document provides a transparent and accurate account of the greenhouse gas (GHG) emissions generated by New Zealand Rural Land (NZL) during the FY24 reporting year. It is intended to support ongoing efforts to reduce emissions over time and contribute to NZL's broader climate strategy.

This report documents the results of the Greenhouse Gas emissions inventory conducted for the reporting year FY24.

The inventory was conducted in accordance with the ISO 14064-1:2018 <sup>1</sup> standard for GHG inventories and the Greenhouse Gas Protocol<sup>2</sup>, it covers emissions from scopes 1, 2, and 3.

#### 1. Introduction

NZL recognises the importance of addressing climate change and is committed to continually improving its performance in this space. The GHG inventory provides a valuable tool for measuring progress towards this goal and helping to identify opportunities for emissions reductions.

#### 1.1. Description of New Zealand Rural Land

New Zealand Rural Land Company Limited is a New Zealand-based rural land investor. The Company and its subsidiaries' principal activity is investment in New Zealand's rural farmland and forestry land. It owns a total land of approximately 17,503 hectares of rural land in New Zealand, which is 100% tenanted on long-term leases.

The Company leases land to farmers and food producers. It also focuses on acquiring land in the green energy, dairy, poultry, horticulture, viticulture, and forestry sectors. Its forestry estate, located in the Manawatu-Whanganui region in the North Island, comprises about five individual properties with a total area of approximately 2,400 hectares.

#### 1.1.1. Relationship with New Zealand Rural Land Management

New Zealand Rural Land Company Limited (NZL) has contracted New Zealand Rural Land Management Limited Partnership (NZRLM) to manage the day-to-day operations of NZL's land assets. This includes engagement with lessees, property oversight, and other land management responsibilities. As such, NZL does not directly undertake operational activities and these activities are therefore not included in this greenhouse gas inventory.

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<sup>1</sup> https://www.iso.org/standard/66453.html

<sup>&</sup>lt;sup>2</sup> https://ghgprotocol.org/corporate-standard

#### 1.2. Executive Summary

This is the second GHG inventory report conducted by NZL and forms a key part of meeting New Zealand's climate reporting requirements.

Due to the structure of NZL's operations, the GHG inventory for FY24 does not include any Scope 1 or 2 emissions. As a result, no increases or reductions have been measured across these scopes. While Scope 3 emissions were measured in the previous reporting year, they did not include emissions from downstream leased assets. Consequently, this limits the comparability of year-on-year emissions data for this reporting period. Given that NZL have extended emissions reporting to cover the entire value chain, we expect comparability of year-on-year emissions in future years.

Table 1: GHG emissions (tCO2e) by scope against baseline

|          | Reporting Period | Prior Year | Variance | Variance |
|----------|------------------|------------|----------|----------|
|          | FY24 tCO2e       | FY23 tCO2e | tCO2e    | %        |
| Scope 1  | 1 0.00 0.00      |            | -        | -        |
| Scope 2  | 0.00             | 0.00       | -        | -        |
| Scope 3  | 129,163.31       | 479.80     | -        | -        |
| Total    | 129,163.31       | 479.80     | -        | -        |
| Removals | -                | -          | -        | -        |

Figure 1: GHG emissions comparison against baseline

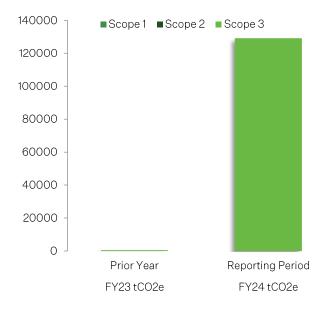
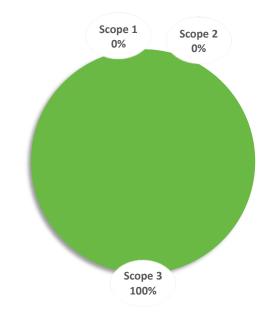


Figure 2: GHG emissions by scope



#### 1.3. Persons Responsible

The person responsible for the preparation of this GHG emissions inventory report is Lewis Foster – Carbon Measurement Team Lead He is responsible for overseeing the GHG inventory process and ensuring that it is conducted in accordance with The Lever Room's certification requirements.

Lewis Foster has the authority to make decisions related to the GHG inventory process and has been provided with the necessary resources to carry out these responsibilities.

#### 1.4. Reporting Period and Base Year

This inventory report covers the financial year ending 31 December 2024 (FY24) and represents the second year of greenhouse gas (GHG) emissions reporting for New Zealand Rural Land (NZL).

FY24 has been selected as NZL's base year, as it marks the first year in which a complete and auditable GHG inventory has been prepared.

#### 1.4.1 Base Year Recalculation

A recalculation policy is in place to ensure the consistency and comparability of emissions over time. The base year will be recalculated if:

- Structural changes (e.g., acquisitions, divestments) significantly affect the inventory.
- Changes in emission factor methodologies result in a change of >5% of base year emissions.
- Significant errors are identified in the base year inventory.

No recalculation occurred during this period.

#### 1.5. Intended Uses and Audiences of the Report

This report is intended for internal use and for reporting to the New Zealand External Reporting Board.

#### 1.6. Climate Reporting Entity Status

New Zealand Rural Land Company Limited (NZL) is a Climate Reporting Entity (CRE) under the Financial Markets Conduct Act 2013 (FMCA) and is subject to mandatory climate-related disclosures under Aotearoa New Zealand Climate Standards (NZ CS).

#### 2. Report Scope and Boundaries

#### 2.1. Organisational Boundary

To accurately report our greenhouse gas emissions, New Zealand Rural Land's GHG inventory defines both organisational and operational boundaries, in line with the GHG Protocol and ISO 14064-1:2018 standards.

This year, we have updated our organisational boundary approach, moving from the operational control method to the financial control method. Under this revised approach, the organisational boundary includes emission sources over which New Zealand Rural Land has financial control, while the operational boundary continues to encompass all activities that result in greenhouse gas emissions. This change ensures a more representative view of New Zealand Rural Land's emissions profile and supports the identification of effective emission reduction and management strategies aligned with our sustainability goals.

Table 2: Operations by location

| Business Unit                                 | Details  | Location   | Ownership |
|---|--|--|-----------|
| New Zealand Rural Land Company Limited        | All operations are conducted from this location, serves as de facto head office. | Level 1, 85 Fort Street, Auckland CBD, Auckland 1010, New Zealand. | 100%      |
| New Zealand Rural Land Investments GP Limited |  | Level 1, 85 Fort Street, Auckland CBD, Auckland 1010, New Zealand. | 75%       |
| NZRLC Dairy Holdings<br>Limited               |  | Level 1, 85 Fort Street, Auckland CBD, Auckland 1010, New Zealand. | 100%      |
| SSP NI Limited                                |  | Level 1, 85 Fort Street, Auckland CBD, Auckland 1010, New Zealand. | 100%      |

#### 2.2. Operational Boundary

The financial control boundary for New Zealand Rural Land's GHG Inventory was established based on the GHG Protocol and ISO 14064 methodology. Emissions were classified into Scopes for ease but also align to ISO 14064 categories as follows:

- Scope 1 (ISO: Category 1) Direct GHG emissions that are controlled by New Zealand Rural Land.
- Scope 2 (ISO: Category 2) Indirect GHG emissions from imported energy.
- Scope 3 Other indirect GHG emissions not included in Scope 1 or 2 that occur in New Zealand Rural Land's value chain:

- o Category 1 (ISO: Category 4) Purchased goods and services
- o Category 2 (ISO: Category 4) Capital goods
- o Category 3 (ISO: Category 4) Fuel- and energy-related activities
- o Category 4 (ISO: Category 3) Upstream transportation and distribution
- o Category 5 (ISO: Category 4) Waste generated in operations
- o Category 6 (ISO: Category 3) Business travel
- o Category 7 (ISO: Category 3) Employee commuting
- o Category 8 (ISO: Category 4) Upstream leased assets
- o Category 9 (ISO: Category 3) Downstream transportation and distribution
- o Category 10 (ISO: Category 5) Processing of sold products
- o Category 11 (ISO: Category 5) Use of sold products
- o Category 12 (ISO: Category 5) End-of-life treatment of sold products
- Category 13 (ISO: Category 5) Downstream leased assets
- o Category 14 (ISO: Category 5) Franchises
- o Category 15 (ISO: Category 5) Investments

The classification of emissions into scopes and categories provides a comprehensive view of New Zealand Rural Land's GHG emissions, enabling effective management of emissions and identification of reduction opportunities. A full list of exclusions and justification is included in section 2.7.

#### 2.3. Information Management Procedures

New Zealand Rural Land has established information management procedures to ensure the accuracy, completeness, and consistency of data used in the GHG inventory. Process documents were created during the data gathering process to guide data collection, confirmation and analysis. These process documents will be revised as needed to reflect changes in data collection methods or reporting requirements.

All data is stored electronically in a secure location with restricted access to authorised personnel.

#### 2.4. Methodology

The finance platform Xero is used as the source of truth to gather our consumption data and applied relevant emission factors to calculate GHG emissions. Using the finance system provides confidence that the reporting is complete and robust. The emission factors used are referenced in the emission factors section of this report.

The Lever Room's Carbon Footprint workbook has been used to record and calculate emissions data. This workbook has been developed specifically for New Zealand Rural Land's GHG inventory and includes appropriate formulas and calculations to ensure accuracy and consistency in data recording and reporting.

Emission estimates were calculated using a hybrid methodology:

• Where high-quality activity data (e.g., litres of fuel, kWh of electricity) was available, these were multiplied by

appropriate emissions factors.

• Where activity data was unavailable, spend-based methods were used (i.e. \$ spend x emission factor).

#### 2.5. Emission Factors

The most applicable emission factors have been used for each activity measured. The sources of these emission factors are detailed below.

All results have been converted and reported in terms of tCO2e irrespective of the original emission factor unit.

- New Zealand Ministry for the Environment's Measuring emissions: A guide for organisations: 2024 summary of emission factors<sup>3</sup>
  - Uses the 100-year GWPs in the IPCC Fifth Assessment Report (AR5) to align with the requirement of the Paris agreement
- Emission Factors for New Zealand: Greenhouse Gas Emissions Intensities for Commodities and Industries<sup>4</sup>

 $<sup>^{3}\</sup> https://environment.govt.nz/publications/measuring-emissions-a-guide-for-organisations-2024-detailed-guide/$ 

 $<sup>^{4}\ \</sup>text{https://www.thinkstep-anz.com/software/emission-factors-for-new-zealand}$ 

#### 2.6. Emission Source Inclusions

Table 3: Emission source inclusions, source of data and reliability

|                                      | Category                 | Emission Source   | Data Source                             | Data Quality                           |
|--------------------------------------|--------------------------|---|---|--|
|                                      | Stationary<br>Combustion | Stationary Combustion   | None identified during reporting period | NA                                     |
| Scope 1<br>(Direct)                  | Mobile Combustion        | Mobile Combustion   | None identified during reporting period | No vehicles owned                      |
|                                      | Fugitive Emissions       | Fugitive Emissions  | None identified during reporting period | NA                                     |
| Scope 2                              | Purchased<br>Electricity | Purchased Electricity   | None identified during reporting period | NZRL does not have a functional office |
| (Indirect)                           | Purchased Steam          | Purchased Steam   | None identified during reporting period | NA                                     |
| Scope 3 Purchased goods and services |                          | Accounting, auditing, bookkeeping, insolvency, receivership and taxation services  Advertising services and provision of advertising space or time  Financial intermediation services directly measured  General construction services of nonresidential buildings, including erection of prefabricated constructions  Imports of software, subscriptions to streaming services & other internet services  Legal services  Local government administration services | Xero accounting transactions            | Low – Spend based factor               |

| Category        | Emission Source   | Data Source                  | Data Quality                                |
|-----------------|---|------------------------------|---|
|                 | Management consulting and management services                                     |                              |   |
|                 | Other insurance services  |                              |   |
|                 | Other professional, technical and business services nec                           |                              |   |
|                 | Accounting, auditing, bookkeeping, insolvency, receivership and taxation services |                              |   |
| Capital Goods   | Legal services  | Xero accounting transactions | Low – Spend based factor                    |
|                 | Other professional, technical and business services nec                           |                              |   |
| Business travel | Flights & Accommodation   | Xero accounting transactions | High – Flight records of departure, arrival |
| Investments     | Livestock, Electricity, Fuel  | Records of lessees           | Low – secondary data from lessees           |

#### 2.6.1. Uncertainty Assessment

A qualitative uncertainty assessment was undertaken due to limitations in the availability and precision of activity data across certain operational boundaries. At this stage, a quantitative assessment would require assumptions that may introduce more uncertainty than insight. The qualitative approach allows identification of key uncertainty sources and prioritisation of improvements over time, in line with ISO 14064-1:2018 Clause 7.3.2.

#### 2.7. Emission Source Exclusions

|            | Category              | Justification               |
|------------|-----------------------|-----------------------------|
| Scope 3    | Waste Disposal        | Excluded due to materiality |
| (Indirect) | Employee<br>Commuting | Excluded due to materiality |

#### 2.8. Biogenic Emissions

Biogenic emissions are relevant to NZL's portfolio due to on-farm activities conducted by lessees. These activities are included in this inventory under Scope 3, Category 15: Investments. However, as NZL does not have operational control over these farming activities and does not receive disaggregated emissions data from lessees, biogenic emissions (e.g., methane from livestock or nitrous oxide from fertiliser use) have not been separately reported at this stage. NZL intends to engage with lessees in future reporting years to improve data visibility and reporting completeness.

# 3. FY24 Inventory Analysis

Table 4: YOY GHG emissions comparison with commentary

|                       |  | Reporting<br>Period | Prior Year |  |
|-----------------------|--|---------------------|------------|--|
|                       | Category   | FY24 tCO2e          | FY23 tCO2e | Commentary   |
|                       | Stationary<br>Combustion                         | -                   | -          |  |
| Scope 1<br>(Direct)   | Mobile Combustion                                | -                   | -          |  |
|                       | Fugitive Emissions                               | -                   | -          |  |
|                       | Total – Scope 1                                  | -                   | -          |  |
| Scope 2<br>(Indirect) | Purchased Electricity                            | -                   | -          |  |
|                       | Purchased Steam                                  | -                   | -          |  |
|                       | Total – Scope 2                                  | -                   | -          |  |
|                       | Total – Scope 1 & 2                              | -                   | -          |  |
|                       | Purchased goods and services                     | 534.09              | 311.93     | Change in emission factor source & increased spend       |
|                       | Capital Goods                                    | 119.61              | 167.88     | Change in emission factor source & operational variances |
|                       | Fuel & Energy                                    | -                   | -          |  |
|                       | Upstream<br>Transportation and<br>distribution   | -                   | -          |  |
|                       | Waste disposal                                   | -                   | -          |  |
| Scope 3 (Indirect)    | Business travel                                  | 0.82                | -          | Not previously included                                  |
|                       | Employee commuting                               | -                   | -          |  |
|                       | Upstream Leased<br>Assets                        | -                   | -          |  |
|                       | Downstream<br>Transportation and<br>distribution | -                   | -          |  |
|                       | Processing of Sold<br>Products                   | -                   | -          |  |
|                       | Use of sold products                             | -                   | -          |  |

|   | Reporting<br>Period | Prior Year |                         |
|---|---------------------|------------|-------------------------|
| Category                                  | FY24 tCO2e          | FY23 tCO2e | Commentary              |
| End-of-Life treatment<br>of Sold Products | -                   | -          |                         |
| Downstream Leased<br>Assets               | -                   | -          |                         |
| Franchises                                | -                   | -          |                         |
| Investments                               | 128,508.78          | -          | Not Previously included |
| Total – Scope 3                           | 129,163.31          | 479.80     | Widened Scope           |
| Total – Scope 1, 2 & 3                    | 129,163.31          | 479.80     | Widened Scope           |

Figure 3: Top 10 Emissions by Activity



Figure 4: Emissions by Scope & Category



Table 5: GHG emissions by gas type

|                       | CO2   | CH4  | N2O  | SF6 | HFC | PFC | Other          | tCO2e          |
|-----------------------|-------|------|------|-----|-----|-----|----------------|----------------|
| Scope 1<br>(Direct)   | -     | -    | -    | -   | -   | -   | -              | -              |
| Scope 2<br>(Indirect) | -     | -    | -    | -   | -   | -   | -              | -              |
| Scope 3<br>(Indirect) | 17.88 | 0.08 | 0.09 | -   | -   | -   | 129,145.2<br>6 | 129,163.3<br>1 |
| Total                 | 17.88 | 0.08 | 0.09 | -   | -   | -   | 129,145.2<br>6 | 129,163.3<br>1 |

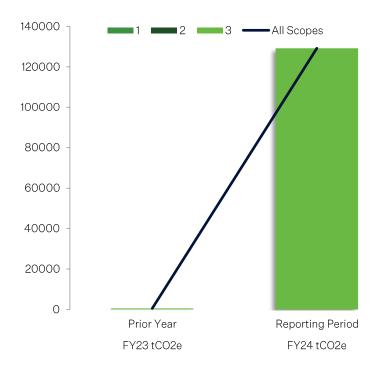
Table 6: Emissions associated with biomass

|                          | Biomass Type | Unit   | Quantity | tCO2 |
|--------------------------|--------------|--------|----------|------|
| Stationary<br>Combustion | Wood         | Tonnes | NA       | NA   |
| Mobile Combustion        | Biodiesel    | Litres | NA       | NA   |
| Total                    |              |        |          |      |

#### 3.1. Emissions Over Time

The chart below shows the reports totals by scope for each year New Zealand Rural Land has been producing a GHG emission inventory.

Figure 5: Comparison of emissions totals by scope since baseline



#### 3.2. Emissions Intensity

Table 7: Emissions intensity metrics with comparison

|                                      | Reporting Period | Prior | Variance % |
|--------------------------------------|------------------|-------|------------|
|                                      | FY24             | FY23  |            |
| Revenue \$millions                   | 19.87            | 15.35 |            |
| Revenue Carbon Intensity (tCO2e/\$m) | 6,500.74         | 31.25 | 20697%     |

#### 3.3. Emissions Removals

No removals have been reported in the current reported period.

#### 3.4. Offsetting

No offsets have been reported in the current reported period.

#### 4. Audit Status

Independent assurance was completed by McHugh & Shaw Limited (ISO 14064-3:2019/NZ SAE 1).

The assurance level achieved is Limited Assurance ISO Cat 1&2.

#### 5. Disclaimer

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#### 6. Authorisation

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## 7. Appendices

## Appendix A – ISO 14064-1:2018 Reporting Index Alignment

| ISO Reporting | Section in this report                                   | Notes     |
|---------------|--|-----------|
| 9.3.1 (a)     | 1.1  |           |
| 9.3.1 (b)     | 1.3  |           |
| 9.3.1 (c)     | 1.4  |           |
| 9.3.1 (d)     | 2.1  |           |
| 9.3.1 (e)     | 2.2  |           |
| 9.3.1 (f)     | 3. Table 5: GHG emissions by gas type                    |           |
| 9.3.1 (g)     | 3. Table 6: Emissions associated with biomass            |           |
| 9.3.1 (h)     | 3.3  |           |
| 9.3.1 (i)     | 2.7  |           |
| 9.3.1 (j)     | 4. Table 4: YOY GHG emissions comparison with commentary |           |
| 9.3.1 (k)     | 1.4  |           |
| 9.3.1 (l)     | 1.4  |           |
| 9.3.1 (m)     | 2.6  |           |
| 9.3.1 (n)     | 2.2  | Base year |
| 9.3.1 (o)     | 2.5  |           |
| 9.3.1 (p)     | 2.6  |           |
| 9.3.1 (q)     | 2.6  |           |
| 9.3.1 (r)     | Purpose of Document                                      |           |
| 9.3.1 (s)     | 4.   |           |

| ISO Reporting | Section in this report                      | Notes               |
|---------------|---|---------------------|
| 9.3.1 (t)     | 2.5   |                     |
|               |   |                     |
|               |   |                     |
| 9.3.2 (a)     | NA  |                     |
| 9.3.2 (b)     | NA  |                     |
| 9.3.2 (c)     | 3.4   |                     |
| 9.3.2 (d)     | NA  |                     |
| 9.3.2 (e)     | NA  | No other facilities |
| 9.3.2 (f)     | Figure 5: Comparison of emissions totals by |                     |
|               | scope since baseline                        |                     |
| 9.3.2 (g)     | 3.2   |                     |
| 9.3.2 (h)     | 4. Table 4: YOY GHG emissions comparison    |                     |
|               | with commentary                             |                     |
| 9.3.2 (i)     | 2.3   |                     |
| 9.3.2 (j)     | Figure 5: Comparison of emissions totals by |                     |
|               | scope since baseline                        |                     |
| 9.3.2 (k)     | Figure 5: Comparison of emissions totals by |                     |
|               | scope since baseline                        |                     |

