Climate-related Disclosure

July 2025

nbs.co.nz

NBS
Banking for life

Contents

Statement of Compliance

Nelson Building Society (NBS) and its directors are pleased to present the climate-related disclosures for NBS for the financial year from 1 April 2024 to 31 March 2025 (FY25).

NBS is a climate-reporting entity under the Financial Markets Conduct Act 2013. These disclosures comply with the Aotearoa New Zealand Climate Standards (NZ CS), issued by the External Reporting Board (XRB):

- Aotearoa New Zealand Climate Standard 1: Climate-related Disclosures (NZ CS 1);
- Aotearoa New Zealand Climate Standard 2: Adoption of Aotearoa New Zealand Climate Standards (NZ CS 2); and
- Aotearoa New Zealand Climate Standard 3: General Requirements for Climate-related Disclosures (NZ CS 3).

In preparation of the climate-related disclosures for FY25, NBS has elected to use adoption provisions from NZ CS 2, that are available to us in our second year of reporting, including:

- Adoption provision 2 (NZ CS 2 (12), (13), and (14)): Anticipated financial impacts;
- Adoption provision 4 (NZ CS 2 (17)): Scope 3 GHG emissions;
- Adoption provision 5 (NZ CS 2 (18) and (19)): Comparatives for Scope 3 GHG emissions;
- Adoption provision 6 (NZ CS 2 (20) and (21)): Comparatives for metrics;
- Adoption provision 7 (NZ CS 2 (22)): Analysis of trends; and
- Adoption provision 8 (NZ CS 2 (24), (25), and (26)): Scope 3 GHG emissions assurance.

Disclaimer

All figures and commentary within these disclosures relate to the financial year ending 31 March 2025 (FY25). They include forward-looking statements and metrics, which relate to future outcomes and financial performance. These should not be interpreted as assurances, predictions, or guarantees as they involve both known and unknown risks, uncertainties, and factors which are beyond the control of NBS. Users of these disclosures are advised to exercise caution and avoid placing undue reliance on these statements, given the inherent uncertainties in climate-related modelling and data. These limitations, along with numerous assumptions and risk factors, may lead to actual results differing significantly from those anticipated.

NBS has approached these forward looking statements with all reasonable care. These statements, together with the risks and opportunities, and our strategies to achieve our climate-related targets, may not eventuate or may be more or less significant than anticipated.

This report is dated 14 July 2025, and is signed on behalf of NBS by:

Paul Bell
Director
14/07/2025

Anna Fox
Director
14/07/2025

Chief Executive's Introduction

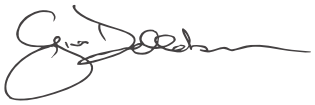
NBS is in the second-year of reporting its climate-related disclosures. We continue to recognise the significant financial risk posed by climate change and the impact it will have on the well-being of the communities we have supported since 1862.

We are guided by the vision of building a prosperous and sustainable future for our people, clients, and communities in alignment with our core values of trust, integrity, respect, and community. Our vision and values shape the direction and culture of our business and inform our response to climate-related risks and opportunities.

Our journey has started with identifying, measuring and managing our greenhouse gas emissions, engaging our people and our clients to take action, and directing a proportion of our community investment and sponsorship towards supporting organisations who are delivering positive outcomes around carbon reduction and sequestration.

Throughout our response, we're committed to helping our local communities and Aoteraoa to achieve climate-related targets and to do our part in creating a sustainable future for generations to come. We will achieve this by working to integrate climate change into our daily operations to improve our resilience to the anticipated physical and transition impacts of climate change.

We don't believe managing our climate-related risks and opportunities is simply about compliance. It is essential to the long-term resilience of our business, as well as our ability to continue serving our clients and communities.



G Dellabarca
Chief Executive

NBS Chief Executive, Gina Dellabarca

Auditors Assurance Report

Deloitte.

Independent limited assurance report on Selected Greenhouse Gas ('GHG') Disclosures included within the Climate Statements

To the Members of Nelson Building Society

Limited assurance conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Scope 1 and Scope 2 gross GHG emissions, additional required disclosures of gross GHG emissions, and gross GHG emissions methods, assumptions and estimation uncertainty, within the scope of our limited assurance engagement (as outlined below), included in the Climate Statements of Nelson Building Society (the '**Society'**) for the year ended 31 March 2025 (the '**Selected GHG Disclosures**'), are not fairly presented and not prepared, in all material respects, in accordance with *Aotearoa New Zealand Climate Standards* ('**NZ CSs**') issued by the External Reporting Board ('**XRB**'), as explained on page 3 of the Climate Statements.

Scope of assurance engagement

We have undertaken a limited assurance engagement over the Selected GHG Disclosures on pages 25 to 28 of the Climate Statements for the year ended 31 March 2025:

Subject matter: Selected GHG Disclosures	**Reference**
GHG emissions: gross emission in the metric tonnes of CO2e classified as: • Scope 1 • Scope 2 (calculated using the location-based method)	Page 26
Additional requirements for the disclosure of gross GHG emissions per paragraph 24 of Aotearoa New Zealand Climate Standard 1: *Climate-related Disclosures* ('**NZ CS 1**'), being: • The statement describing the GHG emissions have been measured in accordance with International Standard ISO 14064-1 *Greenhouse gases – Part 1: Specification with guidance at the organisation level for quantification and reporting of greenhouse gas emissions and removals* ('**ISO 14064-1:2018**') and the *Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition, 2015)* (the '**GHG Protocol**') • The disclosure that the GHG emissions consolidation approach used is operational control. • Sources of emission factors and the global warming potential ('**GWP**') rates used or a reference to the GWP source; and • The summary of specific exclusions of sources, including facilities, operations or assets with a justification for their exclusion.	Page 25
Disclosures relating to GHG emissions methods assumptions and estimation uncertainty per paragraphs 52 to 54 of Aotearoa New Zealand Climate Standard 3: *General Requirements for Climate related Disclosures* ('**NZ CS 3**'): • Description of the methods and assumptions used to calculate or estimate GHG emissions, and the limitations of those methods. • Description of uncertainties relevant to the Society's quantification of its GHG emissions, including the effects of these uncertainties on the GHG emissions disclosures.	Page 27

Our limited assurance engagement does not extend to any other information included, or referred to, in the Climate Statements on pages 3 to 28. We have not performed any procedures with respect to the excluded information and, therefore, no conclusion is expressed on it.

Auditors Assurance Report

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Other matter – comparative information

The comparative GHG disclosures (that is GHG disclosures for the periods ended 31 March 2024) have not been the subject of an assurance engagement undertaken in accordance with New Zealand Standard on Assurance Engagements 1: *Assurance Engagements over Greenhouse Gas Emissions Disclosures* ('**NZ SAE 1**'). These disclosures are not covered by our assurance conclusion.

Director's responsibilities for the GHG disclosures

Directors are responsible for the preparation and fair presentation of the Selected GHG disclosures in accordance with NZ CSs, which includes determining and disclosing the appropriate standard or standards used to measure its GHG emissions. This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation of GHG disclosures that are free from material misstatement whether due to fraud or error.

Inherent uncertainty in preparing Selected GHG Disclosures

Non-financial information, such as that included in the Society's Climate Statements, is subject to more inherent limitations than financial information, given both its nature and the methods used and assumptions applied in determining, calculating and sampling or estimating such information. GHG quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases.

As the procedures performed for this engagement are not performed continuously throughout the relevant period and the procedures performed in respect of the Society's compliance with NZ CSs are undertaken on a test basis, our limited assurance engagement cannot be relied on to detect all instances where the Society may not have complied with the NZ CSs. Because of these inherent limitations, it is possible that fraud, error or non-compliance may occur and not be detected.

In addition, we note that a limited assurance engagement is not designed to detect all instances of non-compliance with the NZ CSs, as it generally comprises making enquires, primarily of the responsible party, and applying analytical and other review procedures.

Our responsibilities

Our responsibility is to express an independent limited assurance conclusion on the Selected GHG Disclosures, based on the procedures we have performed and the evidence we have obtained.

We conducted our limited assurance engagement in accordance with NZ SAE 1 and International Standard on Assurance Engagements (New Zealand) 3410: *Assurance Engagements on Greenhouse Gas Statements* ('**ISAE (NZ) 3410**'), issued by the XRB. These standards require that we plan and perform this engagement to obtain limited assurance about whether the Selected GHG Disclosures are free from material misstatement.

Our independence and quality management

We have complied with the independence and other ethical requirements of NZ SAE 1, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Auditors Assurance Report

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We have also complied with the following professional and ethical standards:

- Professional and Ethical Standard 1*: International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand);*
- 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 us to design, implement and operate a system of quality management including policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements; and
- Professional and Ethical Standard 4: *Engagement Quality Reviews.*

Our firm is the statutory auditor of the financial statements and also carries out other assignments for the Society in the areas of tax compliance services and other assurance services in respect of trustee reporting.These services have not impaired our independence as assurance practitioner of the Society. In addition to this, partners and employees of our firm deal with the Society on normal terms within the ordinary course of trading activities of the business of the Society. Our firm has no other relationship with, or interest in the Society.

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

Summary of work performed

Our limited assurance engagement was performed in accordance with NZ SAE 1 and ISAE (NZ) 3410. This involves assessing the suitability in the circumstances of Society's use of NZ CSs as the basis for the preparation of the Selected GHG Disclosures, assessing the risks of material misstatement of the Selected GHG Disclosures whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the Selected GHG Disclosures.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

The procedures we performed were based on our professional judgement and included enquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records. In undertaking our limited assurance engagement on the Selected GHG Disclosures, we:

- Obtained, through inquiries, an understanding of the Society'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.
- Evaluated whether the Society'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 the Society's estimates.
- Performed 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.
- Considered the presentation and disclosure of the GHG disclosures.

The 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 that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether Selected GHG Disclosures are fairly presented and prepared, in all material respects, in accordance with NZ CSs.

Auditors Assurance Report

Deloitte.

Use of our Report

Our assurance report ('**our Report**') is intended for users who have a reasonable knowledge of GHG related activities, and who have studied the GHG related information in the Climate Statements with reasonable diligence and understand that the GHG disclosures are prepared and assured to appropriate levels of materiality.

Our assurance report is made solely to the Society's members, as a body. Our assurance engagement has been undertaken so that we might state to the Society's members those matters we are required to state to them in an assurance report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Society's members as a body, for our work, for this report, or for the conclusions we have formed.

Deloitte Limited

Nicole Dring, Partner
for Deloitte Limited
Christchurch, New Zealand
14 July 2025

This limited assurance report relates to the Selected GHG Disclosures included within the Society's Climate Statements for the year ended 31 March 2025 included on the Society's website. The Directors are responsible for the maintenance and integrity of the Society's website. We have not been engaged to report on the integrity of the Society's website. We accept no responsibility for any changes that may have occurred to the Selected GHG Disclosures included within the Climate Statements since they were initially presented on the website.

The limited assurance report refers only to the Selected GHG Disclosures included within the Climate Statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these disclosures. If readers of this report are concerned with the inherent risks arising from electronic data communication, they should refer to the published hard copy of the Climate Statements that include these Selected GHG Disclosures and related limited assurance report dated 14 July 2025 to confirm the information presented on this website.

Our Community Investment and Sponsorship Programme

We acknowledge that the impacts of climate change are being felt throughout our communities. Therefore, we aim to give a share of annual profits back into the community via our Community Investment and Sponsorship Programme, which supported more than 300 groups in FY25.

The programme focuses its support on organisations which make a positive difference in our society. It allows us to connect deeply with our communities and aligns closely with our mission to help create a prosperous and sustainable future for our people, clients, and communities.

Within FY25, we provided an estimated $1 million dollars in support to community groups. An estimated 12% of this total, equating to $120,000, was provided to groups which focus on the care of our natural environment, an increase of 16.5% from the $103,000 provided in FY24. These groups, including Brook Waimārama Sanctuary, Te Mamaku Drive Native Corridor Project (Tasman Area Community Association), and KNECT, who received the largest amount of support, take active steps in climate change mitigation activities through maintaining sanctuaries for native species, tree planting, pest trapping, weed eradication, food rescue, native bird protection, environmental education, and estuary restoration throughout the northern South Island region.

To further integrate climate change considerations into our Community Investment and Sponsorship Programme, we are committed to identifying opportunities to support the resilience and sustainability of organisations. We collaborated with the Nelson Tasman Chamber of Commerce to deliver a Strong Communities Symposium, held on 6 October 2024. A total of 172 delegates attended. We are continuing to work with the Chamber of Commerce in 2025 to replicate the event, but with a clearer focus on climate change, carbon reduction, and environmental enhancement. The aim is to provide tangible actions for our NFP groups to incorporate this thinking into their day-to-day workplans.

Further to the direct investment into our community, we supported the wider transition of the economy through the purchase of indigenous forest NZUs (New Zealand Units) and Renewable Energy Certificates. In response to our FY24 emissions, we purchased 202 carbon credits for $15,554 through Ekos' Nature Carbon Programme to support the work at Tākaka Hill through the Rameka Nature Reserve project in Golden Bay. We also purchased Renewable Energy Certificates (RECs) for part of our electricity consumption in FY25 through Meridian to show our financial support for renewable electricity generation by contributing to Meridian's Community Decarbonisation Fund.

The total amount of community investment and sponsorship funding within each financial year is determined by our Board, with support from our Chief Executive and General Manager, Commercial. Our Board receives a monthly update on our Community Investment and Sponsorship Programme and is involved in decision-making for larger requests, as per an established Practice and Delegation policy.

Brook Waimārama Sanctuary

Introduction of tuatara into the Brook Waimārama Sanctuary

Te Mamaku Drive Native Corridor project

Rabbit Island beach clean up with NBS staff

Bike Hub Nelson

Governance

This section enables users to understand the role that the NBS board plays in overseeing climate-related risks and opportunities, and the role that the senior leadership team, climate committee, and wider business plays in assessing and managing those climate-related risks and opportunities.

Board oversight of climate-related risks and opportunities

Our Board has overall responsibility for overseeing climate-related risks and opportunities. NBS has an established approach to governance and we aim to embed both social and environmental impact in decision-making at all levels of our business. The full Board meets monthly, receiving reports from the Audit and Risk Committee's bi-monthly meetings, including climate-related updates as these arise. As our approach evolves, we intend to formalise the Board's role regarding oversight of climate-related risks, opportunities, metrics, and targets.

Board members have been involved in several climate-related workstreams facilitated by external consultants over recent years, so are aware of the issues at a high-level. The Human Resources and Board Nominations Committee oversees the skills and competencies of our Board members. Climate-related skills have not been specifically required of Board members at this stage, but this will be included in the skills matrix used for recruiting Board members in future.

Within the 2024 financial year (FY24), the Board and Audit and Risk Committee chairs attended the Institute of Directors' Leadership Conference, including several sessions on climate governance. This was supported by the attendance of two Directors at the Institute of Directors' course on Climate Change Governance Essentials within FY25. The General Manager, Commercial Banking also completed the Institute of Directors' Climate Change Governance Essentials online course.

Board committees

The Audit and Risk Committee is a Board sub-committee, which oversees our Enterprise Risk Management Framework (ERMF) and other risk management-related frameworks, standards, and procedures. The Audit and Risk Committee also helps formulate our risk appetite for consideration by the full Board.

Climate-related risk is a standing agenda item in the Audit and Risk Committee's bi-monthly meetings. To date, the Audit and Risk Committee's discussion has focused on understanding and preparing NBS for the first and second year of mandatory climate-related disclosures.

Chief Executive and Senior Leadership Team

Our Chief Executive has day-to-day management responsibility of assessing and managing climate-related risks and opportunities. However, members of the Senior Leadership Team are actively involved and may take the lead where a climate-related issue arises within their functional area. The Senior Leadership Team is responsible for establishing and implementing sustainability programs approved by our full Board. The General Manager, Commercial has oversight over these programmes and has been supported by the Community Engagement and Sustainability Manager.

We are continuing to formalise climate-related responsibilities within our management's role descriptions. Our work to assess climate-related risks and opportunities will help us determine which roles should most appropriately be responsible for monitoring and managing specific climate-related risks or opportunities.

Climate Committee

Our Climate Committee oversees the programme of work required for us to prepare for climate-related disclosures. Several workstreams have been formed that support the Climate Committee and are either led by or include members of the Senior Leadership Team, including the measurement of our greenhouse gas emissions.

The Climate Committee and its workstreams have involved a wide range of people from across our business. As each initiative has progressed, our wider leadership team and Chief Executive have provided regular updates at, and input into, our fortnightly SLT meetings. Senior Leaders regularly participated in the Committee and ensured progress was reported to the Audit and Risk Committee (a Board sub-committee) and then the full Board, as appropriate.

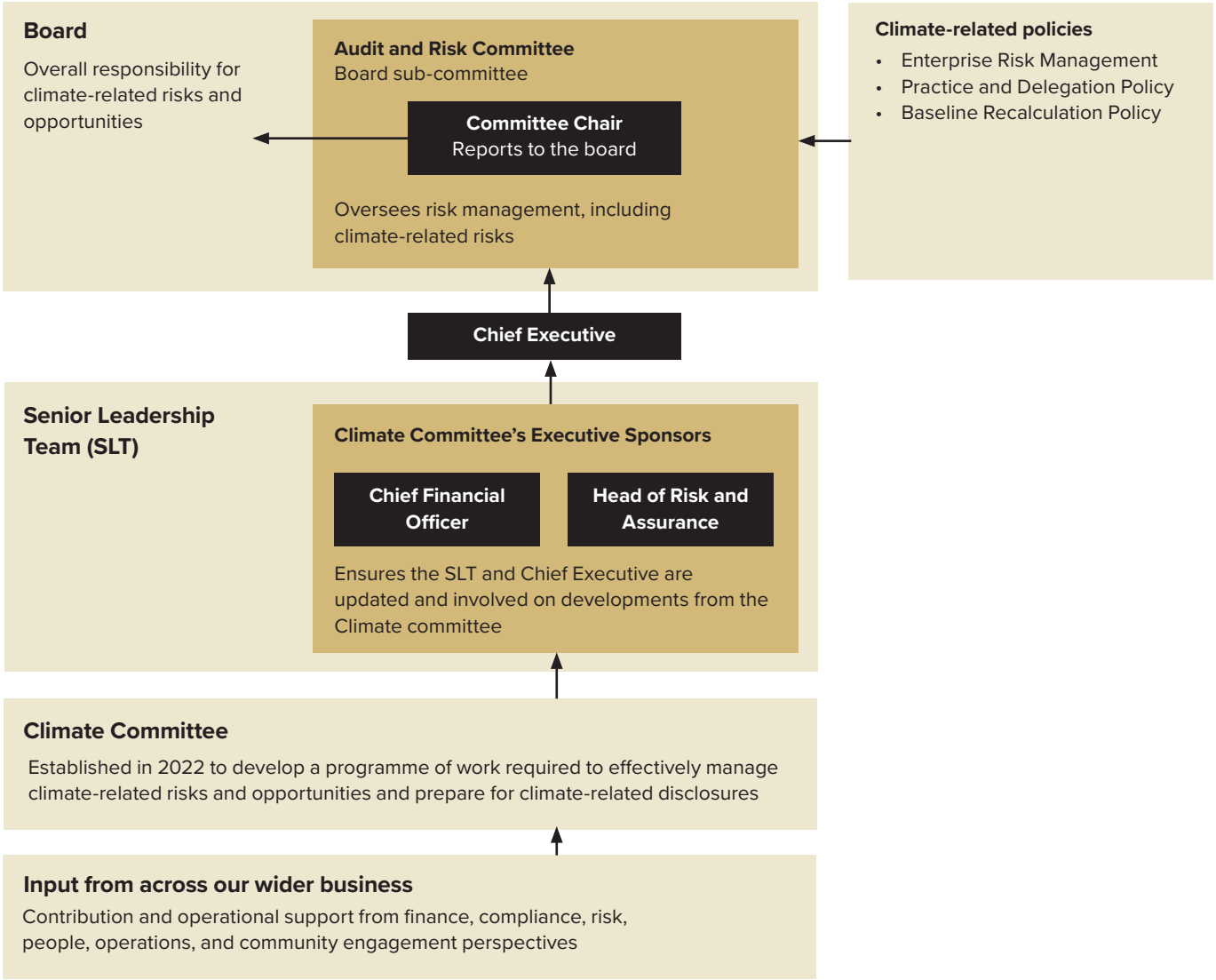
The Climate Committee was established in 2021 following identification of climate-related risks as possible material risks for NBS which should be actively monitored and reported. An action plan was developed for the Senior Leadership Team and Board to consider, including steps to ensure we were prepared to meet our climate-related disclosure requirements.

The Climate Committee's role and composition is reviewed each quarter to ensure it has the right focus, authority, and membership for each stage of our journey.

Remuneration policies

NBS does not have short-term or long-term incentive schemes for Board and SLT members or other staff for specific sustainability or climate-related targets.

Climate-related roles and responsibilities for board and management



Strategy

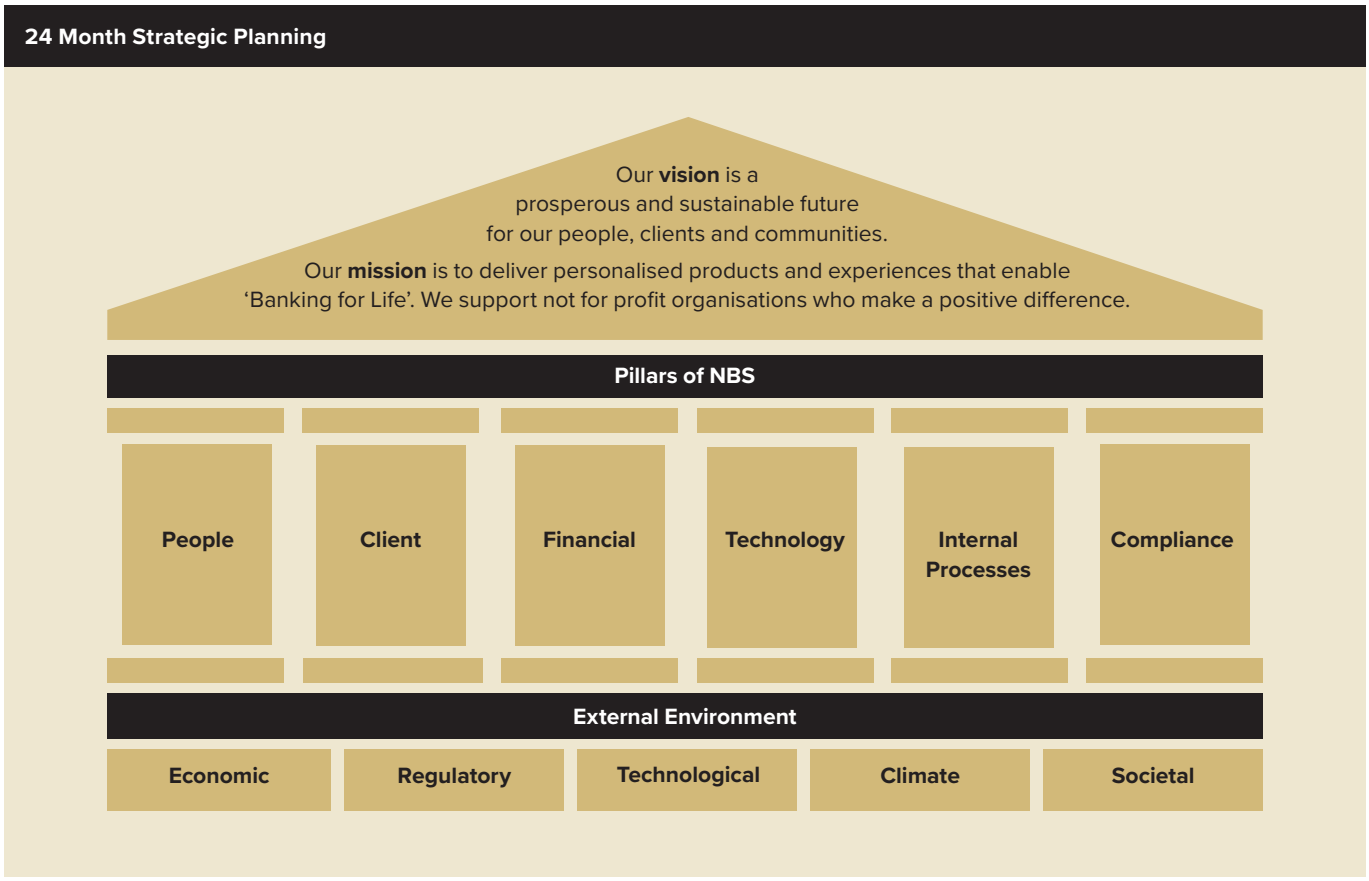
This section enables users to understand how climate change is currently impacting NBS and how we anticipate it will do in the future.

Business model and strategy

NBS is a mutual entity incorporated under the Building Societies Act 1965. We provide banking services aiming to meet the needs of both personal and business banking clients. Products include transactional accounts, savings, and term investment options along with home and business loans. Clients transact with us via online and mobile banking channels, as well as face to face via our branch network.

We have strong community links through our clients and are committed to the people who support us. Our profits go towards improving our services and then investing the remainder locally to make a difference in our communities.

The diagram below shows our strategic framework, which recognises climate-related issues as an external factor which impacts NBS.



Scenario analysis

Scenario analysis undertaken

Within FY24, NBS undertook a comprehensive climate scenario analysis with support from KPMG New Zealand using the following methodology to identify and explore the climate-related risks and opportunities that could impact our business model and strategy. This involved KPMG developing scenario narratives specific to NBS and facilitating a workshop and a series of meetings to identify and rate climate-related risks and opportunities.

The climate scenario analysis process is a standalone process which has been revised annually as part of the climate-related disclosures. However, bi-annual reviews from stakeholders and risk / opportunity owners will be required within FY26 and beyond.

Developing our scenario narratives was a qualitative process, using mostly internal data sources and referring to other public sources for research. This process followed three key steps:

- **Design principles** - Members of our Board, Senior Leadership Team, and representatives from across our business agreed design principles for our climate narratives. We used the New Zealand Banking Association's sector-level climate scenarios[1] as a reference, along with other New Zealand sector-level scenarios. These design decisions ensured the scenarios reflect our size and regional role as a member-owned building society, as well as what we believe to be most plausible and credible risk profile under the Current Policies Scenario.
- **Material drivers and key driver pathways** – We worked through a process to identify the most material external drivers of change for our business (see table). We mapped the potential interactions and influences of these material drivers in each of the three climate scenarios, as well as identified how these may change over different time horizons. Through these discussions, we identified two key driver pathways which were deemed to be most important to NBS (see diagram).
- **Climate scenario narratives** – These driver pathways were used to develop three distinct, challenging, and plausible narratives for each climate scenario. These narratives are unique to us, aligning with our strategy and key commercial activities, but are also easily comparable with other published scenario sets.

Through this process, NBS elected three scenarios in alignment with NZ CS requirements to support the entity-level scenario analysis process, including:

- **Net Zero 2050 / Orderly – SSP1-1.9 (1.5°C climate-related scenario):** Used to assess climate-related transition risks and opportunities. The Sustainability (SSP1) narrative assumes a future where the world moves towards a sustainable path driven by a strong commitment to development goals, leading to reduced inequality and a focus on sustainable practices.
- **Disorderly – SSP2-4.5 (Other scenario):** Used as a sensitivity check for climate-related physical risks to understand the variance in plausible alternative futures and to assess climate-related transition risks and opportunities. The Middle of the Road (SSP2) narrative assumes global and national institutions work toward but make slow progress in achieving sustainable development goals.
- **Current Policies / Hot House World – SSP3-7.0 (3°C climate-related scenario):** Used to assess climate-related physical risks and opportunities. The Regional Rivalry (SSP3) narrative assumes that policies will shift towards national and regional security, with a decline in investments in education and technological development, slower economic development, and potentially worsening inequalities.

Our scenario narratives utilise information from the New Zealand Banking Association's sector-level climate scenarios. This included focusing on both the global and New Zealand-specific parameters in line with the scope of our operations, lending, and end users. These scenarios were chosen to allow for the meaningful comparison of climate-related disclosures.

[1] NZBA. (2023). Climate scenario narratives for the banking sector. https://www.nzba.org.nz/wp-content/uploads/2023/06/NZBA-Climate-Scenario-Narratives-for-the-Banking-Sector-Final-report.pdf

Scenario Narratives			
Category	**Orderly / Net Zero 2050**	**Disorderly**	**Current Policies / Hot house world**
IPCC Shared Socio-economic Pathway	SSP1-1.9	SSP2-4.5	SSP3-7.0
Summary	A globally coordinated and timely transition to a low-carbon economy. Policy, technology, and behaviour change progress steadily, supported by rising carbon prices. While some long-term physical impacts from past emissions persist, the worst effects of climate change are largely avoided.	A fragmented and delayed global response. New Zealand acts early to reach net zero by 2050, but international efforts lag. Fossil fuel use continues globally until mid-century, after which global action accelerates, eventually aligning with or exceeding New Zealand's efforts.	A high-emissions trajectory with limited global ambition. Minimal progress on climate policy or low-carbon technology uptake continues despite escalating physical and social impacts of climate change, leading to widespread disruption.
Severity of physical climate-related impacts	Lowest (but not none)	Moderate to high	Highest
Severity of transition-related impacts	Moderate (greatest in short-term)	Low initially, then extremely high	Lowest (steadily increasing, but also giving businesses more time to adapt)
Credit risk	Dominated by transition credit level risks due to the heavy focus on moving towards a low carbon economy. Almost all sectors face the risk of increased cost of raw materials, regulatory impacts, emissions reduction requirements, litigation, emissions pricing, reputational impacts, lower emissions substitutes, and stakeholder relations.	Slower emissions reduction measures could result in greater uncertainty and risk. The timing and extent of managed retreat policies may be more difficult to predict. This could result in increased volatility in property values, and banks may face challenges in accurately assessing the value and risk of their mortgage portfolios in high-risk areas. Banks that hold mortgages on properties in high-risk areas could face losses as properties become less valuable or even abandoned due to managed retreat policies.	Credit level risk exposure contains a polarised distribution of physical and transition risks.
Transition impact	Transition impacts are likely to dominate the operational risk profile for the banking sector. Under an Orderly scenario, there may be increased stakeholder and investor expectation, requiring banks to be proactive in reducing emissions and disclosing progress against climate-related targets. Slower efforts to decarbonise may lead to banks losing competitive advantage to act on opportunities associated with the transition to a low emissions economy. There is also the potential introduction of compulsory emissions reduction targets for certain sectors through climate policy.	Operational expenditure may increase as the banking sector complies with regulatory requirements. The rapid shift towards decarbonisation may make it difficult to meet market expectations to decarbonise, causing some banks to fall behind their competitors. Increasing levels of climate policy and regulation may also pose a risk as governments seek to force organisations to reduce emissions and meet emissions targets. For example, increased scrutiny from clients and investors may increase the pressure on banks to decarbonise.	Due to the absence of any significant climate change mitigation, very few transition impacts emerge.
Physical impact	Lowest (but not none) The rate of sea-level rise and other climate-related risks will likely be slower, giving homeowners and lenders more time to adapt and prepare for potential impacts. Managed retreat policies may be implemented gradually and in a more coordinated way, with government support and funding available to help affected homeowners and lenders transition to new areas or adapt their properties to mitigate risks.	Delayed action towards reducing emissions will result in increased physical risks for the agriculture, transport and shipping, energy, construction, commercial and residential property sectors, largely in the form of drought, storms, floods, heatwaves, and sea level rise. Banks may experience branch closures and disruption to transport network which could limit ability to reach clients.	Due to continued increase in emissions, the highest physical risks to bank operations are observed, materialising in the latter half of the century. Properties located in high-risk areas such as coastal zones and floodplains would be most affected. There may be a significant increase in branches impacted by flood events, damaging equipment, and ability to reach clients. Severe weather impacts may see branches and corporate offices closed or inaccessible due to weather impacts.
Global warming	2041–2060: 1.6°C 2081–2100: 1.4°C	2041–2060: 2.0°C 2081–2100: 2.7°C	2041–2060: 2.1°C 2081–2100: 3.9°C
Carbon price	2030: NZ$138 tCO_2e 2050: NZ$250 tCO_2e	2030: NZ$138 tCO_2e 2050: NZ$250 tCO_2e	2030: NZ$35 tCO_2e 2050: NZ$35 tCO_2e
NZ GDP impact	Moderate GDP impacts	High GDP impacts	High GDP impacts
NZ population	2050: 6.13 million	2050: 6.13m	2050: 6.93m

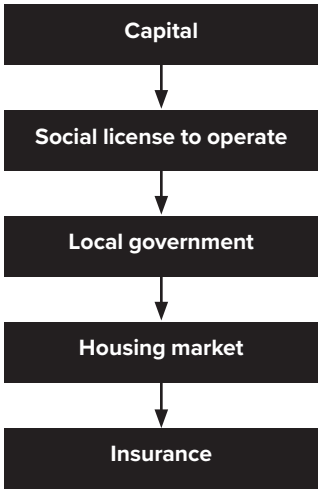
Material drivers

Throughout the development of our climate scenarios, we identified the material drivers that could cause climate-related impacts to NBS politically, environmentally, socially, technologically, legally, and economically (PESTLE). These are detailed below. Noting that the identification of climate-related impacts within our scenario analysis were not limited to these material drivers.

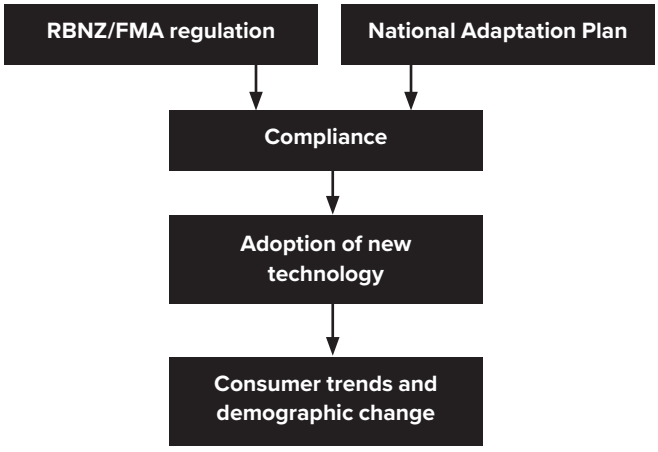
Driver	Impact
Political	• Regulation by the RBNZ and FMA • Policy relating to retail banking products • Policy relating to lending products • Local government
Environmental	• Climate-related events • National Adaptation Plan
Social	• Social licence to operate • Consumer trends • Demographic disruption
Technological	• Adoption of new technology
Legal	• Compliance
Economic	• Capital allocation • Insurance • Housing market

The driver pathways explored in each climate scenario narrative are identified below.

Driver pathway 1



Driver pathway 2



Scenario analysis revision

Within FY25, NBS revised the scenario analysis previously undertaken with KPMG with support from Oxygen Consulting. Senior Leaders and relevant stakeholders from across our business attended a workshop facilitated by Oxygen Consulting to review the FY24 climate-related risks and opportunities and agree our management responses. This was followed by a significant internal review of our climate-related risk and opportunities to ensure alignment with our ERMF and organisational risk register.

These revisions have resulted in amendments to the structure of these disclosures in comparison to our FY24 climate-related disclosures.

Time horizons

NBS typically use a 24-month strategic planning horizon. However, we recognised that scenario analysis requires us to consider longer time horizons. Within FY24, we identified short, medium, and long-term horizons spanning to 2050 in alignment with average loan term horizons, international emissions reduction targets, and further materialisation of physical impacts.

Following the scenario analysis review in FY25, NBS has revised these time horizons to span to 2080, which are now in alignment with the short, medium, and long-term time horizons used in the bank sector-level climate scenarios. NBS has utilised these extended time horizons to ensure the consideration of the increased frequency and intensity of physical impacts, especially those materialising in the latter half of the century under the higher emissions intensive Disorderly and Current Policies scenarios.

Time horizons		Aligned with
Short-term	**2025 – 2030**	• Average mortgage re-pricing time horizons • Interim international emissions reduction targets • Average maturity profile of business loans
Medium-term	**2030 – 2050**	• Average loan time horizons • Interim international emissions reduction targets • International banking sector climate scenario guidance
Long-term	**2050 – 2080**	• Further materialisation of physical risks, particularly relevant to Agriculture, Property and Energy

Identifying our anticipated climate-related risks and opportunities

NBS used our climate scenario narratives prepared by KPMG New Zealand to revise the climate-related risks and opportunities, identified within FY24, which may impact our business model and strategy in each time horizon (short, medium, and long-term). Through this process we used the risk consequence descriptors from our Enterprise Risk Management Framework (ERMF) to identify the likelihood and level of impact for each climate-related risk for each climate scenario and across each time horizon. Climate-related opportunities were rated using the positive financial impact criteria of our ERMF.

Members of our Board, Senior Leadership Team and other team members were involved in interrogating how climate change may negatively impact or present opportunities for NBS in the future. Our Senior Leadership Team then reassessed the collective implications of these climate-related risks and opportunities for our current business model and strategy. The output of this analysis and implications for NBS were then presented to our full Board.

The anticipated impacts to NBS from climate change are organised into the following themes.

Risk themes	Opportunity themes
• Access to capital • Clients • Legal • Operations • People • Products and services • Regulatory • Technology and data	• Access to capital • Clients • Collaboration • Operations • Products and services • Regulatory • Technology and data

Current physical and transition impacts of climate change

Our material anticipated climate-related risks and opportunities are presented on pages 20 & 21. NBS did not encounter any of these during the FY25 reporting period.

Anticipated physical impacts

NBS operates primarily within the top of the South Island of Aotearoa New Zealand with our head office in Nelson and eight branches throughout the region including Ashburton, Greymouth, Motueka, Murchinson, Richmond, Tākaka, and Westport. The climate conditions within our region are influenced by the proximity to the coast and the surrounding mountain ranges, which cause mild winters and relatively high annual sunshine hours, with variable rainfall. Dry spells are common, particularly within the inland areas. Over time, the mean annual temperature in the region is increasing, contributing to a greater frequency of heatwaves, drought conditions, and heightened wildfire risk. While our branch locations are not directly exposed to wildfire hazards, smoke from hill and forest fires can affect local air quality and community wellbeing.

Nelson and its surrounding coastal areas are also subject to high wind speeds and the impacts of storm surges, which can contribute to localised coastal erosion and, in some cases, flooding. The most severe conditions tend to arise when storm surge coincides with spring or king tides, increasing the potential for overtopping of coastal edges in exposed areas. Vertical land movement (VLM) within parts of the region is also amplifying the effects of sea level rise, with some areas experiencing noticeable changes in coastal elevation over the past decade.

While NBS has not experienced material impacts from adverse weather events in the last financial year, our operations and our community have, in recent years, been affected by storms, high winds, and localised flooding. These events have not caused significant disruption to our infrastructure or portfolio to date, but the increasing frequency and intensity highlights the need for ongoing preparedness and climate resilience across our operations. Like other lenders, we are exposed in a number of sectors to the physical impacts of climate change.

We are committed to understanding, quantifying, responding to and planning for these impacts and believe our ability will improve as climate-related data becomes increasingly available, granular, and reliable within our regional and local contexts.

Sea level rise and flooding-related physical impacts

Our region has historically been exposed to high and variable physical impacts from water-related climate hazards. These impacts are expected to increase in frequency and severity under medium and high-emissions climate scenarios, particularly towards the end of the century. Many parts of our community are located in low-lying coastal and flood-prone areas or hillslopes, making them particularly vulnerable to sea level rise (SLR), coastal inundation, extreme rainfall events, and landslips. The West Coast and Nelson floods in 2019 and the Nelson floods in 2022 are recent examples of the impact that these hazards can have, causing widespread damage to homes, infrastructure, and the local economy.

Given the geography of our region and the reliance of our community on accessible, insurable, and resilient property, we consider physical climate risks from sea level rise and flooding to be material to NBS and the clients we serve. Currently, there are limitations in the availability of data required to determine our exact exposure, specifically the number of properties that we finance which are exposed to these hazards. However, we recognise the need for robust climate-related data to guide our future strategy and risk management. Recently, we considered software which uses insurance sector data to identify physical risks at a property-specific level. We have also used the local council's information about sea level rise to assist our on-going considerations on changes to lending policies.

Whilst we work to implement a more robust approach to assessing the exposure of our portfolio, we have undertaken high-level modelling for an interim understanding of our potential exposure across our current lending portfolio. Within FY25, approximately 92% of our loan portfolio was secured by first charge mortgage over property assets, with 8% being secured by non-property assets. Specific to property assets, 69% was secured by residential land and buildings, 19% by commercial land and buildings, 8% by rural land and buildings, and 4% by development land and buildings. Based on publicly available exposure maps (e.g. Nelson City Council), we estimate that up to 12% of the lending portfolio, or $96 million, may be exposed to sea level rise and water-related hazards under a high emissions climate scenario to 2080. Property was identified as exposed when any area or part was inundated, flooded, or eroded.

This modelling assumes no changes to portfolio composition, amortisation, or mitigation measures, and does not yet account for individual building characteristics such as floor levels, elevation, or construction type. We are actively working to improve the accuracy of our exposure assessments, including engaging with local councils, insurers, and technology providers to strengthen our understanding of physical climate risks and their potential financial implications. This work will support us in making informed lending decisions and continuing to serve our community in a responsible and climate-resilient way.

Anticipated transition impacts

NBS has identified clients within industries that have a high emissions intensity are likely to be more vulnerable to the transition risks than those in lower emissions intensive industries. Our commercial lending is particularly vulnerable to transition risks where it involves lenders in the dairy, horticulture, property development, mining, and oil and gas industries. This vulnerability is further exacerbated in our residential lending by the exposure of our clients who are employed within these high emissions intensive industries.

To further understand our exposure to these high emissions intensive industries, we referenced work completed by the Ministry of Business, Innovation & Employment (MBIE) in 2021[2] that calculated the emission intensity of 106 sub-industries across the Aotearoa New Zealand economy and categorised them by emissions intensity. Within FY25, we mapped our lending exposures to these sub-industries with a particular focus on the high-emissions intensity category.

Based on this analysis, we estimated that 10.71% of our gross lending (estimated $85 million) is to organisations within the high emission intensity category. Therefore, we have identified these as significantly vulnerable to transition risk as the decarbonisation of the global economy will significantly impact these lenders. The high emission intensity categories include agriculture and property development. Due to current limitations, data detailing lending to other high emission intensive industries, such as mining and oil and gas, will be quantified and included in FY26.

[2]MBIE. (2021). The emissions exposure of workers, firms, and regions. https://www.mbie.govt.nz/dmsdocument/13781-the-emissions-exposure-of-workers-firms-and-regions

Anticipated climate-related risks

Our climate-related risks are those we may experience under any of the three scenarios we have analysed and are identified below.

Type	Title	Risk	Anticipated impact	Theme	Management response	Scenario	Time horizon		
							2030	2050	2080
Physical	Devaluation of assets	Security loses value due to hazard mapping, inability to get affordable protection, maintenance for asset or changes in market demand due to climate-related impacts.	Reduced asset quality through reduced property values and impacting recoveries if loan defaults. Reduced asset quality can also impact regulatory capital requirements – LVR.	Products and services	NBS is uplifting its credit risk management that will include a focus on locations or securities that maybe impacted by hazard mapping or change in market demands impacted by climate.	**Orderly**			
						Disorderly			
						Current Policies			
Transition	Under insurance due to client choosing less or no cover	Increasing frequency of weather or climate-related events means more insurance claims and increased premiums or higher excesses for clients leading, underinsurance, and security not adequately covered.	Reduced asset quality if secured asset is compromised and not fully reinstated. Reducing asset value that may also impact LVR and reg capital requirements. Higher severity if links to concentration (systemic that individual).	Products and services	NBS is uplifting its credit risk management that will include a focus on insurances relating to loan securities.	**Orderly**			
						Disorderly			
						Current Policies			
Transition	No insurance due to un-insurability or material exclusions / limits cover	Insurers withdraw from locations or do not cover material structures or costs (e.g. retaining walls)	Reduced asset quality through loss of insurance status, reduced property values and loan defaults. Reduced asset quality may also impact reg capital required.	Products and services	NBS is uplifting its credit risk management that will include a focus on insurances relating to loan securities.	**Orderly**			
						Disorderly			
						Current Policies			
Physical & Transition	Concentration of location	Loan securities in locations susceptible to weather events or the transition to a decarbonised economy.	Home loan portfolio becomes increasingly exposed to climate risk. Increase in loan defaults and restructures and impact on loan securities. NBS operations may be overwhelmed, with insufficient resources to manage demands.	Products and services	NBS will revise its credit policy to consider a concentration risk related to locations with high impact of climate change.	**Orderly**			
						Disorderly			
						Current Policies			
Physical & Transition	Concentration of industry	Clients operate businesses, are employed or service industries constrained by severe weather events or the transition to a decarbonised economy.	Increase in loan defaults and restructures directly from associated industries. Clients who work within these industries may also lose their jobs causing wider economic impacts and indirect loan defaults and restructures from those clients.	Products and services	NBS will revise its credit policy to consider a concentration risk directly or indirectly related to industries with high impact of climate change.	**Orderly**			
						Disorderly			
						Current Policies			

Low **Moderate** **High** **Extreme**

Anticipated climate-related opportunities

Our climate-related opportunities are those we may experience under any of the three scenarios we have analysed and are identified below.

Type	Title	Opportunity	Anticipated impact	Theme	Management response	Scenario	Time horizon
Transition	New transition / adaptation financial products	Introduce financial products within existing offerings that support the adaptation and resilience of the wider economy, including resilient housing, energy efficiency, emissions reduction, and solar panels / batteries.	Access to new revenue streams and clients, or ability to do more business with existing clients. Improved position in market and increased market share.	Products and services	NBS is actively identifying new financial products that could be offered within existing offerings (e.g. green loan within a mortgage). NBS' Product Manager has a KPI to research lending products that will engage clients in green projects.	Orderly Disorderly	Short-term
Physical & Transition	Community transition / adaptation support	Position NBS to champion climate change issues on behalf of clients and communities as part of NBS' community focus, including providing climate-related education resources (e.g. newsletters) that increases the public understanding of climate-related impacts.	Enhanced brand reputation and social license to operate, stronger relationships with communities and potential to reach new clients. Improved position in market and increased market share.	Clients	NBS have a Community Investment and Sponsorship Programme which supports the community, including environmental groups. We are engaging with the Chamber of Commerce to support businesses with adaption and transition of wider economy. For instance, supporting businesses and the wider community helps increase the awareness of climate-related impacts, particularly those within NBS' communities.	Orderly Disorderly Current Policies	Short-term
Transition	Economy-wide collaboration	Improved collaboration with insurers, iwi, local government, and the wider financial services sector to develop collaborative solutions for improved adaptation and mitigation and establish strong and coherent industry voices/positions.	Lower operational costs. Improved resilience across NBS' communities. Enhanced decision-making abilities, improved reputation, and stronger economy-wider relationships to collaborate with through climate-related impacts. Establish an industry voice which could help mitigate disruptive levels of government intervention.	Collaboration	NBS will engage with relevant stakeholders on climate-related impacts, particularly through community engagement, strategic partnerships, and working groups.	Orderly	Short-term
Transition	Growth driven by regulatory change	Regulatory changes driven by climate change open up new clients or markets or remove competition / blockers which NBS faces in existing markets.	Access to new revenue streams and clients, or ability to do more business with existing clients. Improved position in market and increased market share.	Products and services	NBS will conduct regular reviews of regulatory changes and assess the impacts on NBS. Required amendments to NBS' offerings will be identified and actioned proactively, with Board approval required.	Orderly Disorderly	Short-term Mid-term

Transition planning

Climate-related impacts in decision-making

NBS are committed to integrating climate-related considerations into our approach to both strategy and risk management. Impacts on the wider climate and environment are considered within our decisions, both large and small.

Within FY25, the NBS Board and SLT worked to reset the five-year strategy. We will prepare a Climate Commitment statement within FY26 with the purpose of ensuring we continue to embed climate change risk management into our key decisions and actions.

Notable examples of how NBS has considered climate-related impacts within FY25 include:

- We purchased Renewable Energy Certificates from Meridian to demonstrate our financial support for renewable electricity generation, covering a portion of our electricity consumption. In doing so we are also contributing to Meridian's Community Decarbonisation Fund which supports decarbonisation projects across Aotearoa New Zealand.
- The Finance team have established a schedule of replacement of our nine company vehicles with SLT leading the investment strategy. Where we do replace a vehicle, our preference is to purchase an electric vehicle, where possible. Within FY26, we expect that the NBS fleet will be reduced to 4-6 vehicles.
- We have further reduced the frequency of our merchandise purchases and minimised the travel distances, as we consider the climate-related impacts and carbon emissions associated with our purchasing decisions throughout our supply chain.

Outside the Community Investment and Sponsorship Programme, we have begun considering how to ensure we apply a consistent climate-related lens and oversight to our future capital allocation and purchasing decisions, including what metrics we may need to introduce to support this. For example, climate-related requirements we might look to establish for suppliers.

Integration of climate considerations into the core of our business

As required by the Non-bank Deposit Takers Act 2013, we define our risk universe through the lens of credit risk, operational risk, market risk and liquidity risk. However, we also monitor other material risk categories, such as climate and sustainability risk.

Our recent work on climate scenario analysis was the first detailed review of the climate-related risks and opportunities facing our business. We have not yet quantified these areas.

We recognise the complexity of integrating climate-related risks (with longer time horizons), with non-climate risks (which typically use much shorter time horizons). As we continue to evolve our process for identifying, assessing, and managing key risks, we will integrate transition and physical climate-related risks into our overall risk management processes.

We are continuing to explore how we can access quality, local data, which will allow us to improve our reporting and quantify the impacts of climate-related risks on our business.

Our response to the identified climate-related risks and opportunities is being considered as we prepare for our next annual review and planning exercises. The updated five-year strategy will inform a refreshed risk appetite statement, as well as be used as the basis for developing objectives and related KPIs for our Chief Executive, Senior Leadership Team, and wider organisation. In time, this will also flow into our role descriptions, decision-making criteria and, ultimately, into remuneration decisions.

Within FY26 we will refresh the risk appetite statement and identify relevant triggers and limits which we will monitor and report to Management and the Board on a regular basis. As climate-related risks and opportunities are integrated both into our business strategy and enterprise risk management processes, we will be able to use a consistent and organisation-wide approach to prioritising climate-related topics against other key areas we monitor and manage.

Emissions measurement progress

We are committed to measuring and achieving a comprehensive and complete understanding of our emissions inventory. In FY25 this has included the measurement of new emissions sources including staff accommodation and purchased goods and services.

We also acknowledge the importance of measuring the emissions linked to our lending activities (financed emissions). Therefore, we are seeking to measure and include financed emissions in our FY26 climate-related disclosures.

Our emissions metrics can be found in the Metrics and Targets section on page 25.

Climate transition plan framework

In FY24, our initial steps toward a transition to a low-emissions, climate-resilient future focused on establishing our greenhouse gas emissions base year and identifying our anticipated climate-related risks and opportunities. The risks and opportunities we identified have been used as inputs into our Board and Senior Leadership Team's annual strategic planning exercises, which in turn refresh our strategic plan and guide our capital deployment.

We have developed our climate transition plan framework to outline the transition aspects of our business model and strategy. The development of our transition plan has been informed by the scenario analysis undertaken in FY24 and FY25 and the climate-related risks and opportunities we have identified. It references the disclosure framework set out by the Transition Planning Taskforce (TPT).

The tactical elements of our transition plan framework will continue to be developed and embedded within our strategy, business model, and operations throughout FY26 and beyond, as climate-related risks and opportunities continue to evolve. Planned responses to each identified climate-related risk and opportunity are provided alongside their respective descriptions with more information on our climate-related targets available in the metrics and targets section.

Climate Transition Plan Framework			
Our **vision** is a prosperous and sustainable future for our people, clients, and communities			
Our **mission** is to deliver personalised products and experiences that enable 'Banking for Life.' We support not for profit organisations who make a positive difference.			
Ambition	**Managing our GHG emissions**	**Maintain operational and financial resilience through a managed organisational response to climate change**	**Support the resilience of our communities to the impacts of climate change**
	We are committed to measuring and managing our GHG emissions.	We are committed to managing our climate-related risks and opportunities thoughtfully, while seeking to understand and utilise opportunities that arise.	We are committed to supporting our people, clients, and communities through sponsorships and community investment that targets organisations which make a positive difference in our society
Actions	• Measure and publicly report our GHG emissions annually. • Engage with our suppliers to measure and manage their GHG emissions. • Identify and measure new emission sources, including financed emissions. • Engage with clients within high-emitting industries.	• Undertake scenario analysis to identify anticipated climate-related risks. • Effectively budget for anticipated climate-related risks affecting operations when relevant. • Review and action management responses to climate-related risks and opportunities on a regular basis. • Improve the approach to quantifying the exposure of financed assets to climate change. • Manage GHG emissions and exposure to transition risks.	• Provide continued funding and support for community groups within the region, including dedicating more than 10% of support to groups with an environmental focus. • Engage with and educate people, clients, and communities on the potential impacts of climate change, including their exposure to physical and transition impacts. • Consider the continued purchasing of RECs and carbon credits to support local carbon sequestration and decarbonisation.
Metrics	• Measurement of greenhouse gas emissions, including financed emissions (tCO_2e) • Number of financed assets exposed to transition climate-related impacts (# or %)	• Number of financed assets exposed to physical climate-related impacts (# or %) • Number of climate-related events that materially impact NBS' operations and portfolio (#)	• Support provided to community groups, especially those with an environmental focus ($)
Accountability	The Board of Directors (Board) is responsible for overseeing climate-related risks and opportunities, progress towards and achievement of climate-related metrics and incorporating climate-related risks and opportunities into the business strategy. The Audit and Risk Committee (ARC), Senior Leadership Team (SLT), and Climate Committee are responsible for assessing and reviewing climate-related risks and opportunities, monitoring progress and engaging with the Board about climate-related risks and opportunities.		

Risk Management

This section is intended to enable users to understand how climate-related risks and opportunities are identified, assessed, and managed by NBS and how it is integrated into the existing risk management process.

Identifying and assessing climate-related risks and opportunities

Our enterprise risk management framework (ERMF) provides a common methodology for identifying, assessing, and managing climate-related risks relative to other organisational risks.

In FY24, NBS utilised the ERMF and the scenario analysis, as described in the Strategy section, to identify a broad range of climate-related risks and opportunities that could impact our business under any scenario and assessed the scope, size, and impact. These were identified through a series of workshops with the potential severity / impact of each risk (without mitigation) identified in alignment with NBS' strategy and business model. No part of NBS' value chain was excluded from the process.

To prioritise the severity of each risk under a particular scenario, we utilised the ERMF which evaluates the likelihood and impact, where 'likelihood' related to the speed of onset, or the time horizon in which the risk or opportunity was expected to occur, and 'impact' related to the potential financial, people, client services, operations, reputation and brand, legal and compliance, and client impacts to NBS. Opportunities were also prioritised using the same method under each scenario, where the consequence on the business would result in a positive financial outcome for NBS.

In FY25, NBS reviewed the existing register of climate-related risks and opportunities to understand if the previously identified impacts remained relevant under any of the scenarios and if any new impacts have been observed. This resulted in the consolidation and revision of many existing risks as well as the removal of risks that were no longer considered financially material. This assessment process was qualitative and did not utilise modelling. In FY26, NBS will seek to gain access to quality, local data, which will allow us to improve our reporting and quantify the impacts of climate-related risks on our business.

Management of climate-related risks and opportunities

Through the identification and assessment of our climate-related risks and opportunities, we recognise that many of these risks are interconnected to other existing risks within our organisation risk register. Therefore, our climate-related risks have been incorporated into our risk register, either separately or as inputs to other risks in the register and are monitored alongside and with equal priority to other risks.

The management responses in place to mitigate and manage our climate-related risks are described alongside each risk in the Strategy section and are embedded in our climate transition plan framework.

We will continue to undertake a scenario analysis review exercise annually, in preparation of our climate-related disclosures, to identify and assess new and existing climate-related risks. This will be supported by quarterly reviews of the identified climate-related risks and opportunities within our register by the relevant risk and opportunity owners. This supports the integration of climate change considerations into our day-to-day operations. We will also make relevant updates to our scenario analysis to align with expected amendments to our ERMF in FY26.

Frequency of assessment

NBS reviews and updates the identified climate-related risks and opportunities and the corresponding responses at least annually, with oversight and support from the Audit and Risk Committee, Climate Committee, and the relevant owners. Climate change risk is included as one of the risks in NBS' risk register, which is under the governance oversight of the Board and management oversight by the Audit and Risk Committee. Climate adaptation and mitigation plans and actions to address identified priority climate-related risks are under ongoing development and refinement.

Metrics and Targets

This section is intended to enable users to understand how NBS measures and manages its climate-related risks and opportunities.

Greenhouse gas (GHG) emissions

NBS has measured and publicly reported its greenhouse gas emissions since FY24, which serves as our baseline year.

NBS partners with Toitū Envirocare while preparing our GHG emissions inventory. Toitū's emanage software is utilised to compile and generate NBS' emissions inventory. The GHG emission sources included in our inventory were identified using the methodology outlined in the GHG Protocol.

NBS measures and reports its GHG emissions with guidance from the following standards:

- ISO 14064-1:2018 – Greenhouse Gases: Specification with guidance at the organisation level for quantification and reporting of greenhouse gas emissions and removals.
- Greenhouse Gas Protocol – A Corporate Accounting and Reporting Standard
- Greenhouse Gas Protocol – Corporate Value Chain (Scope 3) Accounting and Reporting Standard

The following guidance has been used in the preparation of our GHG Emissions Inventory:

- Greenhouse Gas Protocol – Scope 2 Guidance
- Greenhouse Gas Protocol – Scope 3 Calculation Guidance
- New Zealand Ministry for Environment (MfE) – Measuring emissions: A guide for organisations

We utilised the most relevant emission factors from the following sources, including:

- MfE 2024 & 2025 'Measuring Emissions: A guide for organisations' (GWP 100, IPCC Fifth Assessment Report)
- BraveTrace Annual Residual Supply Factor
- Market Economics Limited's 2023 'Consumption Emissions Modelling', report prepared for Auckland Council.

The Scope 1 and 2 emissions were prepared using the MfE 2025 emissions factors and Scope 3 emissions were prepared using MfE 2024 emission factors. As a result, the emissions sources and factors differ between scope 1 and 2 and scope 3, and is detailed in the *Emission sources, methodologies, uncertainties, and assumptions* table.

Where possible, the latest values for Global Warming Potentials (GWP's) of reported GHG, as defined by the Intergovernmental Panel on Climate Change (IPCC). GWP from the IPCC fifth assessment report (AR5) were the preferred GWP conversion.

NBS utilised an operational control consolidation approach, encompassing our head office in Nelson, plus our eight regional branches. This allows us to focus on those emissions sources that we have greater control over and can influence. The FY24 reporting period (1 April 2023 to 31 March 2024) has been identified as our baseline period as no data is available for earlier years to compare performance against.

Within FY25, as identified in our Statement of Compliance, we have included partial information about our scope 3 GHG emissions for emissions sources where data was available. We are continuing to refine our calculations and attain relevant data and will include the remaining scope 3 categories in future financial years, in alignment with Adoption Provisions 4, 5, and 7. The most notable emissions sources which have not been included are financed emissions and travel by consultants due to data quality and availability issues.

In accordance with our base year recalculation policy, NBS intends to restate its base year where there has been:

- A change in calculation methodology or improvements in the accuracy of emissions factors or activity data that result in a change greater than 5% in our emissions inventory;
- A significant error has been identified; or
- Structural changes to the Society.

Within FY25, an error was discovered in relation to the FY24 base year purchased energy emissions (location-based methodology) reported in our FY24 climate-related disclosures. Therefore, the emissions disclosed within these disclosures have been restated in accordance with our base year recalculation policy.

Scope	Emission source	FY24 (tCO_2e)	FY25 (tCO_2e)	% change from base year
Scope 1[3]	Transport fuel (company owned or leased vehicles)	30.70	29.36	-4.36%
Scope 2[3]	Purchased energy (market-based methodology)	7.28	0.13	-98.21%
	Purchased energy (location-based methodology)	13.06	18.27	39.89%
Scope 3	Purchased goods and services	N/A	11.42	N/A
	Electricity transmission and distribution losses	1.53	0.94	-38.56%
	Downstream transportation and distribution	6.14	6.78	10.42%
	Waste generated in operations	4.75	1.86	-60.84%
	Business travel – Air travel (domestic and international)	86.87	27.78	-68.02%
	Business travel – Road travel (mileage claims)	4.12	3.44	-16.50%
	Business travel – Road travel (taxi)	0.59	0.61	3.39%
	Business travel – Accommodation	N/A	4.99	N/A
	Employee commuting	59.21	52.03	-12.13%
	Work-from-home	1.22	1.98	62.30%
Total direct emissions (tCO_2e)		**30.70**	**29.36**	**-4.36%**
Total indirect emissions (tCO_2e) – *market-based methodology*		**171.71**	**111.96**	**-34.80%**
Total indirect emissions (tCO_2e) – *location-based methodology*		**177.49**	**130.10**	**-26.70%**
Total emissions(tCO_2e) – *market-based methodology*		**202.41**	**141.32**	**-30.18%**
Total emissions (tCO_2e) – *location-based methodology*		**208.19**	**159.46**	**-23.41%**

Our most notable operational emissions sources identified within FY25 was road travel (staff commuting and business-related travel), petrol from company owned/leased vehicles, and air travel (international and domestic).

We have purchased Renewable Energy Certificates for part of our electricity consumption within FY25, equating to 13.64 tCO_2e. We have disclosed the market-based and location-based results but utilise the market-based approach within internal decision-making processes.

Emission scope		FY24 (tCO_2e)	FY25 (tCO_2e)	% change from base year
Scope 1[3]		30.70	29.36	-4.36%
Scope 2[3]	market-based methodology	7.28	0.13	-98.21%
	location-based methodology	13.06	18.27	39.89%
Scope 3		164.43	111.83	-32.00%
Total emissions (tCO_2e) – *market-based methodology*		**202.41**	**141.32**	**-30.18%**
Total emissions (tCO_2e) – *location-based methodology*		**208.19**	**159.46**	**-23.41%**

[3] *NBS' scope 1 and scope 2 (location-based) GHG emissions for FY25 were subject to a limited assurance engagement by Deloitte Limited. Refer to the Assurance report on pages 5–8.*

Emission sources, methodologies, uncertainties, and assumptions

There is inherent uncertainty in measuring GHG emissions as the methodologies used are based on estimates, judgements and limited data. GHG quantification is subject to inherent uncertainty because on incomplete scientific knowledge used to determine emission factors and the values needed to combine emissions of different gases.

Scope	Emission	Unit	Data source	Methodology	Uncertainty and assumptions
Scope 1	Transport fuel (company owned or leased vehicles)	L and $	Supplier invoices for fuel cards, plus expense claims	NBS used activity data from supplier invoices and the MfE 2025 emissions factors and Auckland Council Consumption Emissions Modelling' spend-based emissions factors.	Spend-based data (petrol from rental cars) and Fuel Card data (for owned fleet vehicles). Low uncertainty.
Scope 2	Purchased energy (market-based approach)	kWh	Supplier invoices and Renewable Energy Certificates	NBS used activity data from supplier invoices, the BraveTrace Annual Supply Factor, and the Renewable Energy Certificates purchased from Meridian.	High data quality and low uncertainty.
	Purchased energy (location-based approach)	kWh	Supplier invoices	NBS used activity data from supplier invoices and the MfE 2025 emissions factor for the grid.	High data quality and low uncertainty.
Scope 3	Purchased goods and services	$	Spend data extracted from general ledger	NBS used spend data and the Auckland Council Consumption Emissions Modelling' spend-based emissions factors.	High data quality and low uncertainty.
	Electricity transmission and distribution losses	kWh	Supplier invoices	NBS used activity data from supplier invoices and the MfE 2024 emissions factors.	High data quality and low uncertainty.
	Downstream transportation and distribution	$ (inc. GST)	Spend data extracted from general ledger	NBS used spend data and the Auckland Council Consumption Emissions Modelling' spend-based emissions factors.	High data quality and low uncertainty.
	Waste generated in operations	kg	Waste audits	NBS used estimated activity data from waste audits and MfE 2024 emissions factors. Team Leads in all locations physically measured food waste in June 2024. Further checks were conducted later in the year to identify any changes in waste volumes. In addition to food waste, emissions caused by paper waste was calculated by identifying the number of bins collected throughout the year and multiplying by the estimated bin weight.	Data was based on samples throughout the year. Data quality is low. High uncertainty.
	Business travel – Air travel (domestic and international)	p/km	Air New Zealand Travel Card plus airline tickets	NBS utilised a distance based method using activity data from suppliers, including Air New Zealand Travel Card and airline tickets was available, and the MfE 2024 emissions factors.	High data quality and low uncertainty.
	Business travel – Road	km	Payroll system	NBS utilised a distance based method using activity data from the payroll system and the MfE 2024 emissions factors.	High data quality and low uncertainty.
	Business travel – Road travel (mileage claims)	$	Spend data extracted from general ledger	NBS used spend data from the general ledger and the MfE 2024 emissions factors.	kg High data quality and low uncertainty.
	Business travel – Accommodation	$	Spend data extracted from general ledger	NBS used spend data from the general ledger and the MfE 2024 emissions factors.	High data quality and low uncertainty.
	Employee commuting	p/km	Bi-annual employee surveys	NBS utilised a distance based method using activity data from bi-annual surveys in June 2024 and March 2025 (summer and winter), coordinated by the Climate Committee, and the MfE 2024 emissions factors. The surveys asked respondents to provide details about a week's worth of their commuting, including distance and mode of commute. Respondents used Google Maps to get accurate distances, plus CarJam to gather information about vehicle age, fuel type, and engine size. Data was extrapolated out to cover the full financial year.	Data quality is low due to difficulty validating survey results and extrapolating over remaining weeks. High uncertainty.
	Work-from-home	Employee per day	Management and informal surveying	NBS used estimated activity data from management and the MfE 2024 emissions factors. NBS management estimated each employee's days worked from home based on knowledge of individual working patterns and requirements of operational roles. Some informal surveying of specific teams. Data was extrapolated out to cover the full financial year	Days working from home estimated based on our people's work habits and requirements of operational roles. Data quality is low. High uncertainty.

Internal emissions pricing

NBS does not currently use an internal carbon price.

Carbon credits

Within FY25, we purchased 202 carbon credits (New Zealand Units) through Ekos equivalent to the total GHG emissions for our FY24 base year (202.41 tCO_2e). These projects include Tākaka Hill through the Rameka Nature Reserve project in Golden Bay. This project is being undertaken under the Permanent Forest Sink Initiative, as subset of the New Zealand Emissions Trading Scheme. The project issues New Zealand Units) based on New Zealand Government rules for carbon sequestration rates by indigenous forest. They have been reviewed by the New Zealand Ministry for Primary Industries.

The credits have been cancelled on the New Zealand carbon unit registry.

NBS has not purchased these carbon credits for the purposes of making any carbon claim.

Assurance

Within FY25, scope 1 and 2 location-based emissions have been subject to an independent limited assurance engagement conducted by Deloitte Limited in alignment with *New Zealand Standards on Assurance Engagements 1 (NZ SAE 1): Assurance Engagements over Greenhouse Gas Emissions Disclosures.*

Other metrics

The other metrics identified throughout our climate-related disclosures have been summarised below. We have used Adoption Provision 6 to account for the inclusion of two new metrics and the reporting of progress against two previous metrics.

Metrics	Unit	Detail	FY24	FY25
Financed assets vulnerable to physical impacts (e.g., sea level rise, coastal inundation, groundwater rise)	Amount of financed assets exposed (# or %)	NBS is working to identify more specific exposure of its financed assets to physical impacts for disclosure in future financial years.	Not disclosed in FY24	Up to 12% ($96 million)
Financed assets vulnerable to transition impacts (e.g., high emissions intensive industries)	Amount of financed assets exposed (# or %)	NBS is working to identify more specific exposure of its financed assets to transition impacts for disclosure in future financial years.	Not disclosed in FY24	10.71% ($85 million)
Climate-related events that materially impact NBS' operations and portfolio	Number of climate-related events (#)	NBS will continue to identify and quantify the impacts of climate-related impacts within each financial year.	No material-climate related events identified within FY24	No material-climate related events identified within FY25
Support provided to community groups, especially those with an environmental focus	Amount of support provided to community groups, including those with environmental focus ($)	NBS will continue to provide community support, with an increasing focus on environmental groups.	Estimated $1.3 million in support provided with $103,000 (9%) provided to groups with an environmental focus	Estimated $1 million in support provided with $120,000 (12%) provided to groups with an environmental focus

Noting that the amount or percentage of assets, or business activities aligned with climate-related opportunities and the amount of capital expenditure, financing, or investment deployed toward climate-related risks and opportunities has not been quantified in FY25 due to a lack of data. This will be measured and identified in FY26 as part of the planned work detailed previously.

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