



Climate-related Disclosure

July 2026

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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 2025 to 31 March 2026 (FY26).

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 FY26, NBS has elected to use the following adoption provisions from NZ CS 2, that are available to us in our third year of reporting following the Amendments to Adoption of Aotearoa New Zealand Climate Standards 2025, including:

- Adoption provision 2 (NZ CS 2 (12), (13), and (14)): Anticipated financial impacts;
- Adoption provision 4 (NZ CS 2 (17)): partial Scope 3 GHG emissions;
- Adoption provision 5 (NZ CS 2 (18) and (19)): Comparatives for partial Scope 3 GHG emissions; 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 from 1 April 2025 to 31 March 2026 (FY26). 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 the impacts may be more or less significant than anticipated.

This report is dated 9 July 2026, and is signed on behalf of NBS by:



Gerrard Wilson
Director
09/07/26



Anna Fox
Director
09/07/26

Chief Executive’s Introduction

NBS is now in its third year of reporting climate-related disclosures and each year reminds us just how important this work is. Climate change is already influencing the financial landscape we operate in and the wellbeing of the communities we’ve proudly supported since 1862. Understanding these risks helps us look after the people and places that rely on us. Being proudly local is at the heart of who we are. Our vision is simple: to help the financial wellbeing of our communities and future generations. To us, that means helping people thrive today while supporting the environmental resilience needed for tomorrow. Our core values of trust, integrity, respect and community guide this work and keep us focused on what matters most.

Over the past year we’ve taken meaningful steps forward in how we understand and manage climate related risk. We’ve strengthened our approach by embedding climate considerations into our enterprise risk management framework, ensuring these risks are assessed and governed alongside our broader organisational risks. This gives us greater confidence in the consistency and rigour of our decision making. At the same time, we’ve continued to build our internal capability. We’ve clarified ownership, strengthened governance and supported our people to take a more active role in progressing this work, helping embed climate considerations more deeply across the organisation. We’ve also been more deliberate in directing our community investment to organisations that are actively building resilience and supporting carbon reduction and sequestration, because we know meaningful progress comes from working together.

For us, climate reporting isn’t a tick-box exercise. It’s about good governance, purposeful strategy and making sure we can keep supporting our clients and communities well into the future. By staying focused on both the challenges and the opportunities ahead, we’re working to build a stronger, more resilient future for the regions we serve and for the generations who follow.

G Dellabarca
Chief Executive



NBS Chief Executive, Gina Dellabarca



Independent Limited Assurance Report on Selected Greenhouse Gas (‘GHG’) Disclosures included within the Climate Statements for Scope 1 and 2 GHG emissions

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 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 2026 (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 23, 24 and 26 of the Climate Statements for the year ended 31 March 2026:

Subject matter: Selected GHG Disclosures	Reference
GHG emissions: gross emissions in metric tonnes of Carbon dioxide equivalent (‘ CO₂e ’) classified as: - Scope 1 - Scope 2 (calculated using the location-based method)	Page 23
Additional requirements for the disclosure of gross GHG emissions per paragraph 24 (a) to (d) of Aotearoa New Zealand Climate Standard 1: <i>Climate-related Disclosures</i> (‘ NZ CS 1 ’), being: - The statement describing the GHG emissions have been measured in accordance with the <i>Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)</i> (the ‘GHG Protocol’) to the extent this pertains to Scope 1 and 2 GHG emissions; - The statement that the GHG emissions consolidation approach used is operational control, to the extent this pertains to Scope 1 and 2 GHG emissions; - Sources of Scope 1 and 2 GHG emission factors and the global warming potential (‘GWP’) rates used or a reference to the GWP source; and - The summary of specific exclusions of Scope 1 and 2 GHG emissions sources, including facilities, operations or assets with a justification for their exclusion.	Page 23 and 24
Disclosures relating to GHG emissions methods, assumptions and estimation uncertainty per paragraphs 52 to 54 of Aotearoa New Zealand Climate Standard 3: <i>General Requirements for Climate-related Disclosures</i> (‘ NZ CS 3 ’): - Description of the methods and assumptions used to calculate or estimate Scope 1 and 2 GHG emissions, and the limitations of those methods. - Description of uncertainties relevant to the Society’s quantification of its Scope 1 and 2 GHG emissions, including the effects of these uncertainties on the GHG emissions disclosures.	Page 26

Our engagement has not covered Scope 3 emissions as the Society is taking advantage of the adoption provisions so will not be assuring Scope 3 emissions for the year ended 31 March 2026.

Our limited assurance engagement does not extend to any other information included, or referred to, in the Climate Statements on pages 3 to 22, 25 and 27 to 30. We have not performed any procedures with respect to the excluded information and, therefore, no conclusion is expressed on it.

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 Selected GHG Disclosures

The 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 Selected 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 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. Specifically, as discussed on page 26 of the Climate Statements, 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.

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 members register, trustee reporting and annual return. 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 Selected 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 Selected 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.

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 Selected GHG Disclosures are prepared and assured to appropriate levels of materiality.

Our 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 our 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 our Report, or for the conclusions we have formed.

Deloitte Limited

Nicole Dring, Partner
for Deloitte Limited
Christchurch, New Zealand
9 July 2026

This limited assurance report relates to the Selected GHG Disclosures included within the Society’s Climate Statements for the year ended 31 March 2026 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 9 July 2026 to confirm the information presented on this website.



Brook Waimārama Sanctuary

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 approximately 300 groups in FY26.

Within FY26, our Community Investment and Sponsorship Programme provided over \$90,000 (including GST) in financial support to community groups with a primary focus on conservation, restoration, waste reduction, sustainable transport, or environmental education. The community groups that were supported included Nelson Bike Hub, Tasman Bay Guardians, Brook Waimārama Sanctuary, Nelson Environment Centre and Kai Rescue, Marsden Valley Trapping, Te Taihū Environmental Trust, Te Mamaku Drive Native Corridor Project, Project De-Vine, Cape Foulwind Catchment Board, and Kawatiri Coastal Trail.

These groups support various environmental activities including environmental education, restoration projects, pest trapping,

weed control, tree planting, protection of native species, and food rescue initiatives. Further to the direct investment into our community, we supported the wider transition of the economy through the purchase of Renewable Energy Certificates (RECs) through Meridian for 100% of our electricity consumption to show our financial support for renewable electricity generation.

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 our Community Engagement Committee. Our Board receives regular updates on our Community Investment and Sponsorship Programme and is involved in decision-making for larger requests, as per an established Practice and Delegation policy.



Tāhunanui Community Hub

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 and disclosing 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 regularly, receiving reports from the Audit and Risk Committee’s meetings, including climate-related updates as these arise. .

Board members have been involved in several climate-related workshops 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.

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. The Audit and Risk Committee also helps formulate our risk appetite for consideration by the full Board.

Climate is managed as a standalone enterprise risk and is reported to the Audit and Risk Committee on a regular basis. Within FY26, the Audit and Risk Committee focused on progressing the commitments made within the FY25 climate-related disclosure, with a specific focus on credit uplift. This followed the Audit and Risk Committee’s focus in previous years on understanding and preparing NBS for mandatory climate-related disclosures.

Building on the climate governance training previously completed, including the Institute of Directors’ Climate Change Governance Essentials course completed by two Directors and the General Manager, Commercial Banking in FY25, the Board continued to develop its climate competencies throughout FY26 through ongoing briefings from management and external advisors on climate-related risks,opportunities, and emerging regulatory expectations.

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 on climate-related initiatives within their functional area. The Senior Leadership Team is responsible for establishing and implementing these initiatives, many of which will be delivered within the remit of their business unit workplans. The Chief Financial Officer has oversight over these initiatives as Chair of the Climate Committee.

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. In FY26 the climate action plans were embedded within the workplan of specific Committees including Risk, Credit, Product Governance and the Senior Leadership Team. Embedding climate considerations into the general workplan of each respective Committee is expected to conclude within FY27.

The Climate Committee retains oversight of the climate action plans and is responsible for providing climate reporting and updates on the climate actions to the Audit and Risk Committee.

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

The roles and responsibilities for our board and management are enabled by our governance structure for climate-related considerations.

Board has overall responsibility for climate-related risks and opportunities. This is managed through the Audit & Risk Committee which oversees risk management, including climate-related risks. The Climate related policies that form part of this oversight includes the Enterprise Risk Management Framework and Climate Policy that was delivered in FY26. This also includes the requirement for a Climate Committee of which the Chief Financial Officer chairs to ensure that the Senior Leadership Team and Chief Executive are involved in the delivery of initiatives, monitoring and reporting of progress.

Contributions across the business including finance, operations, credit, risk, HR and communityfunctions are actively engaged for input, collaboration and perspectives.

Section two

Strategy

This section enables users to understand how climate change is currently impacting NBS and how it will affect us 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, with climate-related issues being a cross-cutting theme that aligns across our strategic enablers.



Scenario analysis

Scenario analysis undertaken

Within FY26, NBS revised its scenario analysis to be more NBS-specific and to account for internal changes that occurred within the reporting period (e.g., revised Enterprise Risk Management Framework).This process followed four 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 scenarios¹ 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** – We worked through a process to identify the most material external drivers of change for our business including political, environmental, social, technological,
- legal, and economic (PESTLE). We mapped the potential influences of these material drivers in each of the three climate scenarios and identified how these may change over different time horizons.
 - **Climate scenario narratives** – These drivers were used to develop distinct, challenging, and plausible narratives for each climate scenario. These narratives are more bespoke to NBS compared to our previous narratives which were more aligned to the NZBA sector scenarios. This supported our scenario analysis to align with our strategy and key commercial activities but are also easily comparable with other published scenario sets.
 - **Climate-related risks and opportunities assessment** – We updated our climate-related risks and opportunities register to align with the revised climate scenarios and our redeveloped ERMF, which included changes to the consequence / impact criteria within our risk matrix.

¹NZBA. (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>

Material drivers

Throughout our scenario analysis, 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

Climate Scenarios

NBS has maintained three scenarios in alignment with NZ CS requirements to support our scenario analysis process and the development of NBS-specific scenario narratives. These specific scenarios were chosen to align with the scenario narratives available within our sector and the climate projection data available within Aotearoa New Zealand. These scenarios have remained consistent throughout our disclosures to allow for meaningful comparison of our climate-related disclosures, and include:

- **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.

Scenario narratives

Within FY26, our NBS-specific scenario narratives were revised to be more specific to our operations and the communities in which we support. These scenario narratives focus on the global, national, and local parameters in line with the scope of our operations, lending, and end users and utilise information from multiple sources, including:

- New Zealand Banking Association: Climate Scenario Narratives for the Banking Sector
- Reserve Bank of New Zealand: Financial Stability Reports
- Local climate projection data

These revised scenario narratives supported the FY26 revision of our climate-related risks and opportunities for alignment with our revised ERMF. An overview of the scenarios used to develop our narratives has been provided in Appendix 1.

Time horizons

NBS typically uses a 12-month strategic planning horizon. However, we recognised that scenario analysis requires us to consider longer time horizons to capture the temporal nature of climate change. Within FY25 we revised our 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 maintained these extended time horizons within the FY26 revision of our scenario analysis 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-emission-intensity scenarios (i.e., Disorderly and Current Policies).

Time horizons		Alignment
Short-term	2026 – 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 climate scenario narratives to revise the climate-related risks and opportunities identified within FY26, 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) (revised in December 2025) to identify the likelihood and consequence / impact for each climate-related risk across each climate scenario and time horizon. Climate-related opportunities were rated using the 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 under the plausible futures within our scenario narratives. 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

Physical and transition impacts of climate change

Our material anticipated climate-related risks and opportunities are presented within these disclosures (pages 16-19). These detail the definitions of the risks and opportunities, the anticipated impacts, the themes impacted, and management’s responses to each.

NBS did not experience any material impacts during the FY26 reporting period.

Current and anticipated physical impacts

NBS operates primarily in the top of the South Island of Aotearoa New Zealand with our head office in Nelson and eight branches throughout the South Island. The climate conditions within our region are influenced by the proximity to the coast and the surrounding mountain ranges, resulting in mild winters and relatively high annual sunshine hours, with variable rainfall. Dry spells are common, particularly within the inland areas. Over time, the region’s mean annual temperature 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 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.

In late June 2025, a local state of emergency was declared in the Nelson Tasman region due to severe flooding, with some rivers reaching levels not seen for around 150 years and Motueka Valley among the hardest hit areas.

The state of emergency was extended into early July as further heavy rain and flooding affected parts of Nelson, Tasman and Marlborough. Across these events, roads and bridges were damaged, some communities experienced power cuts and evacuations, and farms, orchards and homes in areas such as Motueka Valley, Moutere, Brightwater and surrounding districts suffered significant damage, with some properties affected more than once.

Despite these events, NBS did not experience any material financial impacts or significant disruption to our infrastructure or portfolio. However, the increasing frequency and intensity highlight 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.

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 FY26, approximately 98% of our loan portfolio was secured by first charge mortgage over property assets, with 2% being secured by non-property assets. Specific to property assets, 72% was secured by residential land and buildings, 16% by commercial land and buildings, 8% by rural land and buildings, and 4% by development land and buildings. We understand that a

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

percentage of our loan book is exposed to physical climate-related impacts. However, our aim is to build data sets that accurately quantify our financial exposure of our loan book to calculate this into future reporting periods.

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 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 who 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 borrowers in the dairy, horticulture, property development, mining, and oil and gas industries. This vulnerability is also 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 2021² that calculated the emission intensity of 106 sub-industries across the Aotearoa New Zealand economy and categorised them by emissions intensity. Within FY26, 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 9.80% of our gross lending (estimated \$81 million) is to organisations within the high emission intensity category and identified these as significantly vulnerable to transition risk as the decarbonisation of the global economy will significantly impact these borrowers.

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 future periods.

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
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 at credit event.	Products and services
Transition	Under insurance due to client choosing less or no cover	Increasing frequency of weather- and climate-related events is leading to more insurance claims, resulting in higher premiums or excesses for clients, increased underinsurance, and gaps in coverage.	Reduced asset quality if secured asset is compromised and not fully reinstated. Reducing asset value that may also impact LVR at credit event and regulatory capital requirements. Higher severity if links to concentration (systemic that individual).	Products and services
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 regulatory capital required.	Products and services
Physical and Transition	Disruptions to operations	NBS' operations may be impacted by extreme weather events, drought, and flooding or the transition to a decarbonised economy from impacts to key suppliers, infrastructure, or client and staff impacts with NBS' staff or customers unable to physically access branches.	The loss of services provided by key suppliers, damage to infrastructure, or inability for clients and staff to access NBS' services (e.g., road closures, access to technology) cause significant disruptions to NBS' ability to provide core banking services.	Products and services

Management response	Scenario	Time horizon		
		2030	2050	2080
NBS is uplifting its credit risk management that will include a focus on locations or securities that may be impacted by hazard mapping or change in market demands impacted by climate. NBS will engage with insurers around affordability of insurance for clients and understand more around insurance processes. NBS will also revise engagement approach with clients after they lapse or withdraw from insurance to ensure they understand liabilities.	Orderly			
	Disorderly			
	Current Policies			
NBS is uplifting its credit risk management that will include a focus on insurances relating to loan securities. NBS will engage with insurers around affordability of insurance for clients and understand more around insurance processes. NBS will also revise engagement approach with clients after they lapse or withdraw from insurance to ensure they understand liabilities.	Orderly			
	Disorderly			
	Current Policies			
NBS is uplifting its credit risk management that will include a focus on insurances relating to loan securities. NBS will engage with insurers around affordability of insurance for clients and understand more around insurance processes. NBS will also revise engagement approach with clients after they lapse or withdraw from insurance to ensure they understand liabilities.	Orderly			
	Disorderly			
	Current Policies			
NBS is working to strengthen its Business Continuity Planning (BCP) and supporting responses. NBS will conduct proactive monitoring to identify impacts, particularly if it impacts infrastructure, clients, or staff.	Orderly			
	Disorderly			
	Current Policies			

	Low	Moderate	High	Critical
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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
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
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 licence to operate, stronger relationships with communities and potential to reach new clients. Improved position in market and increased market share.	Clients
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-wide relationships to collaborate with through climate-related impacts. Establish an industry voice which could help mitigate disruptive levels of government intervention.	Collaboration
Transition	Growth driven by regulatory change	Regulatory changes driven by climate change open 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

Management response	Scenario	Time horizon
NBS is actively identifying new financial products that could be offered within existing offerings (e.g. green loan / funds within a mortgage). NBS' Head of Products has a KPI to research lending products that will engage clients in green projects.	Orderly Disorderly	Short-term
NBS has 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 adaptation and transition of wider economy. For instance, supporting businesses and the wider community increases the awareness of climate-related impacts, particularly those within NBS' communities. Develop and finalise a revised community engagement strategy that will inform where funding goes in the future (e.g., guidance on distribution of funding).	Orderly Disorderly Current Policies	Short-term
NBS will continue to identify and engage with relevant stakeholders on climate-related impacts, particularly through community engagement, strategic partnerships, and working groups.	Orderly	Short-term
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. This will include the identification of the transition planning of clients and determining NBS' response to support them with their transition. Define criteria for onboarding approach to potential new higher-risk clients.	Orderly Disorderly	Short-term Mid-term

Transition planning

Climate-related impacts in decision-making

NBS is 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 FY26, notable examples of how NBS has considered climate-related impacts within our day-to-day operations include:

- **Renewable energy:** We purchased Renewable Energy Certificates (RECs) from Meridian for 100% of our electricity to demonstrate our financial support for renewable electricity generation. In doing so we are also contributing to Meridian’s Community Decarbonisation Fund which supports decarbonisation projects across Aotearoa New Zealand.
- **Fleet management:** Reduced the fleet from nine company vehicles to seven vehicles. The Finance team have revised the schedule of replacement of our remaining vehicles with SLT leading the investment strategy. Where we do replace a vehicle, our preference is to purchase low emissions vehicles, where possible.
- **Procurement:** 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.

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. We recognise the complexity of integrating climate-related risks (with longer time horizons), with non-climate risks (which typically use much shorter time horizons).

Within FY26, we have integrated climate-related considerations into our risk appetite statement, enterprise risks, and overall risk management processes as part of a wider review of our Enterprise Risk Management framework. We have also begun identifying relevant triggers and limits which we monitor and report to Management and the Board on a regular basis and established a range of controls and supporting protocols specific to our climate-related disclosures.

NBS will continue to develop objectives and related KPIs for our Chief Executive, Senior Leadership Team, and wider organisation specific to climate-related risks and opportunities with some examples of these considerations flowing into our role descriptions, decision-making criteria, and remuneration decisions.

We will also continue 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.

Climate transition plan framework

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 will guide our future capital deployment.

Within FY25, we developed our inaugural 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 our scenario analysis and the climate-related risks and opportunities we have identified and utilised the disclosure framework set out by the Transition Planning Taskforce (TPT). This has been revised within FY26 to align with the progress that we have achieved.

The tactical elements of our transition plan framework will continue to be developed and embedded within our strategy, business model, and operations throughout FY27 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 to be proudly local, helping financial wellbeing for our communities and future generations. Our purpose is to know you and back your future.			
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 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 how to support local carbon sequestration and decarbonisation actions.
Metrics	• Measurement of greenhouse gas emissions, including financed emissions (tCO₂e) • 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.

Within FY26, we revised our ERMF, including the consequence / impact criteria. In response, NBS revised its scenario analysis, as described in the Strategy section. This included revising the identified climate-related risks and opportunities to reflect changes in the drivers that have occurred through FY26.

To identify priority climate-related risks and opportunities, we utilised the revised ERMF to evaluate the likelihood and consequence / 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.

This assessment process was qualitative and did not utilise modelling due to data constraints. We have begun the process to obtain the quality local data, which will allow us to further quantify the impacts of climate-related risks on our business within future climate-related disclosures, particularly those related to our lending portfolio.

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’s enterprise risks. Therefore, our climate-related

risks have been incorporated into our risk register, either separately or as inputs to other enterprise risks in the register and are monitored alongside other risks with equal priority.

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 integrating climate change considerations into our day-to-day operations.

Frequency of assessment

NBS reviews and updates its scenario analysis, including the identified climate-related risks and opportunities and the corresponding responses, at least biannually, with oversight and support from the Audit and Risk Committee, Climate Committee, and the relevant owners. Climate and Adaptation Risk is included in NBS’ enterprise risks, which is under the governance oversight of the Board and the management oversight of the Audit and Risk Committee, and is also included in our

Risk Appetite Statement. 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. Within FY26, we prepared our GHG emissions inventory across Scope 1, Scope 2, and select Scope 3 emissions sources in alignment with the GHG Protocol.

NBS measures and reports its GHG emissions with guidance from standards, including:

- Greenhouse Gas Protocol – A Corporate Accounting and Reporting Standard (Revised Edition)
- Greenhouse Gas Protocol – Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011)

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 emission factors from the following sources, including:

- MfE 2025 ‘Measuring Emissions: A guide for organisations’ (GWP 100, IPCC Fifth Assessment Report)
- Ministry for the Environment (MfE) 2026, Measuring Emissions Catalogue 2026 and associated emissions factor tables.
- BraveTrace Annual Residual Supply Factor
- Market Economics Limited’s 2023 ‘Consumption Emissions Modelling’, report prepared for Auckland Council.

Table 5: Overview of NBS’ FY25 and FY26 assured GHG emissions inventory

Scope	Emission source	FY24 (tCO ₂ e)	FY25 (tCO ₂ e)	FY26 (tCO ₂ e)	% change from base year
Scope 1					
-	Mobile combustion	30.7	29.4	16.8	-45.3%
Scope 2					
-	Purchased energy (location-based)	12.4	18.3	12.7	2.4%
Scope 1 + 2 emissions (location-based)		43.1	47.7	29.5	-31.6%

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

NBS establishes its organisational boundary using the Operational Control consolidation approach, which is well suited to the Society’s simple, flat legal structure (no subsidiaries, joint ventures, or fractional ownerships). On this basis, NBS accounts for Scope 1, Scope 2 and relevant Scope 3 emissions arising from the operations it directs — covering our head office in Nelson and our eight regional branches, together with associated value-chain activities.

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 for comparatives.

Within FY26, 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. NBS will look to recalculate its Scope 3 emissions within FY27 to attain a full Scope 3 measurement, including financed emissions.

NBS has a Base Year Recalculation Policy which outlines the conditions that would require us to restate our base year (FY24) GHG emissions, including:

- 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.

Analysis of Trends

Scope 1 emissions decreased by 45.3% between FY2024 and FY2026. This reduction primarily reflects changes in operational activity, with a smaller impact from updates to emission factors.

- Operational drivers:** The decrease was driven by a reduction in fleet size (from 11 to 8 vehicles) and changes in travel activity, including optimisation of client allocations and reduced unnecessary travel. These operational changes resulted in lower overall fuel consumption across the period.
- Emission factor changes:** Scope 1 emissions have been calculated using Ministry for the Environment (MfE) emission factors applicable to each reporting year. Changes in these factors between FY2024 and FY2026 have had a minimal impact on the overall trend, and do not materially influence the observed reduction in emissions.

Overall, the decrease in Scope 1 emissions is primarily attributable to reduced fuel use, rather than methodological or emission factor changes.

Scope 2 emissions (location-based) increased between FY2024 and FY2025 before returning to a level broadly consistent with FY2024 in FY2026, resulting in an overall increase of 2.4% between FY2024 and FY2026.

This trend is primarily driven by changes in electricity emission factors, rather than underlying electricity consumption.

- Emission factor drivers:** Location-based Scope 2 emissions are calculated using Ministry for the Environment (MfE) electricity emission factors for each reporting year. The increase in FY2025 reflects a higher grid emissions factor, which was influenced by reduced hydro generation during a drier year in New Zealand, resulting in greater reliance on more emissions-intensive generation sources. Emission factors returned to lower levels in FY2026, resulting in a corresponding decrease in reported emissions.
- Operational activity:** Electricity consumption has remained relatively stable across the period, with no material changes to organisational boundary or underlying business operations. As such, changes in Scope 2 emissions do not reflect significant changes in actual electricity usage.

Overall, the movement in Scope 2 emissions over the period is largely attributable to variability in grid emission factors, rather than changes in electricity consumption.

Exclusions

Within FY26, *Scope 3: Purchased Goods and Services* have been excluded from NBS’ GHG emissions inventory due to data constraints. With no calculation available within the FY24 base year for Category 1, no base year restatements have been made. NBS will look to recalculate and include its Category 1 emissions, alongside all other relevant Scope 3 GHG emissions sources, within the FY27 reporting period, including any relevant recalculations for the FY24 base year period.

Scope 1 fugitive emissions (refrigerant losses from HVAC equipment) have also been excluded from the FY26 inventory. NBS does not directly procure or maintain HVAC refrigerant gases, and a review of building maintenance invoices across all sites for the reporting period identified no refrigerant top-ups or servicing charges indicative of fugitive losses. On this basis, fugitive emissions are considered immaterial for FY26. NBS will continue to monitor maintenance activity in future periods and will recognise fugitive emissions if refrigerant top-ups occur.

Emission Factors

2026 MfE factors have only been applied to Scope 1 and Scope 2 in the Table 6 (page 25), with Scope 3 emissions continuing to be calculated using the 2025 MfE factors and other third-party methodology outputs available at the time of preparation. This reflects NBS’ reliance on external systems and third-party calculation processes for Scope 3 categories, while Scope 1 and Scope 2 were recalculated internally using the latest available MfE factors.

Electricity Emissions Methodology

NBS has purchased Renewable Energy Certificates (RECs) to cover 100% of its electricity consumption for FY2026 (163.57 MWh).

In line with GHG Protocol requirements, Scope 2 emissions are disclosed on both a:

- Location-based basis**, reflecting average grid emission factors; and
- Market-based basis**, reflecting the impact of contractual instruments, including RECs.

NBS utilises the market-based approach for internal decision-making, as it more accurately reflects the emissions associated with procured electricity.

Both measures are disclosed to support transparency and comparability, with the respective results presented in **Table 6**.

Table 6: Overview of NBS’ FY26 GHG emissions inventory

Emission source		FY24 (tCO ₂ e)	FY25 (tCO ₂ e)	FY26 (tCO ₂ e)	% change from base year
Scope 1					
-	Mobile combustion	30.7	29.4	16.8	-45.3%
Scope 2					
-	Purchased energy (location-based)	12.4	18.3	12.7	2.4%
	Purchased energy (market-based)	7.3	0.1	0.00	-100.0%
Scope 1 + 2 emissions (location-based)		43.1	47.7	29.5	-31.6%
Scope 1 + 2 emissions (market-based)		38.0	29.5	16.8	-55.8%
Scope 3		164.4	100.4	103.4	-37.1%
3	Fuel and energy-related activities (not included in Scope 1 or 2)	1.5	0.9	1.1	-26.8%
4	Downstream transportation and distribution	6.1	6.8	4.7	-24.3%
5	Waste generated in operations	4.8	1.9	1.9	-60.4%
6	Business travel	91.6	36.8	43.4	-52.6%
7	Employee commuting	60.4	54.0	52.3	-13.4%
Gross Scope 1 – 3 emissions (location-based)		207.5	148.1	132.9	-36.0%
Gross Scope 1 – 3 emissions (market-based)		202.4	129.9	120.2	-40.7%
¹Only Scope 1 and Scope 2 emissions presented in this table are subject to independent limited assurance for FY26. Refer to the Assurance section for further detail.					

Within FY26, NBS’ most notable operational emissions sources were road travel (staff commuting and business-related travel), petrol from company owned / leased vehicles, and air travel (domestic).

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 of incomplete scientific knowledge used to determine emission factors and the values needed to combine emissions of different gases.

Scope	Emission source	Unit	Data source	Methodology	Uncertainty / assumptions
Scope 1					
-	Mobile combustion • Company owned or leased vehicles	L and \$	Supplier invoices for fuel cards, plus spend data extracted from general ledger	NBS used spend data, converted into litres activity using MBIE weekly-fuel-price-monitoring records, including activity data from supplier invoices (NPD) and the MfE 2026 emissions factors.	Spend-based data and Fuel Card data (for owned fleet vehicles). Low uncertainty.
Scope 2					
-	Purchased energy • Purchased electricity (market-based)	kWh	Supplier invoices and Renewable Energy Certificates	NBS used activity data from supplier invoices, the BraveTrace Annual Residual Supply Factor, and the Renewable Energy Certificates purchased from Meridian.	High data quality and low uncertainty.
	• Purchased electricity (location-based)	kWh	Supplier invoices	NBS used activity data from supplier invoices and the MfE 2026 quarterly emissions factors for the grid.	High data quality and low uncertainty.
Scope 3					
3	Fuel- and energy-related activities • Electricity transmission and distribution losses	kWh	Supplier invoices	NBS used activity data from supplier invoices and the MfE 2025 emissions factors.	High data quality and low uncertainty.
4	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.
5	Waste generated in operations • Waste-to-landfill • Compost waste • Recycling waste	kg	Waste audits	NBS used estimated activity data from waste audits and MfE 2025 emissions factors. Team Leads in all locations physically measured food waste in June 2025. 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.
6	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 2025 emissions factors.	High data quality and low uncertainty.
	• Road travel (milage claims)	km	Payroll system	NBS utilised a distance-based method using activity data from the payroll system and the MfE 2025 emissions factors.	High data quality and low uncertainty.
	• Road travel (taxi)	\$	Spend data extracted from general ledger	NBS used spend data from the general ledger and the MfE 2025 emissions factors.	High data quality and low uncertainty.
	• Accommodation	\$	Spend data extracted from general ledger	NBS used spend data from the general ledger and the MfE 2025 emissions factors.	High data quality and low uncertainty.
7	Employee commuting	p/km	Annual employee survey	NBS utilised a distance-based method using activity data from an annual survey in August 2025, coordinated by the Climate Committee, and the MfE 2025 emissions factors. The survey 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	Annual employee survey	NBS used estimated activity data from an annual employee survey and the MfE 2025 emissions factors. Employees detailed the number of days worked from home for a typical week, 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.

Internal emissions pricing

NBS does not currently use an internal carbon price.

Carbon credits

NBS has not purchased carbon credits within the FY26 reporting period.

Assurance

Within FY26, our Scope 1 and Scope 2 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.

Metrics	Unit	Detail	FY24	FY25	FY26
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 for disclosure in future financial years.	Not disclosed in FY24	10.71% (\$85 million)	9.80% (\$81 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	No material-climate-related events identified within FY26
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, including support for groups with an environmental focus.	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	Estimated \$1 million in support provided with \$90,000 (9%) provided to groups with an environmental focus

Within FY26, progress towards measuring 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 been achieved. However, they have not been quantified in FY26 due to a lack of data. Based on planned activities, we plan these will be measured and identified in FY27 or FY28.

Climate-related targets

NBS has not yet set quantitative GHG emissions reduction targets. NBS is using FY24 as its baseline and has focused its initial efforts on establishing the completeness and quality of its emissions inventory, including all Scope 3 categories not yet measured. Once a complete Scope 1, 2 and 3 GHG emissions inventory is available, NBS intends to review target setting, including any interim targets. In the absence of formal GHG emissions targets, NBS uses the metrics described above to monitor progress, including its annual gross Scope 1, 2 and partial Scope 3 emissions trend against the FY24 base year.

Appendices

Appendix 1: NBS-specific climate scenarios

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 physical impacts 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	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 tCO2e 2050: NZ\$250 tCO2e	2030: NZ\$138 tCO2e 2050: NZ\$250 tCO2e	2030: NZ\$35 tCO2e 2050: NZ\$35 tCO2e
NZ GDP impact	Moderate GDP impacts	High GDP impacts	High GDP impacts
NZ population	2050: 6.13 million	2050: 6.13m	2050: 6.93m

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