

Climate Related Disclosure 2024

Continuing to enhance our resilience



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All values in this report are in NZ dollars unless stated otherwise.

Introduction

Tēnā koutou,

Northwest Healthcare Properties Management Limited (**the Manager**), being the manager of Vital Healthcare Property Trust (**Vital**), is a climate reporting entity under the Financial Markets Conduct Act 2013 and the Financial Reporting Act 2013. The Manager is proud to present this Climate Statement in relation to Vital for the 12 months ended 30 June 2024 (**FY24**), our first under the Aotearoa New Zealand Climate Standards (**NZ CS**)¹.

Purpose of this Climate Statement

This Climate Statement provides three plausible but challenging potential futures across short, medium and long-term horizons based on relevant industry scenarios. These plausible scenarios are not presented as expectations of what **will** happen but what **could** happen to assist Vital's stakeholders to better understand Vital's strategy and investments.

ESG achievements to date

Vital and the wider Northwest group have made significant advances in sustainability / ESG over recent years. These efforts include:

- Vital being ranked 1st for listed healthcare real estate globally by GRESB² in 2023.
- Vital's portfolio being enhanced over FY24 including through the sale of assets with poorer environmental credentials and the reinvestment of sales proceeds into developing new buildings with improved environmental credentials.
- Significant work having been undertaken to understand our greenhouse gas emissions profile.

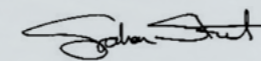
Future focus

Our climate-related disclosure obligations will increase for FY25 as certain first-time adoption provisions relied on in FY24 will no longer apply. We also expect that our climate-related disclosure will continue to evolve in future reporting periods as the quality and completeness of our data and methodologies, and our governance processes for managing climate risks and opportunities, matures.

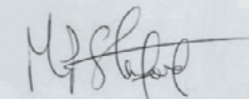
Focussing on climate-related performance metrics is a key part of Vital's strategy. Among other things, improving Vital's portfolio and being recognised as a sector leader in ESG are expected to enhance the returns of Vital's assets and therefore contribute to Vital's mission to deliver stable and growing total Unit Holder returns. We also intend to utilise information collected to focus on ways of reducing and/or offsetting greenhouse gas emissions.

Work undertaken in preparing this Climate Statement has also contributed to the formulation and implementation of our environmental strategy. However, we acknowledge that we, like many of our peers, remain at the start of this journey.

Nā māua noa, nā



Graham Stuart
Independent Chair



Dr Michael Stanford
Independent Director & Chair of the Audit Committee

This Climate Statement was approved by the board of directors of the Manager (**Board**) on 25 October 2024.

¹This Climate Statement has been prepared in accordance with Climate Standard 1 (Climate-related Disclosures) (**NZ CS 1**), Climate Standard 2 (Adoption of Aotearoa New Zealand Climate Standards) (**NZ CS 2**) and Climate Standard 3 (General Requirements for Climate-related Disclosures) (**NZ CS 3**).

²GRESB is an international and independent standards organisation which reviews over 2,000 entities in 75 countries representing over US\$7 trillion in investments.

About Vital

Vital is the only specialist owner of healthcare property listed on the NZX with a portfolio of hospitals and ambulatory care facilities across Australia and New Zealand valued at approximately \$3.2 billion.

Vital owns healthcare property to deliver a long-term income stream for its investors.

Vision

To be Australia and New Zealand's leading listed healthcare property fund.

Mission

To deliver stable and growing total Unit Holder returns including an attractive risk-adjusted income distribution, majority sourced from healthcare real estate.

Guide to reading this Climate Statement

Disclaimer

This Climate Statement includes forward-looking statements and metrics and other disclosures about the future, which are inherently uncertain. It also includes disclosures that are based on incomplete or estimated data and related judgements, opinions and assumptions. Those disclosures are subject to known and unknown risks, uncertainties and other factors, many of which are beyond the Manager's or Vital's control.

Climate change is an evolving challenge, with high levels of uncertainty, particularly over long-term horizons. Risks and opportunities described in this Climate Statement, and the Manager's strategies to achieve its targets, may not eventuate or may be more or less significant than anticipated. There are many factors that could cause Vital's actual results, performance or achievement of climate-related metrics, including targets, to differ materially from that described.

Readers are therefore cautioned not to place reliance on such statements in light of the uncertainty in climate metrics and modelling.

Any forward-looking statements included in this Climate Statement are based on the Manager's current views and expectations and are current only as at the date of this Climate Statement. The Manager and Vital do not:

- represent that those statements and opinions will not change or will remain correct after publishing this Climate Statement;
- undertake to revise or update those statements and opinions if events or circumstances change or unanticipated events happen after publishing this Climate Statement, other than as required by law; or
- give any representation, guarantee, warranty or assurance about its future business performance or that the outcomes expressed or implied in a forward-looking statement made in this Climate Statement, including its performance against climate-related targets, will occur.

The Manager expects that some forward-looking statements made in this Climate Statement may be amended and updated in future documents as the quality and completeness of its data and methodologies continue to evolve and improve.

To the maximum extent permitted by law, the Manager and Vital do not accept responsibility for the accuracy or completeness of any forward-looking statements or any liability whatsoever (including for negligence) for any loss howsoever arising from any use of this Climate Statement or reliance on anything contained in it or omitted from it.

Assurance

Although several external parties contributed to the preparation of this Climate Statement, including reviews by Vital's auditor and the Manager's legal adviser, the only component which has received external assurance is the GHG inventory (refer to page 24 for details).

Use of adoption provisions (exemptions)

NZ CS 2 permits the Manager to elect to use one or more of the adoption provisions in NZ CS 2 for its first reporting period. The Manager has elected to use the following adoption provisions:

- Adoption provision 1, which exempts the Manager from disclosing the current financial impacts of the physical and transition impacts identified and from disclosing an explanation of why the Manager is unable to disclose this information (if applicable);
- Adoption provision 2, which exempts the Manager from disclosing the anticipated financial impacts of climate-related risks and opportunities reasonably expected by the Manager and from disclosing an explanation of why the Manager is unable to disclose this information (if applicable). It also exempts the Manager from disclosing a description of the time horizons over which the anticipated financial impacts of climate-related risks and opportunities could reasonably be expected to occur;
- Adoption provision 3, which exempts the Manager from disclosing the transition plan aspects of its strategy, including how its business model and strategy might change to address its climate-related risks and opportunities and the extent to which the transition plan aspects of its strategy are aligned with its internal capital deployment and funding decision-making processes;
- Adoption provision 5, which exempts the Manager from disclosing comparative metrics for Scope 3 GHG emissions;
- Adoption provision 6, which exempts the Manager from disclosing, for each metric disclosed in the current reporting period, comparative information for the immediately preceding two reporting periods; and
- Adoption provision 7, which exempts the Manager from disclosing an analysis of the main trends evident from a comparison of each metric from previous reporting periods to the current reporting period.

For readability, the order of disclosures in this Climate Statement differs from the order in NZCS 1.

Currency and date

All numbers are in New Zealand dollars as at 30 June 2024 (Vital's last balance date) unless otherwise stated.

Statement of Compliance

With the adoption provisions we have noted above being applied, this Climate Statement complies with the NZ CS.

Scope

As Vital's portfolio of assets is trans-Tasman, our climate-related disclosure encompasses assets in both countries.

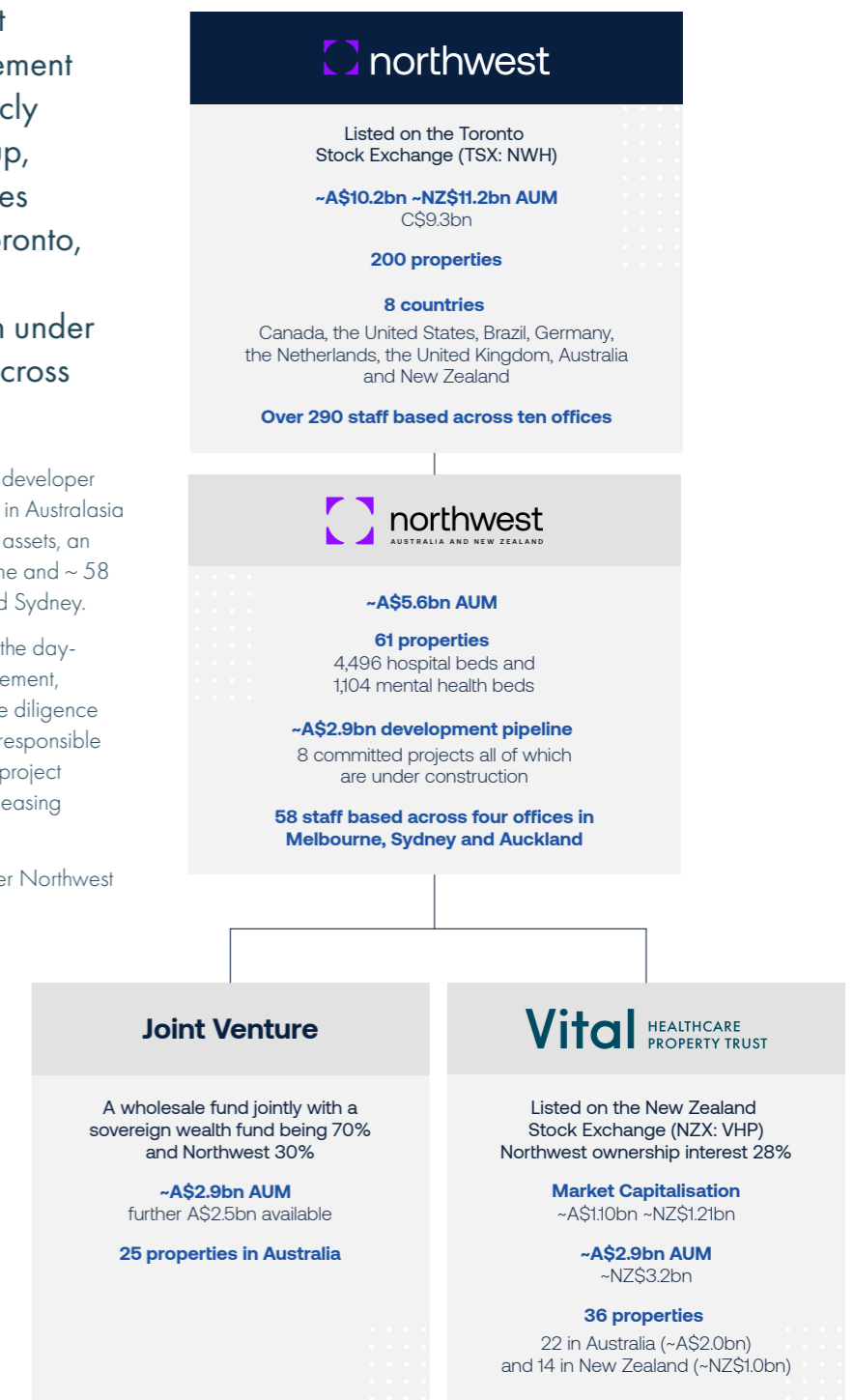
Vital's Manager

Vital is managed by Northwest Healthcare Properties Management Limited, a subsidiary of a publicly listed healthcare property group, Northwest Healthcare Properties REIT (**Northwest**), based in Toronto, Canada, with global assets of approximately NZ\$11.2 billion under management and ~290 staff across eight countries.

Northwest is an experienced manager, owner, developer and investor of healthcare property particularly in Australasia with approximately A\$5.6 billion of healthcare assets, an approximate A\$2.9 billion development pipeline and ~ 58 staff across offices in Auckland, Melbourne and Sydney.

The Manager's primary responsibilities include the day-to-day administration of Vital's portfolio management, sourcing new opportunities and conducting due diligence on potential acquisitions. The Manager is also responsible for providing specialist property management, project management, development management and leasing services to Vital.

A diagram illustrating how Vital fits into the wider Northwest group is on the right hand side of this page.



Total A/NZ AUM includes NZ\$251.65m of contracted but not yet settled divestments for Vital
Vital AUM excludes NZ\$251.65m of contracted but not yet settled divestments

Governance

Disclosure objective

To enable primary users to understand both the role an entity's governance body plays in overseeing climate-related risks and climate-related opportunities, and the role management plays in assessing and managing those climate-related risks and opportunities.



Role of the Board

The Board has overall responsibility for the oversight of climate-related risks and opportunities for Vital.

The Board oversees risks and opportunities associated with climate factors and the preparation of climate statements and ensures that the Manager's records and documents (including financial reports, climate statements and climate-related records) are true, correct and conform to required reporting standards. The Board also approves and guides the management of climate-related risks and opportunities presented by the Operational Risk Committee (ORC) and the Climate Working Group (CWG) via members of Vital's leadership team (including Vital's Fund Manager, CFO and Regional General Counsel), including the approval of environmental targets which directly affect business operations. Vital's commitment to achieving a minimum 5 Star Green Star rating on all new major developments is a Board approved target and a prominent consideration during the evaluation process for acquisitions and developments.

The Board has visibility of progress against this target through the board reporting processes described below.

The Board has had visibility of progress against Vital's net zero 2050 target and the metrics disclosed in this Climate Statement

as part of their review and approval of this Climate Statement and through associated Board update papers and presentations.

Climate-related risks and opportunities are reported to the Board and, where applicable the Audit Committee through standing quarterly board reports (notably standard sections of the Fund Manager, Portfolio and Development reports with other reports on an ad hoc / exceptions basis).

Role of the Audit Committee

The Board has established an Audit Committee to assist the Board discharge its responsibilities, including in relation to climate-related disclosures. The Audit Committee is responsible for reviewing the climate-related disclosure and advising the Board whether, in the Committee's view, that disclosure complies with applicable standards and legislative requirements and, if appropriate, recommending approval of the climate-related disclosure by the Board. The Committee is also responsible for ensuring that appropriate controls and assurances are implemented for the preparation, review, verification and approval of climate-related disclosure.

The Audit Committee is informed of climate-related risks and opportunities in the context of climate-related disclosures including through reports from the CFO and external auditors.

Board training

The Board and the Audit Committee each has four scheduled meetings per annum. The Board also has at least two climate-specific board training and / or discussion sessions per annum which in FY24 comprised:

1. a workshop on Climate Related Disclosure; and
2. a training session on the climate change-related claim in *Smith v Fonterra* and others encompassing implications for corporate governance and directors' duties.



Board composition and experience

The Manager's Board comprises five highly qualified directors based in Auckland (two directors), Toronto, Sydney and Melbourne, three of whom are independent. The current directors and links to their biographies can be accessed [here](#).

The Board is expected to have appropriate experience and skills across multiple competencies including sustainability and climate-related matters, and Directors are expected to contribute to all elements of Vital's strategy and Risk Framework. The Board exercises its responsibilities collectively and no one Director assumes responsibility for any singular matter.

A skills matrix has been established to evaluate the Board's skills, competencies and experience, which is subject to no less than annual review. The skills matrix includes a self-assessment of each Director's awareness and understanding of climate change and ESG / sustainability.

The current version of this matrix is shown below.

| Skills & Experience ¹ | Graham Stuart | Angela Bull | Craig Mitchell | Michael Stanford | Mike Brady |
|--|---------------|-------------|----------------|------------------|------------|
| Accounting / Finance / Economics | ● | ○ | ● | ○ | ○ |
| Commercial Real Estate / Asset Management / Valuation | ● | ● | ● | ○ | ○ |
| Corporate Governance | ● | ● | ● | ● | ● |
| Legal / Regulatory | ○ | ● | ○ | ○ | ● |
| Healthcare Operator | | | | ● | |
| Sustainability / ESG including Climate Related Matters | ○ | ○ | ○ | ○ | ○ |

● HIGHLY SKILLED / EXPERIENCED ○ MODERATE SKILLS / EXPERIENCE

¹ Director experience is considered on an expansive basis and may not necessarily relate or be relevant to a particular jurisdiction. For example, a director may be noted as having legal / regulatory skills and experience but this does not necessarily mean it is for New Zealand.





Role of management

The Board has delegated identification, monitoring and management of key risks and opportunities including climate-related matters, to the ORC. The ORC provides updates and recommendations to the Board in relation to climate-related risks via members of Vital's leadership team as noted above. The ORC is comprised of senior members of the Manager's leadership team, representing the capital transactions, development, finance, funds management and legal teams. The ORC meets monthly to consider a variety of risks, including climate-related risks, informed by the Risk Framework.

The ORC has delegated day-to-day management of climate-related risks and opportunities to the CWG, which comprises key members of Vital's senior management team (including Vital's Fund Manager and Co-Head of Northwest's ANZ Region) and Northwest's full regional Sustainability Team. The CWG meets quarterly and a register of climate impacts is a standing agenda item including any asset-level climate impacts reported by property managers, an overview of anticipated climate impacts generated from S&P Global Climonomics and any emerging transition risks identified from the Sustainability Team or Regional General

Counsel. If risks are deemed material, the CWG may request further action or escalate to the ORC.

The CWG and the Sustainability Team ensure that the ORC is fully informed of material climate-related risks identified by the CWG and Sustainability Team. The Board is updated on activities or reports of the CWG via its members who are part of Vital's senior management team.

Climate-related risks are also considered by management as part of the Manager's investment process as properties are proposed to be acquired, sold and / or developed by Vital. Climate-related opportunities are considered by management through business proposals and broader short-term capital deployment planning. These matters are reported to and considered by the Board through the management committees and processes described above.

Climate-related risks and opportunities are a key component of Vital's Board approved 5-year strategy (as further described in the Strategy section below), are a standing item on acquisition, disposal and development checklists and are a standard reporting item to the Board when seeking consent for an acquisition, disposal or development.

Strategy

Disclosure objective

To enable primary users to understand how climate change is currently impacting an entity and how it may do so in the future. This includes the scenario analysis an entity has undertaken, the climate-related risks and opportunities an entity has identified, the anticipated impacts and financial impacts of these, and how an entity will position itself as the global and domestic economy transitions towards a low-emissions, climate-resilient future.

Business model and sustainability strategy

Vital only invests in healthcare real estate (primarily hospital, out-patient, aged care and research facilities) and is landlord to many of Australia and New Zealand's leading private hospital operators.

Healthcare is a defensive sector with expenditure largely government or insurer funded or non-discretionary. As a result, Vital's income is less impacted by economic or business cycles than other classes of investment property.

Ageing and growing populations in both Australia and New Zealand coupled with rising life expectancy and ongoing improvements in science, technology and care continue to lead to increased demand for healthcare. Increased demand supports Vital's investments.

Key characteristics of Vital's business model include:

- A market-leading weighted average lease term (known as WALE or WALT).
- Embedded revenue growth under indexed leases.
- Strong, established tenant / operators and high occupancy rate.
- Defensive operating fundamentals based on cure healthcare focus.

Sustainability forms a key component of all aspects of Vital's Board approved strategy to achieve our Vision to be Australia and New Zealand's leading listed healthcare property fund, consistent with our Mission Statement to deliver stable and growing total Unit Holder returns including an attractive risk-adjusted income distribution, majority sourced from healthcare real estate. Key sustainability aspects of Vital's 5 year strategy have been extracted and summarised in the table below to give readers of this Climate Statement a sense of the Manager's focus. The ambitions described in the table below have not been formally adopted by the Manager as "targets" or "metrics" for the purposes of the NZ CS and this Climate Statement.

Healthy Planet

Actively **progress net zero by 2050 commitment including science-aligned interim targets**, through capital allocation to deliver new properties, adapt existing properties and inform our approach to acquisitions and disposals, to be:

- Energy-efficient, built and operate with lower-emissions, and be powered by 100% renewable energy for all new developments and any purchased electricity by Vital
- Resilient to climate impacts with portfolio wide management and mitigation plans in place
- Verified by third party certifications for all developments and existing assets where possible

Lead (Sector Transformation)

Thriving Partners

Move sustainability engagement with operating partners from passive one-way engagement to **strategic collaboration, achieving top quartile, NPS performance** that prioritise tenants:

- Improving asset efficiencies and reducing Vital's scope 3 emissions
- Activating renewable energy strategies across 20% of tenant-controlled assets by 2030
- Executing green clauses across all new leases, renewals and development deeds reflective of Vital's ESG strategy

Compete (Positioning Beyond Minimum Norm)

Inclusive Company

Build for our current team members as well as our future employees through developing and delivering a **peer comparable 'people strategy'** that:

- Creates a culture that demonstrates Northwest's values and promotes sustainability to encourage long-term thinking
- Prioritises diversity, inclusiveness, and equity through action and transparent disclosures
- Builds capacity through professional development, training, and leadership opportunities
- Ensures workplace safety and wellbeing through tracking, transparent disclosures and zero injury targets

Keep Pace (Industry Norm)

Strong Communities

Investing in the communities we serve and influencing the sustainability practices of our supply chain through:

- Protecting human rights and sourcing sustainably, aligned with our modern slavery requirements
- Promoting cultural awareness through Reconciliation Action Plan (RAP) deliverables and development of a Māori engagement strategy
- Supporting the community through volunteering and charitable giving

Keep Pace (Industry Norm)

Specifically in relation to climate change, among other things, the Manager:

1. Considers climate change risks and opportunities as part of all acquisitions and developments (refer to the Governance section above for details about how this occurs);
2. Has a programme in place to upgrade the efficiency of its property portfolio informed through the completion of portfolio wide Energy Audits and subsequent capital planning; and
3. Has divested a number of assets in part because they have lower environmental credentials including greater potential risk from climate change impacts.

FY24 climate-related impacts

The Manager monitors the impacts of climate-related events on Vital's assets, developments and operations. Climate-related events, including the various risks identified through the scenario analysis described below, could impact the business continuity of Vital's tenants which, in turn, could impact Vital's rental income.

During FY24, two assets in Queensland were affected by heavy rainfall that occurred during the Boxing Day Storms in December 2023. Damage was considered "minor" with repairs managed by onsite facility managers.

Vital's assets did not experience any physical impacts from Cyclone Gabrielle during FY23.



Macarthur Health Precinct (Stage 1), NSW

Vital is not currently materially impacted by the transition to a low-emissions economy or any identified transition risks. Refer to page 16 for details on the anticipated impacts of Vital's transition risks in the future.

Scenario analysis

Vital's role in developing sector specific climate scenarios

Vital played a key role in helping develop two sector-wide reports for climate scenarios for public use.



Climate Scenarios for the Construction & Property Sector

Firstly, Vital was a member of the working group responsible for producing Climate Scenarios for the Construction & Property Sector (Construction and Property Sector Scenarios). Over an 8-month period, workshops were held to identify key drivers relevant to the whole real estate industry, engage in discussions on various climate scenarios, align with global climate modelling tools, and ultimately present three distinct climate scenarios.

Climate Change Scenarios for the Health Sector

Secondly, Vital provided funding, and Vital's Sustainability Associate, Abbey Pickering, participated in the Technical Working Group and Vital's Fund Manager, Aaron Hockly, served on the Leadership Group, which developed and delivered Climate Change Scenarios for the Health Sector (Health Sector Scenarios).

In line with NZ CS 1 guidelines, both the Construction and Property Sector Scenarios and the Health Sector Scenarios considered a 1.5°C and 3°C+ climate scenario and a third scenario of below 2°C.

As Vital owns, manages and develops healthcare property, the climate scenarios in both reports have direct relevance to Vital's current and future operations.



Wakefield Hospital, Wellington

Vital's entity level climate scenarios

The Manager reviewed both the Construction & Property Sector and the Health Sector scenarios. Workshops involving the Sustainability Team, Property Managers and the CWG were held to identify any variations in key drivers between Vital's business and the scenarios above. The workshops concluded that these scenarios are relevant to Vital's business and strategy, both in New Zealand and Australia albeit with some areas having more or less emphasis due to the specific nature of Vital (i.e. being a specialist owner of only healthcare property and not being a healthcare operator).

This scenario analysis at a sector level, adjusted for Vital specifically, enabled the CWG to generate a comprehensive list of climate-related risks and opportunities, along with their associated current and anticipated direct and indirect business impacts.

No parts of Vital's value chain were specifically excluded from this risk identification process although Vital has not undertaken a formal value chain mapping exercise.

The scenario analysis was a standalone process to prepare this Climate Statement, however it will help inform Vital's future wider strategy. Climate adaption remains a priority as part of Vital's sustainability strategy and will be continuously refined. The process undertaken is illustrated in the chart below¹.



1 Engage stakeholders

External stakeholders – NZGBC, Beca, Health New Zealand - Te Whatu Ora, Tonkin & Taylor (all via sector-wide working groups) and WSP New Zealand Limited who were commissioned to perform a gap analysis against the strategy disclosures under NZ CS 1 and to facilitate capabilities-building workshops on financial impacts and transition planning.

Internal stakeholders – Members of the CWG, the Sustainability Team and representatives from each business division of the Manager.

2 Define the problem

Internal question – “how could climate change plausibly affect Vital's current business operations and long-term strategy to provide real estate solutions to the healthcare industry, what should we do and when?”

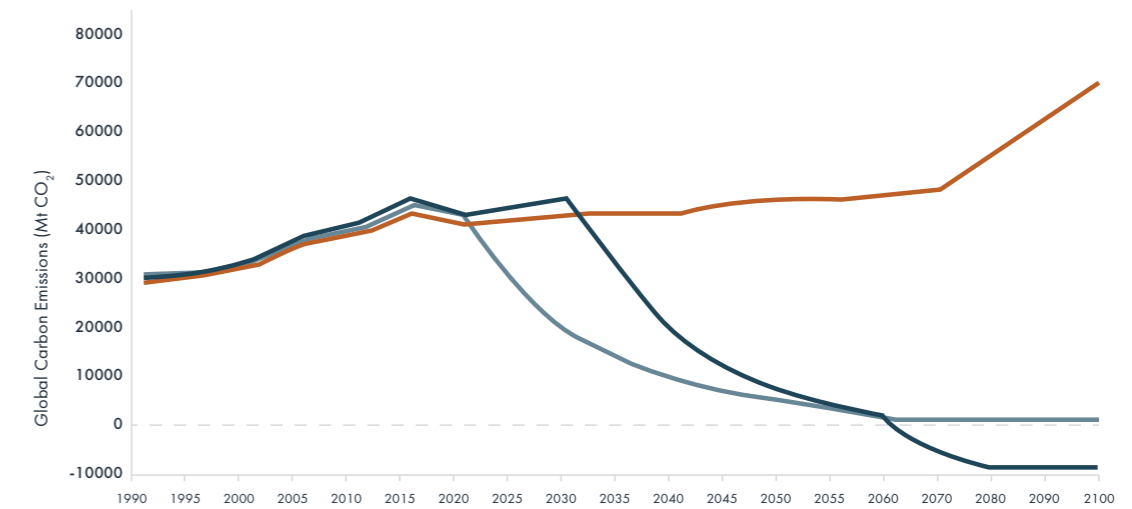
3 Identify driving forces and critical uncertainties

The consolidated sector driving forces applicable and material to Vital are listed below. For more information on the critical uncertainties associated with key driving forces please refer to the Construction and Property Sector Scenarios document (see link page 10).

| Construction & Property: | Health: |
|---|--|
| <ul style="list-style-type: none"> Increasing frequency and severity of extreme weather events Availability of low carbon materials to meet regulations and/or market demand Regulatory changes (including resilience, low carbon and circular economy regulations) Pressures on centralized infrastructure/aging infrastructure Price of carbon (and impact on cost of materials) | <ul style="list-style-type: none"> Cultural Environment Financial/Economic Policy Social/structural Technology |

4 Select temperature outcomes and emissions pathways²

| Scenario 1 | Scenario 2 | Scenario 3 |
|---|---|--|
| Net Zero by 2050 (1.5°C) – SSP1 -1.9 ¹ RCP2.6 | Delayed Transition (<2°C) – SSP1 -2.6 RCP2.6 | Hot House World (3°C+) – SSP3 -7.0 RCP8.5 |



The temperature outcomes for scenarios 1 and 3 are defined under NZ CS 1 and scenario 2 is consistent with the Construction & Property and Health Sector Scenarios.

The graphs above show the projected global GHG emissions trajectory for each of these scenarios. These graphs are illustrative only and do not represent predictions or expectations of the future, including in relation to Vital's future GHG emissions.

Vital's three specified climate scenarios are based on the same underlying assumptions and data sets as the Health Sector and Construction & Property Sector scenarios but adapted to use

only relevant data sets for Vital. The Manager has not conducted any additional or separate modelling for its climate scenarios.

Refer to the sector specific climate scenario documents (linked on page 10) for information on the data used to construct the sector specific scenarios and associated assumptions and limitations.

5 Draft narratives

Sector scenario narratives on plausible outcomes are prepared for each of the temperature scenarios consolidated at an entity level for applicability. The narratives are listed in the section below.

6 Assess strategic resilience

Risks and opportunities arising from the narratives are evaluated utilising climate science forecasting (derived from IPCC AR5 and AR6 where applicable) including impacts to Vital's assets and developments. This assessment follows the narratives below.

¹ Adapted from External Reporting Board's "Staff Guidance Entity Scenario Development", September 2023.

² The SSP-RCP scenarios incorporate assumptions about future socioeconomic developments, such as population growth, economic trends, and technological advancements. The SSP-RCP scenarios assume a certain level of global cooperation and implementation of climate policies. (NZ Ministry for the Environment)

Vital's Climate Scenario Narratives

This section provides narratives for the three scenarios listed above which have been developed for and by Vital. These scenarios refer to possible future states to test the resilience of Vital's current business model and strategy, and help identify potential climate-related risks and opportunities. The scenarios are hypothetical and do not represent predictions or expectations of the future. Instead,

they provide plausible potential outcomes under three different temperature scenarios. All wording in these narratives come from the Construction & Property and Health Sector Scenarios noted on page 10 (limited to areas relevant for Vital) with Australian material added from their National Climate Risk Assessment reports.

Scenario 1 – Net Zero by 2050

Labelled an 'Orderly' scenario where the world succeeds in limiting **global temperature increases to 1.5°C** above pre-industrial (1850-1900) temperatures by 2100. Global emissions decline steadily to achieve net zero CO₂ emissions globally by 2050. The energy grid shifts rapidly away from fossil fuel use, with the New Zealand energy grid reaching **100% renewable by 2050** and Australia following close behind. Alternative fuels are used as a backup, and renewables are utilised onsite instead of fossil fuels.

Throughout the 2020s and 2030s, the cost and lead-times for low carbon materials and products rise, but by 2040, they become more cost and time effective than traditional materials. This shift prompts significant growth in the construction sector as carbon-supporting infrastructure is replaced with **greener alternatives**.

Regulatory changes enforce government procurement policies targeting recycled materials and circular economy principles, along with stringent energy and carbon caps for new buildings. Existing buildings must disclose energy and carbon performance and transition away from fossil fuels while scaling up energy efficiency practices. **New buildings** prioritise low-carbon techniques, incurring higher construction costs but yielding long-term **operational savings and improved resilience**.

Scenario 2 – Delayed Transition

The world fails to implement the changes required to limit global temperature increases to 1.5°C above pre-industrial levels by 2100. Global emissions continue to rise during the 2020s as historical social, economic and technological trends continue. However, the increasing frequency of climate-related physical events, and concerns about meeting Paris Agreement goals drives a sudden shift in global policy around 2030, when abrupt and stringent decarbonisation policies are enacted. The private building sector accelerates efforts to achieve interim greenhouse gas reduction targets with pressure from investors for detailed adaptation plans.

Rapid but disordered policy, technology, and behaviour changes characterise New Zealand and Australia's response to climate issues. New Zealand leads in decarbonisation efforts, aiming for full energy grid decarbonisation by 2050, while Australia transitions slower due to political and economic factors. Despite stringent policies enacted in 2030, the transition faces hurdles, such as **reliance on fossil fuels in existing buildings**. **Pressure from investors** and tenants for resilient buildings increases as physical climate impacts accelerate, affecting financial viability of existing

Failure to meet emissions targets results in **financial penalties**, driving entities to pursue emissions reduction strategies. Market awareness of climate change risks prompts demand for low carbon buildings, with tenants seeking energy-efficient options.

Globally aligned efforts manage climate-related refugees, with New Zealand and Australia experiencing modest net immigration. Severe climate events persist into 2050 but stabilise by 2100, prompting initial **increased insurance premiums** and **retreat from floodplains, coastal areas and wildfire-prone areas**. Reliance on **offsets decreases** as emissions decline, with strategic partnerships between public and private sectors advancing climate policy.

Climate change friendly financing (e.g. climate linked loans) increases to develop resilient infrastructure funded by the superannuation age gradually rising to 70 by 2100. **Domestic migration shifts from high-risk areas** and urban density increases as the impacts from sea level rise push people away from coastal areas. Renewable energy uptake grows, driven by high emission pricing and appealing government incentives for self-production (e.g. solar). Despite initial increased costs to landlords of healthcare and aged care services, appetite from tenants for efficient and resilient buildings allow costs to be passed down.

buildings that do not decarbonise at industry pace.

Regulatory changes in 2030 demand **immediate shifts in energy and carbon requirements**, leading to disruptions in the building sector. Early movers benefit from future-proofed assets, while late movers **face challenges with stranded assets**. **Electricity price hikes** affect operational costs for healthcare, while low-carbon building techniques mitigate long-term operational expenses.

Opportunities to invest in emerging technologies such as onsite batteries or carbon capture solutions creates distinction between industry leaders and those trying to keep pace.

By 2050, severe climate events persist, although **global temperature increases stabilise below 2°C**. However, sea level rise impacts are yet to fully manifest, necessitating further adaptation towards 2100.

Property owners face escalating insurance premiums in areas with consistent impacts from increased rainfall intensity, sea level rise and wildfires with a reduction in the availability of insurance by 2040.

Population growth, especially in older age brackets, strains healthcare and aged care services which is exacerbated by increased health issues due to climate change. Climate change impacts prompt **population shifts**, particularly away from vulnerable coastal / acute weather prone and wildfire-prone areas. Health services are only located in high density areas and follow population shifts.

Scenario 3 – Hot House World

Climate policy development stalls, with no further effective climate policies enacted. **Global emissions continue to grow** until 2080, which leads to a **greater than 3°C increase** of global temperature above pre-industrial levels by 2100. **Exploitation of fossil fuel** resources and the continuation of energy intensive lifestyles continues to increase around the world.

The **lack of decisive policy action** hinders carbon reduction efforts, redirecting focus towards climate adaptation in the property and construction sector. New Zealand and Australia face severe climate impacts, leading to **no further efforts to decarbonise their respective energy grids**, while Australia remains reliant on fossil fuels due to political and economic considerations. **Acute weather events escalate**, increasing frequency of rainfall intensity and cyclone conditions creates ongoing challenges for property owners with efforts and time focused on clean up and business interruption costs.

Continuous damage to energy producing infrastructure necessitates building energy efficiency improvements to reduce energy demand outside of self-generation. **Demand rises for resilient healthcare buildings in the private sector**, prompting increased access to capital and investment opportunities for companies with strong and actionable climate adaptation plans.

The New Zealand and Australian governments prioritise post-disaster recovery over emissions reduction, missing international targets and straining the economy. Private funding for health services increases, but research capacity declines, worsening social and economic crises.

Climate-related impacts elevate global household costs, **driving migration to New Zealand and within both Australia and New Zealand** from more adversely climate-affected regions. Additionally, the rising sea levels reshape the geographic distribution of settlements across New Zealand and Australia, with movement away from inundated coastal areas. **Population growth strains infrastructure**, reshaping settlement patterns away from coastal / acute weather prone or wildfire-prone areas. Economic disparities widen as property prices surge in safer areas.

Changes in behaviour are observed among New Zealanders and Australians, particularly in adjusting to hotter summers, with outdoor activities and work hours adapted to **avoid the peak heat** between 10:00-16:00 (and longer hours in Western Australia, Queensland and the Northern Territory). Increasing number of hot days challenges construction completion schedules.

Concerns arise regarding the water supply to health facilities. While health facilities are prioritised, onsite storage is not equipped with the capacity needed to supplement reductions in the main water supply. Amidst **fluctuating electricity prices** tied to climate conditions, energy providers eliminate fixed-term contracts, and expose commercial and healthcare entities to market rate fluctuations.



Anticipated impacts of climate risks and opportunities

Following completion of the climate scenario process, material climate-related risks and opportunities were identified for Vital. These are set out in the tables.

Climate-related risks and opportunities can be categorised as “physical” and “transition” (refer to the glossary on page 24 for details). There are interdependencies between these categories, and the impacts of risks and opportunities can be both physical and transition.

These risks are not independent of each other and are not listed in order of materiality. The scenarios and time horizons where the risks are expected to be most acutely felt are identified in the table. However, risks may also be relevant to other scenarios and time horizons.

Selected time horizons

Short term 2024-2030: consistent with the earliest expiry dates of material leases within Vital’s portfolio and where material changes related to OPEX are likely to start becoming evident.

Medium term 2030-2050: when the majority of Vital’s leases (by rent) expire.

Long term 2050-2100: consistent with estimated building lifecycles and where relevant development decisions are expected to become more materially impacted.

The time horizons above are consistent with the Construction & Property and Healthcare Sector Scenarios and apply to Vital’s scenario analysis set out above and the climate-related risks and opportunities identified through Vital’s scenario analysis.

| | Risks | Scenarios most impacted | Time Horizon: | Anticipated impacts on specific properties and developments | Potential impacts on Vital as an entity |
|------------------|--------------------------|---|---------------|--|---|
| Physical Risks | Rainfall Intensity | Hot House World | M | Properties likely to suffer more regular damage as the frequency of high rainfall events increases. This will potentially lead to some or all of the following: limit tenant use of buildings, reduce tenant profitability, reduce rent collection, increase operating costs and increase maintenance capex as plant, equipment and potentially parts of buildings require more regular repairs and / or replacement. | <p>Stranded Asset: Extreme weather events such as rainfall intensity, cyclones, temperature rises and drought-like conditions will become more frequent over time. An existing asset in the portfolio could become ‘stranded’ (i.e. unviable to be operated by either tenant or landlord). This could impact Vital’s returns, asset values, access to capital and / or access to insurance which could impact Vital’s current strategy particularly around the location of assets Vital’s owns and / or develops.</p> <p>Acquisition and Divestment: An asset is acquired (or an asset is not divested) because of its location, build quality to climate change resilience or lease terms and conditions will be materially adversely impacted (net cash yield and/or valuation/IRR) by climate change.</p> <p>Development: Vital has a large and longterm development pipeline. An asset during or post construction may be adversely impacted (net cash yield and/or valuation/IRR) by climate change impacts such as increased intensity of cyclone events, increasing number of hot days or increasing rainfall intensity.</p> <p>Asset Management: Vital’s portfolio traditionally has long term lease duration (i.e. 20+ years), the impacts of chronic physical climate-related impacts expose Vital to potentially unrecoverable costs including by way of rent review mechanisms that are not linked to ‘climate change inflation’ (i.e. restrictions on market reversions via caps / collars or material time intervals between reversion events), restrictions on the recoverability of expenses and/or the ability to recover commercial returns on increased capital expenditure / R&M required to maintain / build climate change resilience.</p> <p>Capital Management: Efficiently priced capital (debt and equity) may not be available to Vital on acceptable terms and conditions because of insufficient climate change ambition and/or progress on climate resilience / greenhouse gas emission reductions.</p> |
| | Cyclone Events | Hot House World | L | Property damage from high winds which may result from surrounding infrastructure or vegetation. This will potentially lead to some or all of the following: limit tenant use of buildings, reduce tenant profitability, reduce rent collection, increase operating costs and increase maintenance capex as plant, equipment and potentially parts of buildings require more regular repairs and / or replacement. | |
| | Average Temperature Rise | Delayed Transition, Hot House World | M-L | Reduced equipment lifecycle periods due to increased operation and reliance on surrounding infrastructure (electricity grid connections). This will increase maintenance capex and / or reduce tenant profitability. Development delays times due to an increase in the number of hot days will make developments more expensive and delay rent collection and / or tenant profitability. | |
| | Drought-like conditions | Hot House World | M | Decrease in available water supply affecting operations. This will potentially lead to some or all of the following: limit tenant use of buildings, reduce tenant profitability, reduce rent collection, increase operating costs and increase maintenance capex. Availability of water intensive construction materials change such as concrete which could result in increased construction costs and / or construction delays. | |
| Transition Risks | Reputation | Net Zero by 2050, Delayed Transition, Hot House World | M | Failure to comply with regulatory obligations or an inability to meet communicated commitments may expose Vital to additional costs and / or reduced access to capital. | |
| | Market Conditions | Hot House World | M-L | Failure to deliver action against sustainability initiatives may affect investment opportunities and returns including through a. reduced pool of viable tenants due to a lack of climate resilient assets. Failure to deliver developments in line with business model and long term strategy. | |



Macarthur Health Precinct (Stage 1), NSW

| | | |
|---|--|---|
| Transition Opportunities for Vital at an entity level | Technology | Climate change is leading to the emergence of new products, services and markets, offering a chance to expedite decarbonization efforts within the healthcare real estate sector and allowing Vital to capitalise on its market-leading position in the healthcare sector. This includes an opportunity to innovate and invest in technologies that reduce carbon emissions while enhancing the efficiency of healthcare infrastructure in a way that provides a competitive advantage. |
| | Development Considerations | Climate change necessitates development of a long-term strategy for sustainable development. By incorporating environmentally friendly practices and technologies, organizations can mitigate their impact on the environment and adapt to changing climate conditions. This approach not only promotes asset resilience but could also provide Vital with an on-going competitive advantage. |
| | Contribute to public health population | With climate change posing significant challenges to public health, there is an opportunity for providers of specialized healthcare facilities to make a positive impact. Vital can continue to partner with healthcare providers contributing to improved public health outcomes and addressing the evolving healthcare needs of the population in the face of climate-related risks. |
| | Access to capital | Relatively early focus on the resilience of Vital’s portfolio and carbon targets could provide Vital with improved access to capital (debt and equity) as investors and financiers look to fund assets which are more climate resilient and entities which have issued and meet appropriate climate goals due to a mixture of mandate requirements (e.g. low carbon funds), their own ESG commitments and / or expectations of higher long-term value / lower risk. |

Progress towards Vital's transition plan

As outlined above, the Manager has elected to use adoption provision 3, which provides an exemption from disclosure in the first reporting period of the transition plan aspects of Vital's strategy and the extent to which these are aligned with its internal capital and funding decision-making processes.

Whilst we have not yet developed a transition plan for Vital, we have implemented a number of initiatives to work towards Vital's sustainability strategy, as outlined below. We anticipate communicating more information about our transition plan in FY25.

Alignment with capital deployment and funding processes

Our current understanding of Vital's climate-related risks and opportunities has informed our strategy planning, capital deployment and funding decision-making processes. This includes, for example, budgeting for capital expenditure, acquisitions, divestments, and developments.

More specifically:

- Portfolio-wide building audits have provided insights into our future capital expenditure requirements.
- We have enhanced our due diligence processes to consider climate-related risks for all new acquisitions such as flooding. This guides capital deployment decisions.
- Following a review of the existing portfolio based on location and other climate-related risk factors, assets have been chosen for divestment in part due to physical climate hazards assessments which have identified key future risks for particular assets. Other sustainability considerations, such as Green Star certifications, have also been a factor in our divestment decisions.



Macarthur Health Precinct (Stage 1) is registered as a 6 Star Green Star Design & As-Built and will provide cancer care services for the surrounding community.

The development was originally registered as a 5 Star Green Star Design & As-Built, however, our team worked with the builders and stakeholders to define the pathway to 6 Star Green Star. The building was subsequently registered as 6 Star Green Star and now that it is complete the project team is going through the Green Building Council of Australia (GBCA) certification process. Amongst many design features, the air tightness of the building has achieved outstanding results of 3.8L air loss per minute compared to an industry standard of >20L air loss per minute for health buildings. This feature improves thermal comfort for building occupants, reduces ongoing HVAC requirements and stabilising health outcomes for patients who may have otherwise been affected by poorer air quality.

The high green credentials and expected environmental performance of this building was a key factor in the original investment decision and also guided how the development was ultimately delivered i.e. targeting 6 Star Green Star rather than 5 Star Green Star as originally proposed.

Risk Management

Disclosure objective

To enable primary users to understand how an entity's climate-related risks are identified, assessed, and managed and how those processes are integrated into existing risk management processes.

Risk Framework

The Board has approved a risk appetite framework which informs the Manager's approach to identifying, managing and reporting risks (**Risk Framework**). The Risk Framework has climate-related risk embedded in the overall risk categories, as well as its own category. The Risk Framework is reviewed on a not-less than annual basis and is approved by the Board.

The climate-related risks noted above were established using the following process:

1. Workshops were undertaken with various internal stakeholders to assess the materiality, on a qualitative basis, for Vital of the detailed list of physical and transitional risks identified through the sector climate scenario analysis.
2. In addition to sector scenarios, these workshops drew on material from:
 - Existing asset risk assessments across areas like flood, seismic and cyclone issues.
 - S&P Global Climonomics analysis of the potential financial impacts on completed properties as well as developments.
 - Green Star rating tool (where relevant) for existing assets as well as developments.
3. Feedback from these workshops resulted in identification by the CWG of the six most material risks being:
 - chronic increases in rainfall intensity;
 - cyclone events;
 - average temperature rise;
 - drought-like conditions;
 - reputation; and
 - market conditions.
4. The above process included identifying direct and indirect climate-related risks, physical risks and transition risks as well as considering severity, likelihood, geographical location, and local impact versus enterprise-wide risks across short, medium and long-term risk horizons. Note that the application of judgement is required for climate-related risks. Further, quantitative assessments for climate risks have not yet been completed by Vital.
5. These risks were provided to the ORC for review following which they were incorporated into the Risk Framework.
6. The revised Risk Framework was reviewed by the CWG before being submitted to the Board for approval.
7. Going forward, climate-related risks will continue to form part of our Risk Framework and will be managed and assessed through our group wide risk management processes, with oversight from the ORC and Audit Committee. Risks are generally ranked within the Risk Framework. Climate-related risks have been recently incorporated into the Risk Framework following the scenario analysis process described above and in preparation of this Climate Statement. These risks will be ranked and prioritised against other types of risks for Vital as part of the wider risk process in 2025.
8. This process is expected to be repeated not less than annually. In addition, the CWG will perform ad-hoc assessments when material, relevant events or impacts emerge or relevant research is released.



Tools & methods used

Vital uses the following key tools and methods to identify the scope, size and impact of climate-related risks:



- Vital has committed that all future major developments will be at least 5 Star Green Star.
- The Green Star rating tools for Design & As Built and Buildings includes Climate Change Assessments and a Climate Adaption Plan for each registered development.



- [S&P Climanomics](#) is a science-backed climate risk analytics platform used to help identify and measure climate risk in assets, businesses, and investment portfolios.



- The latest climate science reports published by IPCC AR5 and AR6 help validate climate science projections.



Metrics and Targets

Disclosure objective

To enable primary users to understand how an entity measures and manages its climate-related risks and opportunities. Metrics and targets also provide a basis upon which primary users can compare entities within a sector or industry.

GHG Emissions Reporting

Organisational Boundary and Consolidation Approach

The Manager has measured Vital's GHG emissions in accordance with the GHG Protocol Corporate Standard: 2004 and the GHG Protocol Supply Chain (Scope 3) Standard: 2011 in respect of the operational emissions of its organisation, utilising the operational control consolidation method. Emissions factors have been derived from a range of sources, with the goal of using the most specific and relevant factor to the nature of the activity being quantified. We generally utilise emissions factors (and global warming potential rates (GWP) where applicable) from the sources listed below. Further detail in relation to emissions sources used by Vital is set out in Appendix C:

New Zealand Ministry for the Environment 2023 Measuring Emissions: A guide for organisations

Department of Climate Change, Energy, the Environment and Water 2023: Australian National Greenhouse Accounts Factors

Market Economics Limited prepared for Auckland Council

BRANZ CONSTRUCT V3.0 2023

The scope of the GHG emissions inventory includes all activities in the operational boundaries of Vital, covering its operations as well as the operations of the 21 properties Vital owns in Australia and the 14 properties in New Zealand.

Further information regarding our GHG emissions methodologies, assumptions, exclusions, limitations and uncertainties relating to the calculation of Vital's GHG emissions can be found in Appendix C.



Reporting Period

The reporting period covered by the GHG emissions inventory set out below is FY24. This is the Manager's first year reporting Vital's GHG emissions for its financial year (i.e. 1 July – 30 June), rather than its calendar year (i.e. 1 January – 31 December) as in previous reporting periods. As a result, FY24 will be the base year for future comparison of Vital's GHG emissions.

The table below sets out Vital's Scope 1, Scope 2 and Scope 3 GHG emissions, expressed in metric tonnes of carbon dioxide equivalent (tCO₂e). Scope 1 emissions are from confirmed refrigerant gas top ups or default leakage rates where confirmation is unavailable (100%) and Scope 2 emissions are from purchased electricity consumption (100%) from Vital base build and common areas and Northwest's business units (offices). Scope 3 emissions are divided into 15 distinct categories under the GHG Protocol, of which seven categories have been identified as applicable to Vital's business and operations (as shown in the table below) and four as material (threshold of 1%) to Vital.

GHG Emissions Intensities (FY24)

Total GHG emissions
70,697.29tCO₂e

Gross floor area of assets owned by Vital*
236,358m²

GHG emissions per square metre
0.299tCO₂e

Gross property income from rentals (FY24)
\$150,978,000

GHG emissions per rental dollar
0.0005tCO₂e

| Scope | Category | Absolute (tCO ₂ e), FY24 | % of Scope |
|----------------------------|--|-------------------------------------|------------|
| 1 | Direct Emissions | 150.20 | 100% |
| 2 | Purchased electricity – Location based | 219.61 | 100% |
| 3:1 | Purchased goods & services | 941.46 | 1.34% |
| 3:2 | Capital goods | 36,466.69 | 51.85% |
| 3:3 | Fuel and energy related activities | 25.17 | 0.04% |
| 3:5 | Waste generated in operations | 3,846.34 | 5.47% |
| 3:6 | Business travel | 248.5 | 0.35% |
| 3:7 | Employee commuting | 11.81 | 0.02% |
| 3:13 | Downstream leased assets | 28,787.51 | 40.93% |
| Total Direct | | 150.20 | |
| Total Indirect | | 70,547.09 | |
| Total Scope 1, 2, 3 | | 70,697.29 | |

*note that several developments reached practical completion during FY24 so are included in this number

Other Metrics and Key Performance Indicators

Other metrics and key performance indicators used by the Manager to manage and measure climate-related risks and opportunities are set out below:

Exposure to climate-related risks and opportunities

We are still developing our approach and understanding of the extent to which Vital's assets and business activities are vulnerable to climate-related risks and aligned to climate-related opportunities. This may allow for more detailed reporting on these metrics in the future. Due to the nature of the assessments required in connection with these metrics, there are limitations and uncertainties involved with calculating these metrics.

At present, due to the nature of Vital's business as a specialist owner of healthcare property, all of Vital's business activities are vulnerable to one or more physical or transition climate-related risks identified in this Climate Statement to some extent. Each of the material risks we have identified is being managed and monitored through the risk management processes described in this Climate Statement. The extent to which Vital's business activities are exposed to physical climate-related risks will vary depending on the nature, scale and frequency of the relevant extreme weather events and the geographic location.




In addition, our business as a whole has the potential to benefit from the climate-related opportunities we have identified and, in that respect all of our business is aligned with one or more of those opportunities. However, those opportunities are uncertain and may not be realised.

Industry-based metrics

There are no industry-based metrics that Vital currently measures and manages climate-related risks and opportunities against, other than the Green Star ratings and the other key performance indicators described below, which are relatively common in the real estate and healthcare industries.

Other Investor Ratings

Whilst not predominantly related to climate risks, the following ratings systems all factor in climate change in some way. Vital intends to seek to maintain or improve its score and ranking in future years, which includes improving environmental performance generally.

| Company | Current rating | Last rating | Assessments conducted | Difference in scores |
|---|-----------------------------------|------------------------------------|-----------------------|--|
|  MSCI | A (as at Dec 2023) | BBB (as at Dec 2022) | Annually | Up 1 place |
|  ISS ESG | C- (as at Dec 2023) | C- (as at Dec 2022) | Annually | No change |
|  FORSYTH BARR | B- (as at August 2023) | C+ (as at Nov 2022) | Annually | Up 2 places |
|  CRAIG'S INVESTMENT PARTNERS | 4.1/5 (as at Aug 2024) | 2.7 (as at 2021) | Ad-hoc | 1.4 point increase |
|  MORNINGSTAR SUSTAINALYTICS | 16.1 Low Risk (as at Apr 2024) | 17.2 Low Risk (as at Sept 2023) | Annually | -1 momentum (the lower the score the better) |

Other key performance indicators

External Benchmark Reporting Scores

Global Real Estate Sustainability Benchmark (GRESB)



G R E S B
REAL ESTATE
sector leader 2023

In 2023, Vital was acknowledged as a GRESB Sector Leader (the highest possible GRESB assessment) for ESG in healthcare for listed entities globally across performance, management and developments. This assessment includes a focus on GHG emissions profile, reporting and management as well as climate risk and adaptation. Vital intends to seek to maintain or improve its score and ranking in future years.

CDP



Vital's CDP (formerly Carbon Disclosure Project) score was maintained at B- in 2023 (up from C two years earlier). A B- score positions

Vital in the 'Management' category, indicating evidence of our commitment to managing our environmental impact. CDP is intended to rank the GHG emissions profile, reporting and management by entities Vital intends to seek to maintain or improve its score and ranking in future years. 2024 results are expected to be released in early 2025.

Capital Deployment

The table below shows the capital expenditure on climate-related initiatives for FY24.

| Activity | Capital Expenditure | Comments |
|---|---------------------|---|
| Development costs associated with projects that achieved Green Star certification | \$100.8m | Two developments reached practical completion during the reporting period FY24 that have been awarded Green Star design certifications, with as-built certification anticipated in late 2024. This capital expenditure relates to the development costs for these projects generally, rather than expenditure that was dedicated to climate-related risks and opportunities. |
| Equipment efficiency upgrades | \$1.05m | Three chillers, as part of Vital's 'end of life' replacement program, were upgraded during the reporting period to remove the use of R410A refrigerant gas and improve energy efficiency. |

Internal price on carbon

Vital does not currently utilise an internal emissions price, however, this remains under consideration.

Management remuneration

The Manager, an external entity providing management services to Vital, has several key responsibilities, including the day-to-day administration of Vital's portfolio management, sourcing new opportunities and conducting due diligence on potential acquisitions. The Manager also provides specialist property management, project management, development management and leasing services to Vital.

The Manager does not receive remuneration that is linked to climate-related risks and opportunities or the outcome of climate-related initiatives.

In relation to employees of the Manager who provide services in relation to Vital, the Manager (as part of the Northwest group) uses a regional corporate scorecard for the purposes of determining management remuneration, which includes financial and non-financial measures. Climate-related risks and opportunities do not have a specific weighting within this scorecard, however the achievement of sustainability and ESG initiatives (including in relation to the publication of this Climate Statement and achievement of the minimum 5 Star Green Star ratings and other key performance indicators described above) are taken into account in assessing the overall achievement of key performance indicators in the scorecard.

Targets

Net zero by 2050 target

As part of the Northwest Group, Vital is committed to a long-term, absolute emissions target of net zero emissions by 2050 from a FY24 baseline. This target is in line with the objective of the "Paris Agreement" to limit global temperature increases to 1.5°C above pre-industrial levels. Vital's 2050 target is not verified or validated by any external third party. Vital's gross GHG emissions for FY24 are set out on page 21. As noted above, this is the Manager's first year reporting Vital's GHG emissions for its financial year (rather than on a calendar year basis). Vital has not utilised any offsets for the FY24 reporting period. Vital has not yet determined the extent to which its achievement of its net zero by 2050 target will or may rely on offsets. Vital does not currently have any interim emissions targets.

In collaboration with carbon experts, we are continuing to develop our decarbonisation strategy and our transition plan, which will identify key actions, milestones and capital allocation initiatives for Vital to transition towards a low-emissions, climate resilient future and seek to achieve its net zero by 2050 target.

¹ The only new future major development in FY24 that was not registered to achieve a minimum 5 Star Green Star rating was the redevelopment of Boulcott Hospital as this was planned and costed prior to the introduction of this target.

Green Star Ratings target

Vital is committed to achieving a minimum of 5 Star Green Star rating for all new major developments. This target was approved by the Board during FY24 (which is the base year for future comparison).¹

As reported in Vital's 2024 annual report, in FY24 Vital had nine new future developments registered to attain these sustainable infrastructure ratings. These developments are a combination of projects in construction and potential developments in design phase which may not turn into committed developments.

Vital will report on the progress of these ratings in the FY25 climate statement.

Green Star is Australasia's largest voluntary sustainability rating system for non-residential buildings, fitouts and communities. Green Star provides a rating of up to six stars based on a building's key sustainability credentials.

GHG Inventory Assurance

Toitū Envirocare provided limited assurance for Vital's Greenhouse Gas Emissions Inventory across Australia and New Zealand for the reporting period 01/07/2023 – 30/06/2024. A copy of the independent audit opinion is included as Appendix B.



Glossary & Acronyms

Glossary

Climate-related scenarios: A plausible and challenging description of potential future developments, based on a coherent and internally consistent set of assumptions about key driving forces and relationships, covering both physical and transition risks in an integrated manner. Climate-related scenarios are not intended to be probabilistic or predictive, nor to identify the 'most likely' outcomes of climate change. Instead, they aim to help entities develop their internal capacity to better understand and prepare for the uncertain future impacts of climate change.

External Reporting Board (XRB): New Zealand's External Reporting Board, which establishes national reporting standards for entities in the private, public, and not-for-profit sectors.

Intergovernmental Panel on Climate Change (IPCC): The United Nations body responsible for assessing climate science and providing governments at all levels with scientific information to inform the development of climate policies.

Physical Risks: Risk posed to the company by potential physical impacts of climate change. These risks can be "acute", being an event-drive including increased severity of extreme weather events, or "chronic", being longer-term shifts in climate patterns.

Representative Concentration Pathways (RCP): A greenhouse gas concentration trajectory adopted by the IPCC. Four pathways were utilized for climate modelling and research in the IPCC Fifth Assessment Report (AR5) in 2014. These pathways outline various climate change scenarios, each representing a potential future depending on the level of greenhouse gas (GHG) emissions in the coming years.

Transition risks: Risks associated with the transition to a low-emissions, climate-resilient global and domestic economy, including changes in policy, legal frameworks, technology, market conditions, and reputation due to the mitigation and adaptation requirements related to climate change.

Acronyms

- CDP** Carbon Disclosure Project
- CO₂e** Carbon Dioxide Equivalent
- CWG** Climate Working Group
- GHG** Greenhouse Gas
- GBCA** Green Building Council of Australia
- GRESB** Global Real Estate Sustainability Benchmark
- HVAC** Heating, ventilation, and air conditioning
- IPCC** Intergovernmental Panel on Climate Change
- NZGBC** New Zealand Green Building Council
- NZX** New Zealand's Stock Exchange
- OPEX** Operating expenses or expenditure
- ORC** Operational Risk Committee
- SSP** Shared Socio-economic Pathway
- XRB** External Reporting Board

Appendices

Appendix A – Responses to climate standards

| XRB Climate Standards | | Page |
|-----------------------|--|-------|
| 6 | Governance - To enable primary users to understand both the role an entity's governance body plays in overseeing climate-related risks and climate-related opportunities, and the role management plays in assessing and managing those climate-related risks and opportunities. | 6 |
| 7a | the identity of the governance body responsible for oversight of climate-related risks and opportunities; | 6 |
| 7b | A description of the governance body's oversight of climate-related risks and opportunities | 6 |
| 7c | a description of management's role in assessing and managing climate-related risks and opportunities | 6-8 |
| 8a | the processes and frequency by which the governance body is informed about climate-related risks and opportunities; | 6 |
| 8b | how the governance body ensures that the appropriate skills and competencies are available to provide oversight of climate-related risks and opportunities; | 6-7 |
| 8c | how the governance body considers climate-related risks and opportunities when developing and overseeing implementation of the entity's strategy; | 6-7 |
| 8d | how the governance body sets, monitors progress against, and oversees achievement of metrics and targets for managing climate-related risks and opportunities, including whether and if so how, related performance metrics are incorporated into remuneration policies | 7, 23 |
| 9a | how climate-related responsibilities are assigned to management-level positions or committees, and the process and frequency by which management-level positions or committees engage with the governance body; | 7-8 |
| 9b | the related organisational structure(s) showing where these management-level positions and committees lie; | 6, 8 |
| 9c | the processes and frequency by which management is informed about, makes decisions on, and monitors, climate-related risks and opportunities. | 8 |
| 10 | Strategy - To enable primary users to understand how climate change is currently impacting an entity and how it may do so in the future. This includes the scenario analysis an entity has undertaken, the climate-related risks and opportunities an entity has identified, the anticipated impacts and financial impacts of these, and how an entity will position itself as the global and domestic economy transitions towards a low-emissions, climate-resilient future. | 9 |
| 11a | a description of its current climate-related impacts | 10 |
| 11b | a description of the scenario analysis it has undertaken | 10 |
| 11c | a description of the climate-related risks and opportunities it has identified over the short, medium, and long term | 16-17 |
| 11d | a description of the anticipated impacts of climate-related risks and opportunities | 16-17 |
| 11e | a description of how it will position itself as the global and domestic economy transitions towards a low-emissions, climate-resilient future state | 16-17 |
| 12a | its current physical and transition impacts; | 16-17 |
| 12b | the current financial impacts of its physical and transition impacts identified in paragraph 12(a); | - |
| 12c | if the entity is unable to disclose quantitative information for paragraph 12(b), an explanation of why that is the case. | - |

| XRB Climate Standards | | Page |
|-----------------------|--|-------|
| 13 | An entity must describe the scenario analysis it has undertaken to help identify its climate-related risks and opportunities and better understand the resilience of its business model and strategy. This must include a description of how an entity has analysed, at a minimum, a 1.5 degrees Celsius climate-related scenario, a 3 degrees Celsius or greater climate-related scenario, and a third climate-related scenario | 10 |
| 14a | how it defines short, medium and long term and how the definitions are linked to its strategic planning horizons and capital deployment plans; | 16-17 |
| 14b | whether the climate-related risks and opportunities identified are physical or transition risks or opportunities, including, where relevant, their sector and geography; | 16-17 |
| 14c | how climate-related risks and opportunities serve as an input to its internal capital deployment and funding decision-making processes. | 18 |
| 15a | The anticipated impacts of climate-related risks and opportunities reasonably expected by the entity; | 16-17 |
| 15b | the anticipated financial impacts of climate-related risks and opportunities reasonably expected by an entity; | - |
| 15c | a description of the time horizons over which the anticipated financial impacts of climate-related risks and opportunities could reasonably be expected to occur; | 16-17 |
| 15d | if an entity is unable to disclose quantitative information for paragraph 15(b), an explanation of why that is the case. | - |
| 16a | a description of its current business model and strategy; | 5, 9 |
| 16b | the transition plan aspects of its strategy, including how its business model and strategy might change to address its climate-related risks and opportunities; | - |
| 16c | the extent to which transition plan aspects of its strategy are aligned with its internal capital deployment and funding decision-making processes. | - |
| 17 | Risk Management - To enable primary users to understand how an entity's climate-related risks are identified, assessed, and managed and how those processes are integrated into existing risk management processes. | 19 |
| 18a | a description of its processes for identifying, assessing and managing climate-related risks | 19 |
| 18b | a description of how its processes for identifying, assessing, and managing climate-related risks are integrated into its overall risk management processes. | 19,20 |
| 19a | the tools and methods used to identify, and to assess the scope, size, and impact of, its identified climate-related risks; | 20 |
| 19b | the short-term, medium-term, and long-term time horizons considered, including specifying the duration of each of these time horizons; | 16-17 |
| 19c | whether any parts of the value chain are excluded; | 12 |
| 19d | the frequency of assessment; | 19 |
| 19e | its processes for prioritising climate-related risks relative to other types of risks. | 19 |
| 20 | Metrics and Targets - To enable primary users to understand how an entity measures and manages its climate-related risks and opportunities. Metrics and targets also provide a basis upon which primary users can compare entities within a sector or industry. | 20-23 |
| 21a | the metrics that are relevant to all entities regardless of industry and business model | 20-23 |
| 21b | industry-based metrics relevant to its industry or business model used to measure and manage climate-related risks and opportunities; | 20-23 |
| 21c | any other key performance indicators used to measure and manage climate-related risks and opportunities; | 22 |
| 21d | the targets used to manage climate-related risks and opportunities, and performance against those targets | 23 |
| 22a | greenhouse gas (GHG) emissions: gross emissions in metric tonnes of carbon dioxide equivalent (CO ₂ e) (i) scope 1; (ii) scope 2 (calculated using the location-based method); (iii) scope 3; | 21 |

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|-----------------------|--|-----------|
| 22b | GHG emissions intensity; | 21 |
| 22c | transition risks: amount or percentage of assets or business activities vulnerable to transition risks; | 22 |
| 22d | physical risks: amount or percentage of assets or business activities vulnerable to physical risks; | 22 |
| 22e | climate-related opportunities: amount or percentage of assets, or business activities aligned with climate-related opportunities; | 22 |
| 22f | capital deployment: amount of capital expenditure, financing, or investment deployed toward climate-related risks and opportunities; | 23 |
| 22g | internal emissions price: price per metric tonne of CO ₂ e used internally by an entity | 23 |
| 22h | remuneration: management remuneration linked to climate-related risks and opportunities in the current period, expressed as a percentage, weighting, description or amount of overall management remuneration | 23 |
| 23a | An entity must include the following information when describing the targets used to manage climate-related risks and opportunities, and performance against those targets (a) the time frame over which the target applies; | 23 |
| 23b | any associated interim targets; | 23 |
| 23c | the base year from which progress is measured; | 23 |
| 23d | a description of performance against the targets; | 23 |
| 23e | for each GHG emissions target: (i) whether the target is an absolute target or intensity target; (ii) the entity's view as to how the target contributes to limiting global warming to 1.5 degrees Celsius; (iii) the entity's basis for the view expressed in 23(e)(ii), including any reliance on the opinion or methods provided by third parties; (iv) the extent to which the target relies on offsets, whether the offsets are verified or certified, and if so, under which scheme or schemes. | 23 |
| 24a | a statement describing the standard or standards that its GHG emissions have been measured in accordance with; | 20 |
| 24b | the GHG emissions consolidation approach used: equity share, financial control, or operational control; | 20, 31 |
| 24c | the source of emission factors and the global warming potential (GWP) rates used or a reference to the GWP source; | 20, 32-36 |
| 24d | a summary of specific exclusions of sources, including facilities, operations or assets with a justification for their exclusion. | 31 |
| 25 | Part 7A of the Financial Markets Conduct Act 2013 requires that the disclosure of an entity's GHG emissions as required by Aotearoa New Zealand Climate Standards are the subject of an assurance engagement. This Standard requires that this assurance engagement is a limited assurance engagement at a minimum. | 24 |
| 26 | For the avoidance of doubt, the following information required by Aotearoa New Zealand Climate Standards is subject to an assurance engagement: (a) GHG emissions: gross emissions in metric tonnes of CO ₂ e classified as (see paragraph 22(a)): (i) scope 1; (ii) scope 2 (calculated using the location-based method); (iii) scope 3; (b) additional requirements for the disclosure of GHG emissions (see paragraph 24); (c) GHG emissions methods, assumptions and estimation uncertainty (see NZ CS 3 General Requirements for Climate-related Disclosures paragraphs 52 to 54). | 28-36 |

Shaded standards - Adoption provisions applicable



INDEPENDENT AUDIT OPINION Toitū Verification

TO THE INTENDED USERS

Organisation subject to audit: Vital Healthcare Property Trust

Audit Criteria: Greenhouse Gas Protocol: A Corporate Accounting and Standard (2004) ISO 14064-3:2019 Audit & Certification Technical Requirements 3.0

Responsible Party: Vital Healthcare Property Trust

Intended users:

- Our unitholders
- General public via our website
- CDP, GRESB and CRD assessors
- Internal policy makers

Registered address: Level 17, HSBC Tower, 188 Quay Street, Auckland, 1010, New Zealand

Inventory period: 01/07/2023 - 30/06/2024

Inventory report: FY24 GHG Inventory Report for Vital Healthcare Properties Trust (Northwest).pdf

We have reviewed the greenhouse gas emissions inventory report ("the inventory report") for the above named Responsible Party for the stated inventory period.

RESPONSIBLE PARTY'S RESPONSIBILITIES

The Management of the Responsible Party is responsible for the preparation of the GHG statement in accordance with GHG Protocol: A Corporate Accounting and Reporting Standard. This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation of a GHG statement that is free from material misstatement.

VERIFIERS' RESPONSIBILITIES

Our responsibility as verifiers is to express a verification opinion to the agreed level of assurance on the GHG statement, based on the evidence we have obtained and in accordance with the audit criteria. We conducted our verification engagement as agreed in the audit letter, which define the scope, objectives, criteria and level of assurance of the verification.

The International Standard ISO 14064-3:2019 requires that we comply with ethical requirements and plan and perform the verification to obtain the agreed level of assurance that the GHG emissions, removals and storage in the GHG statement are free from material misstatement.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the ISO 14064-3:2019 Standards will always detect a material misstatement when it exists. The procedures performed on a limited level of assurance vary in nature and timing from, and are less in extent compared to reasonable assurance, which is a high level of assurance. The procedures performed on a limited level of assurance vary in nature and timing from, and are less in extent compared to reasonable assurance, which is a high level of assurance. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of the information we audited.

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.

BASIS OF VERIFICATION OPINION

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

VERIFICATION

We have undertaken a verification engagement relating to the Greenhouse Gas Emissions Inventory Report (the 'Inventory Report')/Emissions Inventory and Management Report of the organisation listed at the top of this statement and described in the emissions inventory report for the period stated above.

The Inventory Report provides information about the greenhouse gas emissions of the organisation for the defined measurement period and is based on historical information. This information is stated in accordance with the requirements of Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard.

VERIFICATION STRATEGY

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

- activities to inspect the completeness of the inventory;
- interviews of site personnel to confirm operational behaviour and standard operating procedures;
- reconciliation of emissions from capital projects and electricity from downstream leased assets;
- retracing of natural gas records to confirm accuracy of source data into calculations.

The data examined during the verification were historical in nature.

QUALIFICATIONS TO VERIFICATION OPINION

The following qualifications have been raised in relation to the verification opinion:

Scope 3 emission sources for capital goods and purchased goods and services are heavily assumptions based, using dollar spend data and industry averages to estimate emissions. Changes in assumptions could significantly impact the measurement of these emissions.

VERIFICATION LEVEL OF ASSURANCE

| | tCO ₂ e Location based | Level of Assurance |
|------------------------------|--------------------------------------|--------------------|
| Scope 1 | 150.20 | Limited |
| Scope 2 | 219.61 | Limited |
| Scope 3 | 70,327.48 | Limited |
| Total gross emissions | 70,697.29 | |

RESPONSIBLE PARTY'S GREENHOUSE GAS ASSERTION (CERTIFICATION CLAIM)

Vital Healthcare Property Trust has measured its greenhouse gas emissions in accordance with the GHG Protocol Corporate Standard: 2004 and the GHG Protocol Supply Chain (Scope 3) Standard: 2011 in respect of the operational emissions of its organisation.

Appendix C

Greenhouse Gas Emissions – Additional Information

VERIFICATION CONCLUSION

EMISSIONS - LIMITED ASSURANCE

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 emissions, removals and storage defined in the inventory report:

- do not comply with the GHG Protocol and the requirements of the stated Toitū Envirocare Toitū carbon programme; and
- do not provide a true and fair view of the emissions inventory of the Responsible Party for the stated inventory period.

ADDITIONAL INFORMATION RELEVANT TO INTENDED USERS

Without qualifying our opinion expressed above, we wish to draw the attention of the intended users to the following :

The disclosures required by the Aotearoa New Zealand Climate Standards 1-3 were not included in the scope of the Toitū audit. We therefore did not assess consistency between these disclosures and the Greenhouse Gas inventory report which is the subject of this report. We do not express an opinion on the accuracy and completeness of these disclosures.

Chapter 9 of the GHG Protocol Corporate Standard: 2004 requires that the scope 1 and 2 emissions are reported for each of the 6 greenhouse gases (CO₂, CH₄, N₂O, HFCs, PFCs, SF₆) separately. This disclosure has been included in table 10 of the inventory report at a zero value.

OTHER INFORMATION

The responsible party is responsible for the provision of Other Information to meet Programme requirements. The Other Information may include climate related disclosures around Governance, Strategy and Risk management, emissions management, reduction plan and purchase of carbon credits, but does not include the information we verified, and our auditor's opinion thereon.

Our opinion on the information we verified does not cover the Other Information and we do not express any form of audit opinion or assurance conclusion thereon. Our responsibility is to read and review the Other Information and consider it in terms of the programme requirements. In doing so, we consider whether the Other Information is materially inconsistent with the information we verified or our knowledge obtained during the verification.

| Verified by: | | Authorised by: | |
|--------------------------|---|----------------|--|
| Name: | Natalie Clee | Name: | Billy Ziemann |
| Position: | Verifier, Toitū Envirocare | Position: | Certifier, Toitū Envirocare |
| Signature: |  | Signature: |  |
| Date verification audit: | 30 July 2024 | Date: | 13 September 2024 |
| Date opinion expressed: | 9 September 2024 | | |

Reporting Period

Base year measurement period: 01/07/2023 to 30/06/2024

Measurement period of this report: 01/07/2023 to 30/06/2024.

The reporting period for the Climate Statement is consistent with Vital's financial reporting year and is in compliance with NZ CS requirements. Previous GHG emissions inventories and associated assurance reports have been calculated using a calendar year 2022 baseline period. Vital has since adopted a baseline period of financial year 2024 (July 1 2023 – June 30 2024) in line with the NZ CS.

Previous calendar year GHG inventories have been utilised to complete industry benchmark reporting schemes such as GRESB and CDP. Vital will continue to report GHG information on a calendar year to these reporting schemes.

For the purposes of assurance of Vital's GHG emissions inventory, the restated FY2024 baseline year will be adopted.

Operational control approach

To calculate the GHG Inventory listed on page 21, Vital has taken the operational control approach, as defined by the GHG Protocol, which means that 100% of the GHG emissions from operations over which Vital had control in FY2024 are accounted for in the GHG Inventory.

All operations, subsidiaries, joint ventures, and investments that were relevant in FY2024 were assessed and summarised into one business unit.

As at 30 June 2024, Vital had 21 properties in Australia and 14 in New Zealand, which are included in the GHG Inventory.

During the reporting period, Vital divested 11 assets in Australia, and 2 in New Zealand. As FY24 will be Vital's baseline year for GHG emissions reporting in line with its financial year reporting period, any assets that were divested during the reporting period are not included in the GHG Inventory.

Excluded business units

We have a satellite office in the Gold Coast, operated out of a shared work environment by one employee, which has been excluded from the GHG Inventory on the basis of materiality.

Property and land held for development as referenced within the Vital Annual Report is not included within the GHG Inventory based on the organisational boundary defined for this exercise using the operational control approach.

Eleven assets that were divested within the FY24 reporting period are not included in the baseline year figures.

Significant excluded emissions sources

Miscellaneous capital goods have been excluded from the calculation of Scope 3 Category 2 GHG emissions due to a complex mix of very small items, and a lack of specific emission factors. The exclusion of these capital goods is not thought to be material to the GHG Inventory.

The table below set outs the Scope 3 GHG emissions categories where Vital has no emission producing activities within the relevant category. As a result, no emissions have been excluded but these categories or sub-categories are not relevant to Vital's business.

Note that Scope 3 Category 4 "Transport for purchased goods and services" is included in the purchase price and therefore captured in categories 1 and C2.

| Scope and/or Category | Description | Sub-Category | Relevance for Vital |
|--|--|-----------------------------|------------------------|
| Scope 3-C1 Purchased goods and services | Extraction, production, and transportation of goods and services purchased or acquired by the reporting company in the reporting year, not otherwise included in Categories 2 – 8 | Raw materials | No activities occurred |
| | | Packaging | No activities occurred |
| | | Finished Goods | No activities occurred |
| | | Production related services | No activities occurred |
| Scope 3-C8 Upstream leased assets | Operation of assets leased by the reporting company (lessee) in the reporting year and not included in Scope 1 and Scope 2 – reported by lessee | | No activities occurred |
| Scope 3-C9 Downstream transportation and distribution | Transportation and distribution of products sold by the reporting company in the reporting year between the reporting company's operations and the end consumer (if not paid for by the reporting company), including retail and storage (in vehicles and facilities not owned or controlled by the reporting company) | | No activities occurred |

| Scope and/or Category | Description | Sub-Category | Relevance for Vital |
|---|--|--------------|------------------------|
| Scope 3-C10 Processing of sold products | Processing of intermediate products sold in the reporting year by downstream companies (e.g., manufacturers) | | No activities occurred |
| Scope 3-C11 Use of sold products | End use of goods and services sold by the reporting company in the reporting year | | No activities occurred |
| Scope 3-C12 End-of life treatment of sold products | Waste disposal and treatment of products sold by the reporting company (in the reporting year) at the end of their life | | No activities occurred |
| Scope 3-C14 Franchises | Operation of franchises in the reporting year, not included in Scope 1 and Scope 2 – reported by franchisor | | No activities occurred |
| Scope 3-C15 Investments | Operation of investments (including equity and debt investments and project finance) in the reporting year, not included in Scope 1 or Scope 2 | | No activities occurred |

Calculation methods

A calculation methodology has been used for quantifying the emissions inventory based on the following calculation approach, unless otherwise stated below:

$$\text{Emissions} = \text{activity data} \times \text{emissions factor}$$

Emissions factors have been derived from a range of sources, with the intent to use the most specific and relevant factor to the nature of the activity being quantified. Emissions factors were used as applicable within the reporting period and reflected the geography of activity across New Zealand and Australia. GHG quantification is subject to inherent uncertainty because of the variety of knowledge and methodology used to establish emissions factors as well as the below explanations of the level of estimation.

Due to the lack of available emissions factors in Australia, emissions factors from New Zealand have been applied in the instances where Australia emission factors were unable to be sourced.

A spend based model was used to calculate emissions from Scope 3 Category 1 Purchased Goods and Services. This is because product- or supplier-specific data is not available for most purchased products or many capital goods emissions (Scope 3, category 1). Instead, the Manager has adopted the spend-based method to estimate emissions in this category, which multiplies the economic value of product or service groups purchased by the emissions per dollar of use. This approach has limitations, both with regards to the activity data used and in relation to the emission factors used.

The table below provides detail on emissions sources included in the GHG emissions inventory, an overview of how activity data was collected for each emissions source, and an explanation of any uncertainties or assumptions made.

Data collection methodology and assumptions for included emission sources

| Scope and/or Category | Description | Sub-Category | Relevance for Vital | Vital Activities & Data | Explanation of uncertainties, assumptions and limitations in relation to GHG emissions data and evidence | Use of default and average emissions factors |
|-----------------------|-------------|--------------|-----------------------|-------------------------|---|--|
| Scope 1 | | | Applicable & Material | Refrigerant gas top ups | 36% of direct refrigerant gas emissions are estimated based on default leakage rates due to availability of data. | NZ-MfE2023 Australia-DCCEEW23 |
| Scope 2 | | | Applicable & Material | Purchased Electricity | 9% of electricity is based on average assumptions to address third party data availability. | NZ-MfE2023 Australia-DCCEEW23 |

| Scope and/or Category | Description | Sub-Category | Relevance for Vital | Vital Activities & Data | Explanation of uncertainties, assumptions and limitations in relation to GHG emissions data and evidence | Use of default and average emissions factors |
|---|--|---|-----------------------|---|---|---|
| Scope 3-C1 Purchased goods and services | Extraction, production, and transportation of goods and services purchased or acquired by the reporting company in the reporting year, not otherwise included in Categories 2 – 8 | Raw materials | No activities | | N/A | |
| | | Packaging | No activities | | N/A | |
| | | Finished Goods | No activities | | N/A | |
| | | Production related services | No activities | | N/A | |
| | | Non-production related goods & services | Applicable & Material | | Due to lack of robust and available Australian spend based emissions factors, NZ emissions factors are applied after converting AUD to NZD using Vital's agreed spot rate as at 31 Dec 2023 and 30 June 2024. | Individual emissions factors have been sourced and applied based on subcategory and location. |
| Scope 3-C2 Capital goods | Extraction, production, and transportation of capital goods purchased or acquired by the reporting company in the reporting year | N/A | Applicable & Material | Assets Leasehold improvements IT equipment & software Office furniture & equipment Construction materials | Emissions relating to construction materials have been isolated to Development Projects that reached Practical Completion during the reporting period. Information relating to the construction materials and waste sent to landfill for each of these projects covers the entirety of the project spanning several years. Information varied between site and against the asset construction timeline. For 1 site (Mt Eliza) no information was available after project completion (October 2023), a proxy was used via literature review completed by Thinkstep ANZ 2021. Miscellaneous capital goods have been excluded due to a complex mix of very small items, and a lack of specific emission factors. | ICM Database - Integrated Carbon Metrics Embodied Carbon Life Cycle Inventory Database (unsw.edu.au) (2019). Where applicable average material specific emissions factors have been utilised from BRANZ 2023 or material specific Environmental Product Declarations (EPD's). |
| Scope 3-C3 Fuel- and energy related activities | Extraction, production, and transportation of fuels and energy purchased or acquired by the reporting company in the reporting year, not already accounted for in Scope 1 or Scope 2 | N/A | Applicable & Material | T&D losses for electricity. Upstream (WTT) emissions for electricity | 9% of electricity is based on average assumptions to address third party data availability. | NZ-MfE2023 Australia-DCCEEW23 |

| Scope and/or Category | Description | Sub-Category | Relevance for Vital | Vital Activities & Data | Explanation of uncertainties, assumptions and limitations in relation to GHG emissions data and evidence | Use of default and average emissions factors |
|--|--|--------------------------------------|----------------------------------|---|--|---|
| Scope 3-C4 Upstream transportation and distribution | <ul style="list-style-type: none"> Transportation/distribution of products purchased in the reporting year, between a company's tier 1 suppliers (not in owned vehicles). Third-party transportation/distribution services purchased by the reporting company (inbound logistics and outbound logistics). Third-party transportation/distribution between company's own facilities. | Inbound transport | Applicable & included in C1 & C2 | Transport of purchased products and materials from tier 1 supplier to Northwest, using freight services paid by Northwest | | Refer to Category 1 and Category 2 |
| | | | Applicable & included in C1 & C2 | Transport of purchased products and materials from tier 1 supplier to Northwest, included in cost of purchase | | Refer to Category 1 and Category 2 |
| | | Outbound and inter-company transport | Applicable & included in C1 & C2 | Any other transport performed by third parties and paid for by Northwest | | Refer to Category 1 and Category 2 |
| Scope 3-C5 Waste generated in operations | Disposal and treatment of waste generated in the reporting company's operations in the reporting year (in facilities not owned or controlled by the reporting company) | Solid waste | Applicable & Material | Landfill of General waste | Where landfill waste data could not be obtained an assumed average rate per square meter of the asset type to the size of the asset was applied on 22% of total waste emissions. | NZ-MfE2023 Australia-DCCEEW23 |
| | | Wastewater | Applicable & Immaterial | Water supply | 19% of wastewater is estimated. | NZ-MfE2023 Australia-DCCEEW23 |
| Scope 3-C6 Business travel | Transportation of employees for business-related activities during the reporting year (in vehicles not owned or operated by the reporting company) | N/A | Applicable & Immaterial | Air travel | | The emissions factors applied are split between expense claims and internal travel bookings, for internally booked travel data is pre-verified. For expense claims: Individual emissions factors have been sourced and applied based on subcategory and location. For mileage, kms were calculated using the payout per km rate applied across expense claims. An AU taxi emissions factor was unable to be sourced so the NZ emissions factor was applied for AU taxi spend. Expense claims excl GST so GST was added on to both spend amounts (10% for AU and 15% for NZ). While Uber doesn't charge GST in NZ, we have applied GST on all taxi/uber charges. |
| | | | | Road travel (private car expense claims, hire cars, taxis) | | |
| | | | | Ferry travel | | |
| | | | Optional & Immaterial | Hotel stays (optional reporting) | | |

| Scope and/or Category | Description | Sub-Category | Relevance for Vital | Vital Activities & Data | Explanation of uncertainties, assumptions and limitations in relation to GHG emissions data and evidence | Use of default and average emissions factors |
|--|--|------------------------------------|-------------------------|--------------------------------------|--|---|
| Scope 3-C7 Employee commuting | Transportation of employees between their homes and their worksites during the reporting year (in vehicles not owned or operated by the reporting company) | Employee commuting | Applicable & Immaterial | | Vital does not itself employ any employees. As Northwest has two funds in Australia and New Zealand of roughly the same size, a ratio was used to calculate Vital's share of employees across offices in Melbourne, Sydney, Gold Coast and Auckland. | Due to lack of information in Australia, the NZ MfE 2023 emissions factor have been applied where applicable. For ferry and tram transport options, only UK GOVT 2022 emissions factors could be sourced and applied. |
| | | Telecommuting (optional reporting) | Optional & Immaterial | | | Due to lack of information in Australia, the NZ MfE emissions factor has been applied across both NZ and AU |
| Scope 3-C8 Upstream leased assets | Operation of assets leased by the reporting company (lessee) in the reporting year and not included in Scope 1 and Scope 2 – reported by lessee | N/A | No activities | N/A | N/A | |
| Scope 3-C9 Downstream transportation and distribution | Transportation and distribution of products sold by the reporting company in the reporting year between the reporting company's operations and the end consumer (if not paid for by the reporting company), including retail and storage (in vehicles and facilities not owned or controlled by the reporting company) | N/A | No activities | N/A | N/A | |
| Scope 3-C10 Processing of sold products | Processing of intermediate products sold in the reporting year by downstream companies (e.g., manufacturers) | N/A | No activities | N/A | N/A | |
| Scope 3-C11 Use of sold products | End use of goods and services sold by the reporting company in the reporting year | N/A | No activities | N/A | N/A | |
| Scope 3-C12 End-of life treatment of sold products | Waste disposal and treatment of products sold by the reporting company (in the reporting year) at the end of their life | N/A | No activities | Disposal of product packaging at EOL | N/A | |

| Scope and/or Category | Description | Sub-Category | Relevance for Vital | Vital Activities & Data | Explanation of uncertainties, assumptions and limitations in relation to GHG emissions data and evidence | Use of default and average emissions factors |
|---|--|--------------|-----------------------|-------------------------|---|--|
| Scope 3-C13 Downstream leased assets | Operation of assets owned by the reporting company (lessor) and leased to other entities in the reporting year, not included in Scope 1 and Scope 2 – reported by lessor | N/A | Applicable & Material | N/A | To address third-party data availability 19% of emissions from tenant electricity and 24% of natural gas consumption uses assumptions based on 2 years of historical data. 100% of tenant refrigerant gas emissions are estimated based on default leakage rates. | NZ-MfE2022 Australia-DCCEEW22 |
| Scope 3-C14 Franchises | Operation of franchises in the reporting year, not included in Scope 1 and Scope 2 – reported by franchisor | N/A | No activities | N/A | N/A | |
| Scope 3-C15 Investments | Operation of investments (including equity and debt investments and project finance) in the reporting year, not included in Scope 1 or Scope 2 | N/A | Not Applicable | | N/A | |



DISCLAIMER:

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All references to \$ are to New Zealand dollars unless otherwise indicated.

This document may contain forward-looking statements. Forward-looking statements can include words such as "expect", "intend", "plan", "believe", "continue" or similar words in connection with discussions of future operating or financial performance or conditions. Any indications of, or guidance or outlook on, future earnings or financial position or performance and future distributions are also forward-looking statements. The forward-looking statements are based on management's and directors' current expectations and assumptions regarding the Trust's business, assets and performance and other future conditions, circumstances and results. As with any projection or forecast, forward-looking statements are inherently susceptible to uncertainty and to any changes in circumstances. The Trust's actual results may vary materially from those expressed or implied in the forward-looking statements. The Manager, the Trust, and its or their directors, employees and/or shareholders have no liability whatsoever to any person for any loss arising from this document or any information supplied in connection with it. The Manager and the Trust are under no obligation to update this document or the information contained in it after it has been released. Past performance is no indication of future performance.

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