Channel
Infrastructure NZ

Sustainability Report 2024

Welcome to this report

Our reporting

Channel Infrastructure NZ Limited (Channel Infrastructure) is proud to present the company's 2024 environmental, social, and governance (ESG) performance, which comprise this Sustainability Report (report), the 2024 Annual Report, and its Governance Statement. These documents form an integrated suite of reports and should be read in conjunction with each other, and where possible, we have drawn links between each. They are all available for download at: www.channelnz.com, alongside several underlying documents and policies referred to throughout this report.

In this report, references to "Channel", "Channel Infrastructure", the "Company", the "Group", "we", "us" and "our" refer to Channel Infrastructure NZ Limited (NZX:CHI), unless otherwise stated. All dollar figures are in New Zealand (NZ) dollars unless otherwise stated.

This report

This report has been prepared in compliance with Part 7A of the Financial Markets Conduct Act 2013 (FMCA 2013), The New Zealand External Reporting Board's (XRB) Aotearoa New Zealand Climate Standards (NZ CS), including the use of adoption provisions 2, 5, 6, and 7 applicable to second year reporting periods (refer to Appendix 4- CRD disclosure index 100 for more details).

Channel Infrastructure is listed on the Main Board of the NZX Stock Exchange (NZX) as CHI and is subject to regulatory control and monitoring by both the NZX (through NZ RegCo) and the Financial Markets Authority (FMA). This report has been prepared in accordance with the NZX Corporate Governance Code (refer to www.nzx.com) and references selected United Nations' Sustainable Development Goals (SDGs), where relevant in Channel's circumstances.

A complete suite of Channel Infrastructure's governance documents can be publicly viewed at the "Investor Centre" on our website (www.channelnz.com), which includes detailed reporting against the NZX Corporate Governance Code, board and committee governance documents, and our suite of policies, including those which govern our approach to ESG matters.

This Sustainability Report provides an updated overview of our approach, progress and performance in relation to material ESG issues. This report is provided for the benefit of all our stakeholders as a clear and concise summary of Channel Infrastructure's ESG performance during the reporting period and our objectives for the year ahead.

The data presented in this report is unaudited, however Channel has engaged EY to provide a reasonable level of assurance over scope 1 and 2 Greenhouse Gas (GHG) emissions and a limited level of assurance over the scope 3 GHG emissions. A copy of EY's report on Channel's GHG inventory report can be found on page 78. This Sustainability Report also contains forward-looking information, or forward-looking statements. Please see "Forward-looking Information", Appendix 5- Forward looking statements on page 103 of this report.

Directors' statement

The Directors are pleased to present Channel Infrastructure NZ Limited's Sustainability Report for the year ended 31 December 2024. This report is dated 26 February 2025 and is signed on behalf of the Board by:

JB Miller
Chair of the Board

AM Molloy
Chair, Audit and Finance Committee

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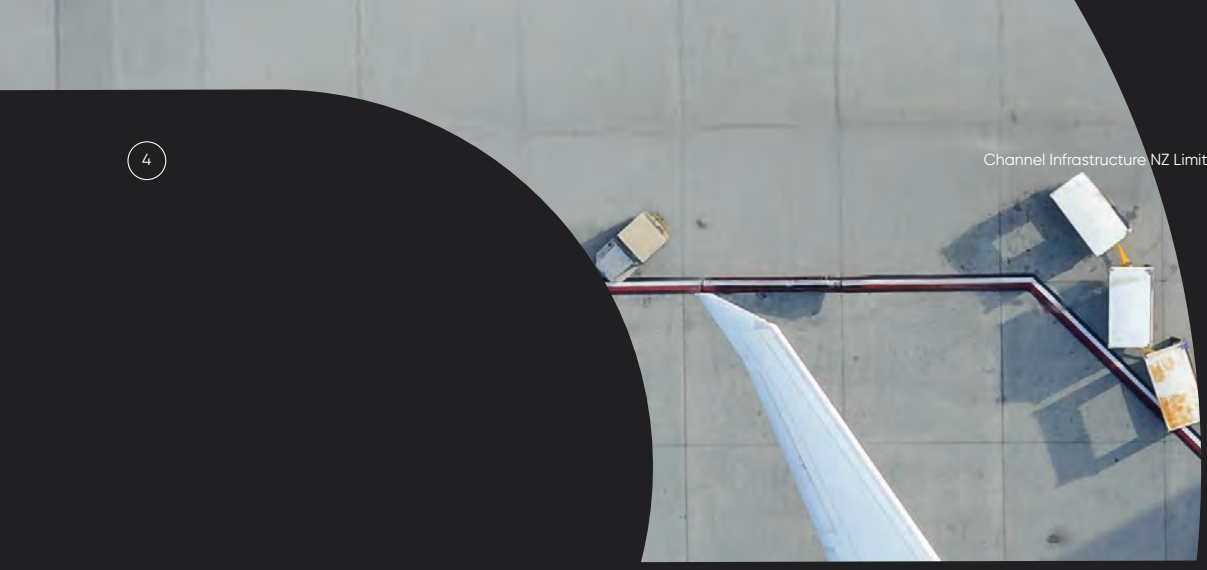
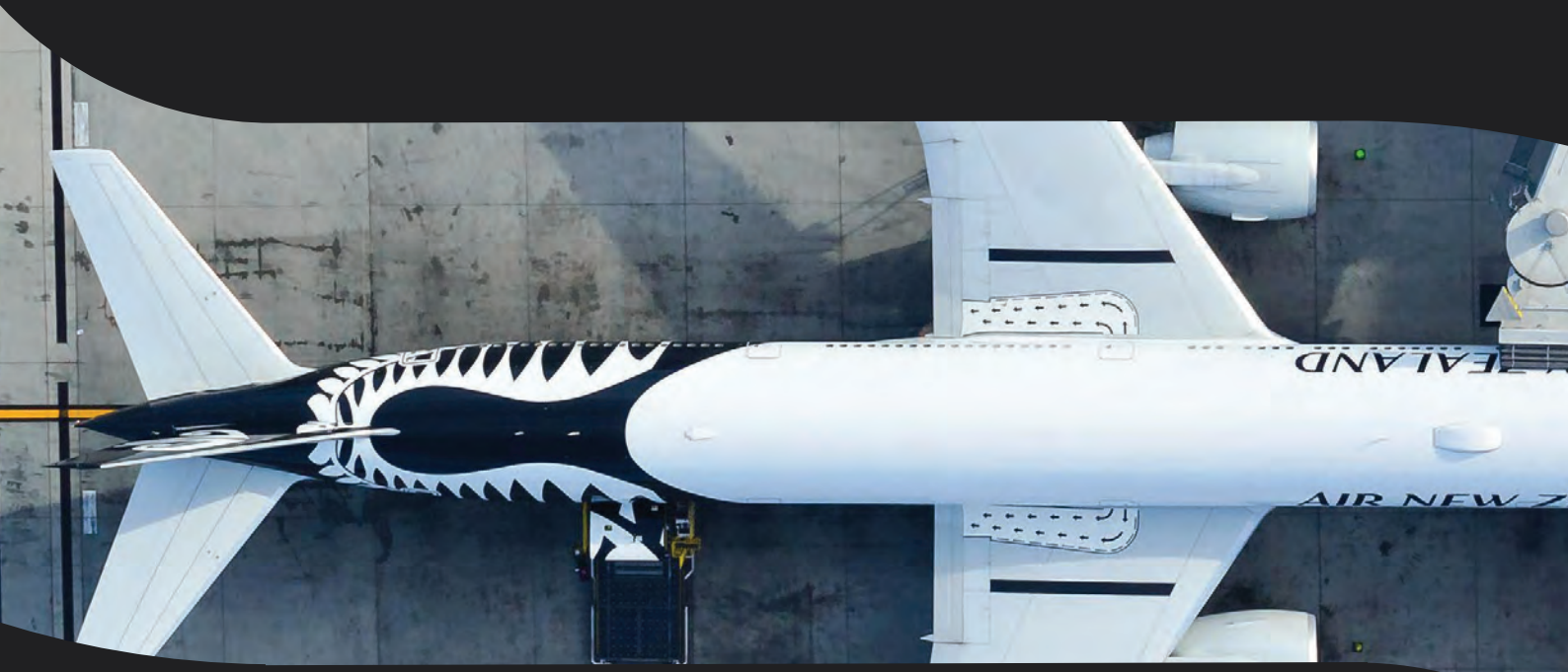
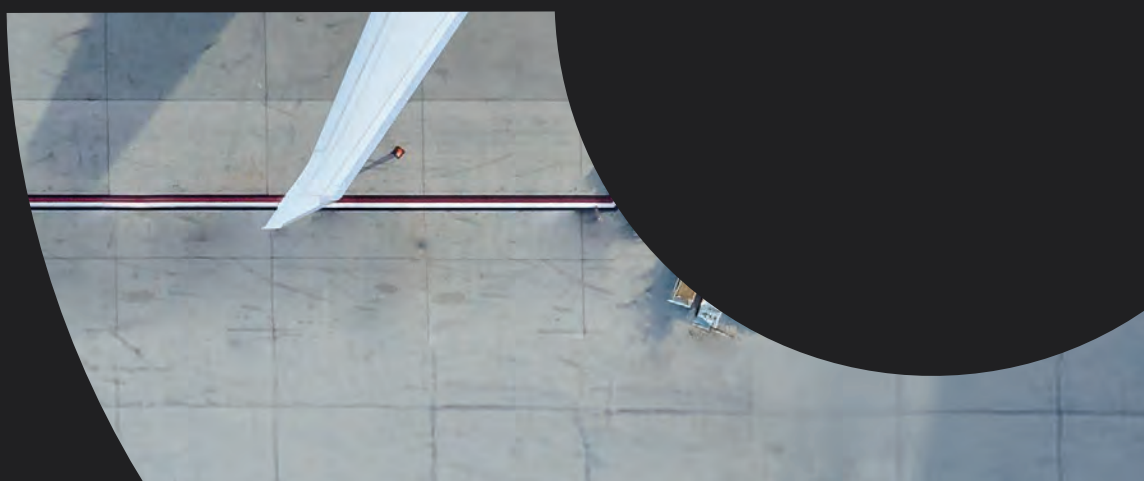






Introduction

2024 Performance Metrics

For year ended 31 December 2024

TCO_2E

963

Total Scope 1 & 2 emissions in FY24

TRCF[1]

2.0

Safely home everyday

Long-term renewable electricity

Agreement effective from Jan-24

~50ML

Of redundant tank capacity contracted for conversion

Zero

Tier 1 and Tier 2 process safety incidents

36%

Of the workforce identify as female (2023:32%)

2024

Scope 3 emissions reported

Marsden Point Energy Precinct Concept

Channel supporting the energy transition through potential lower-carbon future fuels manufacture and biorefinery at the Marsden Point site

[1]Total Recordable Case Frequency

Message from our Board and CEO

Welcome to Channel Infrastructure's 2024 Sustainability Report.

Our 2023 Sustainability Report represented a year of firsts, and this year, we are proud to present a report that demonstrates significant progress on the delivery of our Company strategy. At the same time, with transition and climate issues being a core part of our business decision making, it is pleasing that we can continue to report to shareholders our progress in upholding our company priorities in such areas as our environmental performance, and commitment to being a good employer for our people and neighbour for our Northland community.

Focus on world-class

Channel's vision is to be a world-class energy infrastructure company, delivering resilient infrastructure solutions to meet changing fuel and energy needs. For us, world-class is not only a core part of our company vision, but is the mechanism through which we plan to deliver on our commitments to our shareholders, customers, people, and community.

Our world-class ambition will help us to unlock a number of growth opportunities across all three pillars of our Company strategy, articulated on page 30, while at the same time providing resilient infrastructure for New Zealand. World-class recognises that our customers operate globally and interact with import terminal businesses all over the world, so they know what good looks like. To achieve their trust and confidence to allow us to grow, we must become world-class operators of our highly strategic infrastructure.

During 2024, with the support of our fantastic team, we achieved a number of milestones in our pursuit of world-class. In setting ourselves ambitious targets, we have been able to strategically plan for the management of our infrastructure and assets, implement new processes and systems to drive for greater efficiencies, and focus on upskilling our people and improving our employee engagement score. Shareholders can read more about our achievement on all these metrics throughout this report. A tangible example of achieving world-class in 2024 was the significant investment the company made to upgrade our fire-fighting systems to new automated, modern systems which now enable us to respond even more quickly in the event of an on-site fire. Using world-class automated technology means we can now respond quickly, and in a way that reduces our reliance on people in harmful situations and increases our ability to keep them safe.

Delivering safe operations

As a high-hazard site, we remain committed to delivering safe operations so that we can get 'everyone safely home, every day'. Operating a safe workplace is foundational to the way we operate and to our ambition to be a world-class operator of our infrastructure.

In 2024, shareholders may note an increase in reporting of onsite incidents. It has been a priority of our management team that every incident, or near-miss, is reported so that we can focus on learning from every situation, and preventing incidents in the future. A demonstration of this commitment comes at the start of every Leadership team meeting, when a safety share is discussed, to encourage learning across the business about keeping our people and contractors on our site safe. In 2024, we undertook an extensive review of how we work with our contractors on site, and have implemented new processes which enable them to take more accountability for a safe working environment. Not only has this reduced Channel staff time in support of our contractors, but we have empowered our critical contractor workforce to take responsibility for their workfronts within our site.

Underpinning resilience and supporting decarbonisation

Resilience in the energy supply chain is critical for New Zealand, and Channel has a key role to play in delivering resilient infrastructure solutions to meet changing fuel and energy needs. In practice, that means delivering for our customers who rely on us to receive their products – both fuel, and soon, bitumen – that New Zealand needs to keep moving and ensuring our infrastructure is available to help support the decarbonisation of New Zealand. It was great news for the Company that the Government has recognised Channel's importance to New Zealand with its strong endorsement for the Marsden Point Energy Precinct, which they described as being at the heart of a bold vision to boost New Zealand's fuel and energy security.

The Marsden Point Energy Precinct Concept, focuses on our growth from Marsden Point and is core to our plans to help underpin New Zealand's fuel and energy security and resilience. Released to shareholders in October 2024, this concept outlines how, with c. 350 million litres of tank capacity, and 120 hectares of land, we see great potential in a strategic approach to utilising our land to the benefit of New Zealand. From increased fuels storage, exploring the possibility of establishing manufacturing of lower-carbon future fuels, as well as enabling the import of crucial products such as bitumen, Channel has a key role to play to keep New Zealand

moving and supporting its decarbonisation. Further, the company has outlined additional opportunities that would not only benefit New Zealand, but continue to support shareholder returns, such as the possible location of an electricity peaker on our site to reinforce the electricity network in future 'dry years' and as the electricity system builds further capacity to enable transition to 100% renewables over the longer-term.

Good for Northland and New Zealand

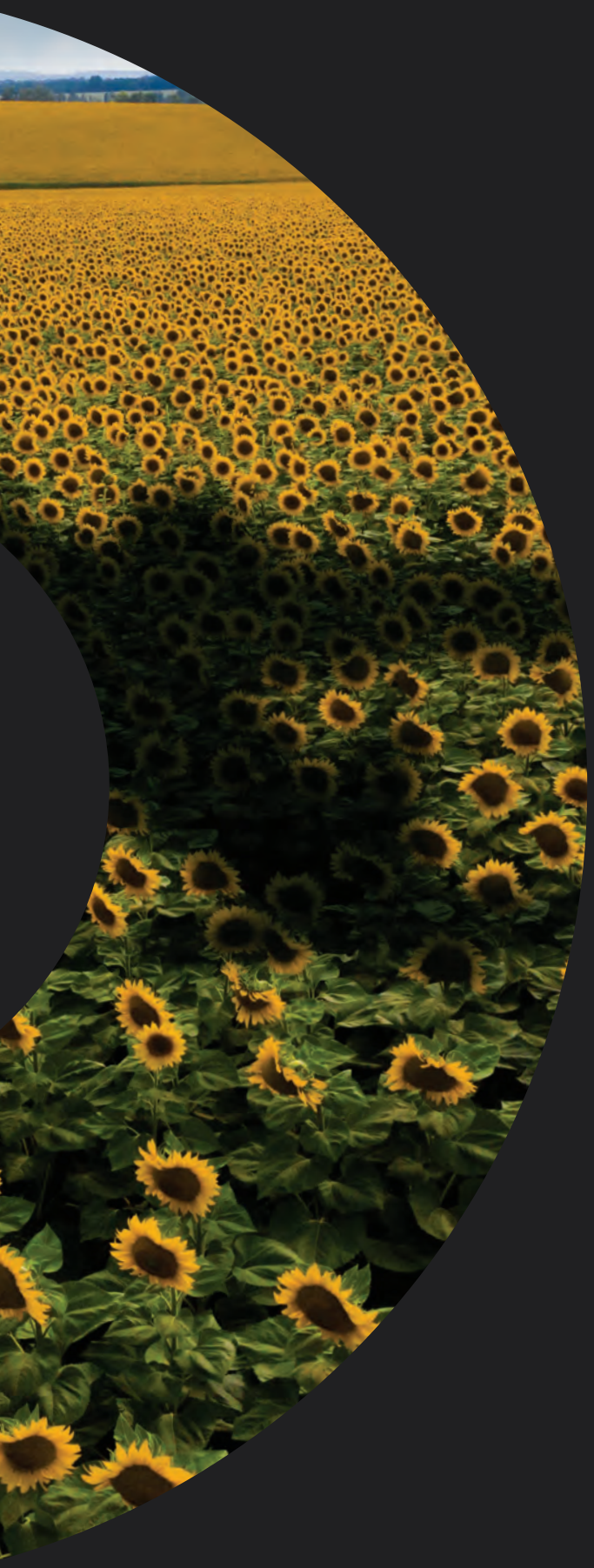
It has long been our company commitment to be a good neighbour, and good citizen. As a company, we value the strong and enduring relationships we have with our local Northland Community, Iwi partners, and central and local government. The Channel Board firmly believes that what we do has a positive impact on Northland – from regional investment, local jobs, and economic development, through to our community sponsorship programme. Over the course of 2024 we announced three new growth projects that, together, will see us invest a total of between $55 million and $66 million, with a significant number of jobs for the local region during the construction phase. As we continue to execute on delivery of the Marsden Point Energy Precinct Concept, Channel will further our meaningful contribution to the region.

It is a source of great pride for our team that we have a positive working relationship with ahi kaa of poupouwhenua (Marsden Point), Patuharakeke, and in 2025, in partnership with our neighbours Marsden Maritime Holdings, we are looking forward to welcoming the first Iwi-affiliated intern to the Channel whānau.

Our climate reporting process

The decarbonisation of the New Zealand fuels supply chain presents a long-term opportunity for Channel Infrastructure under a range of climate change scenarios. In 2023, we undertook extensive modelling work to determine the risks, and opportunities for our business. In 2024, we reaffirmed this modelling, and completed a detailed climate-change modelling and assessment to understand the potential physical impacts to the Marsden Point to Auckland Pipeline from climate change. In addition, we have measured and reported our Scope 3, or indirect emissions. Our Greenhouse gas (GHG) emissions inventory report can be found at Appendix 1 on page 78 of this report.

As we look back at all that your company has delivered in 2024, we reiterate the comments made in last year's report – we are looking to our future with confidence: confidence in the way we operate as a good corporate citizen with ESG matters a core part of our decision making, and confidence that we have the right strategy in place to continue delivering for our shareholders, customers, community, and New Zealand.



ESG Framework

ESG Framework

OUR VISION

World-class energy infrastructure company

OUR PURPOSE

Delivering resilient infrastructure solutions to meet changing fuel and energy needs

A MORE SUSTAINABLE FUTURE

We are committed to caring for our people, the environment and the community in which we operate, focusing on sustainable practices to improve environmental, social and governance performance, delivering for all stakeholders.

OUR VALUES

- One Team
- Innovation
- Honesty
- Care

ESG Pillar, Objectives and SDG Alignment

ENVIRONMENT

- Protect the environment in which we operate
- Reduce our carbon footprint and build resilience to climate change risks
- Responsibly contribute to achieving NZ's decarbonisation goals

PEOPLE & COMMUNITY

- Everyone "safely home, everyday"
- Be a good neighbour and corporate citizen, including contributing to regional development
- Partner with local iwi, mana whenua and community in impactful ways
- Attract, support, and maintain a diverse workforce and a healthy working culture

GOVERNANCE & FINANCE

- Open and transparent reporting
- Disciplined capital management
- Support our customers to provide a resilient fuel and energy supply chain for New Zealand
- Operate our critical infrastructure safely and reliably

MATERIAL ISSUES

- Climate change
- Land, waste & water

MATERIAL ISSUES

- Health, safety & wellbeing
- Iwi & community partnerships
- Equity, diversity & inclusion

MATERIAL ISSUES

- Infrastructure resilience and security of supply
- Asset & lifecycle management
- Transparency & financial discipline

Our 2025 metrics and targets

	STRATEGIC PILLAR	GOAL	MEASURE	2023 ACHIEVED	2024 TARGET	2024 ACHIEVED	2025 TARGET
Environment		Net Zero Scope 1 and 2 by 2030	Scope 1 and 2 emissions	4,037 tCO_2e	50% lower	✓	70% lower[1]
		Protect our environment	Tier 1 and 2 process safety incidents	1	Zero	✓	Zero
People and Community		Safely home everyday	Lost time injuries	Zero	Zero	✓	Zero
		Diverse and engaged team	Employee engagement score	*	+4 change	✓	Maintain
		Meaningful relationships	Customer assessment	*	+10%		+5%
Governance and Finance		Reliable infrastructure	Pipeline availability	98.6%	> 98%	✓	>98%
		Supply resilience	Contract new storage volume	280 million litres	+10%	✓	N/A
			Contracted new revenues including through contracted storage and potential lease revenues	N/A	N/A	N/A	+10%[2]
		Financial discipline	Deliver plan and meet EBITDA guidance	Delivered above guidance EBITDA	EBITDA guidance $92 to $96 million	✓	EBITDA guidance $89-$94 million

- NZ's infrastructure partner of choice
- Grow through supporting the energy transition
- More sustainable future

[1] Lower than the 2023 baseline of 4036 tCO_2e

[2] On FY24

Progress towards our metrics and targets

Net Zero Scope 1 and 2 by 2030

We are committed to maintaining a high standard of environmental performance and to reducing our impact on the environment in which we operate. In 2022, Channel set itself the ambitious target to achieve net zero Scope 1 and 2 emissions by 2030.

The Company's Greenhouse Gas Emissions (scope 1 and 2) have reduced considerably to 963 tCO2e in 2024 (4,037 tCO2e in 2023). The significant decrease compared to prior year primarily relates to the long-term renewable electricity contract and changes in activities onsite, specifically in 2023 a significant number of decommissioning projects were in progress. The Company remains on track to achieve net zero scope 1 and 2 emissions by 2030. Our emissions reduction plan relies on the use of Energy Attribute Certificates (EAC's) issued by the New Zealand Energy Certificate System, operational improvements, and the use of high-quality offsets where emissions reductions are not possible. If the EAC mechanism ceases the Company will consider how it can validate whether the electricity it uses in its operations is generated from renewable sources. The Company's scope 1 and 2 emissions are subject to independent assurance (refer to Appendix 1).

Channel recognises that the fuel and transport sector significantly contributes to climate change and our infrastructure continues to distribute refined oil products. The Company remains committed to supporting the reduction of emissions within the fuels supply chain. Our large storage capacity at Marsden Point is able to support larger shipping vessels, providing opportunity for emissions efficiency of delivered fuel and lower upstream emissions intensity, and via our Pipeline, we provide our customers with the lowest emissions delivery of fuel to Auckland. The Marsden Point Energy Precinct Concept also provides opportunities for lower-carbon fuels manufacture to support the transition from refined oil products over time.

Protect our environment

Maintaining safe and reliable terminal operations is at the core of our business. During 2024 we recorded zero American Petroleum Institute (API) Tier 1 or Tier 2 process safety incidents (one API Tier 1 Incident 2023).

Safely home everyday

Our commitment is to get 'Everyone Safely Home, Every Day' and actively value and protect the health and safety of all those who come to our site, be they permanent employees, contractors, or visitors.

A lost time injury is defined as an occupational injury that results in the loss of productive work time. We proudly report zero Lost Time Injuries for both 2024 and 2023.

Diverse and engaged team

Through our "Your Voice" survey we engage with our employees on topics such as culture, engagement, strategy, safety, and careers. At Channel we see employee engagement as a measure of the investment of our people in the Company's strategy and direction. Channel reported a +5 percentage point lift in employee engagement from 2023 and +26 percentage point lift since conversion to an import terminal in April 2022. Our most recent engagement survey had a 99% participation rate.

Meaningful relationships

We remain focused on our customer's needs. A significant improvement versus the prior year was achieved through more focus on customer satisfaction through creating supply chain efficiencies, such as reducing ship alongside time.

Reliable infrastructure

Pipeline availability is calculated as pipeline available hours divided by the total hours in the period and continues to operate at world-class benchmark standards.

Supply resilience

Channel signed three new storage contracts throughout 2024, with ~50 million litres of previously redundant capacity to be converted to in-service storage. We continue to support our customers to achieve resilience in their fuels supply chain and to meet their obligations under the incoming minimum fuel stockholding obligations.

Financial discipline

Channel continues to exercise financial discipline and deliver within the guidance range provided to the market. Importantly, the Group continues to deliver against all financial metrics.

Channel has clear investment criteria for all growth opportunities in that it only invests in projects that generate returns above our Weighted Average Cost of Capital and underpinned by contracted revenues. From a risk management perspective, Channel will invest to mitigate risks (including climate related), in line with our risk tolerances.

Our sustainability targets

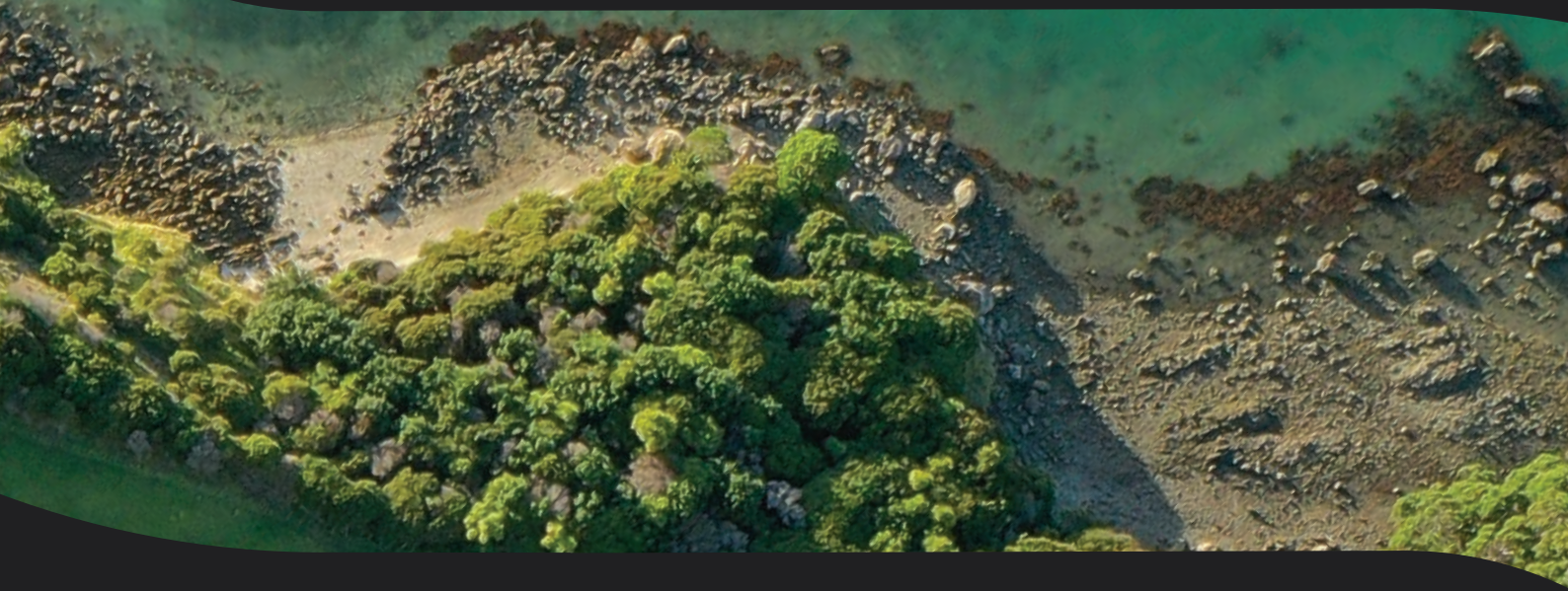
In addition to the targets set for 2025 included in our Company Scorecard and presented on page 13, Channel has committed to the following longer-dated sustainability focused targets. These ambitious targets ensure we continue to focus on improving our ESG performance over time.

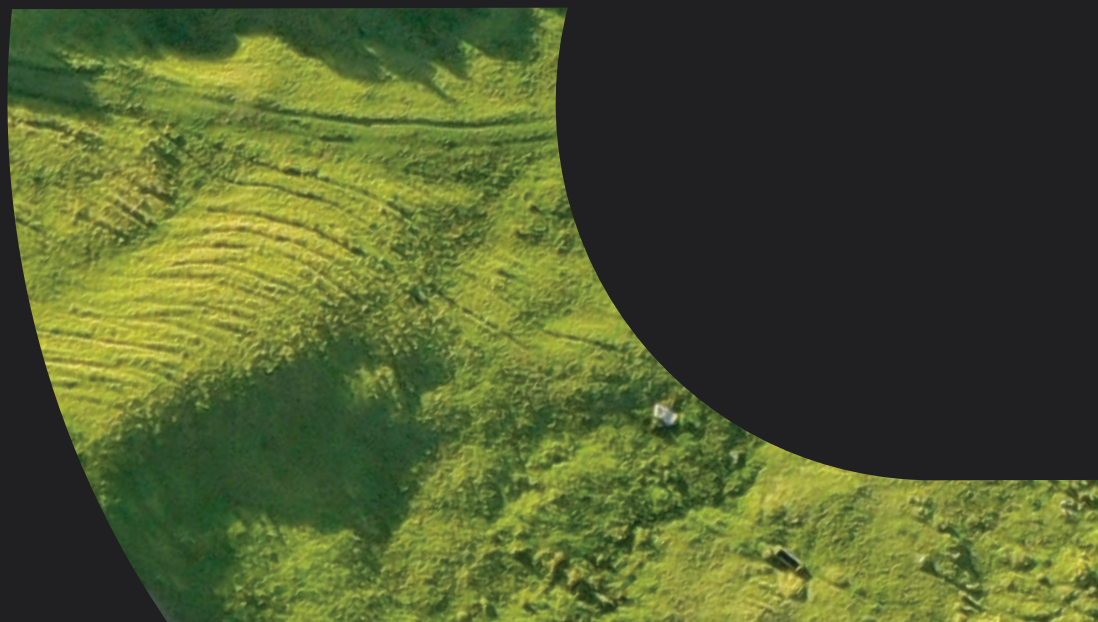
Channel's strategy includes a significant growth ambition. Over the course of 2024 the company announced three new growth projects – the transmix project, Z Energy jet storage project and the construction of a bitumen terminal for Higgins. Channel continues to pursue additional infill storage opportunities at Marsden Point. The 2024 growth projects and any additional infill storage opportunities require significant investment in capital works and have an 18-month to three year development horizon. This means that as these projects are delivered, Channel's emissions are likely to increase before decreasing again as construction completes. Channel's emissions intensity will also be impacted until the revenues associated with the growth projects commences as the projects are brought into service. Channel is also working with a number of parties on projects within the recently released Marsden Point Energy Precinct Concept and continues to look for growth opportunities outside Marsden Point in the form of acquisitions of terminals infrastructure. These further growth prospects will bring with them significant opportunities but will also have an impact on Channel's emissions profile. In this context, Channel is committed to the targets articulated below but will need to keep these under review as growth is delivered.

FOCUS AREA	TARGET	PROGRESS TO DATE
Gender Representation	At least 40/40/20 gender representation[1]	Females represented 47% of all new recruitment in 2024 Refocused talent search process ensuring diverse talent seen on both sides of the interview table
Net Zero	Net Zero Scope 1 and 2 emissions by 2030	Scope 1 and 2 emissions have reduced to 963 tCO_2e Decommissioning of crude oil storage tanks and sludge handling unit, projects currently underway Renewable electricity purchased from 1 Jan-24 via Energy Attribute Certificates (EAC's)
Legacy hydrocarbon plume	10% reduction in legacy hydrocarbon plume over 5 years from 2024	151 groundwater wells monitored onsite, including two hydrocarbon recovery wells Funding provided for the ongoing operation of the containment system and groundwater recovery program

[1] Channel is committing to working towards the representation principle of 40% female / 40% male / 20% any gender across permanent workforce.

Governance





Board of Directors

Channel Infrastructure takes its role as a responsible operator seriously. We have many governance measures and structures in place to identify, manage and respond to environmental, social and governance issues effectively, so that we can continue to operate in a more sustainable and responsible manner.

Channel Infrastructure's Corporate Governance framework, as depicted on page 19 , sets out our governance practices and processes, the delegations from our Board to management, and the structure and focus of our Board committees. Our Board reviews and approves the environmental, social and governance strategy and policies of the Company, including in relation to sustainability impacts and responding to the risks, impacts and opportunities of climate change.

Our Board is committed to growing expertise and competency for oversight of climate-related risks and opportunities and, in conjunction with building our Board and management understanding of general environmental, social, and governance matters, we continue to keep our Board skills matrix under review, to identify the collective skills, competencies and experience required of our Board to deliver on Channel Infrastructure's strategy. In addition, in 2024 our Board undertook training to gain further insights on climate-related disclosures and sustainability reporting.

For further information, please refer to the 2025 Governance Statement available on the company's website

www.channelnz.com.

Director spotlight: Sustainability and climate change

Felicity Underhill

Independent Director
Appointed 15 March 2024

Felicity is highly experienced in the energy and future fuels sectors, and was one of the early movers working on energy transition challenges and projects across the Asia Pacific region. After an early career at Shell, she has held senior roles as GM Future Fuels at Origin Energy and Director, East Australia and New Zealand for Fortescue. She was Deputy Chair of the Australian Hydrogen Council, Australia's leading hydrogen industry association, until late 2023. She is on the board of Australian renewables platform, Intera Renewables, and in December 2024 was appointed as a Commissioner on the board of the New Zealand Climate Change Commission.

Felicity says:

"I am passionate about energy and capturing the opportunities that are coming as the world collectively seeks to decarbonise and transition to alternative energy sources. I am pleased to be able to draw on my experience in this sector from around the globe to support the Channel Infrastructure board and management as we navigate these opportunities."

The Board

Is responsible for overseeing the performance and operations of the Company

Board Committees

Assist the Board to discharge its responsibilities in relation to:

PEOPLE & CULTURE

Oversees remuneration framework, people and culture strategies including diversity and inclusion and community engagement

AUDIT & FINANCE COMMITTEE

Oversees risk management framework, internal audit, financial reporting and the integrity of our sustainability reporting

HEALTH, SAFETY, ENVIRONMENT & OPERATIONS

Oversees the environmental aspects of sustainability as well as health, safety and operational quality

CLIMATE WORKING GROUP

Comprised of senior leaders and subject matter experts, responsible for providing a corporate representation of climate-related risks, impacts, and opportunities to the Board, by consolidating inputs from each sub-committee.

Channel Infrastructure's Management System

Company policies, operating procedures, including the risk appeitite and the Risk Management Framework

Management under the leadership of the CEO

Are responsible for delivering the strategic direction and goals approved by the Board

The CEO is responsible for instilling a culture that aligns with Channel's values

Governance of sustainability and climate change

The direction and oversight of sustainability and climate change is delegated to three sub-committees, reflecting the particular subject matter. The respective roles of the Board, its committees and management (the Corporate Lead Team) are set out in the Board and relevant committees' charters. Committees annually evaluate their own performance, processes and procedures against their charter obligations, to assist the Board in effectively fulfilling its role and meeting its duties. The Board also periodically reviews its own performance as a board. A third-party independent organisation undertakes an evaluation of the Board performance on an approximately bi-yearly basis, with the next evaluation to be undertaken in Q1 of 2025.

Audit & Finance Committee (AFC)

The AFC reviews our corporate financial matters, including reporting and treasury risk management. This includes reviewing all proposed external financial reporting, taking into account the financial impacts (both current and anticipated) of reasonably expected climate-related risks and opportunities, and reviewing the annual assurance of greenhouse gas emissions prepared by a third-party assurance provider in consultation with management.

In FY24, the AFC reviewed the Company's 2023 Sustainability Report, incorporating our first disclosures prepared by the Company in accordance with the Aotearoa New Zealand Climate Standards.

Health, Safety, Environment & Operations Committee (HSEO)

The HSEO Committee continuously reviews and manages our Health, Safety, Environment, and Operations risks and responsibilities. Meetings between management and the HSEO Committee provides oversight and feedback of information and that includes a deep dive on the non-financial climate-related risks to, and of, Channel's business, their impacts and associated opportunities where relevant, on an annual basis.

In FY24, the HSEO Committee reviewed the initial findings of a comprehensive climate change impact assessment of the Marsden Point to Auckland Pipeline, including initial recommendations relating to management of climate-related risks. The HSEO Committee also reviewed onsite environmental risks at Marsden Point, including groundwater and hydrocarbon plume risk management and the company's hazardous substances handling procedures (including an independent audit by an external expert consultancy).

People & Culture Committee (P&C)

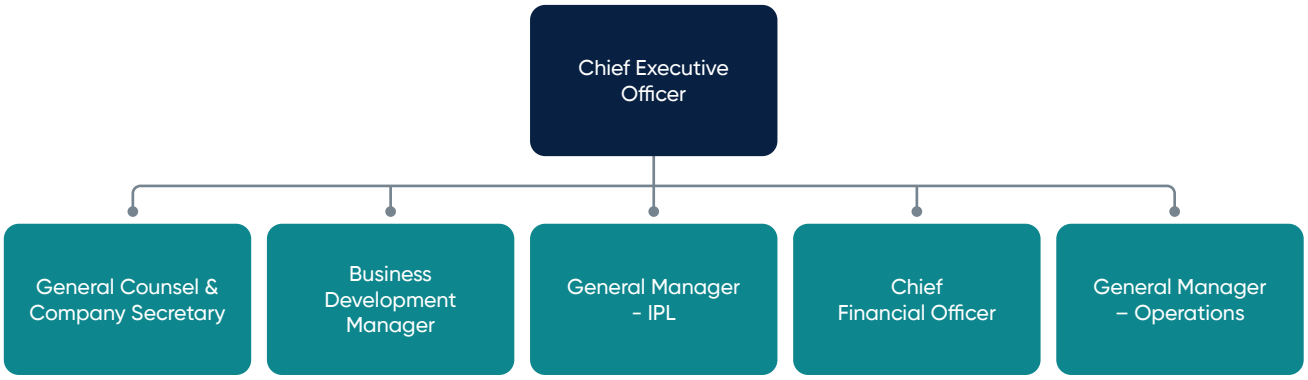
The People & Culture Committee reviews our company's People Strategy, our talent development strategy and succession planning processes (including succession planning for executive roles), culture, pay equity, diversity and inclusiveness initiatives.

Climate Working Group (CWG)

A Climate Working Group comprising of senior leaders and subject matter experts within the company was established in 2024, and met four times during the year. The CWG is responsible for providing a corporate representation of climate-related risks, impacts, and opportunities to the Board, by consolidating inputs from each sub-committee for consideration by the full Board.

Management's role

Channel Infrastructure's management closely considers climate change and sustainability issues in the ongoing management of the company.



Climate change and responsibilities

The primary point of responsibility for sustainability and climate change within the Corporate Lead Team is the Chief Executive Officer, and additional climate change, sustainability, and management of people responsibilities are held by the Chief Financial Officer and General Manager - Operations. These positions are also members of our Climate Working Group (CWG). Each of these positions requires an understanding and oversight of climate-related risks and opportunities.

At the operational level, the Company's General Manager - Operations and supporting team members oversee ongoing activities on-site, including environmental and climate-related issues such as identifying and implementing opportunities for efficiency gains through minimising fuel and electricity usage, and appropriate responses to extreme weather events.

Remuneration links to climate performance

Our remuneration policy allows for the setting of climate-related key performance metrics, which are reviewed annually. We acknowledge the consideration of climate-linked performance and remuneration within our People and Culture Committee Charter.

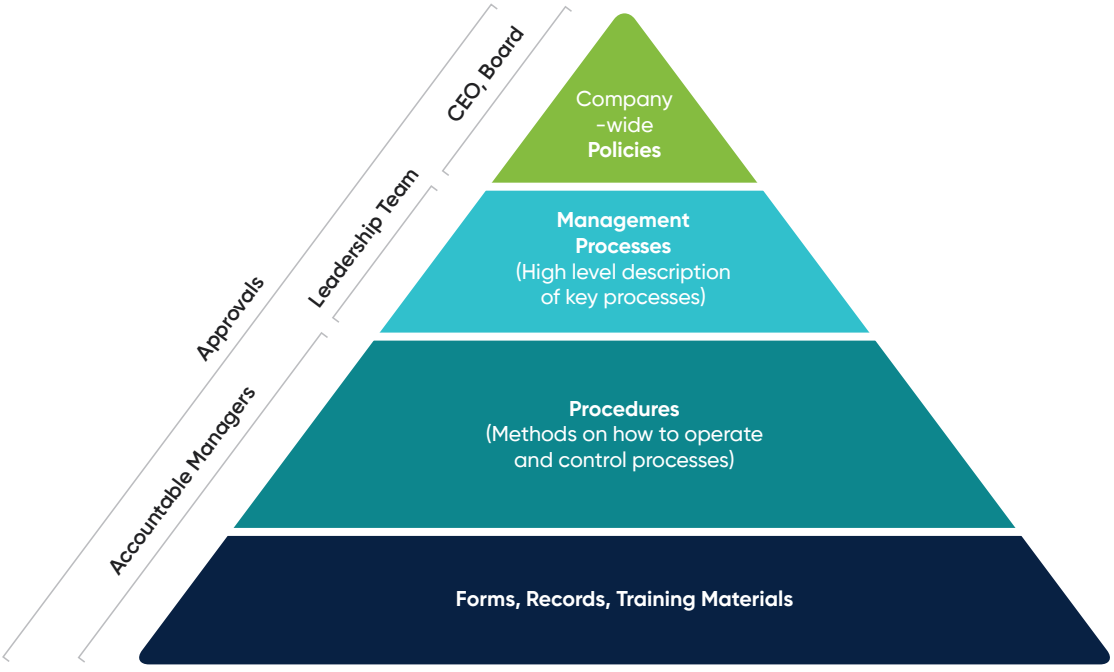
Our CEO's 2024 Key Performance Indicator's (KPI's) included performance metrics relating to progress on sustainable aviation fuel, delivery of a plan for the repurposing of Marsden Point, and exploration of options for the company to generate EBITDA in future years that is unrelated to conventional fuels infrastructure and are consistent with the company's refreshed strategy. These performance metrics are aligned with the strategic pillar of Supporting the Energy Transition.

Our management system

The management system applies to all of Channel's people and establishes the requirements for how we do business across our operations and support teams.

It is designed to protect our people, the community, the environment, and the economic value of our assets, operations and activities. The Management System comprises:

- Policies and Code of Conduct www.channelnz.com/who-we-are/corporate-governance/
- Management processes explaining the minimum standards of "what" the business must achieve
- Procedures, technical standards, processes and tools (forms and records) explaining the expectations and practices for "how" business activities should be undertaken.



Reporting on risk

The Channel Infrastructure Board is responsible for reviewing and managing enterprise risk, including those related to climate change. Day-to-day risk management is delegated to the Chief Executive Officer, with risk assessments conducted by the Corporate Lead Team facilitated by the Financial Controller.

The frequency of risk assessments and review and the process for escalation is outlined on the next page. Risks are assessed through Channel's Risk Assessment Matrix which assesses the likelihood of the event occurring and the impact on the business should it occur, to produce a total "risk rating" that is either low, moderate, high or critical.

Channel Infrastructure uses the “three lines of defence” model to coordinate its approach to risk and assurance. The model, set out on page 25, focuses on managing material risks, including environmental, social, governance and climate risks, at the strategic, tactical and operational levels.

The increasing importance of regular oversight of climate-related matters is acknowledged and is now assessed by the Board on a twice-yearly basis, as part of our existing enterprise risk management schedule.

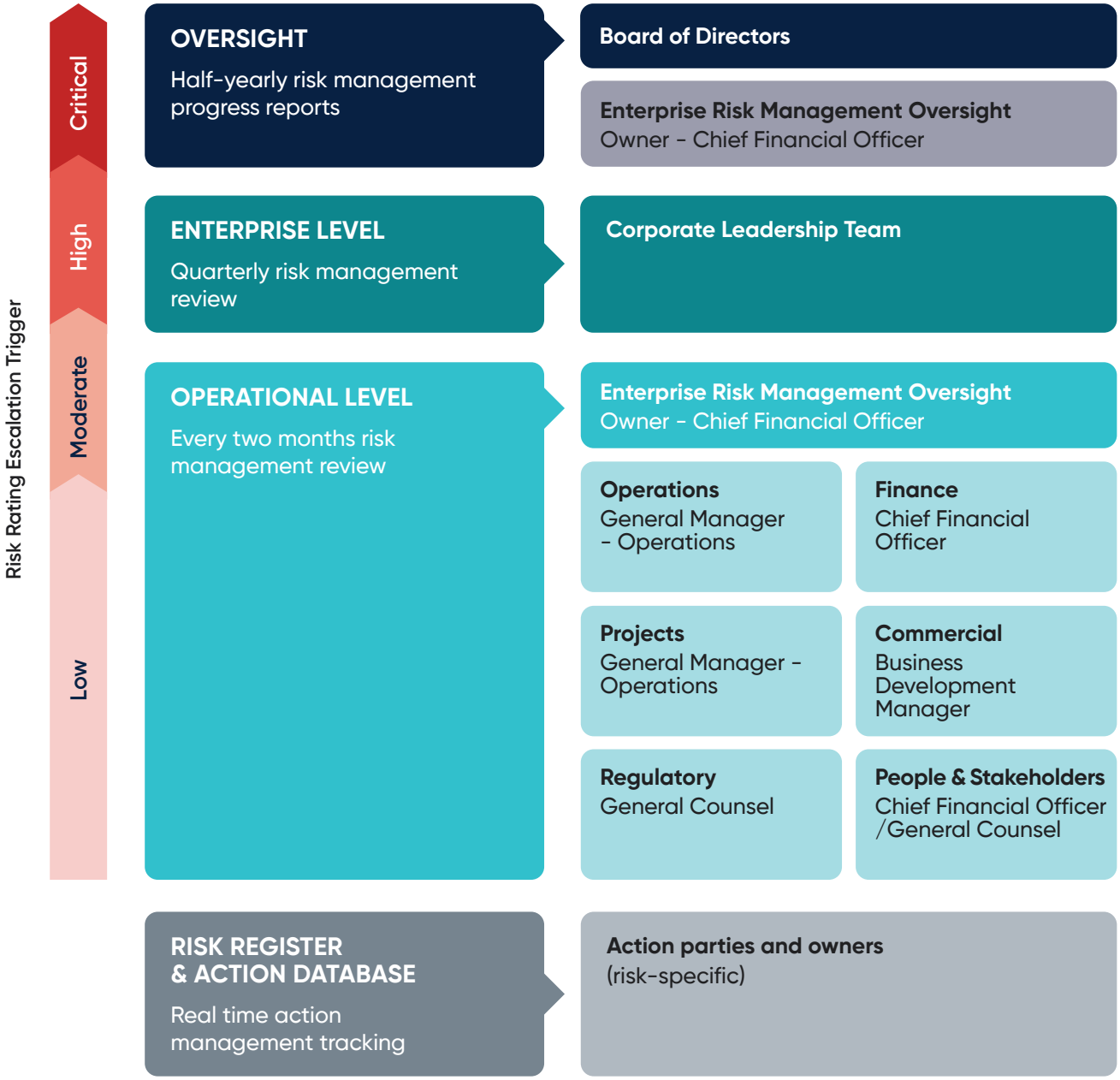
Climate-related risks and opportunities are embedded within our existing enterprise risk management framework. In 2023, with the introduction of the Aotearoa New Zealand Climate Standards, Channel Infrastructure completed a physical and transition risk assessment, in conjunction with an impacts and opportunities assessment to further consider climate-related risks to Channel Infrastructure's operations and people. In 2024, we reaffirmed this modelling, updating as necessary and completed detailed climate-change modelling and assessment to understand the potential physical impacts to the Pipeline from climate change.

Climate-related risks and opportunities have been considered across three future time horizons:

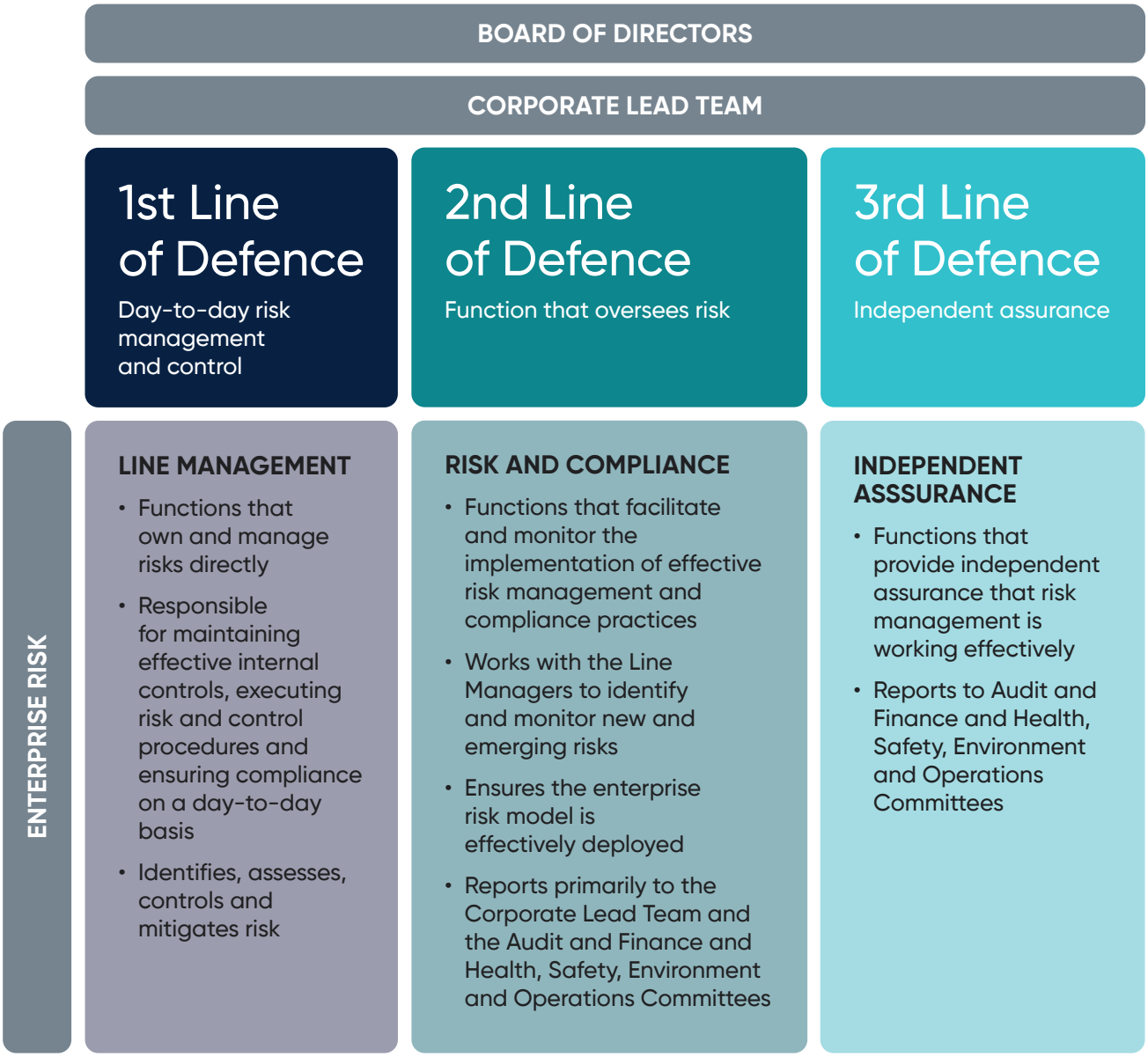
- Short-term to 2030
- Medium term to 2050, and Long-term to 2100.

The short-term horizon broadly aligns with the existing Terminal Services Agreements that we have in place with our customers. The medium and long-term horizons align with Channel's longer term strategic planning and the lives of significant infrastructure assets.

Risk Management Governance; review and escalation



Three lines of defence model

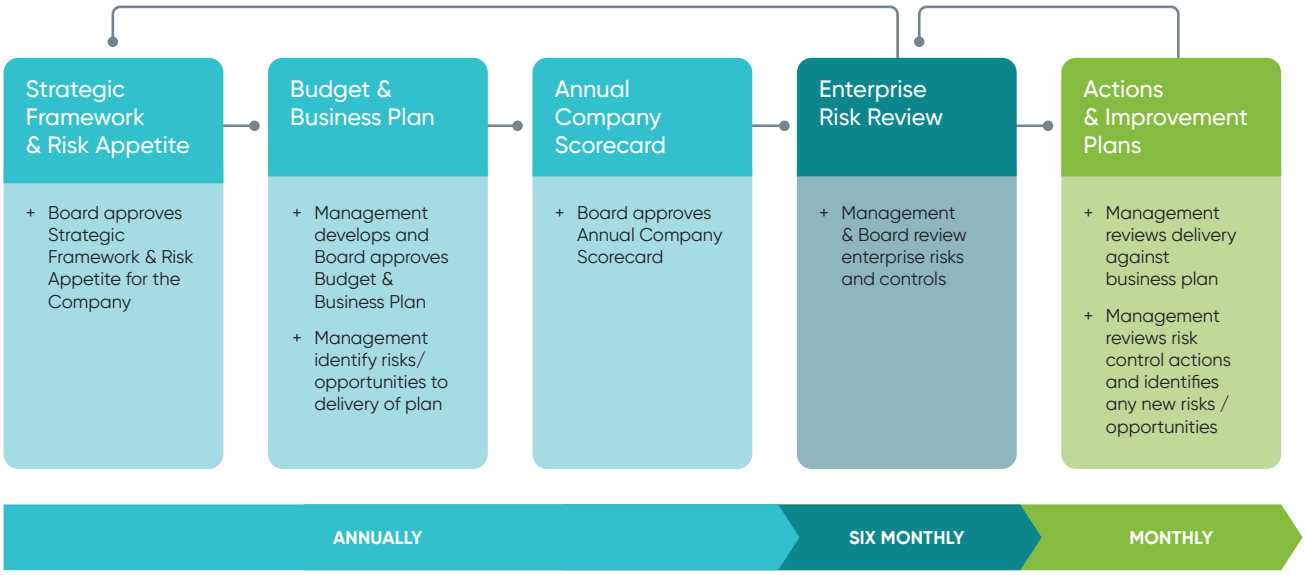


Our reporting structure

Channel Infrastructure's management closely considers climate change issues in ongoing optimisation of financial and operational performance, as well as planning for future growth and diversification of the Company's business through the decarbonisation of New Zealand's economy.

The climate-related risks identified through our enterprise risk management system include mitigants and controls that are reviewed and approved by the Corporate Lead Team and then sent to the Board for endorsement. The Corporate Lead Team is responsible for proposing targets to the Board and then achieving those that are approved. The Corporate Lead Team approves the portfolio of climate change programmes to achieve targets and assigns management accountability for implementation. This includes the day- to-day responsibility for implementing the Company's commitments to addressing climate change.

The Company has an integrated approach to business planning and risk management in place, as shown below.



Strategy

Our strategic framework

Our Vision

World-class energy infrastructure company

Our Purpose

Delivering resilient infrastructure solutions to meet changing fuel and energy needs

Our Strategic Priorities

World-class Operator	High Performance Culture	Grow from the Core	Support Energy Transition	Disciplined Capital Management	Good Neighbour, Good Citizen
Strong safety systems and culture	People and capability development	Brownfield opportunities at Marsden Point	Repurposing Marsden Point	Target credit metrics consistent with a BBB+ shadow credit rating	Reducing environmental impacts
Resilient infrastructure	Future focused	Consolidator of fuels infrastructure	Support transition of aviation to lower carbon fuels	Deliver above WACC returns	Community engagement and iwi relations
Long-term asset management	Continuous Improvement	Supply chain optimisation for our customers	Marsden Point Energy Precinct	Cost management	Just transition
Customer focused	Adaptive			Stable dividends	Transparency and disclosure
New Zealand's Infrastructure Partner of Choice		Grow through supporting the Energy Transition		More sustainable future	

Our strategic progress

Channel's strategy is to become a world-class energy infrastructure company. This aligns with the company's vision to deliver resilient infrastructure solutions to meet changing fuel and energy needs. 2024 has been a year of significant execution against our strategy with strong progress made in all areas.

New Zealand's Infrastructure Partner of Choice

We continue to make strong progress against our world-class benchmarks with asset availability at best-in-class levels across the year. We have also seen a significant lift in our people's engagement which has increased five percentage points over the year and 26 percentage points since conversion to an import terminal. Our relationships with our customers are critical to being an infrastructure partner of choice and we have seen their assessment of our performance improve.

Grow through supporting the energy transition

Channel has delivered three new growth projects over the course of 2024 including a seven-year contract to enable the storage and export of transmix (announced May 2024), a 10-year jet fuel storage contract with Z Energy (announced August 2024) and a contract to develop a bitumen import terminal for Higgins, a subsidiary of Fletcher Building Limited, (announced November 2024). Channel expects to deliver from these three contracts an estimated ~$120 million (before PPI indexation) in incremental revenue over a 15 year period for an investment of between $55-66 million of incremental growth capital expenditure.

In October 2024 Channel released the Marsden Point Energy Precinct Concept which is outlined in further detail on page 32. Our vision for the future potential of our site is an exciting demonstration of our ambition to support New Zealand and increase jobs and investment in our region.

More sustainable future

We are committed to being a good neighbour, and good citizen and are proud to have set and achieved a significant reduction in our scope 1 and scope 2 emissions across 2024, lowering these by 76%[1] to 963 tCO_2e. Channel remains among the lowest emitters on the NZX50[2].

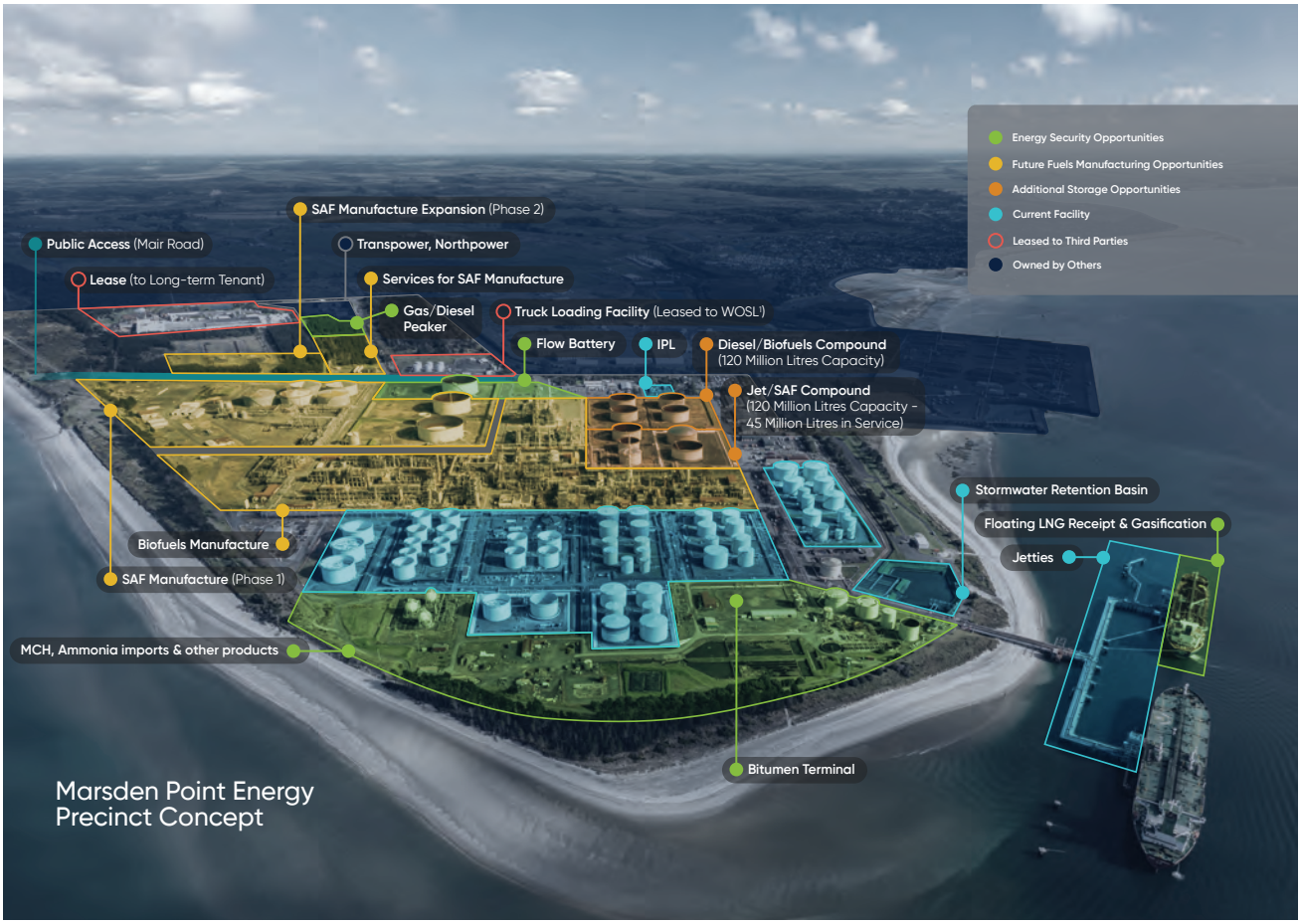
In addition to our environmental and social sustainability, Channel's financial sustainability is critical to delivery of our ESG goals and Company strategy. Channel's capital management framework is to pay 60-70% of normalised free cash flow as a dividend, and maintain credit metrics consistent with a shadow BBB+ credit rating. Channel is also focused on delivering growth opportunities with contracted returns above our weighted average cost of capital. Following a year of significant delivery against our growth ambition with the addition of three new growth projects to our site, the Company raised an additional $50 million to fund the growth opportunities and position Channel to execute on further on-strategy growth opportunities should they eventuate. Channel's net debt to EBITDA as at 31 December 2024 was 3.1.

[1] Reduction In Scope 1 and Scope 2 emissions achieved through the long-term electricity contract, reduction in diesel usage and removal of residual crude oil from storage.
[2] Comparing reported scope 1 and scope 2 emissions.

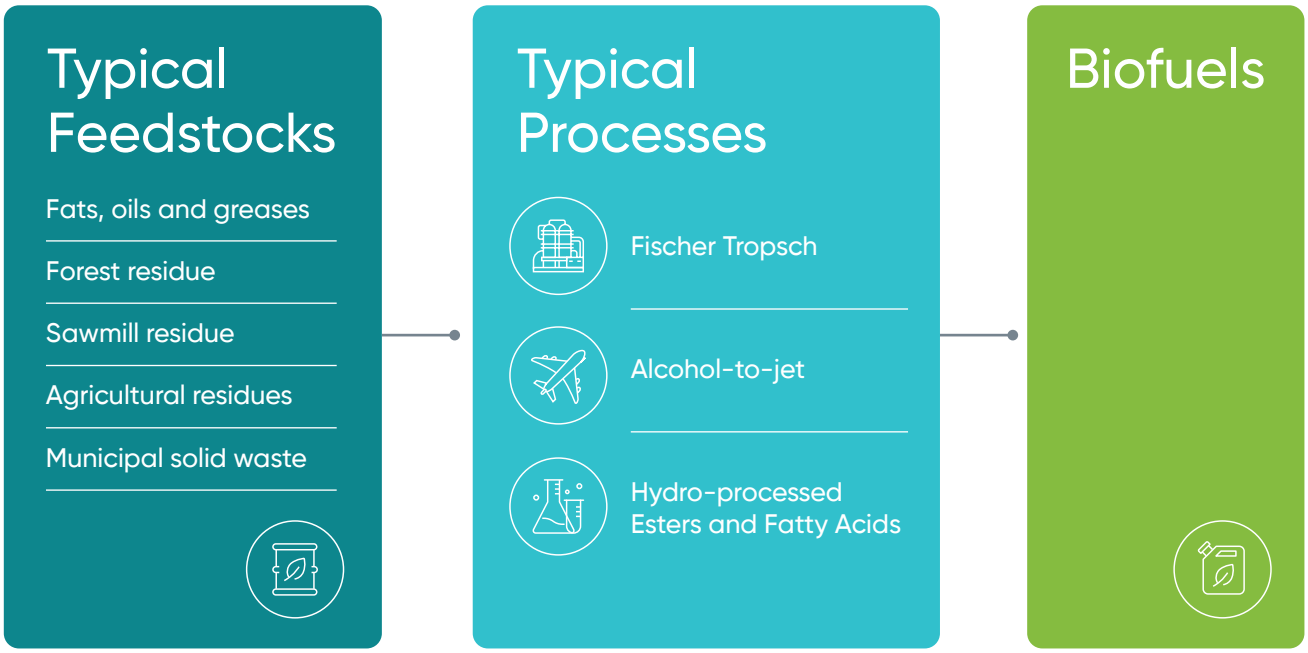
Facilitating the energy transition from the Marsden Point Energy Precinct

It is a key part of our Company strategy to grow from the core, and support New Zealand's energy transition. The Marsden Point Energy Precinct Concept outlines how the Company can maximise the value from our highly strategic site to play a significant role in supporting New Zealand's energy transition.

The range of potential opportunities include additional storage, lower-carbon future fuels manufacture, as well as a range of energy security projects such as electricity firming, importation and storage opportunities.



In October 2024, Channel announced that Seadra Energy Inc, and it's partners Qantas, Renova Inc, Kent Plc, and ANZ, would be investigating the repurposing of Channel's decommissioned assets from the hydrocracking complex, as well as newly constructed plant for a potential biorefinery project. Channel has entered into a Project Development agreement which contemplates the acquisition of some of Channel's decommissioned refinery equipment and the lease of approximately 18-20 hectares of land at Marsden Point for total annual revenue of $6-7 million over 25 years. The proposed biorefinery project is another example of the many and varied potential opportunities we see to develop Marsden Point as an Energy Precinct for New Zealand over the long term. We expect the consortium to reach a decision on whether to proceed with this project in the second half of this year.

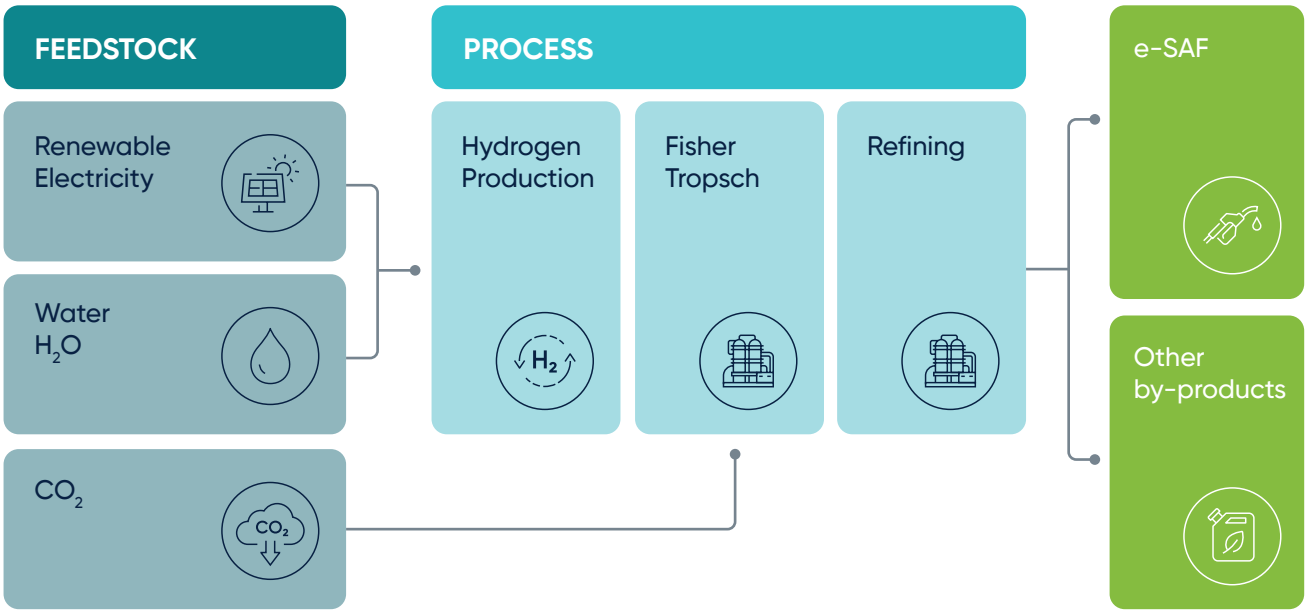


Enabling the decarbonisation of fuels

Given the critical role that Channel plays within the supply chain for New Zealand's aviation gateway, Auckland International Airport, our infrastructure will have a long-term role to play in enabling the decarbonisation of the aviation industry in New Zealand.

Sustainable Aviation Fuel (SAF) is chemically largely indistinguishable from fossil jet fuel. There are different ways of manufacturing SAF, which can be broadly grouped into two classes; biogenic SAF and synthetic SAF (or eSAF). It is expected that both types of SAF will be needed in the future to meet the decarbonisation objectives of the aviation sector.

As part of our Marsden Point Energy Precinct Concept, we continue to work with Fortescue to evaluate the potential to produce synthetic SAF at Marsden Point. The project with Fortescue would utilise Channel's land, tanks and existing pipeline to Auckland to potentially manufacture 60 million litres per year of eSAF at a 300MW production facility. The eSAF that would be produced annually is equivalent to the amount of fuel used by approximately 20,000 flights by any airline from Auckland to Wellington, or 500 flights from Auckland to Los Angeles. Fortescue's proposed production facility would use electrolysers to produce 35,000 tonnes per year of green hydrogen (from sustainable water sources and renewable electricity) combined with carbon dioxide, and utilise a Fisher-Tropsch process to produce eSAF. New renewable electricity generation projects would be developed with a range of partners to provide the power required.



Material issues

Material issues are those issues that matter most to our stakeholders and the Company. These issues inform our approach to ESG risk management, performance and reporting.

Material issues are integrated into our thinking and reflected in our strategic framework. In 2024, we undertook a high-level assessment of the company's current material issues so that these remained fit-for-purpose for the company as we look to the future and believe these material issues best represent the impactful issues for stakeholders . The chart below outlines those issues.

The Company's ESG framework is embedded into the company's strategy and our ESG metrics identified on page 13 form the basis of the company scorecard and are aligned with the material issues identified. The company scorecard is reported monthly to the Corporate Lead Team (CLT) and Board as part of the monthly performance report.

In addition to the company scorecard, detailed KPI's relating to health and safety, environmental performance, process safety and product quality are tracked monthly and reported to the HSEO quarterly. Customer engagement is measured biannually. Health and safety, process safety and product quality incidents are reported immediately to the Operations Lead team and CLT. GHG emissions and our decarbonisation pathway are tracked through the CWG and reported annually to the AFC and Board.

The Company's employee diversity, equity and inclusion metrics are measured annually and reported to the P&C committee and our long-term formal relationship agreements with two of our nearest iwi partners includes regular kanohi ki te kanohi (face-to-face) hui, and a six-monthly joint Mana Whenua Roopu hui, which brings together leadership from local iwi.

Environmental performance

Greenhouse Gas (GHG) Emissions

Management of regulatory risks, environmental compliance, and reputational risks and opportunities as they relate to Scope 1, 2 and 3 GHG emissions

Water and wastewater management

Efficiency of water resource usage and management of waste water treatment, and managing existing site contamination to reduce this over time

Ecological impacts

Management of impacts on ecosystems and biodiversity through operational land use, project development and construction

Circularity

Increasing material and operational efficiency to, where possible and over the longer term, reduce waste and divert from landfills back into the supply chain

Physical impacts of climate change

Ability to manage risks and opportunities associated with direct exposure to actual or potential physical impacts of climate change

People and community

Health, safety and well-being

Creating and maintaining a safe and healthy workplace that reflects regulatory expectations and values employee and contractor well-being

Iwi partnerships

Recognising iwi responsibilities as mana whenua and kaitiaki over poupouwhenua, the land upon which we stand, partnering to maintain and enhance the cultural health of our operational site and the surrounding coast, informing our partners of potential changes and considering their views

Employee diversity, equity & inclusion

Attracting, supporting, and maintaining a diverse workforce and healthy working culture

Contribution to regional economy

Working towards an impactful and sustainable contribution to the regional economy in which we work, as well as to Aotearoa New Zealand more broadly

Human rights and community engagement

Engaging our local community to seek partnerships in impactful ways and to continue as a responsible corporate citizen and neighbour. Upholding labour standards and human rights

Governance and financial performance

Infrastructure resilience

A focus on infrastructure resilience to environmental and specification changes

Security and quality of supply

Supporting the delivery of reliable, high-quality fuel by our customers to accommodate changing needs

Transparency and disclosure

Ethical conduct of business and providing accurate and timely information about our sustainability impacts and performance

Asset and life-cycle management

Ability to manage infrastructure and operational asset life-cycle risks

Business model resilience (infrastructure)

Incorporating social, environmental and political transitions into long-term business model planning and responding to the transition to a low-carbon economy

Regulation and policy

Complying with, supporting and anticipating future regulations and policy

Scenario analysis

Climate change scenario analysis is used to test the robustness of our strategy and explore how Channel might perform under a range of plausible and challenging futures. Importantly, these scenarios do not represent our forecasts or predictive views of the future.

Channel has been using "scenario analysis" as part of its business planning process for many years. Our most recent analyses have focused on the fuel passing through our infrastructure, as in our view, this is the most material climate transition impact for our business. The alignment of our business planning processes with our climate scenarios is shown in the Business planning section on page 44.

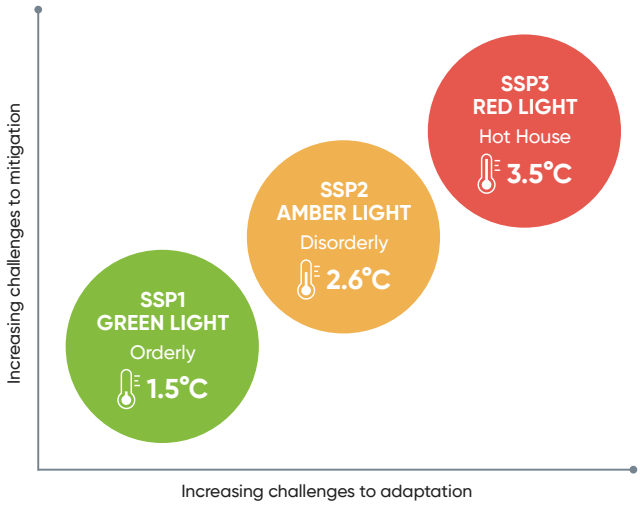
Climate-related scenario analysis is not a probabilistic or predictive view of the future, but rather provides a range of hypothetical outcomes to enable an entity to better assess how physical and transition risks and opportunities associated with climate change could impact its operations.

In 2023 Channel developed three climate-related scenarios that cover all relevant aspects of the business. These scenarios describe plausible and distinct futures, and are designed to test a range of potential climate-related impacts. The scenarios have been reconfirmed in the 2024 financial year and updated to incorporate newly available data and descriptive insights.

The scenario analysis process undertaken included the mapping of global and local reference models; setting of scope boundaries; assessing physical and transitional climate risks and opportunities; identifying the most material drivers of change; and completing synthesis of the climate scenarios and their narratives. The process involved a range of environmental experts along with our Corporate Lead Team and internal subject matter experts.

Channel acknowledges the links our infrastructure services have to the aviation industry and tourism sector and where relevant, have included information from The Aotearoa Circle Energy and Tourism sector Climate Change Scenario Analysis publications in preparing the three scenarios for our scenario analysis. Like these publications, Channel's climate scenarios are grounded in global reference scenarios[1] to utilise applicable data and increase comparability with other climate reporting entities.

Channel has mapped a series of global references to design our three climate scenarios and their temperature pathway. The three climate change scenarios are summarised below.



Green Light

Orderly

LIMIT TEMPERATURE RISE TO

1.5°C

Global temp increase[1]
by 2100, relative to pre-industrial levels

Orderly scenario narrative

An orderly scenario, including progressive and coordinated decarbonisation/transition.

In the 2020s, the introduction of strict and transformative climate regulations, combined with a strong shift in consumer preferences towards sustainable solutions, requires Channel to quickly reduce emissions and adjust the proportions of fuel types stored and transported.

From 2030, increased accessibility and strong development in the performance, range, and chargeability of light fleet EVs leads to a significant uptake, and mass adoption by 2050. Water use and wastewater products increase in the mid 2030s as green hydrogen production increases, and gradually replaces conventional diesel from that point on for heavy transport. SAF becomes widely available from the mid-2030s in NZ, replacing conventional jet fuel.

There is a 69% increase in the number of hot days in Whangarei by 2050, and a 7.8% increase in rainfall intensity for 1-in-20 year rainfall events of a 1 hour duration at Marsden Point. Global population continues to increase at a steady and expected rate, with New Zealand's population expected to reach 6.2 million by 2050 as the country becomes more attractive to immigrants across the socioeconomic spectrum.

The cost of capital for 'green' investments continues to decrease, while the cost of capital for all investments associated with fossil fuels and GHG emissions increases from the mid-2020s. Channel has successfully achieved Net Zero Scope 1 and 2 emissions by 2030, and continues to provide infrastructure and storage capacity to support lower emissions/ sustainable fuels and assist in a rapid transition with challenging reductions to liquid fossil fuel demand. The Emissions Trading Scheme (ETS) remains in place, and the carbon price signal shows a managed transition away from fossil fuels at $309 per tonne by 2050.

Scenario indicators

NZ CARBON PRICE[2]

$309

For 2050, per tonne

NEW ZEALAND POPULATION[3]

6.2M

in 2050

NZ SEA LEVEL RISE[4]

0.19m

For 2050 relative to 2005

RAINFALL INTENSITY[5]

+7.8%

Marsden Point 20-yr ARI 1-hr rain depth, 2031-2050 relative to 1986-2005

WHANGAREI HOT DAYS[6]

+69%

For 2041-2060 relative to 1972-2021

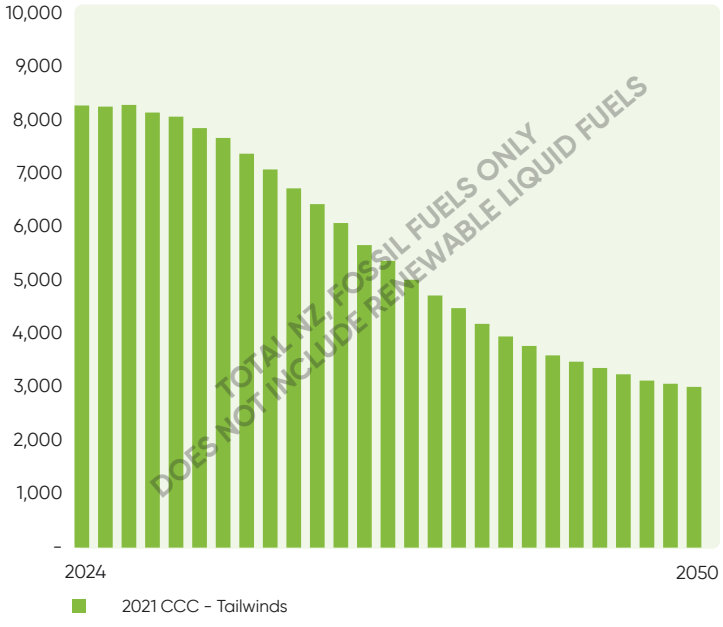
High Level Descriptors

Global temperature rise 1.5°C by 2100

- Physical risk severity **MODERATE**
- Transition risk severity **MODERATE**
- Policy reaction **IMMEDIATE AND SMOOTH**
- Technology change **FAST**
- Behaviour change **FAST**
- Socio-political instability **LOW - MODERATE**

NZ Total Fuel Demand (ml)

2021 CCC - Fossil fuels only



Data sources:

1. IPCC (2021) WG1 AR6 Summary for Policymakers
2. New Zealand Treasury (2023) Assessing climate change and environmental impacts in the CBAx tool
3. Stats NZ. (2022) National population projections: 2022 (base)-2073. 50th percentile
4. Ministry for the Environment. (2018) Climate change projections for New Zealand
5. NIWA. (2017) High Intensity Rainfall Design System Version 4. Stations IDs averaged: 548215, A54753, A54842
6. Gibson, P. B., *et al.* (2024) Dynamical downscaling CMIP6 models over New Zealand: added value of climatology and extremes

Reference scenarios:

NGFS Orderly, RCP2.6, SSP 1, CCC Tailwinds

Amber Light

Disorderly

LIMIT TEMPERATURE RISE TO

2.6°C

Global temp increase[1]
by 2100, relative to pre-industrial levels

Disorderly scenario narrative

A disorderly scenario, involving globally inconsistent decarbonisation/transition.

In the short-term, global demand for fossil transport fuels continues to rise, and advancements in green energy technology are primarily improvements in the cost and access of existing solutions as opposed to emerging technologies breaking through.

No new targets are set by the Government to transition New Zealand's energy and infrastructure needs until the 2030s, where extreme regulatory and social pressures are placed on heavy emitting industries to decarbonise quickly. There is a 87% increase in the number of hot days in Whangarei by 2050, and a 9.8% increase in rainfall intensity for 1-in-20 year rainfall events of a 1 hour duration at Marsden Point.

In New Zealand, capital is allocated to recovery from multiple, successive severe weather events and retreat from the 2030s onwards. New Zealand's population increases as immigrants, particularly climate refugees, move to New Zealand - reaching 6.5 million by 2050. Global population growth levels off in the second half of the century.

Large amounts of SAF and green hydrogen, whether imported or locally produced, are not available in New Zealand until after 2040 due to a lack of production technology and demand. These are initially very expensive, contributing to the Disorderly scenario's very high transition cost in comparison to the Orderly and Hot House scenarios. Diesel continues to be used until 2040 for heavy transport. From the 2040s, investing in decarbonising agriculture and transport becomes a priority.

Due to delayed action and need for capital investment, Channel has achieved Net Zero scope 1 and 2 emissions by 2035.

Scenario indicators

NZ CARBON PRICE[2]

$411

For 2050, per tonne

NEW ZEALAND POPULATION[3]

6.5M

in 2050

NZ SEA LEVEL RISE[4]

0.22m

For 2050 relative to 2005

RAINFALL INTENSITY[5]

+9.8%

Marsden Point 20-yr ARI 1-hr rain depth, 2031-2050 relative to 1986-2005

WHANGAREI HOT DAYS[6]

+87%

For 2041-2060 relative to 1972-2021

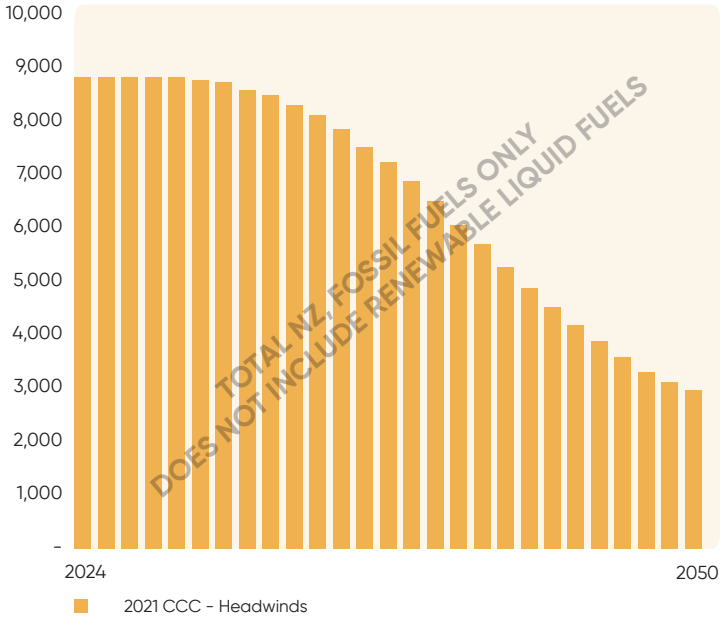
High Level Descriptors

Global temperature rise 2.6°C by 2100

- Physical risk severity **MODERATE**
- Transition risk severity **HIGH**
- Policy reaction **DELAYED**
- Technology change **SLOW, THEN FAST**
- Behaviour change **SLOW, THEN FAST**
- Socio-political instability **MODERATE**

NZ Total Fuel Demand (ml)

2021 CCC - Fossil fuels only



Data sources:

1. IPCC (2021) WG1 AR6 Summary for Policymakers
2. New Zealand Treasury (2023) Assessing climate change and environmental impacts in the CBAx tool
3. Stats NZ. (2022) National population projections: 2022 (base)-2073. 50th percentile
4. Ministry for the Environment. (2018) Climate change projections for New Zealand
5. NIWA. (2017) High Intensity Rainfall Design System Version 4. Stations IDs averaged: 548215, A54753, A54842
6. Gibson, P. B., *et al.* (2024) Dynamical downscaling CMIP6 models over New Zealand: added value of climatology and extremes

Reference scenarios:

NGFS Disorderly, RCP4.5, SSP 2, CCC Headwinds

Red Light

Hot house

TEMPERATURE RISE >3

3.5°C

Global temp increase[1]
by 2100, relative to pre-industrial levels

Hot house scenario narrative

A hot house scenario, with little to no decabonisation/ transition. Emissions grow.

Population growth is low in industrialised countries, and high in developing countries, with New Zealand's population increasing to 6.9 million by 2050.

The Government has set either no targets or very low ones for changing New Zealand's energy supply, and people's preferences for transport haven't changed. Around the world, demand for fossil fuels continues to grow rather than decrease. However, declining fossil fuel reserves increase import prices, and more frequent and severe extreme weather events often interrupt Channel's supply chain. This creates difficulties in securing fossil fuel supplies, particularly in the long term (2080+).

There is an 107% increase in the number of hot days in Whangarei by 2050, and an 11.3% increase in rainfall depth for 1-in-20 year events of a 1 hour duration at Marsden Point. Capital investment is required to remediate physical damage to infrastructure as a result of extreme weather events.

Demand for land transport fuels peaks within the early 2030s and slowly declines from then to 2100 due to a gradual EV uptake. SAF, green hydrogen and other lower-carbon fuels do not become available in significant quantities and remain largely unaffordable. Demand for international travel has augmented strongly due to a growing middle class globally traveling more and away from unfavorable climatic events/ seasons, and conventional jet fuel continues to be used for aviation.

Despite challenges, Channel continues to meet demand, providing infrastructure and storage of conventional fossil fuels to current policy and regulation standards. The ETS remains in place, however, the carbon price signal does not strongly encourage a transition away from fossil fuels at a maximum of $206 per tonne in 2050. Insurance premiums to cover Channel's assets rise over time.

Scenario indicators

NZ CARBON PRICE[2]

$206

For 2050, per tonne

NEW ZEALAND POPULATION[3]

6.9M

in 2050

NZ SEA LEVEL RISE[4]

0.24m

For 2050 relative to 2005

RAINFALL INTENSITY[5]

+11.3%

Marsden Point 20-yr ARI 1-hr rain depth, 2031-2050 relative to 1986-2005

WHANGAREI HOT DAYS[6]

+107%

For 2041-2060 relative to 1972-2021

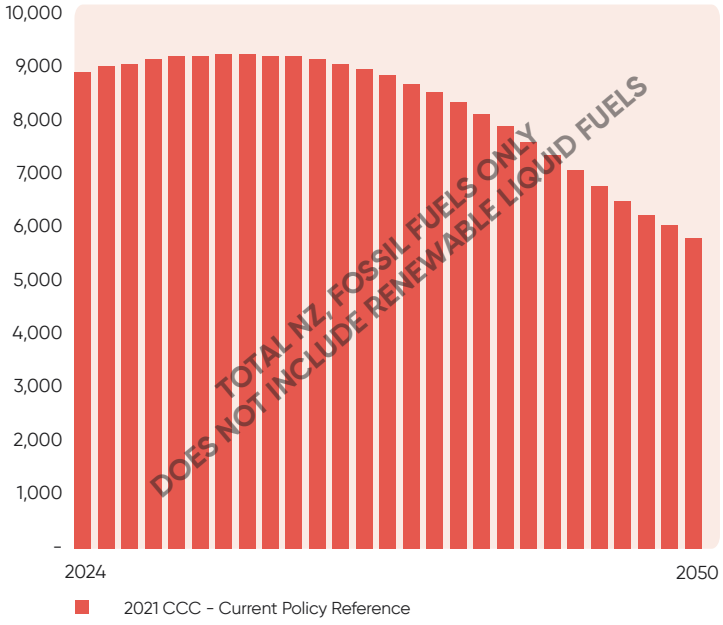
High Level Descriptors

Global temperature rise 2.2°C by 2050; 3.5°C by 2100

- Physical risk severity **EXTREME**
- Transition risk severity **LOW**
- Policy reaction **WEAK - CURRENT POLICIES**
- Technology change **SLOW**
- Behaviour change **SLOW**
- Socio-political instability **HIGH**

NZ Total Fuel Demand (ml)

2021 CCC - Fossil fuels only



Data sources:

1. IPCC (2021) WG1 AR6 Summary for Policymakers
2. New Zealand Treasury (2023) Assessing climate change and environmental impacts in the CBAx tool
3. Stats NZ. (2022) National population projections: 2022 (base)-2073. 50th percentile
4. Ministry for the Environment. (2018) Climate change projections for New Zealand
5. NIWA. (2017) High Intensity Rainfall Design System Version 4. Stations IDs averaged: 548215, A54753, A54842
6. Gibson, P. B., *et al.* (2024) Dynamical downscaling CMIP6 models over New Zealand: added value of climatology and extremes

Reference scenarios:

NGFS Hothouse, RCP7.0, SSP 3, CCC Current Policy Reference

Business planning

Channel's business planning process considers the current view of New Zealand's total fuel demand outlook, including the use of lower-carbon future fuels. Trends are aligned with the pathways used in our climate change scenario analysis.

Channel Infrastructure has used scenario forecasting in its traditional form, as one of many tools through which we assess our options in our strategic reviews and business planning. These 'normative' probability scenarios are based on forecast fuel demands and have informed our business decision-making for over 15 years. This information helps us to mitigate and adapt to a changing climate while continuing to provide New Zealander's with the fuel they need to keep moving while we transition to a lower carbon economy.

With the entry of climate change scenarios, which explore the bounds of plausibility and challenge reasonable future states of global warming potential in three very different yet plausible scenarios, Channel Infrastructure has assessed both the climate change scenarios in a stand-alone exercise, as well as the demand outlook prepared by Envisory[1] in Q3 2024. The Envisory fuel demand outlooks modelled three cases; the "Base" is the "most expected" case while the "Faster" represents a faster transition and the "Slower" is the where the transition takes more time.

To combine our existing business planning processes with our climate scenarios, we have utilised the Climate Change Commission (CCC) 2021 data tables (aligned with the three SSP's underpinning our scenario analysis) to provide a trend line of New Zealand Liquid Fossil Fuel Demand (converted from petajoules (PJ) to million litres (ML)) across our Envisory demand outlooks. This is to show the degree of alignment between our business planning process and the climate change scenarios.

It is noted that the Envisory data includes future fuels that can be handled by Channel's infrastructure, whereas the CCC data is for fossil fuels only.

To interpret the trend line comparisons, it is important to recognise the significantly different basis upon which the two data sets have been developed:

- The 2024 Envisory New Zealand demand outlook is more current than the CCC's 2021 projections, and was "built up" by detailed modelling:
  - The jet demand forecast was based on the long-term passenger number forecast developed by international consultants DKMA for Auckland Airport in December 2022, adjusted for the near-term trends available to FY24. This passenger forecast included flight destinations, enabling Envisory to be more specific on fuel consumption, categorising flights as domestic, short-haul, long-haul, and extra long-haul (>11,500km). Air freight is a growing segment and was modelled separately.
  - For diesel, the modelling was based on each consumption sector separately, including Agriculture, Industrial, Commercial, Residential, Transport and International shipping.
  - The vehicle fleet was split between light passenger, light commercial, motorcycle, heavy transport and buses; each was modelled with its own split between new and used vehicles and turnover rates; and different proportions of electric vehicles coming into the fleet. This was done for each category and for new/used vehicles over time.
  - Future fuels volumes were assessed for petrol and diesel, although not for jet fuel as SAF is a drop-in fuel, fully interchangeable with jet fuel and is able to be supplied via Channel's existing infrastructure.
- The CCC's liquid fuel demand was modelled using the Energy and Emissions in New Zealand model (ENZ) and includes fossil fuels only, based on projected use/mode of transport from the Ministry of Transport.

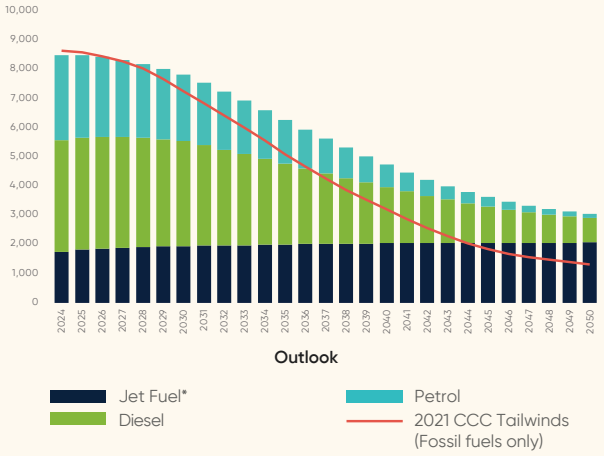
It is also important to note that the trend lines on the charts also show New Zealand's total fuel demand profile, which will be materially different to Channel's, due to the Company having a greater exposure to jet fuel, with Channel transporting 80% of New Zealand's jet fuel via the pipeline to Auckland.

[1] Envisory provides independent strategic advice and consultancy services to the energy sector

ENVISORY FUEL OUTLOOKS OF NEW ZEALAND TOTAL FUELS DEMAND

Faster Transition

Faster Transition: NZ Fuel Demand (Million Litres)



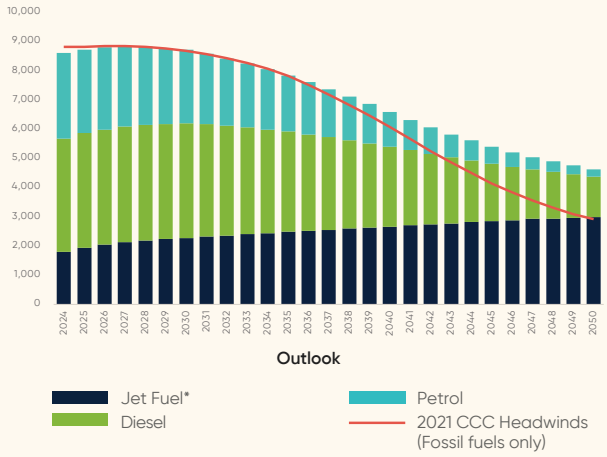
Factors influencing faster transition:

- Behavioural changes have more impact than expected,
- Electric Vehicles (EV's) reach cost parity with Internal Combustion Engines (ICE) earlier,
- Efficiency of new ICE fleet improves faster than expected,
- Better economic conditions increasing rate of fleet turnover,
- Breakthroughs in development of alternate fuel heavy vehicles,
- More technological breakthrough in aviation,
- Government policies: fleet efficiency targets, bio-fuels, mandates.

The CCC trend line follows a similar rate of decline over the short-medium term; however, the forecasted volumes are observed to be higher from the mid 2030s, due to Envisory's expectation of biofuels substitution.

Base Case

Base Case: NZ Fuel Demand (Million Litres)



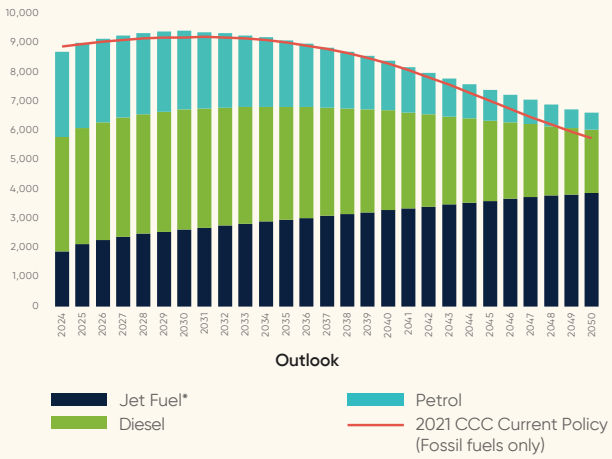
Base Case:

- Petrol volumes decline most rapidly due to replacement transport options (mainly EV's) being available,
- Diesel volumes decline, although at a slower rate, due to some "difficult to shift" demand,
- Jet volumes (including liquid SAF) continue to increase, due to post-covid recovery, continued demand for international travel and difficulty of substitution.

The CCC trend line more closely follows the trend line of total fuel decline, however this trend is observed less aligned as the volumes approach the mid 2040s, due to Envisory's expectation of biofuels substitution.

Slower Transition

Slower Transition: NZ Fuel Demand (Million Litres)



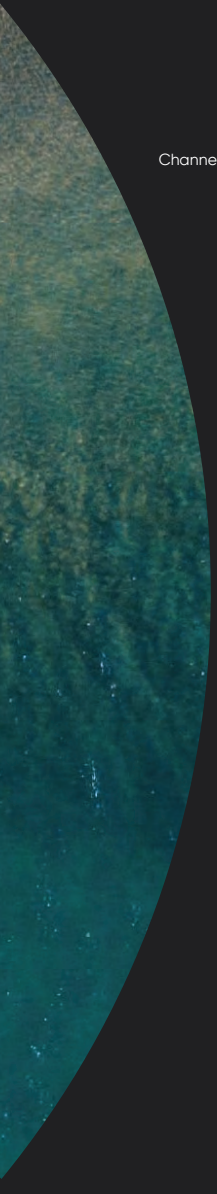
Factors influencing slower transition:

- More difficult to change people's behaviour,
- More inertia in transition, possibly due to alternate (cheaper) ways of meeting emissions reductions,
- EV's take longer to reach cost parity,
- Slower efficiency improvement due to less efficient vehicles coming into the fleet,
- Poorer economic conditions result in age of fleet increasing,
- Less encouragement from Government and lack of support for net zero by 2050 (no bio-fuels obligation/ mandate).

The CCC trend line show close alignment between 2030s to late 2040s, which then tapers away as the volume approaches 2050.

Source: Envisory Forecast

*NZ Jet Fuel demand assumes Channel makes up 80% of NZ's fuel demand, includes SAF



Climate change risks and opportunities

Climate-related risks and opportunities

Physical risks

Direct physical risks were identified through a series of workshops leveraging an independent consultancy assessment of climate change risks to the Marsden Point site and Channel's fuels Pipeline to Auckland. The risk rating has been assessed, taking into account the exposure, sensitivity, adaptive capability and consequence. Channel also considered indirect physical risks to the business from climate related impacts. Indirect risks were ranked based on consequence only, as exposure, sensitivity and adaptive capacity are less well understood.

Risk type	Enterprise Risk Management (ERM)		Potential Impacts and Associated Assets/Activities	Green Light (+1.5°C)			Amber Light (+2.6°C)			Red Light (>3.0°C)		
PHYSICAL RISKS (DIRECT)	Risk	Assessment		ST	MT	LT	ST	MT	LT	ST	MT	LT
	Harm to people, assets and environment	**Extreme temperatures**	Damage to Marsden Point onsite road surfaces (bleeding and melting) potentially disrupting operations.	●	●	●	●	●	●	●	●	●
			Risk to external Auckland and Northland highways and surrounding Ruakaka, Marsden Point roading limiting distribution of fuels by road transport and staff travelling to site, impacting operations.	●	●	●	●	●	●	●	●	●
			Increase in pipeline operating temperature may impact on pipeline maximum operating pressure and capacity.	●	●	●	●	●	●	●	●	●
	Physical risks to assets from climate change	**Sea level rise and coastal erosion**	Increased risk of erosion of coastal and low-lying coastal riverine areas at the northern and southern extents of the pipeline.	●	●	●	●	●	●	●	●	●
		Intense rainfall and flooding	Risk to ground stability along the Pipeline due to higher rainfall intensities largely mitigated through existing geohazard surveillance, monitoring and remediation measures. Increased flooding of low-lying areas impacting on and restricting access to pumping stations and valve sites.	●	●	●	●	●	●	●	●	●
		River erosion and bank instability	Risk to river bank stability caused by an increase in rainfall intensity and resulting erosion largely mitigated by existing geohazard monitoring and remediation.	●	●	●	●	●	●	●	●	●

				Consequence rating
PHYSICAL RISKS (INDIRECT*)	**Physical risks to external infrastructure and transport networks from climate change**	**Intense rainfall and flooding**	Risk to Brynderwyns section of SH1, from flooding and slips disrupting supply of chemicals and other critical goods and services to site, impacting pipeline/terminal operations	●
			Risk to flooding of Wiri terminal with a consequential impact to fuel volumes through the Marsden Point terminal	●
		Transport networks	Delay in arrival of tankers delivering customers imported fuel to site due to extreme weather events, impacting fuel volumes through Marsden Point terminal	●
			Risk to fuels distribution by customers to service stations due to severe weather (storms, flooding, landslips), with a consequential impact to fuel volumes through the Marsden Point terminal	●
		Sea level rise	Risk to Auckland Airport from sea level rise which causes interruption to the airport, and a consequential impact to the volume of jet volumes through the Marsden Point terminal	●

* Indirect risks were ranked based on consequence only, as exposure, sensitivity and adaptive capacity are less well understood by Channel Infrastructure.

Key:

- ● High Risk
- ● Medium Risk
- ● Low Risk

ST – short term to 2030
MT – medium term to 2050
LT – long term to 2100

Transition risks

Transition risks are related to the transition to a low-emissions, climate-resilient global and domestic economy, which could have a material impact on our business. These include policy, legal, technology, market and reputation changes associated with the mitigation and adaptation requirements relating to climate change.

Decarbonisation of the transport sector, which Channel provides the fuel infrastructure to support, will be dependent on the uptake of EV's and continued fuel efficiency improvements for the light vehicle fleet; the development of alternative technologies (such as electric, hydrogen, biofuels and SAF) and improved technologies leading to fuel efficiencies for heavy transport and air travel. Government policy, geopolitical and economic drivers will influence these trends over time. Channel's role is to ensure its infrastructure is available to support the changing energy demand over time.

Risk type	Enterprise Risk Management (ERM)		Anticipated Impacts and Associated Business Assets/Activities	Green Light (+1.5°C)			Amber Light (+2.6°C)			Red Light (>3.0°C)		
	Risk	Assessment		ST	MT	LT	ST	MT	LT	ST	MT	LT
TRANSITION RISKS	**Change in demand for our infrastructure**	**Our infrastructure is bypassed because of a material reduction in liquid fuel demand in Auckland/Northland**	Accelerated EV and green H2 uptake results in faster decline in diesel and petrol volumes impacting utilisation of our infrastructure.	🟢	🟠	🔴	🟢	🟠	🟠	🟢	🟢	🟢
	Access to capital	**Inability to access funding due to poor financial and/or operational performance, breach of compliance obligations, or climate change**	Insurance companies reduce capital availability due to climate change impacts, increasing the risk that Channel must self-insure some or all of its assets.	🟢	🟢	🟠	🟢	🟠	🟠	🟢	🟠	🔴
			Availability of capital reduces, as banks and investors align their lending and investment with Net Zero 2050 targets, potentially limiting Channel's growth aspirations.	🟢	🟢	🟢	🟢	🟠	🟠	🟢	🟢	🟠
	Policy change	**Changing political attitudes to fuel security and meeting global climate change emissions targets**	Supply and demand dynamics become volatile due to disparity in climate change response across developing and industrialised nations, impacting the availability and affordability of fuel (and consumer purchasing decisions in New Zealand).	🟢	🟢	🟢	🔴	🔴	🔴	🟠	🟠	🟠
			Unpredictable carbon price impacts and NZ ETS constrains emissions intensive organisations. This may result along our value chain (linked to customer emissions), including indirect impacts if our customers in the fossil fuel sector experience financial stress.	🟢	🟢	🟢	🟢	🟠	🔴	🟢	🟢	🟢

Key:

🔴 High Risk	ST – short term to 2030
🟠 Medium Risk	MT – medium term to 2050
🟢 Low Risk	LT – long term to 2100

Opportunities

There is opportunity for the Company to grow and diversify, while at the same time contributing to New Zealand's wider decarbonisation efforts. Our company strategy (refer to page 30) includes three primary areas: near-term growth at Marsden Point to support a resilient fuels supply chain, repurposing our Marsden Point site by enabling the production of lower-carbon future fuels and other energy transition projects (the Marsden Point Energy Precinct Concept) (refer to page 32), and growth beyond Marsden Point through the consolidation of other terminal assets. Through this strategy, and the growing range of transport fuels and energy choices that will require infrastructure to support lower emissions and secure energy transport, Channel has a central role to play across all three pillars of our company strategy to providing resilient infrastructure for New Zealand.

Driver		Drivers and anticipated impacts	Green Light (+1.5°C)	Amber Light (+2.6°C)	Red Light (>3.0°C)
Supporting New Zealand's demand for transport fuels (renewable and non-renewable)	**Population change**	Population growth towards the middle of the century, resulting in increased demand for transport fuels and therefore increasing the utilisation of Channel's infrastructure. The scale of this opportunity, will be dependent on the speed of transition to lower carbon land transport fuels. Jet fuel volumes are anticipated to grow due to New Zealand's remote location and ensuring connection for the growing population to the rest of the world.	●	● ●	● ● ●
	Development/adoption of new transport fuels technology	High cost of new technology may slow decarbonisation, including the transition of the heavy transport fleet from fossil diesel to green hydrogen.	●	● ●	● ● ●
	Development/adoption of new liquid transport fuels technology	Policy and regulation changes provide business growth opportunities aligned to decarbonisation of New Zealand's fuel supply chain. Technological advancements in the manufacture, transport and end-uses of lower carbon fuels may accelerate their uptake across the New Zealand economy (e.g. SAF). This represents a sustainable growth opportunity for Channel to diversify our role as a provider of critical energy services to the economy.	● ● ●	● ●	●
Innovation of new technologies and service diversification	**Development/adoption of new transport fuels technology**	As New Zealand tackles the challenge of decarbonisation, new markets for low or zero carbon fuels and associated storage and infrastructure requirements are expected to evolve and grow, providing an opportunity to diversify Channel's core business. Second-generation bio-fuels and e-fuels (including SAF) can be stored and distributed using our existing infrastructure.	● ● ●	● ● ●	●
Increased domestic stockholding/storage	**Government priorities – fuel security/resilience and climate reduction targets**	Channel infrastructure has significant unutilised tank capacity which could provide additional fuel storage in country, increasing fuel security and resilience to supply disruption (including from geo-political issues). Marsden Point can also support larger shipping vessels, providing opportunity for customers to lower upstream emissions intensity and further improve supply chain efficiency of delivered fuel.	●	● ●	● ● ●

Key:

● ● ● Significant ● ● Moderate ● Lower

Activities supporting climate change resilience

Our vision is to deliver resilient infrastructure solutions to meet changing fuel and energy needs. Our business activities support New Zealand's energy transition.

Business activities aligned to managing physical risks

In the following table, we outline the business activities undertaken to manage the physical risks identified on page 48.

Physical Risk	Business activities aligned to physical risks
Harm to people, assets, and the environment	We actively plan and prepare for weather impacts on our site and assets with well-developed response systems, coastal erosion management framework and established incident management processes. In recent years we have improved the resilience of our site to severe weather events through investments in our stormwater management systems, decommissioning of refining plant and cleaning of associated sewer networks and dune protection improvements.
Physical risks to assets from climate change	We maintain Material Damage and Business Interruption insurance for property damage and consequential business interruption as a financial mitigation of these risks. In 2023, Channel commissioned a coastal hazards assessment by an independent expert for the Marsden Point site, considering future sea-level rise under climate change warming scenarios. The assessment included coastal erosion and inundation hazard risks, conducted in addition to our scenario analysis. The results of this assessment illustrated that most assets are safe from coastal erosion and inundation risks provided the existing rock revetment is maintained or realigned, with a flood gate mitigating inundation risks. The existing sand dune may require nourishment and/or stabilisation with rock revetment. In 2024, Channel completed detailed climate change modelling and assessment to understand the physical impacts to the Pipeline from climate change. This work included the assessment of hazards including increased slope instability, flood exposure, river erosion and bank instability, surface erosion, treefall, coastal hazards and high temperatures and their potential impact in the pipeline across all three time horizons and warming scenarios. The outputs of this assessment reinforced the continuation of Channel's comprehensive geohazard monitoring and remediation programme, identified key areas for further analysis and insight on key risks to be managed through our pipeline asset management plan.

Business activities aligned to transition risks and opportunities

Channel Infrastructure's strategic framework, set out on page 30, includes a strategic imperative to "grow through supporting the energy transition". Many of these opportunities are captured under Channel's Energy Precinct Concept plan for the re-development of our Marsden Point site to support a diverse range of energy needs through the transition. Our proposed initiatives require significant planning and therefore time to develop from feasibility, to final investment decision, and eventually implementation. Therefore, the initiatives are still at an early stage given that time horizon and Channel's need to carefully choose the right projects for the limited space available for re-purposing or alternative use. As such, while Channel is working towards these goals, it will take time to go through the appropriate processes to properly assess and decide upon how to advance these goals.

Opportunity	Business activities/assets aligned to transition risks and opportunities
Supporting New Zealand's demand for transport fuels (including lower-carbon fuels)	We are in discussions with our customers on the potential use of our strategic infrastructure to enable the receipt, storage testing and distribution of lower-emissions fuels. This includes considering opportunities to increase scale as demand and available supply grows. We have already processed a shipment of SAF through our infrastructure as part of a trial for Air New Zealand.
Innovation of new technologies and service diversification	We continue to work with Fortescue to study the feasibility of eSAF production at Marsden Point for domestic consumption.
Repurposing of existing infrastructure for lower-carbon fuels production	We have signed a conditional project development agreement with Seadra Energy Inc., who is partnering with consortium members Qantas, Renova Inc, Kent Plc, and ANZ, to develop a biorefinery at Channel's Marsden Point site, including the repurposing of decommissioned refining assets.
Increased domestic stockholding/storage	With New Zealand's import supply chain, resilience comes from our domestic capacity to identify and deal with supply chain disruptions. We are supporting our customers and the New Zealand Government with their efforts to provide a resilient fuel supply chain for New Zealand and have offered additional product storage in country to meet strategic storage and minimum stock holding obligations.

In addition to the specific business activities outlined above, we will continue to:

- monitor domestic and international technology developments which may represent commercially attractive opportunities for our business over the longer-term, and
- work closely with our investors, iwi and local community, and other stakeholders to better understand their expectations on climate change-related matters.

Capital deployed towards climate risks (physical and transition) and opportunities

Channel has clear investment criteria for all growth opportunities in that it only invests in projects that generate returns above our Weighted Average Cost of Capital and underpinned by contracted revenues.

From a risk management perspective, Channel will invest to mitigate risks (including climate related), in line with our risk tolerances.

We will use the Emissions Trading Scheme New Zealand emissions unit (NZU) price to align to New Zealand's current state and inform our strategic development projects at the point in time of auction results and project inception. To promote alignment with a net zero Scope 1 and 2 emissions trajectory, we also consider the Climate Change Commission (CCC) recommended auction reserve prices as a basis for understanding NZU pricing mechanisms required to incentivise changes in consumer behaviour, and investments required to meet national climate targets.

As an example, over the last 18 months we invested resource into the following climate risks and opportunities:

Risk/Opportunity	Business Activity	Resource Allocation/Investment
Harm to people, assets, and the environment	Cleaned the storm water systems, removing over 200 tonnes of sediment and sludge, to further improve our ability to respond to significant rainfall events. Completed coastal hazards assessment for the Marsden Point site and physical impact assessment for the Pipeline.	Spend of c.$900K on these activities.
Innovation of new technologies and service diversification	Provided support to Fortescue in relation to the scoping study and pre-feasibility phase of the potential hydrogen and eSAF project. Worked with Seadra Energy Inc to develop a project for the establishment of a biorefinery at our Marsden Point site, repurposing existing facilities and infrastructure for lower-carbon fuels production leading to the signing of a conditional project development agreement.	Support hours provided (not measured).
Increased Domestic Stockholding/storage	Commissioned an additional c. 45 million litres of jet fuel storage at Marsden Point, more than doubling on-site jet fuel storage through the import terminal conversion programme. This aligns with our expectation that sustainable aviation fuel, blended with traditional jet fuel will be a long term enabler of the decarbonising of aviation.	The jet fuel tanks were converted from crude oil storage in the last 18 months as part of the $45-$50 million project to deliver c.100 million litres of additional storage capacity.
	Entered into a new storage contract (c.$9 million of additional revenue across 10 years from 2024) and increasing domestic stockholding, increasing supply chain resilience.	Minimal incremental growth capital expenditure.
	Signed a 10-year agreement with Z Energy and commenced construction works for the provision of additional jet fuel storage from Q1 2027.	The additional storage is being converted from crude oil service through investment of $26-$30 million over the next 2 years.
	Entered into a contract to store and export transmix for bp, Mobil and Z Energy (total revenue in excess of $20 million across seven years from late Q4 2024). Transmix is a mix of petrol/jet/diesel product that results from operation of terminals and multi-product pipelines.	The infrastructure upgrade investment was $12-$15million in 2024.

Our 2024 performance

Environment

PEOPLE & COMMUNITY

GOVERNANCE & FINANCE

Protect the environment in which we operate

Reduce our carbon footprint and build resilience to climate change risks

Responsibly contribute to achieving NZ's decarbonisation goals

15 LIFE ON LAND

Material Issues

CLIMATE CHANGE

LAND, WASTE & WATER

Objective

We are committed to maintaining a high standard of environmental performance and to reducing our impact on the environment in which we operate.

Our environmental commitments extend beyond carbon emissions to include waste, waste water, bio-diversity, land contamination and coastal erosion.

We seek to:

- Reduce our carbon footprint, build resilience to climate change risks, and, where possible, to responsibly contribute to achieving New Zealand and global decarbonisation targets,
- Act as responsible managers of the land and coastline upon which we operate,
- Utilise our strategic infrastructure to support others, particularly through innovation in the energy and fuels sector, to reduce carbon emissions,
- Report on our climate approach, progress and performance in compliance with the Aotearoa New Zealand Climate Standards each year.

Sustainable Development Goals (SDGs)[1]

Reducing impacts on the environment in which we operate is an intrinsic part of our care value, and the Good Neighbour, Good Citizen pillar within our Company strategy.

We acknowledge this is a critical responsibility upon poupouwhenua here at Marsden Point, and we acknowledge the links we have in our current performance in this area with the UN SDGs, as outlined in the following table.

Sustainable Development Goal	SDG Reference	Our Contribution
	15.8 By 2030, introduce measures to prevent the introduction and significantly reduce the impact of invasive alien species on land and water ecosystems and control or eradicate the priority species	Funding research with iwi for pest control of Mediterranean fan worm.

Delivery against 2024 focus areas

2024 Focus Area	Our Performance
Assess physical impacts on the Pipeline from climate change	The risk assessment was completed in June 2024 . The outputs of this assessment are included in our climate risk assessment and our pipeline asset management plan.
Continue programme of groundwater remediation	The focus for the 2024 year was on improving reliability of the groundwater network. This has been achieved with an increase in well reliability resulting in an increase in hydrocarbon recovery. During 2024 Channel also undertook a review of the effectiveness of the groundwater recovery program and will use the learnings from this review to update our programme for the 2025 year.
Complete plan to achieve a 20% reduction in waste to landfill	Not achieved due to an increase in the volume of soil to landfill due to bund improvement upgrades and growth projects.
Reduce Scope 1 and Scope 2 (Market-based) emissions by 50% from 2023 baseline	Reduction of 76% achieved through the long-term renewable electricity contract, reduction in diesel usage and removal of residual crude oil from storage. Refer Appendix 1 for further details.
Complete Scope 3 emissions inventory and report in the 2024 Sustainability Report	Our Scope 3 emissions are included in the GHG emissions inventory report (refer Appendix 1).

Data tables, summarising our environmental performance over the last five years against a range of metrics can be found in Appendix 2 on page 95.

[1] The 2030 Agenda for Sustainable Development, adopted by all United Nations Member States in 2015, provides a shared blueprint for peace and prosperity for people and the planet, now and into the future. At its heart are the 17 Sustainable Development Goals (SDGs), which are an urgent call for action by all countries - developed and developing - in a global partnership. The goals with which Channel is seeking to comply are identified in this report.

Infrastructure resilience and physical impacts of climate change

Material topics

Ability to manage risks and opportunities associated with direct exposure to actual or potential physical impacts of climate change.

Ensuring our infrastructure is resilient to environmental changes.

Our 2024 delivery

Improving stormwater quality

As a final step in decommissioning the disused refinery equipment, the many underground sewers that transferred waste water and oil from the refinery processing facilities to the on site waste-water treatment plant have been meticulously cleaned and inspected to remove the final remaining contaminants. After cleaning and testing to verify water quality, the sewers have been converted to stormwater drains which flow in to our stormwater basin where water quality is continuously monitored before being discharged. This initiative has resulted in a significant improvement in the water quality from the sewer systems and a resulting reduction in the environmental risk, particularly during heavy rain events.

Recovering energy from waste

An important part of the decommissioning of the refinery facilities is the cleaning of the more than 60 tanks that have been mothballed or decommissioned. This process involves comprehensive cleaning to ensure the tanks are left in a safe and environmentally sound condition and includes removal and disposal of associated tank sludge waste. As part of this initiative, Channel worked with Golden Bay Cement to assess the suitability of using the sludge waste as a fuel for the cement manufacturing process at their nearby Portland cement works.

Upon confirmation that reusing the waste material would meet strict safety and environmental requirements, Channel commenced supply of this waste product – now a valuable fuel – to the Portland cement works. Channel has sent over 3.700 tonnes of tank sludge waste to be mixed with wood and other waste materials and reused as a fuel in the cement production plant. This initiative has reduced waste to landfill and displaced the use of other fossil fuels that would otherwise have been required to supply Golden Bay Cement's energy needs.

Climate change risk assessment

In 2023, we undertook work to assess site resilience to potential global warming scenarios to inform a range of short and long-term coastal erosion and inundation management options for inclusion in our Asset Management Plans. This work has assessed the risks to our site as low to medium until at least 2080 in the majority of global warming cases with implementation of well understood mitigations.

In 2024, the climate change risk assessment has been further expanded to include our fuels pipeline to Auckland, whereby we assessed climate hazards including increased slope instability, flood exposure, river erosion and bank instability, surface erosion, treefall, coastal hazards and high temperatures and their potential impact in the pipeline across all three time horizons and warming scenarios. The outputs of this assessment reinforced the continuation of Channel's comprehensive geohazard monitoring and remediation programme, identified key areas for further analysis and provided insight on risks to be managed through our pipeline asset management plan.

For further detail refer to climate change risks and opportunities on page 47.

Coastal erosion management strategy

Recent studies have observed and confirmed evidence of erosion at Channel's coastal site boundary, and identified the future possibility of ongoing erosion events as a result of climate change. This includes storms and tsunami aggravated by sea level rise and changing weather patterns. Our erosion management strategy aims to manage the dynamic coastal environment in which we operate in a way that not only provides resilience to our nationally significant infrastructure, but also recognises wider social, cultural, and environmental considerations.

Our coastal erosion strategy includes monitoring of the dunes of the coastal foreshore to track movement or recession over time. Our mapping, along with information from the Northland Regional Council, has been used to predict and track expected retreat of the dunes over the next 35 to 50 years so that we can make the necessary investments to manage the potential retreat from land that is most at risk of weather-related impacts over this time.

In 2023, we expanded our erosion mapping assessments for climate warming scenarios including a 4°C warming case, which assessed the risk to Channel's site to at least 2080 as low to medium in the majority of cases, with only simple mitigation required. In 2024, the output of this work has been incorporated into our long-term strategic asset management plan so that necessary mitigations are planned to maintain long-term resilience of our infrastructure. This work has also meant that identified climate risks are considered in the development of opportunities contemplated in our Energy Precinct Concept plan such as the Fortescue eSAF manufacturing facility and the Seadra Energy consortium's biorefinery project development.

In addition, we are developing a Coastal Landscape Management Plan in conjunction with our iwi partners, which will, among other things, include dune planting to improve dune resilience to erosion events.

Land, waste and water

Material topic

Efficiency of water resource usage and management of waste water treatment and managing existing site contamination to reduce this over time.

Our 2024 delivery

Our environmental management systems include monitoring of our discharges to water, soil and groundwater, awareness and permit to work controls, as well as a zero spill policy and prompt cleaning and remediation, as far as possible, of all leaks or spillage if this is not achieved. More information on our environmental management systems can be attained on the Environment section of our website at www.channelnz.com.

Groundwater remediation and land contamination

Channel continued to operate its groundwater program during 2024 for the hydraulic containment of the hydrocarbon plume beneath the site. The focus throughout 2024 was to maintain reliability of the wells. This serves to maintain the sites hydraulic containment to prevent free phase hydrocarbons from leaving the site. In 2024, downtime due to maintenance, which included replacement of a pump, on the key recovery wells, was kept below 3%.

Channel undertook a review of its groundwater program in 2024 to assess its effectiveness. This included reassessment of the conceptual site model and assessment of groundwater flows. In addition to this, as part of our tank bund upgrade work, approximately 13,649 tonnes of contaminated soils was sent to landfill.

Channel also undertook an independent review of the site's management of hazardous substances. Several findings were reported in line with best practice but no major issues were found. Channel is currently completing several actions to address the findings to further improve its performance in this area.

During 2024 a further 43 tonnes of residual chemicals from refining operations were disposed of via approved disposal routes further reducing potential for legacy contamination.

Circularity

Throughout the Company's transition, it has been a priority to reuse and recycle as much equipment as possible and to minimise the waste that is sent to landfill.

Through the decommissioning project, we have focused on recycling or reusing redundant plant and materials removed from the refinery process plant. We continued to build on the prior year's significant achievements and in 2024, we recycled:

- 1,078 tonnes of metal, which was a mixture of steel, stainless steel, aluminium, bronze and mixed metals, and
- Over 1.2 tonnes of cardboard.
- Over 4,600 litres of lube and seal oil as a cost-effective heating fuel,
- Over 45 tonnes of wood.

Among other general recycling initiatives, Channel is working to implement processes around the recycling of used Personal Protective Equipment, reducing water usage, and increasing recycling of plastic and metals, particularly in Independent Petroleum Laboratory (IPL), who are high users of both plastic sample bottles and metal sample tins.

Channel undertook two new initiatives to divert waste streams to more beneficial reuse, including:

- Diversion of tank sludge from tank cleaning activities to Golden Bay Cement to be used as fuel in the cement making process rather than being landfilled. Over 3,700 tonnes has been sent to Golden Bay.
- Transmix from Channel's operations is being sent offshore for reprocessing into fuel products. A total of 2.6 million litres have been sent offshore for reprocessing.

Biodiversity

Channel is funding research with iwi to assess whether community-based initiatives are a viable method of controlling the number of Mediterranean fan worm in the harbour. A community pest control day is scheduled for March 2025 where the Mediterranean fan worm will be removed from a selected eradication area. The extent of Mediterranean fan worm in this area will be monitored over time to determine whether, or how quickly the Mediterranean fan worm return to the area.

ENVIRONMENT

People & Community

GOVERNANCE & FINANCE

Everyone "safely home, everyday"

Be a good neighbour and corporate citizen, including contributing to regional development

Partner with local iwi, mana whenua and community in impactful ways

Attract, support, and maintain a diverse workforce and a healthy working culture

Material Issues

HEALTH, SAFETY & WELLBEING

IWI & COMMUNITY PARTNERSHIPS

EQUITY, DIVERSITY & INCLUSION

Objective

The key focus areas outlined in this section are:

- Health, safety and wellbeing
- Partnering with local iwi, mana whenua and community
- Equity, diversity and inclusion

Our commitment is to get 'Everyone Safely Home, Every Day' whether they are Channel people, contractors, or visitors. We live this commitment daily with every leadership team meeting commencing with a safety share and safety discussions, the measurement of lead indicators such as on-site safety engagements as part of the internal Company scorecard, and Safety Toolboxes being undertaken. Our Short Term Incentive Scheme contains a number of safety-related measures to reinforce the ongoing prioritisation of safety, and in 2024 we saw an increased focus from management on reporting of all incidents (including near-misses) to ensure that we learn lessons at every opportunity.

In addition to our safety focus, Channel aims to:

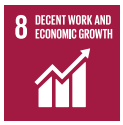
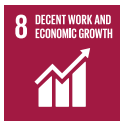
- Be a good neighbour and corporate citizen,
- Partner with local iwi, hapu and community in impactful ways, and
- Be an employer of choice by attracting, retaining and developing our diverse workforce.

Sustainable development goals

The safety of our workplace and the health and well-being of our people are an intrinsic part of our 'Care' value.

We acknowledge this is a critical responsibility and that our operations contribute to the welfare of our people and the surrounding communities. This responsibility is grounded in the United Nations' Guiding Principles on Business and Human Rights (UNGP) and the UN SDG 3 Good Health and SDG 8 Decent Work and Economic Growth.

We recognise our direct links to the SDGs sub targets where relevant under each of our selected goals. Our contribution to UN SDG 5 Gender Equality should be considered with reference to international instruments including the UN Convention on the Elimination of All Forms of Discrimination Against Women and the UN LGBTI Standards of Conduct for Business. The table below highlights how we are contributing to the relevant SDG's.

Sustainable Development Goal	SDG Reference	Our Contribution
	3.4 By 2030, reduce by one-third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being	Safety-first culture, Telus Health Employee Assistance Program, Critical Incident Response.
	5.1 End all forms of discrimination against all women and girls everywhere	Focus on reducing the gender pay gap/ Parental leave policy to support a more balanced approach to primary caregiving.
	5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life	Focus on increasing the representation of women in our senior leadership team. Establishment of the Channel Connections Wāhine forum that supports, empowers and inspires the wāhine at Channel to make a meaningful impact through their roles at Channel and in the community.
	8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value	In conjunction with Northable, exploring opportunities for a neurodiverse workforce.
	8.6 By 2020, substantially reduce the proportion of youth not in employment, education or training	Apprenticeship/internship opportunities to encourage youth employment, including the provision of an iwi scholarship commencing 2025.
	8.8 Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment	Pay equity and living wage. Modern Slavery Policy.

Delivery against 2024 focus areas

2024 Focus Area	Our Performance
Continue to build employee value proposition – 'whole of life' view • **Focused development of our women leaders** • **Flexible working arrangements** • **CEO women's forum to discuss issues specific to women**	Increase in the representation of women in leadership roles from 35% to 41%. Creation of the Channel Connections Wāhine community that supports, empowers and inspires the wāhine at Channel to make a meaningful impact through their roles at Channel and in the community. This initiative replaced the CEO Women's Forum and provides opportunities for all women at Channel to connect and acts as a conduit to the CEO to raise issues specific to women.
Developing our Māori whanau • **Develop cultural capability of our leaders** • **Support of tikanga on site**	We started 2024 with a site wide hāngi in conjunction with our Return to Work session in January. We blessed the kai and shared our vision with the workforce. June 2024 saw 25 of our Senior Leaders invited to take part in a Te Ao Māori course offered by Education Perfect. The results have been promising, with an increased use of Te Reo in our daily communications. Following the Matariki holiday, we had a shared lunch where our team were invited to bring along some kai to share that was special to their whānau. We took the opportunity discuss how Matariki is a special period that connects us to the land, the sky, and each other, through a series of events, traditions, and celebrations that are deeply rooted in Māori culture. In August 2024, we created an in-house Leadership Development Programme and extended an invitation to leaders from Patuharakeke to participate. The programme, which ran for 8 weeks, saw two members from Patuharakeke take part. In September 2024 we joined with kaumātua and representatives from Patuharakeke to officially bless and name our new boat, 'Katoitoi' ahead of its launch.
Partnerships to grow capability • **Iwi scholarships and leadership training** • **Internships for Patuharekeke young people showing potential**	In conjunction with Marsden Maritime Holdings, the format and structure of an Iwi Internship has been developed for an individual with Patuharakeke affiliation who demonstrates potential and is looking for hands-on work experience. Long-term formal relationship agreements with two of our nearest iwi partners – Patuharakeke and Te Parawhau

Data tables, summarising our people and community performance over the last five years against a range of metrics can be found in the Appendix on page 95.

Engaging with our stakeholders

Our people, that is the staff that make our business run, and our community of stakeholders who have an interest in, or adjacency to our operations, are core to the delivery of our ESG ambitions.

Building quality, long-term relationships with our stakeholders enables us to become a better neighbour, employer, partner and provider of critical infrastructure to reliably keep Aotearoa New Zealand moving through an era of change.

Channel Infrastructure closely considers the impact we have on the community and the environment in which we operate, and the impact that our business decisions will have on our network of stakeholders. We work hard to take our stakeholders on our journey, and to closely consider their views and input before we reach a business decision. This requires open and clear communication; we engage with our key stakeholders on a regular basis and aim to meet face-to-face as much as possible.

Health, safety and well-being

A material topic

Creating and maintaining a safe and healthy workplace, consistent with regulatory expectations, and one that values employee wellbeing.

Upholding labour standards and increasing transparency throughout our supply chain to promote a high standard of human rights.

Our 2024 delivery

From a workforce perspective, the transition from a refinery to an import terminal is complete with 100% of the people who left the refinery and wanted to remain in the workforce being supported by Channel into employment elsewhere. As Channel executes on its growth strategy there is ongoing change within the business. Continuing support for our people's safety, mental health and wellbeing has remained a focus for the business.

2024 saw a significant change in the way we partner with our contractors, moving to a more conventional model where it is expected that contractors take on more of the responsibilities to ensure their people are kept safe on the site.

"Care" framework

This framework provides key support services to ensure all employees have access to support for their mental health. A key initiative in 2024 has been our partnership with employee support provider – Telus Health - providing a digital platform with access to a vast library of wellbeing information along with direct and confidential access to an excellent selection of counsellors to provide support.

Contractor management

As part of Channel's transition to terminal operations it undertook a significant review of contractor management on site to assess our health and safety procedures were still fit for purpose. The intent was to maintain the Company's high health and safety standards that were already in place, while enabling the external contractor workforce to take on more direct responsibility while on our site. So that Channel continued to meet its obligations it considered regulatory requirements as well as benchmarking against what others were doing in this space. The company developed a framework to provide a basis for engaging contractors where there were varying degrees of overlapping duties in the form of an Engagement Matrix (Responsible, Accountable, Consult, Inform (RACI)). The RACI clearly sets out where responsibilities lie when managing health and safety on the site and will be used when engaging contractors and other stakeholders. Channel also developed a set of Contractor Safe Work requirements for the site so that contractors understood the minimum safety requirements for working on the site along with health and safety performance leading and lagging indicators.

This system is now in place across site, and is supported by a system of regular safety engagements, contractor performance review meetings and assurance audits. The system enables us to work proactively with our contractor partners so that we all meet our obligations and keep the site safe.

Health & safety leadership training

Our leadership training with Safety Futures continued in 2024 with the remaining leaders and supervisors receiving the training. In addition to this key staff received further training to understand their role and responsibilities when working with multiple Persons Carrying on a Business or Undertaking (PCBU's).

Internal tank inspection via drone

In 2024, Channel's tank maintenance team implemented a unique initiative aimed at bringing about greater efficiencies, lowering costs, and keeping our people safe.

We used a drone to complete the scheduled internal inspection survey for one of our tanks. By using a drone, we were able to complete the regular inspection more quickly, while at the same time, capturing imagery which we can later use to compare against the next inspection, due on this tank in 2039.

In the past, these regular inspections would be carried out manually, with staff having to erect scaffold towers inside the tank. This severely limited what we could see each time, meaning we only ever got a small snapshot of the overall tank. By using a drone, we were able to see the whole tank, and remove the risk to our team of having to manually carry out this work.

Internal tank scaffold

As we progress the conversion of our tanks for increased storage for fuels New Zealanders need, and maintain those that are already providing fuels storage, we are constantly looking for new, and more efficient ways to achieve our targets. A unique approach trialled by the team in 2024, saw the construction of a scaffold inside one of our largest regular petrol tanks, so that the team could access all aspects of the tank to coat it with a non-corrosive lining which protects the tank and the product by forming an impermeable surface. This tank is already in use, so the quicker we could get this important job completed, and return the tank to service the better, and the creative thinking of our team in coming up with this idea, meant this project of internal coating was competed in a record ten weeks' time, with a high safety factor. This is a very real example of world-class in action.

Safety engagements

Underpinning our safety culture programme are our safety engagements, which are undertaken by people across the business. These initiatives encourage site leaders and supervisors to engage on safety through focused engagements. Feedback from the engagements is recorded and analysed for common themes and used to provide feedback to contractors as part of their quarterly review. Engagements have been refined during 2024 to include operational discipline and other activities within the business. Importantly focus is on undertaking safety engagements that reinforce positive behaviours or identify corrective actions with these engagements being tracked and reported on as part of the internal Company scorecard.

In 2024, over 540 safety engagements were undertaken across the business offering the opportunity for our leaders and supervisors to engage with employees and contractors on compliance with our safety management system. In addition to this monthly all up toolboxes were conducted to engage with contractors on the site's lifesaving rules. Directors also undertake safety walks and safety talks with employees and contractors throughout the year.

Total Recordable Case Frequency (TRCF) and Lost Time Injury Frequency (LTIF)

From a personal safety performance perspective in 2024, we completed a number of significant projects including upgrades to our tank secondary containment bunds, fire systems and transmix returns. Our focus for 2024 has been on improving reporting by our contractors. As we near the completion of our conversion programme, the total number of hours worked on site has decreased, resulting in an increase in the 'frequency' measure. We have achieved low recordable and lost time injury rates. Our TRCF and LTIF in 2024 were 1.96 and 0 per 200,000 hours worked respectively with the TRCF including sprains, strains, minor cuts and eye irritation. (2023: 0.9 TRCF, 0 LTIF).

Partnering with local iwi, mana whenua and community

A material topic

Recognising hapū and iwi responsibilities as mana whenua and kaitiaki over poupouwhenua, the land upon which we stand. Partnering in work to maintain the cultural health of our operational site and the surrounding area, and informing our partners of potential changes and considering their views.

Engaging our local community to partner with the aim to achieve significant impacts and to continue as a responsible corporate citizen and neighbour.

Our 2024 delivery

We have continued our focus on building strong and enduring partnerships with the kaitiaki (guardians) over the poupouwhenua. We are proud of our work and acknowledge iwi perspectives as we recognise the intergenerational impact our business has had on tangata whenua from our region. We are committed to upholding the principles of Te Tiriti o Waitangi, as we manage the impact of our operations on the site, and harbour at Marsden Point, now and in the future.

We have long-term formal relationship agreements with two of our nearest iwi partners – Patuharakeke and Te Parawhau. This mechanism gives us a framework to work through differences and a way to work together in areas where we share a common interest. This includes regular kanohi ki te kanohi (face-to-face) hui with our iwi partners, and a six-monthly joint Mana Whenua Roopu hui, which brings together leadership from local iwi. We have open lines of communication with iwi, and frequently update them on key business decisions, particularly those in areas of known interest to iwi, such as protecting our environment, and the future use of our site.

Throughout 2024 we have worked in agreement with local hapū on two independent projects.

Community-based marine pest eradication plan

Mediterranean Fan Worm (*Sabella spallanzanii*) was first detected in 2008 in New Zealand and has since proliferated throughout harbours and coastlines. These non-indigenous worms out-compete other native taonga species for food and habitat, such as scallops and mussels.

The cultural and ecological importance of protecting the local coastline and taonga species, is critical for Patuharakeke as kaitiaki over Poupouwhenua. Community-led participation is another key feature of Patuharakeke and Channel's Whakawhanaungatanga Roopu which aims to support effective and enduring environmental action. As a result, Channel has supported a hapū led community-based marine pest eradication plan.

Poupouwhenua cultural health monitoring program

Hapū recognise the strong links between environmental and ecosystems health to the health and well-being of people and have long held concerns regarding the impacts of industrialisation on Poupouwhenua, including the potential to diminish the relationship of Māori as kaitiaki of this place. Channel has continued to collaborate with Patuharakeke in undertaking sediment and shellfish sampling on both Marsden and Mair banks Mātaitai area as part of the program of work for both parties to better understand the health of the Mātaitai area and surrounding aquatic systems.

Resourcing iwi to fulfil their role as kaitiaki

In September 2024, Channel replaced our Oil Spill Response Boat and in recognition of Patuharakeke's obligation as kaitiaki for the marine area surrounding at Poupouwhenua, Channel gifted the old Oil Spill Response Boat to Patuharakeke during the launching ceremony for Channel's new boat. In 2024, Patuharakeke used their boat to support the Iwi response to the whale strandings in December, with the Iwi able to guide whales back out of the harbour from the boat.

Iwi internship

In conjunction with Marsden Maritime Holdings we have created an internship for an individual from Patuharakeke, who demonstrates potential and looking for hands-on work experience. The scope and outline of this programme has been developed in conjunction with Patuharakeke. The internship will start in 2025 and the successful individual will spend time with Marsden Maritime Holdings and Channel for a 12 month period.

Equity, diversity and inclusion

A material topic

Attracting, supporting, and maintaining a diverse workforce and healthy working culture.

Our 2024 delivery

At Channel, diversity and inclusion means a commitment to recognising and appreciating the variety of characteristics that make individuals unique and removing perceived or tangible barriers to feeling a sense of belonging, being treated fairly and respectfully and having equal access to opportunity. We support and value all of the different experiences and views that our people bring to work, and we are committed to practicing inclusion by fostering an environment where our people respect each other, our customers and stakeholders. The differences we all bring to work help us to drive business performance.

Diversity and inclusion

The Company's Diversity and Inclusion Policy guides our recruitment, talent management, performance management, values, and succession planning. This also articulates the Company's definition of diversity, and details what metrics are captured and monitored. The Board annually assesses progress towards diversity objectives while also making any required updates or revisions to the policy.

At the end of 2024, Channel had employees from 11 different ethnicities. Our gender diversity has improved with 50% (2023: 43%) of the Board and 47% (2023: 33%) of the corporate and senior leadership team identifying as female. Of our women, 26% (2023: 26%) are in leadership positions. Overall, 36% of our employees identify as female (2023: 32%) and 64% as male (2023: 68%).

The Company wishes to improve its gender, age and ethnic diversity so that it better reflects our community, and promotes the benefits of diversity and inclusion. We have made great progress in increasing female corporate and senior leadership team membership but there is more work to do. We will continue to progress our work to improve gender diversity, and seek to further build our cultural inclusiveness.

Developing our people

In 2024 our people were offered a range of development opportunities to support understanding and openness, and foster an inclusive environment, including:

- Delivering Unconscious Bias training to help our people identify areas of bias in their own thinking;
- Launching "Channel Connections – Wāhine" to create a community that supports, empowers and inspires the women at Channel to make a meaningful impact both through their roles, and in the wider community
- Providing access to an externally provided Te Ao Māori course for our senior leaders; and
- Development and delivery of a Leadership Development Programme for 20 identified up and coming leaders, including two non-Channel employee leaders within our local iwi.

Early career roles

In 2023-2024 we increased our overall headcount and brought in new roles that suit early career development. These roles in the laboratory and maintenance team bring in new diversity and build pathways for young people to join the organisation.

Pay equity and living wage

We are focused on and committed to pay equity, and are taking steps to towards achieving this for all our employees. The gender pay equity gap for the business was assessed at 16% (2023: 19%). Channel will continue to review and monitor pay equity. In 2023, we formally committed to paying the Living Wage to all staff.

Parental leave policy

Channel's Paid Parental Leave Policy focuses on supporting permanent employees and their families wellbeing, throughout the parental leave journey. In 2024, two of our employees were offered support under the Policy. In line with our overall Company principles, the Policy also provides an employee benefit that supports retirement planning and financial security.

Human rights

Modern slavery is a key human rights risk, both in operations and in supply chains. Channel is committed to being a responsible corporate citizen and to maintaining high standards in all of the work that we do. Channel will not tolerate any form of modern slavery in our business, including those we do business with. Our formal policy on modern slavery is available on our website www.channelnz.com.

ENVIRONMENT

PEOPLE & COMMUNITY

Governance & Finance

- Open and transparent reporting
- Disciplined capital management
- Support our customers to provide a resilient fuel and energy supply chain for New Zealand
- Operate our critical infrastructure safely and reliably

Material Issues

INFRASTRUCTURE RESILIENCE AND SECURITY OF SUPPLY

ASSET & LIFECYCLE MANAGEMENT

TRANSPARENCY & FINANCIAL DISCIPLINE

Objective

The key focus areas outlined in this section are:

- Asset and life cycle management; and
- Security and quality of supply.

We commit to:

- Being open and transparent with our disclosures, and acting in the best interests of our shareholders.
- Supporting our customers and the New Zealand Government with their efforts to provide a resilient and secure fuel supply chain for New Zealand.
- Operating our critical infrastructure safely and reliably over the long-term, and as the transition to lower carbon fuels continues, to help ensure that transport fuels are available when needed.

Sustainable Development Goals

We understand the importance of a strong governance and financial foundation through which we build our organisation's growth and resiliency to provide the critical infrastructure and security of supply needed to successfully transition to a low-carbon economy.

We illustrate our direct contributions to the SDGs through SDG 9 Industry, Innovation, and Infrastructure. Our selected goal links to the strategic opportunity for Channel to support the energy transition and keep New Zealanders moving.

Sustainable Development Goal	SDG Reference	Our Contribution
	9.1 Develop quality, reliable, sustainable and resilient infrastructure, support economic development and human well-being, with a focus on affordable and equitable access for all 9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes.	Entered into contracts to deliver two new growth projects that will see the construction assets that enhance the resilience of New Zealand's fuels supply chain – Transmix contract and Z Energy storage contract.

Performance against 2024 focus areas

2024 Focus Area	Our Performance
Continue to progress Site Plan for Marsden Point	Delivered the Marsden Point Energy Precinct Concept at our Investor Day in October 2024.
Continue to work with Fortescue in completing their pre-feasibility assessment	Continued to support Fortescue and leverage relationships to enable meaningful progress in completing the pre-feasibility assessment. In addition, Channel entered into a Project Development Agreement with Seadra Energy Inc, whose consortium partners include Qantas, Rennova and ANZ Bank, to explore the establishment of a biorefinery on Channel's Marsden Point site.
Support our customers to meet their obligations under the incoming minimum fuel stockholding policy and submitting to the Government onshore diesel storage tender	The New Zealand Government pivoted on their policy to procure incremental diesel storage and is currently consulting on increasing the Minimum Stockholding Obligations for diesel. In 2024 Channel partnered with Z Energy to deliver an additional jet storage tank at Marsden Point which will facilitate supply chain efficiencies for Z Energy and improve the resiliency of New Zealand's jet fuel supply chain.
Transition primary emergency response capability to external agencies	Following significant investment in automated fire-fighting systems to upgrade Channel's import terminal system, on 30 June 2024 Channel farewelled the long-serving emergency response team. As part of this process Channel undertook a successful emergency response simulation with local responders including FENZ to ensure a smooth transition to external agencies.

Data tables, summarising our governance and financial performance over the last five years against a range of metrics can be found in the Appendix on page 95.

Infrastructure resilience and security and quality of supply

A material topic

Supporting the delivery of reliable, high-quality fuel by our customers to accommodate changing needs and to maintain their competitiveness.

Our 2024 delivery

Asset Class	Risk / Opportunity	Improvement Actions	Timing
Jetty	Underwater condition of jetty structure	Underwater condition assessment of jetty piles and structural dolphins	Underway
	Concrete durability	Perform concrete durability study	Underway
	Public access to redundant mooring pile A8 (sand bank accretion)	Remove access ladder, demolish pile	Underway
	Northport expansion	Assess impacts and agree conditions through consenting process	2025-2026
	Seismic and tsunami loading	Perform further detailed analysis of seismic and tsunami loading on jetty structures	Preliminary assessment underway
Tanks	Fire system and bund compliance	Upgrade fire systems for petrol and jet tanks	Completed Q4 2024
		Upgrade bunds to meet HSWA requirements to agreed compliance plans	2027
	Tank configuration and appurtenances for product quality	Benchmark tank configurations against industry practices to assess potential upgrade paths	Underway
	Standardisation of tank design and configuration for each product type	Develop standard specifications for each product and implementation plan aligned to tank maintenance program	Underway
Pipeline	Physical damage due to excavation works	Regular ground and aerial monitoring of pipeline easement	In place
	Internal/external corrosion	Corrosion inhibitor, inspection and defect remediation	In place
	Displacement due to land slip	Regular geotechnical assessment and remediation	In place
	Changing Auckland fuel demand	Demand forecasts, implementation of drag reducing agent if required	In place

Preparedness for crisis

Channel takes its preparedness for emergencies extremely seriously and in 2024 undertook 13 exercises, with varying scenarios, in crisis response. By mobilising our teams, as well as partners who, in the event of a serious incident, would be involved, we can ensure that the processes and protocols we have in place are fit-for-purpose, our equipment is up to date, and our wider team know what to expect, and what to do, in the event of the real thing.

With new fire fighting equipment installed, we undertook a joint exercise with Fire and Emergency New Zealand (FENZ), which scenario planned a fire in one of our tanks. Channel's Incident Management Team (IMT) was rapidly established, consisting of operational staff who would be involved in running the response. In addition, we stood up our Crisis Management Team (CMT) of senior leaders to prepare management for their role in an event like this. The coordination between FENZ and CTS Incident management team was the most valuable learning from the exercise, in that both groups built a better understanding of how each would integrate during an emergency. In addition, FENZ staff in the field got a comprehensive overview of Channel's new firefighting upgrades.

To ensure that those on the frontline of an emergency are kept up to date with the latest in industry standards, 12 Channel staff also attended a two-day course, conducted by a trainer with years of experience in Mines Rescue, to further develop our understanding of roles and functions of an Incident Management Team. The overall feedback identified several key learnings that have been incorporated as improvements actions to enhance our emergency response management and functions.

Response to Northland power outage

The Northland power outage in June 2024 resulting from a fallen transmission tower was a test of Channel and other lifeline utilities resilience in ensuring the continued supply of fuel to the Northland and Auckland markets. Channel initiated incident management and crisis management teams in response to the event and, based on pre-prepared contingency plans, immediately set to work to ensure the safety of our terminal and pipeline operations and establish emergency backup generation for on site communications systems. With the cooperation of our partner lifeline utilities, Northpower and Vector, it took only a few hours to provision power to restart Channel's pipeline and ensure uninterrupted supply of fuel to Auckland and Auckland Airport.

Safety case

Our comprehensive Safety Case for terminal operations was accepted by WorkSafe as part of our business transition in 2022 and we continually update and improve the Safety Case to reflect changes in our operations including recent tank conversions and fire system upgrades. For more detail, refer to our Safety Case Summary available on our website.

Safety management systems

As part of our world-class initiative we continued to drive operational discipline through our systems and culture. In 2024, Channel continued work on opportunities identified through our peer review of our safety management systems including the implementation of new contractor requirements and regular assurance audits of our contractors health and safety management systems.

These improvements are supported by a renewed safety engagement system in 2024 targeting discipline in the application of controls for our critical risks through our life saving rules. The renewed system places emphasis on taking on-the-job corrective action to reinforce these important rules and recognising excellence. Through these engagements, both Channel and contractor workers and work-sites are regularly engaged to facilitate on-going adherence to these important controls and engender a culture of operational discipline.

Tier 1 and 2 process safety incidents

During 2024 we achieved world-class process safety performance with no API Tier 1 or 2 process safety incidents. This excellent result has been achieved through our continued focus on operational discipline and ongoing maintenance and upgrade of our terminal facilities. To maintain this sustained high level of performance, in 2024 we implemented new targets aimed at ensuring learnings from even the most minor incidents and near-misses are captured and implemented in order to further improve our process safety performance.

Asset and life cycle management

A material topic

Ability to manage infrastructure and operational asset life cycle risks.

Our 2024 delivery

Channel's Strategic Asset Management Plan (SAMP), which was developed by drawing on support from external experts, outlines over the long-term, the way the business will manage asset design, construction, operation, maintenance and disposal. The objective of the SAMP is to seek the optimal life cycle cost while maintaining the resilience and performance required to support our critical infrastructure operations.

Through 2024, work on our strategic asset management plan has been focused on aligning our asset management principles and decision making criteria to support our world-class operator objective introduced through our refreshed strategy. In addition we have incorporated the insights from our climate risk assessments in to our terminal and pipeline asset management plans to support long-term infrastructure reliability and resilience.

A key output of this work is our long-term funding plan mapping out the asset investments needed to support business objectives through our budgeting process. Channel's SAMP project is a key workstream annually for the Board's HSEO Committee.

100%

Tank availability

>99%

Pipeline availability

Financial discipline

A material topic

Transparency and financial discipline.

Channel's financial sustainability is critical to delivery of our ESG goals and Company strategy. Channel's capital management framework is to pay 60-70% of normalised free cash flow as a dividend and maintain credit metrics consistent with a shadow BBB+ credit rating. Channel is also focused on delivering growth opportunities with contracted returns above our weighted average cost of capital. To this end following a year of significant delivery against our growth ambition with the addition of three new growth projects to our site, the Company raised an additional $50 million to fund the growth opportunities and position Channel to execute on further on-strategy growth opportunities should they eventuate. Channel's net debt to EBITDA as at 31 December 2024 was 3.1.

Channel is also committed to cost discipline and a stable dividend. Operating costs increased by only 3% and included investment in world-class capabilities. Inflationary headwinds were offset by prudent management of discretionary spend and negotiation of supply agreements, for example with our electricity provider. Channel has also announced a final ordinary dividend of 6.6 cents per share taking the total dividends for the year to 11 cents per share for the 2024 financial year.

Appendices

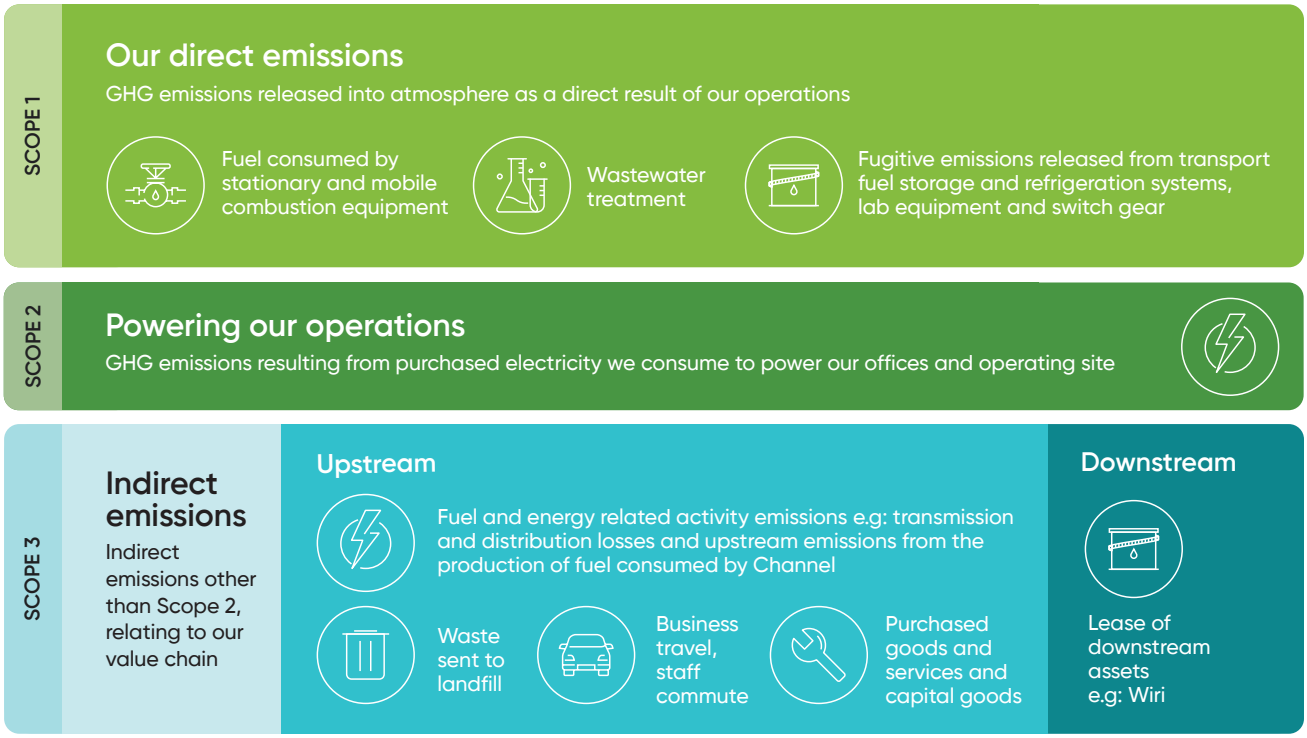
Appendix 1 - GHG emissions inventory report FY24

This report is the annual Greenhouse Gas (GHG) Emissions Inventory for Channel Infrastructure NZ Limited (Channel) for 1 January 2024 to 31 December 2024. Channel is committed to carbon accounting and reporting in line with global best practice, and this inventory has been measured in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) and the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (together the GHG Protocol).

EY has been appointed as the third-party independent assurance provider for this report. A reasonable level of assurance has been given over the scope 1 and 2 emissions included in this report and a limited level of assurance over the scope 3 emissions. This report forms part of Channel's Sustainability Report 2024, which includes Channel's Climate Related Disclosures.

Greenhouse Gas Emissions Inventory

Channel's GHG emissions



Emissions associated with the fuel that Channel stores and transports

Channel considers that emissions associated with the fuels that Channel stores and transports but does not own or sell are not Channel's scope 3 emissions except while those fuels are on Channel's site. Accordingly, these emissions are not reported in Channel's GHG emissions inventory.

The requirements of the GHG Protocol and Aotearoa New Zealand Climate Standards (Climate Standards) have been considered in making this assessment. The rationale for the conclusion reached is disclosed in the section below.

Channel undertakes to continue to monitor the treatment and disclosure of emissions associated with third party products that are stored or transported and will consider any material changes to reporting standards.

How the emissions are generated

Emissions associated with the fuel that is stored and transported through Channel's infrastructure include both emissions resulting from the extraction and production of the fuel ("Well to Tank" emissions), and emissions resulting from final use (combustion) of the fuel ("Tank to Wheel" emissions).

Emissions	Consideration of Channel's organisational boundary and operational control
Well to Tank emissions	The crude oil extraction, transportation, refining and procurement of finished fuel products occur outside of Channel's organisational boundary and the activities are outside of Channel's operational control.
Tank to Wheel emissions	The distribution, marketing, sale and consumption of the fuel products stored and transported by Channel occurs outside of Channel's organisational boundary and the activities are outside of Channel's operational control.

Assessment

Organisational Boundary (scope 1 and 2 emissions)

The GHG Protocol, requires an entity to select a control approach to clearly define its organisational boundary and reporting boundary, and then consistently apply these boundaries when determining its GHG emissions inventory. Channel has applied the operational control consolidation approach, meaning that the organisational boundary of Channel's GHG emissions inventory is defined by those emissions over which Channel has operational control (refer to Organisational Boundary section).

Channel is an energy infrastructure business providing the infrastructure (import terminal, storage tanks and pipeline) to store and transport fuel products imported by its customers. Channel does not own or sell the fuel products that it stores and transports.

Channel does not have operational control over the emissions associated with the fuel that it stores and transports except while those fuels are on site. Specifically, Channel:

- Is not involved in the exploration, development or production of the refined fuels that it stores and transports,
- Is not involved in the commercial distribution, marketing or refining of the refined fuels that it stores and transports,
- Does not at any point in the supply chain take ownership of the refined fuels that it stores and transports, and
- Does not at any point in the supply chain sell the refined fuels that it stores and transports to the end user.

This means that the emissions associated with the fuels that Channel stores and transports but does not own or sell are not within Channel's operational control and therefore not include in Channel's scope 1 or scope 2 emissions, other than fugitive emissions from the fuels while those fuels are on Channel's site.

Value chain (scope 3 emissions)

Channel's value chain includes all the activities, materials, resources, and relationships required to keep its services (storage and transportation of fuel products) operational and available to customers.

The scope 3 GHG emissions from Channel's value chain predominantly consist of emissions from the goods, services and capital items purchased to develop and maintain Channel's terminal and pipeline operations. It also includes emissions from activities such as disposal of waste generated in operations, business travel, employee commuting, fuel and energy related activities and downstream leased assets.

The emissions associated with the fuels that Channel stores and transports but does not own or sell are not included in the list of scope 3 activities defined in the GHG Protocol.

Relevance of "other" scope 3 emissions

The GHG Protocol includes an "other" scope 3 category for optional reporting of emissions from other relevant scope 3 activities that occur in the value chain but are not included in the list of scope 3 activities defined in the GHG Protocol.

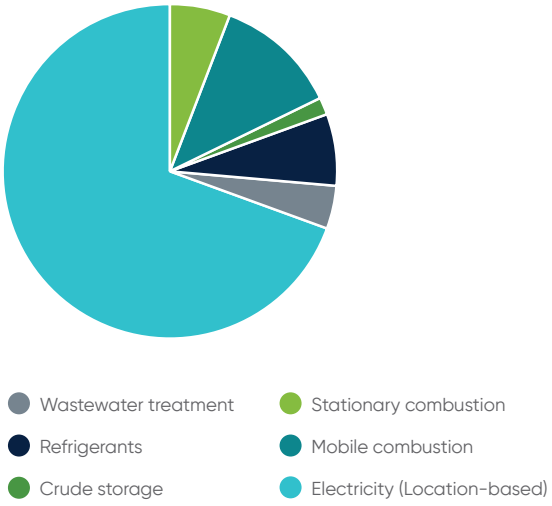
To determine the relevance of scope 3 emissions, the GHG Protocol presents a set of principles for accounting and reporting an entity's scope 3 inventory, and a set of criteria to consider.

Judgement has been applied to determine the relevance of the emissions associated with the fuels that Channel stores and transports but does not own or sell to Channel's stakeholders. These emissions are not considered relevant to decisions relating to Channel and its operations because:

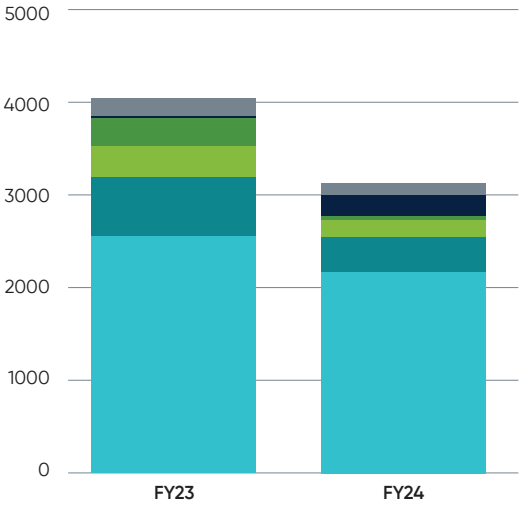
- Channel has no influence over the procurement decisions of its customers or the buying and consumption habits of consumers, and
- Channel's infrastructure is able to store and transport lower-carbon fuels without modification as New Zealand transitions to a lower emissions economy.

FY24 location-based scope 1 and 2 emissions (tCO_2e)

FY24 Scope 1 and 2 emissions by source (tCO_2-e)



Scope 1 and 2 emissions over time (tCO_2-e)



Channel's FY24 GHG Emissions (tCO_2e)

Scope	Emissions Category	Assured FY24[1] Emissions (tCO_2-e)	Not assured FY23[2] Emissions (tCO_2-e)
Direct Emissions Scope 1	Fuel consumed by stationary and mobile combustion equipment	561	974
	Wastewater treatment	132	189
	Fugitive Emissions released from crude oil storage and refrigerant systems	265	326
Total Scope 1 Emissions		**958**	**1,489**
Indirect Emissions Scope 2	Electricity (Location-based)	2,167	2,548
	Electricity (Market-based)	5	2,548
Total Scope 1 and 2 Emissions (Location-based)		**3,125**	**4,037**
Total Scope 1 and 2 Emissions (Market-based)		**963**	**4,037**
Indirect Emissions Scope 3	C1 Purchased Goods and Services	4,183	Not reported
	C2 Capital Goods	8,015	Not reported
	C3 Fuel and Energy Related Activities - Fuel	140	Not reported
	C3 Fuel and Energy Related Activities - Electricity T&D Loss[3]	158	Not reported
	C5 Waste Generated in Operations	1,349	Not reported
	C6 Business Travel	109	Not reported
	C7 Employee Commuting	313	Not reported
	C13 Downstream Leased Assets	256	Not reported
Total Scope 3 Emissions		**14,523**	**Not reported**
Total Emissions (Location-based)		**17,648**	**Not reported**
Total Emissions (Market-based)		**15,486**	**Not reported**

	Not assured	Not assured
Scope 1 and 2 Emissions (Market-based) Intensity tCO2-e / million litres of throughput	0.26	1.15

1 FY24 is the Scope 3 baseline year
2 FY23 is the Scope 1 and 2 baseline year
3 T&D loss: Transmission and distribution losses from the electrical network. As electricity travels through powerlines, a proportion of energy is lost as heat due to the resistance in the lines.

Scope 2 electricity emissions

Scope 2 emissions have been calculated using both location and market-based calculations. Channel uses market-based calculations for GHG emissions targets and reporting purposes. The market-based emissions calculation reflects Channel's long-term supply agreement with Mercury Energy which includes Energy Attribute Certificates certifying that electricity has been generated from renewable sources. The location-based emissions calculation reflects the default grid emissions factor.

Category	Unit	Assured FY24	Not assured FY23
Location-based emissions	tCO_2-e	2,167	2,548
Market-based emissions	tCO_2-e	5	2,548
		Not assured	**Not assured**
Electricity consumption	kWh	29,721,359	34,346,169

Emissions by gas type (this section is not subject to assurance)

Channel includes scope 1 and scope 2 emissions from the seven Kyoto Greenhouse Gases in its GHG inventory, expressed as CO_2-e (CO_2 equivalent):

- Carbon dioxide (CO_2),
- Sulphur hexafluoride (SF_6),
- Methane (CH_4),
- Nitrous oxide (N_2O),
- Hydrofluorocarbons (HFCs),
- Perfluorocarbons (PFCs),
- Nitrogen trifluoride (NF_3).

Channel did not emit any SF_6, PFCs, or NF_3 in the 2024 financial year.

Scope	CO2 tCO_2-e	CH4 tCO_2-e	N2O tCO_2-e	HFCs tCO_2-e	Total tCO_2-e
Scope 1	592	100	52	215	959
Scope 2 (Market-based)	5	-	-	-	5
Total	**597**	**100**	**52**	**215**	**964**

The GHG emissions by Gas type in tonnes of the specific type of gas, is shown below.

Scope	t CO_2	t CH4	t N2O	t HFCs
Scope 1	592	3.56	0.19	0.11
Scope 2 (Market-based)	5	-	-	-
Total	**597**	**3.56**	**0.19**	**0.11**

Comparison to previous and baseline years

Channel's baseline year for scope 1 and scope 2 emissions is FY23. This year was chosen as the baseline year as it is the first full year of import terminal operations. The baseline year for scope 3 emissions is FY24 as this is the first year that Channel has reported these emissions.

Scope		Assured FY24[1]	Not assured FY23[2]	% change
Scope 1	tCO_2-e	958	1,489	-36%
Scope 2 (Location-based)	tCO_2-e	2,167	2,548	-15%
Scope 2 (Market-based)	tCO_2-e	5	2,548	-100%
Scope 3	tCO_2-e	14,523	Not reported	-
Total Scope 1 and 2 Emissions (Location-based)	tCO_2-e	3,125	4,037	-23%
Total Scope 1 and 2 Emissions (Market-based)	tCO_2-e	963	4,037	-76%
		Not assured	**Not assured**	
Scope 1 and 2 Emissions (Market-based) Intensity tCO2-e / million litres of throughput	tCO_2-e per million litres throughput	0.26	1.15	-77%

1 FY24 is the scope 3 baseline year
2 FY23 is the Scope 1 and 2 baseline year

In the 2024 financial year Channel achieved a reduction in total scope 1 and 2 (market-based) emissions of 76%[1] compared to the FY23 baseline. The reduction primarily relates to the use of EACs from 1 January 2024.

Scope 1 emissions reduced 36 % compared to the FY23 baseline due to:

- Reduction in diesel usage as a result of the optimisation of the onsite boiler operation and reduction in mobile equipment operation for decommissioning and capital project activities during the year.
- Reduction in fugitive emissions from crude oil storage as Channel's customers removed the last of their residual crude oil from storage at the end of April 2024.

These reductions in scope 1 emissions were partially offset by an increase in the emissions associated with Channel's refrigerant systems which required top-ups of gases during the year.

Underlying electricity consumption (scope 2 location-based emissions) also reduced year-on-year due to the full year impact of the replacement of the legacy instrument air compressor and decommissioning of the cooling water system in Q3 2023.

Channel notes that the business is undergoing a phase of rapid growth with three new growth projects announced in FY24 which will involve capital expenditure of $55-$66 million over FY24-FY26 and generate revenues of $11 million per annum by FY27. As a result, Channel's GHG emissions are anticipated to grow over the next few financial years with the emissions intensity expected to start reducing by FY27 once the revenue associated with the growth projects commences (based on Channel's existing business operations, excluding the impact of any other growth projects or growth beyond Marsden Point).

Base-year recalculation policy

Base-year data may need to be revised when material changes occur and have an impact on calculated emissions. This includes:

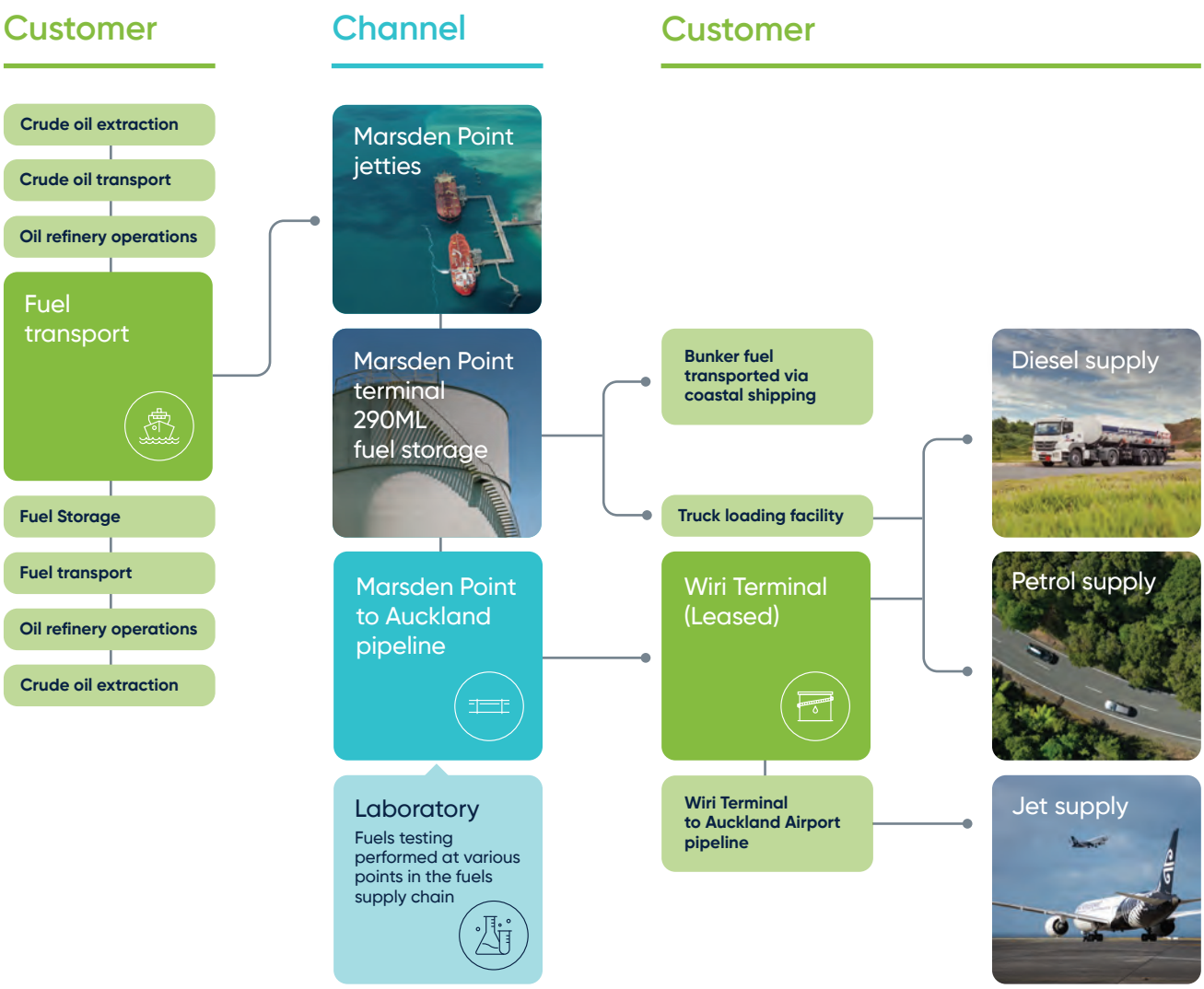
- If additional emission sources are discovered and represent more than 5% of the total GHG inventory.
- If emission factors change substantially and are relevant to prior years (e.g. if the science behind a factor changed); or
- If the operational boundary changes significantly.

[1] Using the market-based methodology for scope 2 emissions

Organisational Boundary

The organisational boundary for Channel's GHG inventory was set with reference to the methodology described in the GHG Protocol. Channel has applied the operational control consolidation approach, meaning that the organisational boundary of Channel's GHG inventory is defined by those emissions over which Channel has operational control. This consolidation approach allows Channel to focus on those emissions sources over which it has control and can therefore implement management actions, consistent with Channel's sustainability strategy.

Channel's organisational boundary encompasses the activities shown in the diagram below.



Channel's corporate structure

Channel's corporate structure is shown in the diagram below.

The New Zealand Refining Nominees Limited, which Channel had an interest in during the reporting period, is excluded from the GHG emissions inventory. This is because the Company acts as custodian of the assets belonging to the New Zealand Refining Pension Fund, a legacy defined benefit Restricted Workplace Savings Scheme. The Pension Fund is independently governed and is therefore not under direct or operational control of Channel as it does not make the investment decisions for the Pension Fund and the administration of the Fund is carried out by an independent third party.

Methodologies and uncertainties

Emissions factors and Global Warming Potential (GWP) rates

Channel calculates emissions by multiplying activity data with appropriate emissions factors. Where possible, emission factors are sourced from:

- The latest publication of the Ministry for the Environment's (MfE) Measuring Emissions: A guide for organisations. This publication supplies the emissions factors used in the following calculations:
  - Scope 1 Refrigerant Emissions, Stationary Combustion Emissions and Mobile Combustion Emissions
  - Scope 2 Electricity (Location Based Method Emissions)
  - Scope 3 Electricity - Transmission & Distribution Losses, Waste Generated in Operations Emissions, Employee Commuting Emissions.
  - MfE supplied GWP values are also used to convert calculated Methane, N2O and SF6 emissions to tCO2e emissions.
- The latest publication of Australian Government Department of Climate Change, Energy, the Environment and Water (DCCEEW) Australian National Greenhouse Account Factors. This publication supplies the emissions factors used in the following calculations:
  - Scope 3 FERA Emissions from fuels consumed by mobile and stationary combustion sources.

In the absence of emissions factors in these documents, relevant sector information is used:

- Market Economics Limited, research report prepared for Auckland Council - Consumption Emissions Modelling (March 2023) (for scope 3 spend-based methods)
- BRANZ CONSTRUCT v3.0 Report – (emission factors for scope 3 Purchased Goods).

MfE and DCCEEW use GWP's from the IPCC's Fifth Assessment Report (GWP100). Market Economic Limited's Consumption Emissions Modelling uses GWP's from the IPCC's Fourth Assessment report (GWP100), whilst the BRANZ CO2NSTRUCT Report does not disclose the source of GWP's used to derive emissions factors.

Calculation methods, assumptions and uncertainties

Channel's GHG emissions inventory covers all material emission sources and has generally adopted the most specific calculation methods that its data currently allows.

The table below provides an overview of the emission sources covered by Channel's GHG emissions inventory, including calculation methods, assumptions made, and an assessment of the uncertainty.

Emissions source	Calculation method	Data source	Data quality and uncertainty
Scope 1			
Fuel consumed by stationary and mobile combustion equipment	Activity (Fuel) based method	Supplier invoices and fuel card data	High quality data. Reliant on completeness and accuracy of supplier invoiced data. High Certainty GHG Inventory estimation; calculations completed based on high quality activity data and published MfE Emissions factor.
Wastewater treatment	Activity (Chemical Oxygen Demand, COD) based method	Calculated from wastewater feed processed and average: a) COD of feed, and b) conversion of COD to organic matter	Reasonable quality data. Refer notes below for commentary on data sources, calculation methodology and assumptions used. Moderate-Low certainty GHG Inventory estimation; calculations are based on industry standard correlations using reasonable quality data and published MfE Emissions factor. There is inherent model uncertainty associated with industry correlation and additional uncertainty introduced by the key assumption on COD conversion, Nitrogen in feed and COD:BOD (Biochemical Oxygen Demand) ratio.
Fugitive Emissions released crude oil storage	Fugitive emissions calculated based on method presented in AP-42 Chapter 7 with guidance stated in API 2021 GHG Compendium	Storage Tank design data and mechanical configurations	Reasonable quality data. Refer notes below for commentary on data sources, calculation methodology and assumptions used. Moderately high certainty GHG Inventory estimation; calculations are based on industry standard correlations using reasonable quality data and published MfE Emissions factor.
Fugitive emissions released from refrigeration systems	Top up method	Site survey report from refrigeration system maintenance provider	High quality data. Reliant on completeness and accuracy of record of refrigerant top-up for the year from supplier. High Certainty GHG Inventory estimation; calculations completed based on high quality activity data and published MfE Emissions factors.
Scope 2			
Electricity (Location-based)	Location based method, using activity data	Consumption report from electricity supplier	High quality data. Reliant on completeness and accuracy of supplier invoiced data. High Certainty GHG Inventory estimation; calculations completed based on high quality activity data and published MfE Emissions factor for purchased grid-average electricity (2023 annual average)
Electricity (Market-based)	Market-based method, using activity data and	EAC certificates for each individual ICP covered by the energy provider.	High quality data. Reliant on completeness and accuracy of supplier invoiced data and supplier provided emissions factors for electricity supplied from renewable energy facilities.

Emissions source	Calculation method	Data source	Data quality and uncertainty
	EAC emission factors and Residual Supply Emissions factors	Consumption report from electricity suppliers for non EAC bundled electricity consumption.	High Certainty GHG Inventory estimation; calculations completed based on: • high quality activity data and supplier specific emissions factors (EACs), and • high quality activity data and the BraveTrace RSF.
Scope 3			
C1 Purchased Goods and Services	Spend based method	Internal financial records	Reasonable quality data. Company spend is taken from internal financial records (opex balance). 100% of relevant opex spend is included in the spend based calculation. Data is allocated to broad spend based categories that represent the cost category but may not always accurately reflect the actual purchased goods and services. Moderate-Low certainty GHG Inventory estimation; the financial data is reasonable quality due to parameter uncertainty (company spend data can be broad and not always align with a single spend based category). There is also inherent model uncertainty associated with using a statistically derived spend based emissions factor.
C2 Capital Goods	Average-product method	Tonnage of concrete, steel and aluminium used on site from supplier invoices	High quality data. Reliant on completeness and accuracy of supplier provided activity data for the Average-product method of calculating GHG Emissions (concrete, steel and aluminium). Moderate certainty GHG Inventory estimation; calculations completed based on high quality activity data and average product emissions factors. There is inherent uncertainty in the accuracy of the average product emissions factors.
	Spend-based method	Internal financial records capex project spend	Reasonable quality data. Company spend is taken from internal financial records (capex balance). 100% of relevant capex spend is included in the spend based calculation (capex spend is backed out of the capex balance for materials that have GHG emissions calculated based on activity data). capex is allocated to broad spend based categories that represent Channel's spending patterns on major projects that account for >70% of Channel's capex spend. Moderate-Low certainty GHG Inventory estimation; the financial data is reasonable quality due to parameter uncertainty (company spend data can be broad and not always align with a single spend based category). There is also inherent model uncertainty associated with using a statistically derived spend based emissions factor.
C3 Fuel and Energy Related Activities - Fuel	Average data method	Supplier invoices and fuel card data	High quality data. Reliant on completeness and accuracy of supplier invoiced data. Moderately high certainty GHG Inventory estimation; calculations completed based on high quality activity data and published scope 3 Emissions factor (supplier specific emissions factors not available).
C3 Fuel and Energy Related Activities - Electricity T&D Loss	Average data method	Consumption report from electricity supplier	High data quality. Reliant on completeness and accuracy of supplier invoiced data.

Emissions source	Calculation method	Data source	Data quality and uncertainty
			High certainty GHG Inventory estimation; calculations completed based on high quality activity data and published MfE emissions factor.
C5 Waste Generated in Operations	Waste type specific method	Supplier invoices and Certificates of Destruction	Reasonable quality data. Reliant on completeness and accuracy of supplier invoiced data. Refer notes below for commentary on data sources, calculation methodology and assumptions used. Moderate-Low certainty GHG Inventory estimation; calculations are based on reasonable quality data and either published MfE Emissions factor (when applicable) or an Emissions factor derived via the methodology outlined in the MfE detailed guide. There is inherent uncertainty in both MfE presented emissions factors and calculated emissions factors.
C6 Business Travel	Supplier specific data (Air travel)	Air travel provider issued GHG emissions report	High quality data. Reliant on completeness and accuracy of supplier provided data. High certainty GHG Inventory estimation; emissions data provided directly by Air travel provider (supplier specific data).
	Spend based method (Road travel)	Supplier invoices and Internal financial records	Reasonable quality data. Company spend on road-based business travel is taken from internal financial records (opex balance). Moderate-low certainty GHG Inventory estimation; the financial data is reasonable quality due to parameter uncertainty (company spend data can be broad and not always align with a single spend based category). There is also inherent model uncertainty associated with using a statistically derived spend based emissions factor.
C7 Employee Commuting	Distance based method	Staff survey confirming age of private vehicle, type of engine and distance travelled per week for each staff member	Reasonable quality data. Staff survey completed to confirm age of vehicle, engine type/size, and distance travelled per week for each staff member, however not all staff participated in the survey. Moderate certainty GHG Inventory estimation; calculations completed based on reasonable quality activity data and published MfE Emissions factor.
C13 Downstream Leased Assets	Lessor specific method	Externally published GHG emission data of lessor	Reasonable quality data. Reliant on lessor external reporting accurately reflecting their share of of the GHG emissions of the leased assets (Wiri terminal). Moderately high certainty GHG Inventory estimation; calculations are based on reasonable quality data.

Additional information on the calculation methods and assumptions used for the emissions sources that require a higher level of assessment is provided below.

Purchased goods and services and capital goods:

- Product or supplier specific data is not available for most purchased products or capital goods emissions (Scope 3, Categories 1 and 2). For these categories, Channel has adopted the spend-based method and average product method to estimate emissions. This approach has limitations, both with regards to the activity data used, which is allocated into broader purchasing categories rather than individual products, and in relation to the emission factors used.

- The spend based method classifies each product or service group and then multiplies the economic value of the product or service group purchased by the emissions factor per dollar of use for the specific product or service group.
- The average product method multiples activity data (volume or weight) of specific products by standard specified emissions factors per product type.
- In the specific case of Capital Project spend (Scope 3 Category 2) the total spend ($ value) has been split into four broad categories of spend as follows, based on typical project cost estimate breakdowns (%):
  - 20% of total spend is estimated to be on design engineering and project management services. This is classified as "Architectural and Engineering Services" and assigned an emissions factor of 0.065 $ktCO_2$-e / $million.
  - 48% of total spend is estimated to be on construction and installation services. This is classified as "Non-residential building construction" and assigned an emissions factor of 0.212 $ktCO_2$-e / $million.
  - 30% of total spend is estimated to be on civil engineering services. This is classified as "Civil Engineering Services" and assigned an emissions factor of 0.194 $ktCO_2$-e / $million.
  - 2% of total spend is estimated to be on Electrical installation work. This is classified as "Electrical installation work" and assigned an emissions factor of 0.163 $ktCO_2$-e / $million.

Wastewater emissions:

- Methane, CO_2 and N2O generation from wastewater treatment is calculated via the method set out in API Compendium of GHG emissions methodologies for the Oil and Natural Gas industry (2021).
- Conversion of Chemical Oxygen Demand (COD) present in wastewater feed to activated sludge removed from the system is 72%, based on validated historical data and confirmed via crosscheck with operational data.
- A methane conversion factor of 0.1 has been used based on API Compendium Table 7-81 for aerobic wastewater systems.
- Nitrogen present in the wastewater feed is estimated at 0.045kg N/m^3 which is considered appropriate relative to the amount measured during refining operations.
- The CO_2 generation calculation is based on the reduction in Biochemical Oxygen Demand (BOD) across the wastewater treatment plant. The BOD reduction is inferred from the COD reduction across the wastewater plant, assuming a COD:BOD ratio of 2:1 which is typical for industrial wastewater plants.

Fugitive emissions:

- Fugitive emissions per crude tank are calculated as 3t/month based on the method outlined in AP-42, 5^{th} Edition, Chapter7 and is consistent with historically verified data.
- Methane concentration in "live" crude oil vapour is 15% as set out in API Compendium of GHG emissions methodologies for the Oil and Natural Gas industry (2021).

Emissions from waste generated in operations:

- Channel applies the recycled content method of the GHG Protocol to the waste Channel generates that is recycled through use as a fuel by third parties. This method allocates the recycling emissions to the user of the recycled material. Emissions associated with recycling the material or combusting the waste-derived fuel do not form part of Channel's GHG inventory. Waste generated in Channel's operations that is recycled as waste-derived fuels include sludge, sawdust, wood, cardboard and hydrocarbons. The emissions associated with material recovery for recycling (i.e. recovery, sorting and preparation processes that typically consume diesel or electricity) are included in Channel's scope 1 and 2 GHG inventory.
- Channel has calculated GHG emissions for waste generated in operations via a waste-specific method. All waste streams generated from operations on Channel's site have been monitored and reported to ensure activity data is available for the GHG Inventory calculation.
- Several waste streams have been disposed of to landfill in a Class 1 Municipal landfill with gas recovery. Appropriate emission factors for waste specifically classified in the MfE detailed guide (i.e. general waste, food waste) with disposal to Class 1 landfills with gas recovery are sourced from Table 75 of the MfE 2024 detailed guide.

- Emissions factors for soil contaminated with inorganic metals and hydrocarbon is calculated in accordance with section 10.3.3 of the MfE 2024 detailed guide. The concentration of hydrocarbon was determined from soil samples, with degradable organic carbon content derived from chemical formulae.
- Emissions factors for speciality chemicals sent to landfill are calculated in accordance with section 10.3.3 of the MfE 2024 detailed guide, with degradable organic carbon content derived from chemical formulae.
- Emissions from spent catalyst sent for metal recovery and disposal (by landfill) are calculated by multiplying the amount of carbon (coke) content in the spent catalyst by the ratio of molecular weight of CO_2 to carbon (44/12). The carbon content of spent catalyst is calculated as 87% of the laboratory analysed Loss on Ignition (LOI) content. All carbon present in the spent catalyst is converted to CO_2 in a thermal treatment process (kilning). Post thermal treatment all material reclaimed as metal or sent to landfill is inert.
- Waste disposed of through combustion has been classified as similar in composition to diesel and the GHG emissions are calculated by multiplying the activity data (volume of material) by the diesel stationary combustion emissions factor (industrial use).

GHG emissions source exclusions

The following emissions sources have been excluded from the GHG emissions inventory:

Emissions source	Explanation
Emissions associated with the fuel that Channel stores and transports	Channel considers that emissions associated with the fuels that Channel stores and transports but does not own or sell are not Channel's scope 3 emissions except while those fuels are on Channel's site. Accordingly, these emissions are not reported in Channel's GHG emissions inventory.
Industrial gases used for welding on Channel owned sites (scope 1)	Gases associated with welding activities is considered to be minor.
Refrigerant top-up at leased office space in Auckland and New Plymouth (scope 3).	Refrigerant top up at these leased office spaces is considered to be de minimis.
Transportation of materials (scope 3)	Emissions associated with the transport of purchased materials to Channels sites, and transport of materials to waste disposal facilities are immaterial compared to the materials embodied emissions, which are included in the inventory. The cost of transport that is recorded separately from the materials is captured in the spend based approach and therefore included in C1 Purchased Goods and Services.
Emissions generated from vessels discharging or bunkering fuel (scope 3)	Emissions generated from vessels discharging or bunkering fuel while alongside the jetty have not been included in Channel's GHG Inventory as the FY24 data is not available to calculate the GHG emissions.

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Independent Assurance Report to Channel Infrastructure NZ Limited

Limited Assurance Conclusion – Scope 3 GHG emissions

Based on our limited assurance procedures performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that Channel Infrastructure NZ Limited's consolidated gross scope 3 Greenhouse Gas ("GHG") emissions, additional required disclosures of gross GHG emissions and gross GHG emissions methods, assumptions and estimation uncertainty, within the scope of our limited assurance engagement (as outlined below) (together "GHG disclosures") included in the 2024 Sustainability Report for the year ended 31 December 2024 ("Sustainability Report") are not fairly presented and not prepared, in all material respects, in accordance with the Aotearoa New Zealand Climate Standards ("NZ CS") issued by the External Reporting Board ("XRB").

Reasonable Assurance Opinion – Scope 1 and Scope 2 GHG emissions

In our opinion, Channel Infrastructure NZ Limited's consolidated gross scope 1 and 2 (location and market based) Greenhouse Gas ("GHG") emissions, additional required disclosures of gross GHG emissions, and gross GHG emissions methods, assumptions and estimation uncertainty, within the scope of our reasonable assurance engagement (as outlined below) (together "GHG disclosures") included within the 2024 Sustainability Report for the year ended 31 December 2024 ("Sustainability Report"), are fairly presented and prepared, in all material respects, in accordance Aotearoa New Zealand Climate Standards ("NZ CS") issued by the External Reporting Board ("XRB").

Scope

Ernst & Young Limited ('EY') has undertaken an assurance engagement, to issue a:

Limited assurance report on Channel Infrastructure NZ Limited's (the "Company" or "Channel"):
- Consolidated gross GHG emissions:
  - scope 3 on page 81;
- additional requirements for the disclosure of GHG emissions on pages 78 to 80, 84 to 86 and 90
- GHG emissions methods, assumptions and estimation uncertainty on pages 86 to 90.

Reasonable assurance report on Channel's:
- Consolidated gross GHG emissions:
  - scope 1 on page 81;
  - scope 2 (location-based and market-based) on page 81;
- additional requirements for the disclosure of GHG emissions on pages 78 to 79, 82, 84 to 86 and 90;
- GHG emissions methods, assumptions and estimation uncertainty on pages 86 to 90.

included in the Sustainability Report for the year ended 31 December 2024 (the "Subject Matter" or "GHG disclosures").

Our assurance engagement does not extend to any other information included, or referred to, in the Sustainability Report that is not contained in the Subject Matter described above, including information on pages 1 to 77, 80 to 83 and 95 to 107. We have not performed any assurance procedures with respect to this excluded information and, therefore, no conclusion is expressed on it.

Criteria applied by Channel

In preparing the GHG disclosures, Channel applied NZ CS (the "Criteria"). In applying the Criteria the methods and assumptions used are described on pages 78 and 84 to 90 of the GHG disclosures, as are the estimation uncertainties inherent in the methods and assumptions used.

Key Matters

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

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Emissions associated with the fuel that Channel stores and transports

Why significant	Procedures to address key matter
Channel is required to disclose its scope 1, 2 and 3 GHG emissions. In doing so, Channel uses the GHG Protocol Corporate Accounting and Reporting Standard and the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Standard (together the "GHG Protocol") to consider the measurement of these emissions. Channel has chosen not to include emissions related to the fuel that it stores and transports in its scope 3 emissions. The rationale for this exclusion is set out on pages 78 to 80 of the Sustainability Report. The scale of the emissions from these activities would be very significant to reported GHG emission inventory if they were included. The GHG Protocol requires management judgement to evaluate whether these emissions should be included within Channel's GHG emission inventory. NZ CS requires entities to disclose a summary of specific exclusions of emissions sources and a rationale for their exclusion.	In considering the treatment of emissions associated with fuel that Channel stores and transports we: ▶ Obtained an understanding of the contractual arrangements regarding stored and transported fuel. ▶ Considered the GHG Protocol requirements for measurement of scope 3 emissions and whether they required inclusion of these emissions in the reported amounts. ▶ Discussed, with management and the directors, the rationale for exclusion of these emissions from the reported scope 3 amounts. ▶ Considered the disclosure made by Channel in relation to exclusion of these emissions from the reported scope 3 amounts and the rationale for this exclusion.

Channel's Responsibility
The Directors are responsible, on behalf of the Company, for the preparation and fair presentation of the GHG disclosures in accordance with NZ CS. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the GHG disclosures, such that they are free from material misstatement, whether due to fraud or error.

EY's Responsibility
Our responsibility is to express an assurance conclusion on the GHG disclosures based on the procedures we have performed and the evidence we have obtained.

Our engagement was conducted in accordance with New Zealand Standard on Assurance Engagements 1 *Assurance Engagements over Greenhouse Gas Emissions Disclosures* ("NZ SAE 1") and in accordance with the International Standard for Assurance Engagements (New Zealand): *Assurance Engagements on Greenhouse Gas Statements* ('ISAE (NZ) 3410'). Those standards require that we plan and perform this engagement to obtain limited or reasonable assurance about whether the GHG disclosures have been prepared, in all material respects, in accordance with the Criteria. The nature, timing and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our assurance conclusions.

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

Ernst & Young provides financial statement audit services and agreed upon procedures relating to assessing the annual general meeting votes cast and half-year financial reporting to Channel. We have no other relationship with, or interest in, Channel.

Our Independence and Quality Management
We have complied with the independence and other ethical requirements of NZ SAE 1 *Assurance Engagements over Greenhouse Gas Emissions Disclosures* issued by the External Reporting Board (XRB) and the Professional

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and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board*, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Professional and Ethical Standard 3 *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Description of procedures performed
We have performed an engagement including both limited and reasonable assurance. Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than, for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance obtained in a reasonable assurance engagement. Our limited assurance procedures were designed to obtain a lower level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance. Our limited assurance procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the report and related information and applying analytical and other relevant procedures. Our limited assurance procedures included:

- Obtaining, through inquiries, an understanding of Channel's control environment, processes and information systems relevant to the preparation of the GHG Disclosures. We did not evaluate the design of particular control activities, or obtain evidence about their implementation;
- Evaluating whether Channel's methods for developing estimates are appropriate and had been consistently applied. Our procedures did not include testing the data on which the estimates are based or separately developing our own estimates against which to evaluate Channel's estimates;
- Performing analytical procedures on particular emission categories by comparing the expected GHGs emitted to actual GHGs emitted and made inquiries of management to obtain explanations for any significant differences we identified;
- For spend-based emissions, comparing the spend data to the underlying system and financial records; and
- Considering the presentation and disclosure of the GHG disclosures.

A reasonable assurance engagement involves performing procedures to obtain a higher level of evidence about the quantification of emissions and related information in the GHG disclosures. Our reasonable assurance engagement also includes:

- Considering internal controls relevant to Channel's preparation of the GHG disclosures.
- Assessing the suitability in the circumstances of Channel's use of the Criteria;
- Evaluating the appropriateness of quantification methods and reporting policies used, and the reasonableness of estimates made by Channel;
- Determining a sample size and performing test of details for samples selected; and
- Evaluating the overall presentation of the GHG disclosures.

We also performed such other procedures as we considered necessary in the circumstances.

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

Inherent Uncertainties
The GHG quantification process is subject to scientific uncertainty, which arises because of incomplete scientific knowledge about the measurement of GHGs. Additionally, GHG procedures are subject to estimation uncertainty resulting from the measurement and calculation processes used to quantify emissions within the bounds of existing scientific knowledge.

Shape the future
with confidence

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

Use of our Assurance Report
We disclaim any assumption of responsibility for any reliance on this assurance report to any persons other than Channel, or for any purpose other than that for which it was prepared.

Our review included web-based information that was available via web links as of the date of this statement. We provide no assurance over changes to the content of this web-based information after the date of this assurance statement.

The engagement partner on the engagement resulting in this independent assurance conclusion is Matthew Cowie.

Ernst & Young Limited
Auckland
26 February 2025

Appendix 2 - Summary data tables

Environmental

ENVIRONMENTAL	MEASURE	2024	2023	2022	2021	2020
Scope 1 GHG emissions	tCO_2e	958	1,489	726	-	-
Scope 2 (Location-based) GHG emissions	tCO_2e	2,167	2,548	-	-	-
Scope 2 (Market-based) GHG emissions	tCO_2e	5	2,548	-	-	-
Scope 3 GHG emissions	tCO_2e	14,523	-	-	-	-
NOX, SOX, VOC and particulate matter	Tonnes	125[1]	188	1,777	-	-
Releases outside of consent	#	-	-	3	10	5
Direct CO_2 emissions (Scope 1)	tCO_2	-[1]	-	236,940	857,042	848,621
Indirect CO_2 emissions (Scope 2)	tCO_2	-[1]	-	47,321	141,940	134,927
Sulphur Dioxide Emissions (Refinery)	Tonnes	-	-	1,259	3,341	3,345

1 The CO2 emissions were refinery metrics calculated for NGA reporting. NOX and SOX only relevant in FY22; VOC only from FY23.

RESOURCE USAGE	MEASURE	2024	2023	2022	2021	2020
Total fuel usage (Refinery)	Petajoule	-	-	2.97	11.6	11.2
Natural gas usage (Refinery)	Petajoule	-	-	0.23	1.9	2.4
Electricity usage	Petajoule	0.11	0.12	0.32	0.96	0.92
Water usage	Million Tonnes	0.02	0.22	0.82	1.46	1.49
Water consumption intensity	Total water consumption (m^3)/revenue	0.13	1.68	5.17	6.24	6.06

Waste

WASTE	MEASURE	2024	2023	2022	2021	2020
Total Waste	Tonnes	21,582	5,601	-	-	-
Recycled / Re-used	Tonnes	4,843	1,269	-	-	-
Landfill	Tonnes	16,739	4,332	-	-	-

Health, Safety and Well-being

SAFETY	MEASURE	2024	2023	2022	2021	2020
Total Recordable Case Frequency	TRC/200,000 hours	1.96	0.90	1.80	-	-
Lost-Time Injury Frequency	LTI/200,000 hours	-	-	0.77	-	-
Tier I Process Safety Incidents	#	-	1	-	2	-
Tier II Process Safety Incidents	#	-	-	-	-	-
Number of Emergency Exercises	#	13	12	5	14	16
Number of reportable pipeline incidents[1]	#	-	-	-	-	-
Percentage of pipeline inspected internally with Pipeline Inspection Gauge (PIG)	%	-	-	100	-	-
Percentage of pipeline inspected externally[2]	%	100	100	100	100	100
Total metric ton-kilometeres of refined fuels transported by mode of transport	Metric T kilometers	14,687	14,168	11,528	9,879	-

1 As per SASB Standards definition of reportable pipeline incidents.

2 External inspection activities include aerial and ground based observations over the length of the pipeline. Preventative maintenance inspection activities of above ground equipment as per the inspection schedule.

People, Diversity and Community

PEOPLE	MEASURE	2024	2023	2022	2021	2020
Number of Staff	#	97	101	135	294	344
Number of Contractors	#	132	127	220	109	105
Employee Turnover:						
Unplanned	%	7.8	8.5	4.0	-	-

Diversity

	2024						2023					
	BOARD		CORPORATE LEAD TEAM		WORKFORCE		BOARD		CORPORATE LEAD TEAM		WORKFORCE	
	#	%	#	%	#	%	#	%	#	%	#	%
GENDER												
Male	4	50%	5	83%	58	64%	4	57%	6	86%	64	68%
Female	4	50%	1	17%	33	36%	3	43%	1	14%	30	32%
Gender Diverse	-	-	-	-	-	-	-	-	-	-	-	0%
ETHNICITY												
NZ European/Pākehā	4	50%	4	67%	40	44%	3	43%	4	57%	53	56%
Other European	3	38%	2	32%	12	13%	4	57%	3	42%	13	14%
Māori & NZ European	-	-	-	-	10	11%	-	-	-	-	10	11%
Māori	1	13%	-	-	9	10%	-	-	-	-	8	9%
Asian	-	-	-	-	8	9%	-	-	-	-	4	4%
Other	-	-	-	-	12	13%	-	-	-	-	6	6%
AGE												
Under 30	-	-	-	-	5	5%	-	-	-	-	4	4%
30 to 50	3	38%	3	50%	48	53%	2	29%	4	57%	47	50%
over 50	5	63%	3	50%	38	42%	5	71%	3	43%	43	46%

Appendix 3 - Climate scenario data

Focal question

How could climate change plausibly affect our transport fuels infrastructure organisation, what should we do and when?

References for climate change scenarios physical and socio-economic indicators

	Scenario			
Indicator	**Green Light**	**Amber Light**	**Red Light**	**Reference**
Physical				
Global temperature increase by 2100, relative to pre-industrial levels	1.5	2.6	3.5	IPCC WG1 AR5 Summary for Policymakers.
New Zealand sea level rise for 2050 relative to 2005	0.19m	0.22m	0.24m	NZ Sea Rise Programme. (2023). Maps. Ministry for the Environment. (2024). Coastal hazards and climate change guidance. *Vertical land movement excluded. Site 7067 taken as a central location to be representative for New Zealand.*
Increase (%) in 20yr ARI 1hr rainfall depth for 2031-2050, relative to 1986-2005 at Marsden Point	+7.8%	+9.8%	+11.3%	NIWA. (2017). High Intensity Rainfall Design System (HIRDS). Average taken from stations: 548215, 548215, A54753.
Increase (%) in Whangarei hot days (maximum temperature ≥25°C) for 2041-2060, relative to the 1972-2021 baseline	+69%	+87%	+107%	Gibson, P. B., *et al*. (2024). Dynamical downscaling CMIP6 models over New Zealand: added value of climatology and extremes. Climate Dynamics, https://doi.org/10.1007/s00382-024-07337-5, 27p
Socio-economic				
New Zealand carbon price at 2050	$309 NZD	$411 NZD	$206 NZD	New Zealand Treasury (2023). Assessing climate change and environmental impacts in the CBAx tool.
New Zealand population at 2050	6.2 million	6.5 million	6.9 million	Stats NZ. (2022). National population projections: 2022(base)-2073. 50th percentile.
New Zealand fuel demand graph	n/a	n/a	n/a	Climate Change Commission. (2021). Scenarios dataset for the Commission's 2021 Final Advice.

Use of reference scenarios

Scenario	RCP	Rationale	SSP	Rationale
Green light	2.6	RCP2.6 is the most stringent mitigation scenario in which carbon dioxide emissions decline to net zero relatively quickly. It reflects a world in which warming is limited to around 1.5-2°C by 2100	1	SSP1: Sustainability reflects a world in which energy affordability and human well-being is prioritised. There are 'low challenges to mitigation and adaptation'. This aligned well with the rapid and smooth transition described in Green Light.
Amber light	4.5	RCP4.5 illustrates global emissions peak around 2040 and slowly begin to decline thereafter. Similar climatic impacts are expected in the disorderly scenario described in this report. This reflects a world where global warming reaches 2.6°C by 2100.	2	SSP2: Middle of the Road describes a world with largely similar socio-economic trends of today with 'medium challenges to mitigation and adaptation'. This aligns well with the lack of action until the mid-2030s, when dramatic changes are enforced.
Red light	7.0	RCP7.0 presents a trajectory of over 3.5°C global warming by 2100. This scenario features growing emissions, leading to severe physical impacts and is understood to be the worst-case of climate scenarios.	3	SSP3: Regional rivalry describes a world with material focused consumption and low international priority for addressing environmental concerns. This aligns well with the lack of political action and technological development over time.

Appendix 4- CRD disclosure index

Channel Infrastructure has reported the climate-related disclosures required by Aotearoa New Zealand Climate Standards in this report as shown below.

CRD	Disclosure	This Report
Governance		
7 (a)	the identity of the governance body responsible for oversight of climate-related risks and opportunities	18-20
7 (b)	a description of the governance body's oversight of climate-related risks and opportunities	18-20
7 (c)	a description of management's role in assessing and managing climate-related risks and opportunities	21
8 (a)	processes and frequency by which the governance body is informed about climate related risks and opportunities	23-25
8 (b)	how the governance body ensures that the appropriate skills and competencies are available to provide oversight of climate-related risks and opportunities	18
8 (c)	how the governance body considers climate-related risks and opportunities when developing and overseeing implementation of the entity's strategy	18-20
8 (d)	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	21, 26
9 (a)	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	21
9 (b)	the related organisational structure(s) showing where these management-level positions and committees lie	21
9 (c)	the processes and frequency by which management is informed about, makes decisions on, and monitors, climate-related risks and opportunities	23-25 , 26
Strategy		
11 (a)	a description of its current climate-related impacts	51-53
11 (b)	a description of the scenario analysis it has undertaken	37
11 (c)	a description of the climate-related risks and opportunities it has identified over the short, medium, and long term	48-50
11 (d)	a description of the anticipated impacts of climate-related risks and opportunities	48-50
11 (e)	a description of how it will position itself as the global and domestic economy transitions towards a low-emissions, climate-resilient future state	31-34
12 (a)	its current physical and transition impacts	51-53
12 (b)	the current financial impacts of its physical and transition impacts identified in paragraph 12	53
12 (c)	if the entity is unable to disclose quantitative information for paragraph 12(b), an explanation of why that is the case.	N/A
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	44-45
14 (a)	how it defines short, medium and long term and how the definitions are linked to its strategic planning horizons and capital deployment plans	23
14 (b)	whether the climate-related risks and opportunities identified are physical or transition risks or opportunities, including, where relevant, their sector and geography	48-50

CRD	Disclosure	This Report
14 (c)	how climate-related risks and opportunities serve as an input to its internal capital deployment and funding decision-making processes	53
15 (a)	the anticipated impacts of climate-related risks and opportunities reasonably expected by the entity	48-50
15 (b)	the anticipated financial impacts of climate-related risks and opportunities reasonably expected by an entity	**Adoption provision 2**
15 (c)	a description of the time horizons over which the anticipated financial impacts of climate-related risks and opportunities could reasonably be expected to occur	
15 (d)	if an entity is unable to disclose quantitative information for paragraph 15(b), an explanation of why that is the case	
16 (a)	a description of its current business model and strategy	30, 31-34
16 (b)	the transition plan aspects of its strategy, including how its business model and strategy might change to address its climate-related risks and opportunities	30, 31-34
16 (c)	the extent to which transition plan aspects of its strategy are aligned with its internal capital deployment and funding decision-making processes	30, 31-34,53
Risk Management		
18 (a)	a description of its processes for identifying, assessing and managing climate-related risks	23-25, 26
18 (b)	a description of how its processes for identifying, assessing, and managing climate related risks are integrated into its overall risk management processes	23-25, 26
19 (a)	the tools and methods used to identify, and to assess the scope, size, and impact of, its identified climate-related risks	48-49
19 (b)	the short-term, medium-term, and long-term time horizons considered, including specifying the duration of each of these time horizons	23
19 (c)	whether any parts of the value chain are excluded	78-80, 84-85
19 (d)	the frequency of assessment	23-25, 26
19 (e)	its processes for prioritising climate-related risks relative to other types of risks	23
Metrics And Targets		
21 (a)	the metrics that are relevant to all entities regardless of industry and business model	13
21 (b)	industry-based metrics relevant to its industry or business model used to measure and manage climate-related risks and opportunities	13
21 (c)	any other key performance indicators used to measure and manage climate-related risks and opportunities	13
21 (d)	the targets used to manage climate-related risks and opportunities, and performance against those targets	13
22 (a)	greenhouse gas (GHG) emissions: gross emissions in metric tonnes of carbon dioxide equivalent (CO_2e) classified as:(i) scope 1;(ii) scope 2 (calculated using the location-based method);(iii) scope 3;	80
22 (b)	GHG emissions intensity	80
22 (c)	transition risks: amount or percentage of assets or business activities vulnerable to transition risks	49
22 (d)	physical risks: amount or percentage of assets or business activities vulnerable to physical risks	48
22 (e)	climate-related opportunities: amount or percentage of assets, or business activities aligned with climate-related opportunities	50
22 (f)	capital deployment: amount of capital expenditure, financing, or investment deployed toward climate-related risks and opportunities	53
22 (g)	internal emissions price: price per metric tonne of CO^2e used internally by an entity	53

CRD	Disclosure	This Report
22 (h)	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	21
23 (a)	the time frame over which the targets applies	13
23 (b)	any associated interim targets	None
23 (c)	the base year from which progress is measured	83
23 (d)	a description of performance against the targets	14
23 (e)	for each GHG emissions target:	
(i)	whether the target is an absolute target or intensity target	13
(ii)	the entity's view as to how the target contributes to limiting global warming to 1.5 degrees Celsius	14
(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	14
(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	14
24 (a)	a statement describing the standard or standards that its GHG emissions have been measured in accordance with	78
24 (b)	the GHG emissions consolidation approach used: equity share, financial control, or operational control	84
24 (c)	the source of emission factors and the global warming potential (GWP) rates used or a reference to the GWP source	85-86
24 (d)	a summary of specific exclusions of sources, including facilities, operations or assets with a justification for their exclusion.	90

Adoption provision 5: Comparatives for Scope 3 GHG emissions 2024 is the first year Channel has reported Scope 3 GHG emissions. Adoption provision permits comparative information to be excluded from this report.

Adoption provision 6: Comparatives for metrics 2024 is the second year of reporting. Adoption provision permits one year of comparative information to be presented in this report.

Adoption provision 7: Analysis of trends 2024 is the first year Channel has reported Scope 3 GHG emissions. Adoption provision permits analysis of trends for scope 3 GHG emissions to be excluded from this report.

Appendix 5- Forward looking statements

This report contains certain forward-looking statements, which can be identified by the use of forward-looking terminology such as "may, "will", "should", "expect", "intend", "plan", "ambition", "anticipate", "estimate", "continue", "assume", "project", "target", or "forecast" or comparable terminology. Forward looking statements include climate-related metrics, climate scenarios, estimated climate projections.

Primary users are reminded that the climate-related scenarios used in scenario analysis are not intended to be probabilistic or predictive, or to identify the 'most likely' outcome(s) of climate change. They are intended to provide an opportunity for entities to develop their internal capacity to better understand and prepare for the uncertain future impacts of climate change. Further, scenario analysis is simply a process for systematically exploring the effects of a range of plausible future events under conditions of uncertainty. Engaging in this process is meant to help an entity to identify its climate-related risks and opportunities and develop a better understanding of the resilience of its business model and strategy.

Therefore, primary users are cautioned in their use of the information presented in this report. The information presented in this report is not a prospective financial statement. Primary users are also reminded that pages 38 to 43 and Appendix 3: Climate change & GHG emissions (see page 98) set out the methods and assumptions underlying the climate-related scenarios used, and the scenario analysis process employed. It is important that primary users understand the limitations applicable to the information presented. Climate change is also prone to inherent uncertainty and novelty, and is subject to ongoing change as the circumstances of a transition to a low-emissions economy and climate change develop in New Zealand and across the world over a long period of time.

The forward-looking statements in this report:

- To the extent prepared by entities or persons other than Channel Infrastructure and repeated herein, are not adopted by Channel Infrastructure unless expressly stated otherwise. Channel Infrastructure does not make any representation or warranty (express or implied) as to, the accuracy, completeness, reliability, adequacy or reasonableness of any such statements, or matters (express or implied) contained in, or derived from, or any omissions from such statements.
- To the extent prepared or adopted by Channel Infrastructure, are based on management's current expectations and reflect judgements, assumptions, estimates and other information available when the report was compiled or scenario analyses were undertaken. With respect to climate related disclosures they are inherently uncertain and subject to limitations, particularly as to inputs, available data and information. Therefore, the forward-looking statements that Channel Infrastructure has prepared or adopted may be affected by a range of variables which could cause actual results to differ materially from what was planned or expected.
- Relating to climate related disclosures are subject to risk factors associated with, amongst other things, the energy sector, decarbonisation technologies, government action, consumer attitudes and potentially carbon products and markets. Users are also reminded that Channel Infrastructure's business and plans are subject to risks that may also cause actual results to differ materially from the forward looking statements. These risk categories are set out in Channel Infrastructure's Governance Statement available on its website www.channelnz.com.
- Involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance, achievements and outcomes to be materially different from the forward-looking statements contained in this report (including things such as availability of technology or the cost of technology or other emission reduction proposals). Users are again reminded of the inherent limitations that are associated with scenario analysis noted above.
- Should be read in the context of the variables, risks, uncertainties and other factors outlined above or mentioned in the report, the Annual Report and Governance Statement.

Accordingly, this report should not be relied upon as a recommendation, forecast or guarantee by or expectation of Channel Infrastructure, its related or controlled entities or officers, directors, employees or agents, (together, the Channel Entities) and the Channel Entities, to the maximum extent permitted by law, disclaim any liability whatsoever (including for negligence) for any loss howsoever arising from any use of this report or reliance on anything contained in or omitted from it or otherwise arising in connection with this report. Other than as required by law or the Listing Rules of the New Zealand Stock Exchange, the Channel Entities will not release publicly any updates to any forward-looking statement contained herein to reflect changes to relevant risks, inputs, uncertainties or other factors, and/or the Channel Entities' understanding of them.

Appendix 6- Definitions and abbreviations

Abbreviations	Definitions
Aotearoa New Zealand Climate Standards (NZ CS)	Standards issued by the External Reporting Board that comprise the climate related disclosure framework
ARI	Annual recurrence interval
BioSAF	Jet fuel derived from biogenic material like wood residues
BL	Billion litres
Carbon dioxide equivalent (CO_2e)	In order to aggregate and compare the different types of GHGs that have different levels of global warming potential, emissions and removals are largely expressed in tonnes of carbon dioxide. The carbon dioxide equivalent is calculated by multiplying the quantity of a GHG by the relevant global warming potential
Climate-related disclosure framework	Climate-related disclosure framework has the same meaning set out in section 9AA of the Financial Reporting Act 2013
Climate-related opportunities	The potentially positive climate-related outcomes for an entity. Efforts to mitigate and adapt to climate change can produce opportunities for entities, such as through resource efficiency and cost savings, the adoption and utilisation of low-emissions energy sources and building resilience along the value chain
Climate-related risks	The potential negative impacts of climate change on an entity. See also the definitions of physical risks and transition risks
Climate-related scenario	A plausible, challenging description of how the future may develop 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, or to identify the 'most likely' outcome(s) of climate change. They are intended to provide an opportunity for entities to develop their internal capacity to better understand and prepare for the uncertain future impacts of climate change
CCC	Climate Change Commission
COD	Chemical oxygen demand - a measure of water and wastewater quality
CO_2	Carbon dioxide
Decarbonise	The process of avoiding, reducing or offsetting anthropogenic greenhouse gas emissions through operational activities or efficiencies, technology deployment, use of generated or acquired carbon credit units, and/or other means
EACs	Energy Attribute Certificates
Emissions	CO_2 emissions unless otherwise specified
Emissions factor	A factor allowing GHG emissions to be estimated from a unit of available activity data (for example, tonnes of fuel consumed) and absolute GHG emissions
Emissions intensity	Scope 1 and 2 tCO_2e per million litres of throughput
Employees	Direct hire permanent employees
End user emissions	Upstream and downstream emissions that result from the end use consumption (combustion) of transport fuels that Channel stores and distributes through its infrastructure but does not take ownership of and therefore does not own or sell to the end user
eSAF	Synthetic jet fuel produced by combining green hydrogen and carbon dioxide
ESG	ESG, also known as the three pillars, is an acronym for three categories (environment, social, and governance)
ETS	Emissions Trading Scheme
EV	Electric vehicle

Abbreviations	Definitions
Global warming potential (GWP)	A factor describing the radiative forcing impact (degree of harm to the atmosphere) of one unit of a given GHG relative to one unit of carbon dioxide (CO_2)
GRI	Global Reporting Initiative
H_2	Hydrogen
Hot days	Maximum temperature of 25°C or more
ICE	Internal combustion engine
IFRS	International Financial Reporting Standards
IPCC	Intergovernmental Panel on Climate Change - the United Nations body for assessing the science related to climate change
Kt	Thousand tonnes
LTIF	Lost Time Injury Frequency: The sum of work-related injury cases per 200,000 hours worked, where the injured person is deemed medically unfit for any work as a result of the injury
Materiality assessment	In reference to GRI Standards, a process to identify and prioritise the issues that are most important to an organisation and its key stakeholders
Material topics	In reference to GRI Standards, topics that have a direct or indirect impact on the organisations ability to create, preserve or erode economic, environmental and social value for the organisation and its stakeholders
ML	Million litres
MON	Motor Octane Number measures the knock resistance of gasoline in engine conditions mirroring high-speed, high-load driving scenarios
MW	Megawatt
Net Zero	When anthropogenic emissions of greenhouse gases are balanced by anthropogenic removal of greenhouse gases through means such as operational activities or efficiencies, technology or offset through the use of carbon credits, or other means
NGA	Negotiated Greenhouse Agreement
NZU	Emissions trading scheme New Zealand emissions unit
Aotearoa New Zealand Climate Standards (NZ CS)	Standards issued by the External Reporting Board that comprise the climate related disclosure framework
Physical risks	Risks related to the physical impacts of climate change. Physical risks emanating from climate change can be event-driven (acute) such as increased severity of extreme weather events. They can also relate to longer-term shifts (chronic) in precipitation and temperature and increased variability in weather patterns, such as sea level rise
Pipeline	Channel's 170km fuels pipeline to Auckland
PJ	Petajoule (1 million billion joules)
RON	Research Octane Number measures the knock resistance of gasoline in engine conditions mirroring low-speed and low-load driving
RCP	Representative Concentration Pathways - climate change scenarios formally adopted by the IPCC
SAF	Sustainable Aviation Fuel – with lower overall emissions than fossil-jet
SDG **UNSDG**	United Nations Sustainable Development Goals. More information about the SDGs can be found at https://sdgs.un.org/goals
SSP's	Shared Socio-economic Pathways - climate change scenarios of projected socio-economic global changes up to 2100 as defined in the sixth IPCC Assessment Report on climate change in 2021

Abbreviations	Definitions
Sustainable/sustainably	At Channel, sustainability is about striving to ensure safe operations, minimising environmental harm and greenhouse gas emissions, and creating long-term value for our stakeholders including our customers, iwi and community, employees, contractors and suppliers and shareholders: balancing the needs of today without undermining the ability to meet the demands of tomorrow
Tier 1 process safety event	An unplanned or uncontrolled release of any material, including non-toxic and non-flammable, from a process which results in one or more of the following: a Lost Time Injury (LTI) and/or fatality; a fire or explosion resulting in greater than or equal to $100,000 of direct cost to the Company; a release of material greater than the threshold quantities given in Table 1 of API 754 in any one-hour period; an officially declared community evacuation or community shelter-in-place
Tier 2 process safety event	An unplanned or uncontrolled release of any material, including non-toxic and non-flammable, from a process which results in one or more of the following: a recordable injury; a fire or explosion resulting in greater than or equal to $2,500 of direct cost to the Company; a release of material greater than the threshold
Transition plan	An aspect of an entity's overall strategy that describes an entity's targets, including any interim targets, and actions for its transition towards a low emissions, climate-resilient future
Transition risks	Risks related to the transition to a low-emissions, climate-resilient global and domestic economy, such as policy, legal, technology, market and reputation changes associated with the mitigation and adaptation requirements relating to climate change
TRCF	Total Recordable Case Frequency: The number of lost time incidents, restricted work cases, medical treatment cases and fatalities per 200,000 man-hours worked
TRIF	Total Recordable Injury Frequency
UNSDG **SDG**	United Nations Sustainable Development Goals. More information about the SDGs can be found at https://sdgs.un.org/goals
Value Chain	The full range of activities, resources and relationships related to an entity's business model and the external environment in which it operates
WACC	Weighted average cost of capital
XRB	External Reporting Board - responsible for developing and issuing reporting standards on accounting, audit and assurance, and climate, for entities across the private, public, and not-for profit sectors

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Feedback

We are committed to continuous improvement of our ESG reporting practices and value our stakeholders' perspectives. We welcome feedback on this report and our performance. To do so, please email us at: investorrelations@channelnz.com.

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