CLIMATE-RELATED DISCLOSURE

QUAYSIDE HOLDINGS LIMITED FY25

STATEMENT OF COMPLIANCE

Quayside Holdings Limited ("Quayside") is pleased to present its climate-related disclosures ("the Report"), which have been prepared for the reporting period 1 July 2024 to 30 June 2025.

Climate Reporting Entity

As a "Climate Reporting Entity" under section 461P of the Financial Markets Conduct Act ("FMCA"), Quayside has prepared the climate-related disclosures set out in this report in accordance with the Aotearoa New Zealand Climate Standards CS1, CS2 and CS3 issued by the External Reporting Board (XRB) (collectively referred to as NZ CS 1–3), as well as the applicable provisions in Part 7A of the FMCA. In doing so, Quayside has prepared group climate-related disclosures for Quayside, its subsidiaries, and controlled entities.

Use of NZ CS 2 adoption provisions

In recognition of the regulatory changes approved by the XRB in November 2024, Quayside has extended the use of certain adoption provisions for FY25. These provisions provide additional transitional relief for climate reporting entities, acknowledging the ongoing development of capability and the complexity of certain disclosure requirements.

Adoption provision 2 - Anticipated financial impacts

Quayside has relied on the extended adoption provisions for anticipated financial impacts, allowing an additional year of relief from mandatory disclosure of these impacts. This enables Quayside to continue refining its approach to quantification and reporting of financial impacts arising from climate-related risks and opportunities.

Adoption provision 3 - Transition planning

The adoption provision for transition planning is not extended for FY25, and Quayside is progressing the implementation and disclosure of its transition plan in accordance with regulatory requirements.

Adoption provision 4 - Scope 3 GHG Emissions

Quayside has relied on the extended adoption provision for Scope 3 GHG emissions, allowing an additional year of relief from mandatory disclosure and assurance of Scope 3 GHG emissions. Quayside continues to develop its approach to measuring and reporting Scope 3 emissions, with the intention to provide full disclosure and assurance in future reporting periods.

Adoption provisions 5 and 6 - Comparatives

Comparative disclosure requirements for Scope 3 GHG emissions and analysis of trends have also been extended, allowing Quayside to progressively meet these requirements as historical data becomes available.

Adoption provisions 7 - Analysis of trends

Quayside has relied on the extended adoption provision for analysis of trends, allowing an additional year of relief from mandatory disclosure of trends in climate-related risks, opportunities, and GHG emissions. Quayside will progressively meet this requirement as sufficient historical data becomes available.

Adoption Provision 8 – Assurance scope:

Scope 3 greenhouse gas emissions are excluded from the mandatory assurance engagement for this reporting period. Assurance covers Scope 1 and Scope 2 greenhouse gas emissions only.

Approved on behalf of Quayside's Board of Directors on 28 October 2025.

Mark Wynne - Board Chair

Keiran Horne - ARC Chair

Disclaimer

This report contains Quayside's inaugural mandatory climate-related disclosures ("CRD") provided for FY24 in accordance with the External Reporting Board's Aotearoa New Zealand Climate Standards 1 to 2 (also referred to as NZ CS 1-3).

Pursuant to the requirements of NZ CS1-3, this report includes a range of forward-looking statements, including climate-related scenarios, assumptions, projections, forecasts, estimates, and judgments about climate-related risks, opportunities, impacts, and related matters, as well as Quayside's future intentions, metrics, and targets. Significantly, such statements are often:

- Based on early and evolving assessments of current and future data, which may be incomplete or estimated—particularly in areas such as climate change projections and socio-economic anticipated outcomes/ forecasts.
- Subject to high levels of inherent uncertainty, as they are typically driven by numerous dynamic factors, many of which are interconnected, complex, non-linear, and unpredictable (e.g. variable and/or chaotic), especially over the medium- to long-term time horizons discussed in this report.

Accordingly, all forward-looking statements set out in this CRD report (whether they relate to climate-related risks and opportunities or otherwise):

- Are not facts, nor are they intended to constitute capital growth, earnings guidance, or any other advice or guidance (legal, financial, tax or otherwise).
- Pertain to outcomes that may arise under stipulated climate change scenarios set out within, which, as noted in NZ CS 1, "...are not intended to be probabilistic or predictive, or to identify the 'most likely' outcome(s) of climate change. They are intended to provide an opportunity for entities to develop their internal capacity to better understand and prepare for the uncertain future impacts of climate change".
- Are inherently uncertain and subject to limitations, particularly as to inputs, available data and information (including that which Quayside has derived from relevant sector climate change scenarios), all of which are likely to change and evolve.
- May not eventuate (in full or in part), and where they do, may be materially more or less significant than is anticipated or indicated in this report.
- May have omitted to identify or include (in full or part) material climate-related risks, opportunities and impacts that do eventuate.

Owing to the above, all climate-related forward-looking statements in this CRD report may be less reliable than statements contained in Quayside's non-climate-related annual reporting.

Notwithstanding the above, this CRD report represents Quayside's best estimate and current understanding of future climate-related eventualities as at the date of publication. Subject to the various practical challenges and limitations above, Quayside has used all reasonable endeavours to ensure the accuracy and completeness of this report (subject to specified omissions in reliance of the adoption provision in NZ CS 2), but strongly cautions against undue reliance being placed on representations within for the reasons noted above.

To the maximum extent permitted by law,Quayside and its directors, officers, employees and contractors shall not be liable for any loss or damage arising in any way from or in connection with any information provided or omitted as part of this report.

1. BOPRC 2023/2024 Annual Plan (Annual Plan 2022-2023 (boprc.govt.nz))

STAGED APPROACH TO CLIMATE REPORTING

Quayside is taking a staged approach to developing its climate related disclosure capability over several reporting cycles. In the first mandatory reporting cycle, our focus is on building robust foundational Climate-related Disclosure systems, capability and knowledge, which are then built on and refined in years two and three.

2024 (foundation building complete)			2025 (current)			2026	
Stage 1:	Stage 2:	Stage 3:	Stage 2:	Stage 3:	Stage 4:	Stage 1 & 2:	Stage 3:
Context	**Identification**	**Assessment**	**Continued Identification**	**Continued Assessment**	**Management**	**Continued Identification and Assessment**	**Continued Management**
Establish Quayside's climate context and develop a fit-for-purpose Climate Risk Framework (i.e. suite of processes, methods and tools) to enable Quayside to manage and report on its climate-related risks and opportunities (also referred to as CRR/Os through this disclosure) in an effective, compliant and responsible manner.	Identify Quayside's key climate related risks and opportunities using a combination of the traditional risk screening and climate scenario methods. Related to the above, review and update Quayside's climate scenarios developed in FY24 (e.g. based on any updates or changes to the sector scenarios that its climate scenarios were in part based on and any other information pertinent to re-assessing or refining the drivers and driver outcomes that Quayside's three climate scenarios are comprised of).	Carrying out a qualitative assessment of the asset level climate-related risks and opportunities identified at STAGE 2 in accordance with the process and methods outlined in Quayside's FY24 disclosure (as amended by further changes and refinements to this process also described at pages 10-13 below). Using the findings from the above, to begin prioritising climate-related risks and opportunities for the purpose of preparing its FY24 climate related disclosures and to provide the information Quayside required to determine significance, urgency, and availability/feasibility of response options as part of its transition plan development in the lead up to FY25.	Update and refresh Quayside's identified climate-related risks and opportunities based on: • Any material changes to it's strategy, risk management framework or external climate context (e.g. updated NIWA climate projections and new/emergent transition drivers). • New insights gained from the entities it has investments in, as well as other participants in key sectors that Quayside investments relate to. • New or updated standard sector scenarios that may be released or re-issued.	Update the detailed assessment findings at the individual asset and portfolio levels from FY24. Develop a more advanced (broader, more granular, and decision-useful) assessment of key Investment Portfolio asset classes, and how their contribution to Quayside's mandate may be impacted across different climate futures. Carry out the groundwork (internal development and testing) for a robust and defensible evidence based approach to quantifying current and anticipated impacts across key asset sleeves. It is anticipated that this will entail an initial foundational approach that is then added to and efined over subsequent reporting cycles.	Develop and begin to implement Quayside's inaugural Transition Plan in accordance with the requirements of NZ CS1 and in coordination with key stakeholders including the Port of Tauranga, Bay of Plenty Regional Council (BOPRC) and others. Review and agree Quayside's priority climate related risks and opportunities based on a combination of the findings from STAGE 3 as well as the significance, urgency, and availability/feasibility of response options. Develop the necessary protocols for integrating Quayside's transition plan interventions (as applicable) at the operational level (e.g. as part of transaction due diligence).	Update and refresh Quayside's identified climate-related risks and opportunities as per the process noted above for FY25. Utilise emerging qualitative and quantitative data to improve assessment of financial impacts, particularly those arising from current and emergent risks and opportunities.	Update and refine 2025 transition planning, taking into account the performance of any initiatives implemented. Identify and select preferred action and pathways, with corresponding metrics and targets, for longer term risks and opportunities.

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Mā te kimi ka kite,
Mā te kite ka mōhio,
Mā te mōhio ka
mārama

Seek and discover.
Discover and know.
Know and become
enlightened

INTRODUCTION

Quayside Holdings is the Council-controlled trading organisation (CCTO) established under the Local Government Act to steward an intergenerational fund on behalf of the ratepayers of the Bay of Plenty Regional Council.

This Climate-Related Disclosure for the year ended 30 June 2025 is prepared in conjunction with our Annual Report, in compliance with the Aotearoa New Zealand Climate Standards, and builds on the inaugural disclosures published for FY24. It also responds to the priorities articulated in the BOPRC Annual Plan, where climate change was explicitly identified as one of the few issues of generational significance for our community.

Since our first report last year, our approach has evolved. In FY25, we have adopted a hybrid top-down/bottom-up methodology that maps systemic climate drivers against three strategic lenses—distribution capacity, capital preservation, and licence to operate—and then validates those findings through sector- and asset-level diagnostics. Our portfolio architecture has shifted from a two-segment model to three distinct sleeves: the Port of Tauranga, the Investment Portfolio, and Special Purpose Assets, each with its own purpose, constraints, and climate-risk profile.

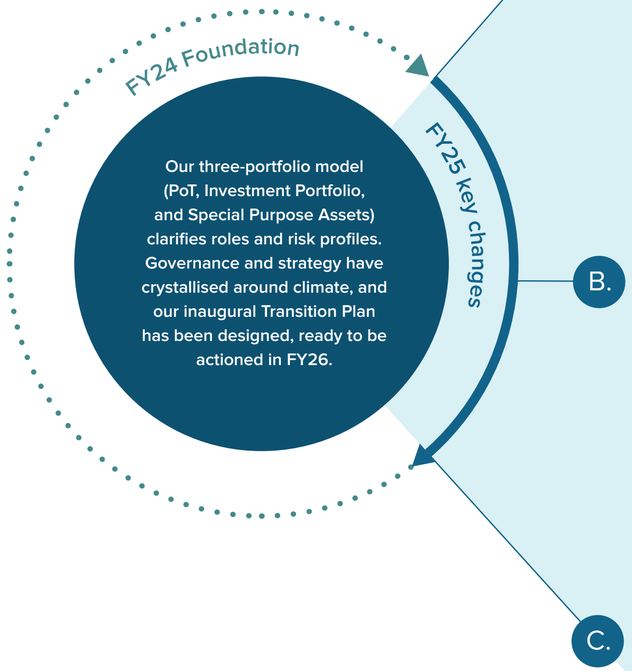
Climate considerations are now embedded in our enterprise risk framework and Statement of Investment Policy and Objectives (SIPO), with refined strategic asset allocation and updated risk appetite thresholds. Governance has been strengthened: the Board, Audit & Risk Committee, and a newly constituted Investment Committee now explicitly include climate on their agendas, and senior management have defined accountabilities for identifying, assessing, managing, and escalating climate-related risks and opportunities.

This report was developed in alignment with the Port of Tauranga (PoT), reflecting its material size and strategic importance. PoT is treated as a discrete portfolio, with dedicated analysis of its physical and transition risks, vulnerabilities, and opportunities. The rest of the Group—and in particular our Investment Portfolio — is also assessed using the same hybrid methodology across three illustrative climate futures: Orderly, Disorderly, and Hothouse.

FY25 marks the definition and initial implementation of our inaugural Transition Plan—a staged programme of screening, assessment, planning, mitigation, and review. While we rely on transitional provisions under NZ Climate Standards (e.g. Scope 3 emissions and financial impact disclosures), we are committed to expanding our capability and transparency in future years.

SUMMARY OF FY25 UPDATED APPROACH AND KEY FINDINGS

FY25 builds on the foundations laid in FY24



Delivering the Distribution Mandate

Scenario analysis confirms that under Orderly transition conditions, transition-aligned exposures support stable or improving distributions. Disorderly and Hothouse scenarios introduce volatility, but structural buffers—including diversification, liquidity reserves, and payout smoothing mechanisms—provide resilience. While sustained distribution impairment is possible in the long term without comprehensive adaptation under a Hothouse scenario, no scenario indicates a fundamental break in Quayside's ability to meet its distribution obligations.

Preserving Real Capital

The Investment Portfolio is designed for intergenerational wealth preservation, targeting inflation + 5% returns. It is diversified across asset classes and geographies. Climate scenario analysis reveals resilience across most holdings, with transition tailwinds in renewables, healthcare, and technology. While Disorderly and Hothouse scenarios introduce valuation pressure and timing risk, global diversification, climate-integrated SIPO, manager mandates with ESG/climate criteria, and physical-risk screening mitigate permanent impairment. Vulnerabilities are expected to be concentrated in real assets, for which detailed assessment will be performed in FY26.

License to Operate

Quayside's licence to operate is grounded in credible climate disclosure, stakeholder engagement, and alignment with evolving regulatory and societal expectations. While this dimension is less quantifiable than financial metrics, it is recognised as critical and dynamic. Continued investment in dialogue, transparency, and just transition principles is essential to maintaining legitimacy and trust.

GOVERNANCE

Quayside Governance and Management Structure

Since its first mandatory disclosure in FY24, Quayside has continued to evolve its governance oversight of climate-related risks and opportunities (**CRR**/**Os**), and the Senior Leadership Team's assessment and management of them, through ongoing review and enhancement of its climate risk management and disclosure framework.*

Quayside's inaugural disclosure in FY24 established a baseline for future CRD reporting, and in accordance with the requirements of NZ CS1 set out the foundational processes for identifying, assessing, and managing CRROs as defined in that framework.

In FY25, Quayside's governance has further developed with the creation of an Investment Committee (**IC**), which now sits alongside the Board of Directors, Audit and Risk Committee (ARC), Senior Leadership Team (**SLT**), and the wider Quayside team.

The IC is tasked with reviewing all new investment proposals prior to Board approval, ensuring that climate-related information is systematically considered as part of the due diligence process for every new investment.

While the IC does not have specific delegated climate-related responsibilities, its integration into the investment process represents a material enhancement in the way climate considerations are embedded in decision-making.

Critically, the primary oversight and management of all climate-related matters (whether disclosure related or as an extension of Quayside's prudent management of its investment portfolio) remain with the ARC and SLT, however the IC now provides an additional layer of scrutiny and challenge. This ensures that climate-related risks and opportunities, including Scope 1-3 emissions, are considered alongside financial, strategic, and operational factors when making asset management decisons.

BOARD OF DIRECTORS

Meets 6 times per year

The Board's core responsibilities include setting and overseeing:

- Quayside's overall strategic direction, investment strategy, and statement of intent.
- Quayside's approach to identifying, assessing and managing risks and opportunities including those that are climate-related.

INVESTMENT COMMITTEE

Meets quarterly

The Investment Committee assists the Board by overseeing investment strategy, reviewing proposals, and ensuring compliance with investment-related policies such as the Statement of Investment Policies and Objectives and Responsible Investment Policy.

AUDIT & RISK COMMITTEE ("ARC")

Meets quarterly

Board sub-committee with specific delegated functions relating to the oversight and monitoring of risks and opportunities, including climate-related risks and opportunities.

SENIOR LEADERSHIP TEAM

Responsibility for the management of risks and opportunities is delegated to members of Quayside's Senior Leadership Team. This includes responsibility for ensuring that Quayside is identifying, assessing, managing, and escalating climate-related risks and opportunities, in accordance with applicable Board approved processes, and policies.

WIDER QUAYSIDE TEAM

Day-to-day responsibility for monitoring, identifying, assessing (as applicable) climate-related risks and opportunities (e.g. associated with portfolio assets and potential transactions), implementing board approved transition plan strategies, controls and related measures, and monitoring Quayside's progress against approved climate-related targets.

* As Quayside is a council controlled trading organisation ("CCTO"), its internal governance oversight and management role arrangements are informed by the broader governance, accountability, and reporting statutory framework that the Local Government Act 2002 requires all CCTOs to comply with, key components of which include: (A)Annual preparation of a Statement of Intent outlining Quayside's objectives, activities, financial forecasts, and performance targets. This document, agreed upon with the council, helps monitor performance and ensures alignment with community goals; (B) Financial and non-financial reporting to the BOPRC, so that BOPRC and the public can track Quayside's performance and ensure it is acting in the public interest; and (C) Giving the BOPRC the power to, amongst other things: (i) Influence Quayside's strategic direction and achieve alignment between the two entities by issuing a Statement of Expectation ("SOE") under the Local Government Act provisions for CCTO planning; and (ii)Determine the role of Quayside's directors, and appoint members to the board for the purpose of overseeing the organisation and ensuring its strategic direction aligns with BOPRC's community objectives.

GOVERNANCE OVERSIGHT

Board oversight of climate-related risks and opportunities

The Board of Directors retains ultimate responsibility for setting and overseeing Quayside's strategic direction, investment strategy, and approach to risk management, including climate-related risks and opportunities (**CRR/Os**).

In FY25, the Board Charter was further updated to clarify and strengthen the Board's climate-related disclosure obligations, building on the amendments first made in FY24. These obligations include ensuring that Quayside maintains fit-for-purpose systems and internal controls for climate risk management, and that it has access to the necessary resources and expertise to identify, assess, and manage CRR/Os effectively.

The Board's oversight role is also embedded in Quayside's Enterprise Risk Management Framework (ERMF), which is aligned with AS/NZS ISO 31000:2009. As noted in FY24, given the distinct nature of CRR/Os, the Board has endorsed specific adjustments to Quayside's standard risk analysis and evaluation methods to ensure climate-related considerations are fully integrated into the ERMF in line with best practice.

What this entails in practice

Consistent with the Board's general duties under the Companies Act 1993, alongside its disclosure-specific and broader obligations under the Financial Markets Conduct Act 2013 (FMCA), the Board's specific climate-related responsibilities now include:

- Recieving regular updates from management and the ARC on CRR/Os, transition planning, and progress against climate-related metrics and targets.
- Reviewing and approving:
- Annual CRR/O assessment findings and updates;
- Quayside's inaugural Transition Plan and subsequent updates (see page 16),
- Metrics and targets used to track and manage Quayside's CRR/Os and progress against Transition Plan objectives, and;
- Annual climate-related disclosures.

The Board's oversight is further informed by the Local Government Act 2002, which requires Quayside to prepare an annual Statement of Intent and provide regular reporting to the Bay of Plenty Regional Council (**BOPRC**), ensuring alignment with community goals and shareholder expectations.

Skills and competencies

As disclosed in FY24, Quayside's Board of Directors are appointed by its shareholder BOPRC. As a CCTO, appointments are made under BOPRC's Appointment and Remuneration Policy, established pursuant to section 57 of the Local Government Act 2002, which both require that director appointments be based on the skills, knowledge, and experience needed to guide the organisation and support BOPRC's objectives, including its Climate Change Action Plan.

As a result of these requirements, the Board includes members with significant experience in energy-transition activities such as thermal heat conversions from fossil fuels to renewable sources, carbon-sequestration tenders to reduce net emissions, and initiatives to lock in carbon-liability pricing under the Emissions Trading Scheme (ETS).

Ongoing professional development

As part of wider governance requirements, and as disclosed in FY24, the Quayside Board undertook a structured programme of climate-related upskilling, including reviewing draft CRD reporting, participating in an externally facilitated workshop on economic, business and legal impacts, and engaging with management on scenario selection and key transition drivers (see pages 19-23 which set out the broader process and approach that this relates to).

Building on this, in April 2025 the Board participated in a dedicated climate and transition planning workshop facilitated by external experts, including Frontier Advisors and Onepointfive, to deepen its understanding of the evolving climate risk landscape. The session played a pivotal role in shaping Quayside's Transition Plan by enabling directors to engage directly with leading advisors, challenge assumptions, and ensure the Plan reflects both best practice and the specific needs of Quayside's portfolio and stakeholders.

Audit and Risk Committee

The Audit and Risk Committee (**ARC**) continues to play a central role in the oversight and monitoring of risks and opportunities, including those related to climate. Meeting quarterly, the ARC assists the Board in fulfilling its responsibilities for identifying, assessing, monitoring, and managing all material risks and opportunities. The ARC's functions include:

- Reviewing the Group's key strategic risks through the risk register;
- Undertaking biannual reviews of control measures and treatments; and
- Ensuring management reporting provides sufficient detail on strategic, emerging, and changing risks.
- Overseeing compliance with regulatory requirements and best practice, including the Aotearoa New Zealand Climate Standards (NZ CS 1–3); and
- Overseeing the preparation and review of Quayside's annual climate-related disclosures.

A more detailed breakdown of its functions can also be found a pages 8-9 of Quayside's FY24 disclosure.

In FY25, the ARC remains the primary committee responsible for climate oversight, receiving detailed climate risk analysis and scenario testing from management, and ensuring that climate considerations are systematically integrated into Quayside's Enterprise Risk Management Framework (ERMF). In this respect, it operates as the primary interface between board oversight and management's performance of its core climate-related responsibilities outlined below on page 9.

Remuneration and climate performance

Quayside recognises that effective climate risk management requires alignment with remuneration incentives across the organisation. As noted in the FY24 disclosure, oversight in this respect sits with the People, Culture and Safety Committee (PCS), which sets the approach to remuneration, including the integration of climate-related targets into the Short-Term Incentive (STI) framework.

From FY25, climate-related measures form a core component of STIs for the CEO, CIO, GM Finance, and all other SLT members. These targets directly link remuneration to the successful identification, assessment, and management of climate-related risks and opportunities.

In practice, this includes requiring all SLT members to contribute to the formulation and implementation of the Transition Plan, while the CEO, CIO, and GM Finance are also responsible for embedding climate transition considerations into the Statement of Investment Policy and Objectives (SIPO) and Strategic Asset Allocation (SAA).

This approach ensures that climate performance is not only a strategic priority but also a personal responsibility for senior leaders, reinforcing Quayside's long-term strategy and driving continuous improvement and accountability in climate-related risk management.

Monitoring progress against metrics and targets

In FY25 Quayside prepared its first Transition Plan, introducing an expanded set of metrics and targets to support implementation and oversight. As this is Quayside's second reporting period, one year of comparatives is disclosed in line with Adoption Provision 6, while the requirement to analyse trends remains deferred under Adoption Provision 7. The Board and ARC continue to oversee management's progress against these targets once reviewed and ratified.

MANAGEMENT'S ROLE

Management's role in assessing and managing climate-related risks and opportunities

As outlined in greater detail in Quayside's FY24 disclosure, responsibility for the day-to-day identification, assessment, management, and escalation of climate-related risks and opportunities is delegated to Quayside's Senior Leadership Team (**SLT**) through the Enterprise Risk Mangagement Framework and Board-approved policies, with performance reinforced by climate-related targets in remuneration.

The SLT is responsible for developing and implementing the processes, methods, tools, and expertise required for effective climate risk management; preparing climate disclosures, the Transition Plan, and associated metrics and targets; and reporting quarterly to the ARC.

The SLT also provides climate-related analysis to the Investment Committee during due diligence, ensuring climate considerations are integrated into portfolio management and asset-level engagement.

Embedding learning and iteration

The SLT's role in developing and implementing Quayside's climate risk processes, methods, and tools is not a one-off exercise. Assigned through the ERMF and overseen by the ARC, this is an iterative responsibility requiring ongoing refinement as transition planning progresses, portfolio exposures become clearer, and external conditions — from regulation to markets to the climate system — continue to evolve. Iteration is especially critical given the emergent and relatively untested nature of climate risk management practices, particularly as applied to asset managers who must rely on influence-based levers rather than direct operational control.

In practice, this means SLT members, led by the GM Finance and supported by external advisors, must regularly test, adapt, and improve processes and reporting, engage quarterly with the ARC, and ensure that Board and committee decisions are informed by current, decision-useful analysis aligned with Quayside's long-term objectives.

Wider Quayside organisation

The wider Quayside team's role is to support the SLT by monitoring and identifying climate-related risks and opportunities at the asset and transaction level, assisting with disclosures and updates to the Transition Plan, and implementing Board-approved strategies and controls. The team is also responsible for tracking progress against approved climate-related targets and embedding climate considerations into day-to-day operations and decision-making.

Practical examples

In FY25, the work of the SLT and the wider team has continued to widen and deepen. Specific work undertaken since FY24 includes:

- Continued engagement with private equity managers during both pre-investment and post-investment phases, reinforcing the systematic integration of climate considerations across the portfolio.
- Development of Quayside's inaugural Transition Plan, together with initial implementation work, including:
  - Embedding new climate-related metrics and targets for Board approval and monitoring;
  - Establishing processes for tracking financed emissions and manager alignment;
  - Initial work to develop climate-aligned assessment frameworks — drawing on leading international standards for future use in the selection and oversight of external managers as well as directly held public and private equity investments;
  - Beginning resilience and emissions baseline assessments for direct property and natural resource holdings.

RISK MANAGEMENT

As an intergenerational investor, we invest for risk-adjusted returns and durable public value on behalf of the Bay of Plenty region. For this reason identifying, understanding, and managing risk is pivotal to everyday practice.

Climate change often amplifies existing enterprise risks and introduces new ones, alongside potential climate-related opportunities. Managing CRR/Os in an intergrated manner is therefore integral to Quayside's Enterprise Risk Management Framework (**ERMF**), its Statement of Investment Policy and Objectives (**SIPO**), and ability to deliver on its mandate.

Integrating climate into our enterprise risk framework

In FY24, Quayside first disclosed its 5-stage process for identifying, assessing, managing, and reporting on CRR/Os (summarised on the right), which is aligned with ISO 31000, 14090, and 14091, as well as relevant IPCC, TCFD, and XRB guidance, elements of which have been integrated throughout. This work established a foundation for embedding climate into Quayside's existing ERMF (see Appendix A for additional details). In FY25, this integration has been deepened in a number of key ways, which include:

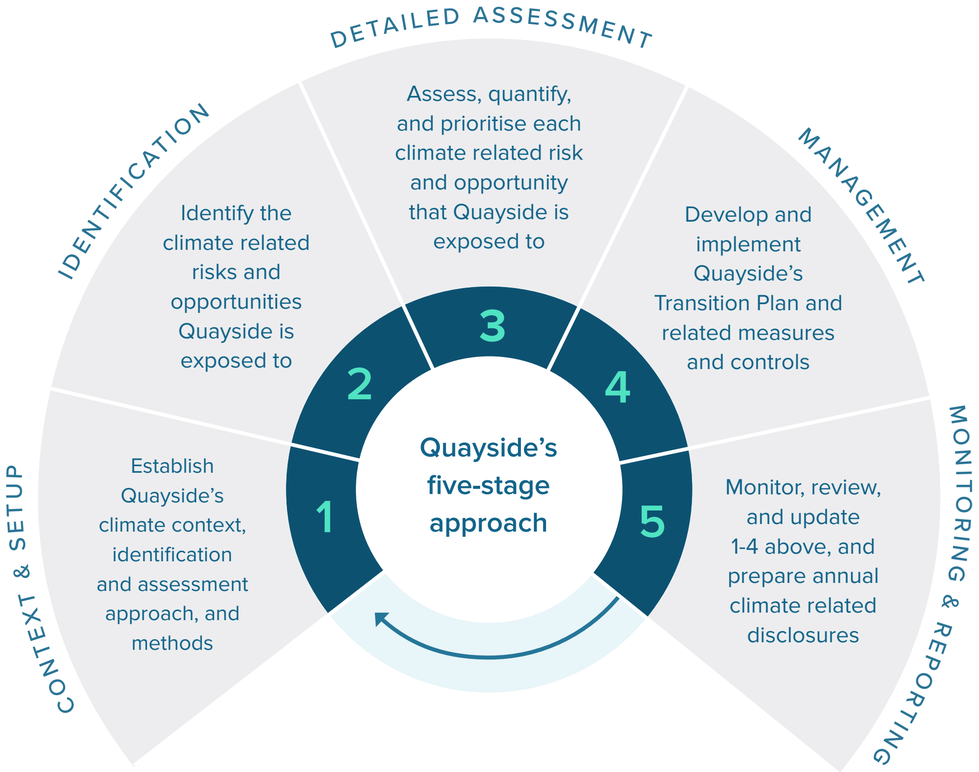
- A risk taxonomy that classifies CRR/Os through three portfolio-wide 'lenses' — dividend/income, capital value, and stakeholder relationships — with appetite thresholds for each aligned to Quayside's intergenerational value proposition
- Harmonised time horizons (see below).
- Process integration into the SIPO, Strategic Asset Allocation (SAA), investment due diligence, portfolio construction, and asset management.
- Portfolio monitoring that remains primarily qualitative and lens-based, but now systematically incorporates scenario analysis and regular management review. As adoption provisions are phased out and data/process maturity increases, Quayside will implement more formal Key Risk Indicators (KRIs) and escalation protocols, integrated into ARC oversight.
- Development and adoption of Quayside's inaugural Transition Plan, linking risk assessment directly to actions, milestones, and metrics (see Strategy section).

Time horizon updates

To preserve alignment with BOPRC's planning horizons, while recognising the nature of long-lived assets, Quayside has made minor adjustments to the time horizons used to assess CRR/Os. The updated horizons are:

- **Short term:** 0–3 years
- **Medium term**: 3–10 years
- **Long term:** 10–35 years

These replace the horizons first disclosed in FY24 (see page 15 of Quayside's FY24 disclosure).



Point of departure example:

Quayside has endeavoured to minimise differences in the way it deals with climate-related risk on the one hand and typical enterprise risks on the other to best enable integration. However, there are some points of departure that are essential.

For example, under STAGE 3, Quayside has replaced the "likelihood" and "consequence" assessment framework (which is core to most ERMFs) with the International Panel on Climate Changes "exposure", "vulnerability" and "impact" approach. This variation was warranted however, as climate risk best practice prioritises exposure, vulnerability, and impact over likelihood and consequence due to the complexity, uncertainty, and dynamic nature of climate risks.

Refer to page 19, where this is addressed in detail.

QUAYSIDE'S HYBRID APPROACH

Since disclosing its five-stage process in FY24, Quayside has also continued to refine and strengthen its approach to CRR/O identification and assessment.

In FY24, this five-stage process was applied on a predominantly '*bottom-up basis*', where CRR/Os were identified at the individual asset and asset class level (STAGE 2) and then assessed for their potential to generate material impacts at the portfolio level — individually, in aggregate, or cumulatively — under each of Quayside's three climate scenarios (STAGE 3).

This work provided a foundational understanding of Quayside's climate-related risk profile at a granular level, by capturing CRR/Os unique to each asset and asset class, and delivered insights that were instrumental in shaping Quayside's inaugural Transition Plan.

New hybrid approach

In FY25, this has evolved into a hybrid model, reflecting both the lessons from FY24, as well as insights gained developing Quayside's inaugural Transition Plan. Under this new approach, Quayside:

1. **Starts with a top-down, scenario-based assessment:** of broader systemic CRR/Os that Quayside may be exposed to at the portfolio level. These are identified by analysing how Quayside's ability to deliver across three key value-proposition lenses — distribution capacity, capital value, and licence to operate (see Figure 1) — may be challenged or enabled under each of its three climate scenarios. System-wide CRR/Os were then assessed by considering how the timing, extent, and severity of potential impacts may also vary across each climate scenario on an individual, aggregated and cumulative basis.
2. **Then shifts to an updated bottom-up assessment,** which drills into the specific CRR/Os identified and assessed on a bottom up basis at the asset class and individual asset levels across each of Quayside's climate scenarios, drawing on these granular insights (including those identified in FY24) to inform, test, validate, and enrich the top-down CRR/O findings.

Primary reason for this change

This shift was considered essential because Quayside's ability to deliver stable dividends, preserve intergenerational equity, and maintain stakeholder confidence is shaped differently under each climate scenario by systemic drivers that cannot be fully captured through bottom-up analysis alone. Accordingly, systemic exposures must first be assessed from the top-down and then validated against the granular insights surfaced through bottom-up analysis, which often inform how systemic CRR/O impacts may be amplified across each climate scenario.

The three value-proposition lenses below were chosen because they directly reflect Quayside's mandate and the outcomes stakeholders care most about.

Figure 1: **Value-proposition lenses applied to top-down analysis:**

	Port of Tauranga	Investment Portfolio	Special Purpose Assets (Business Park Rangiuru)
Distribution capacity **This lens examines how the portfolio's ability to deliver a resilient, sustainable dividend to BOPRC in line with policy may come under stress. CRR/O focus: factors that could impair or enhance the stability, growth or reliability of those income streams.**	✓ Estimated to fund 65%-70% of BOPRC dividend and 100% of PPS dividends.	✓ Estimated to fund 30%-35% of BOPRC dividend. Does not fund PPS dividends.	✓ Absorbs / reduces distributable dividend by ~$3m p.a. (or equity funded related costs).
Intergenerational capital preservation **This lens examines the portfolio's capacity to preserve and growth the real value of the Investment Portfolio over multi decade horizons. CRR/O focus: permanent capital impairment (e.g. stranding, insurance retreat, regulatory constraints, demand shifts) and concentration risk (sector/ geography), alongside climate related opportunities for growth.**	**Neutral:** it might improve Investment Portfolio resilience and diversification when residual cash flow is invested into the Investment Portfolio.	✓ Capital Preservation is totally linked to the Investment Portfolio.	N/A
Licence to operate (stakeholders) **This lens focuses on how Quayside's ability to sustain societal, regulatory, iwi/hapū and market acceptance to own, operate and fund assets in Aotearoa, supported by credible climate disclosure and responsible investment conduct. CRR/O focus: evolving regulation, planning/consent thresholds, market access rules, counterparty expectations (including financed emissions asks and transition plan credibility).**	✓	✓	✓

Bottom-up insights from FY24 and FY25 updates: are then used to inform, test, validate and enrich initial top down observations. This includes utilising the more granular and evidence based bottom-up CRR/O insights to build out/towards a reliable approach to quantifying anticipated financial impacts.

WIDER BENEFITS OF A HYBRID APPROACH

Identifying and assessing CRR/Os at multiple-levels (on a hybrid top-down/bottom-up basis) also provides Quayside with a broader range of decision-useful insights and is consistent with international best practice

This multi-tiered approach ensures systemic drivers are captured at the portfolio level, sectoral dynamics are understood at the sleeve level, and exposures unique to key holdings are monitored at the asset level. Importantly, it strengthens both strategic decision-making and day-to-day management by:

- Capturing systemic, scenario-tested risks and opportunities at the whole-of-portfolio level, informing strategy, SAA, and portfolio alignment;
- Translating these into actionable risk limits and targets at the asset-class/sleeve level, ensuring consistency and aggregation across sleeves; and
- Embedding due diligence, monitoring, and stewardship at the individual asset level, where bottom-up insights validate and enrich the top-down view.

Together, these layers align Quayside with frameworks such as TCFD, NZIF, and APRA guidance, while underpinning transparent, decision-useful climate disclosures.

LEVEL 1

Portfolio Level (top-down):

Identifies systemic CRR/Os that may impair or enhance Quayside's overall financial performance and strategic resilience. Insights from this process highlight where:

- Quayside's current investment strategy is already resilient across each of its climate scenarios;
- Fundamental shifts (e.g. in risk appetite, objectives, or asset allocation) may be required under less favourable conditions;
- Building adaptive capacity (e.g. dividend smoothing or capital buffers) may be critical to sustaining long-term delivery.

LEVEL 2

Asset-class/sleeve (bottom-up):

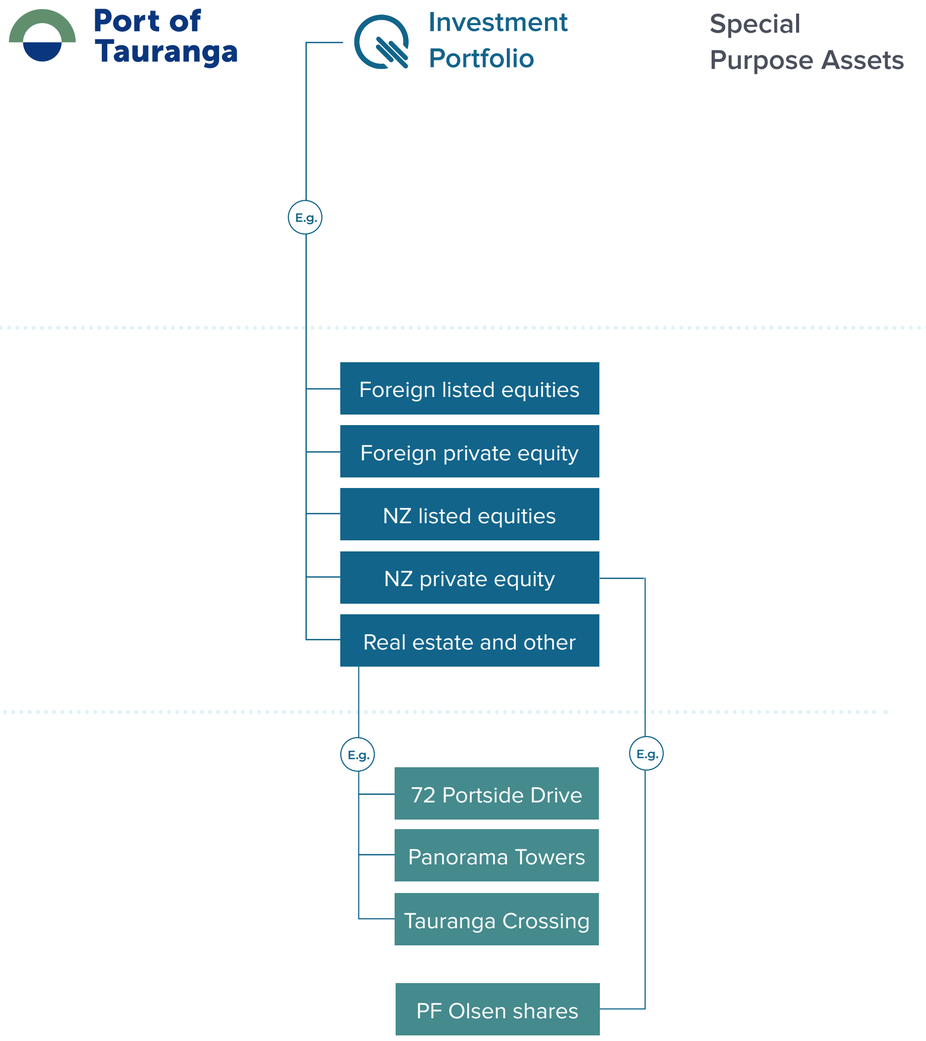
Highlights material risks and opportunities at the sector or sleeve level, even where they may not shift portfolio outcomes on their own but could compound across assets or over time.

This is especially relevant for listed equity and debt securities: individual holdings change frequently, but sector and industry exposures persist. Scenario analysis at this level helps map vulnerabilities, inform diversification, and guide future allocation decisions.

LEVEL 3

Individual asset level (bottom up):

Identifying granular asset-specific CRR/Os enables close monitoring of exposures unique to key holdings (e.g. Port of Tauranga, real assets). While losses or gains may be material in their own right, this level of analysis is most often valuable for day-to-day operational management and for validating broader strategic decisions — helping prevent smaller adverse impacts from compounding over time and ensuring incremental gains are captured.



ASSESSMENT METHOD UPDATES

For FY25, Quayside has refined how it applies the Exposure–Vulnerability–Impact (EVI) method for assessing CRR/Os, shifting from an asset-only focus to a hybrid, lens-led approach.

In line with international best practice and XRB guidance, Quayside assesses climate-related risks as a function of the following:

- **Hazard/driver** (physical or transition), the underlying external force, which can vary in severity, frequency, duration, and extent (e.g. sea-level rise, carbon pricing).
- **Exposure (E)**, the proportion of a given element at risk that lies in the path of that hazard/driver. For example:
  a. Top-down (lens level): share of 'distribution capacity' potentially affected by energy transition shocks.
  b. Bottom-up (asset level): the percentage of an individual asset's value or activity within a 1-in-100-year flood zone.
- **Vulnerability (V)**, the degree to which an exposed element is likely to be affected by a hazard/driver, based on its inherent:
  a. Sensitivity: how strongly the exposed element is likely to be affected when exposed to the hazard/driver;[1] and
  b. Adaptive capacity: extent of the exposed element's ability to absorb, offset, or adjust to the relevant hazard/driver, reducing overall vulnerability.

  Higher sensitivity increases vulnerability, while higher adaptive capacity reduces it.
- **Impact (I):** the resulting evaluative outcome that combines assessed levels of E, V, and Hazard/Driver intensity (i.e. Impact = *f* (Hazard/Driver severity, E, V) — expressed as a qualitative rating (Low, Moderate, High, Extreme) across short, medium, and long-term horizons.

The potential benefit that climate related opportunities may generate, were also assessed on a similar basis, where:

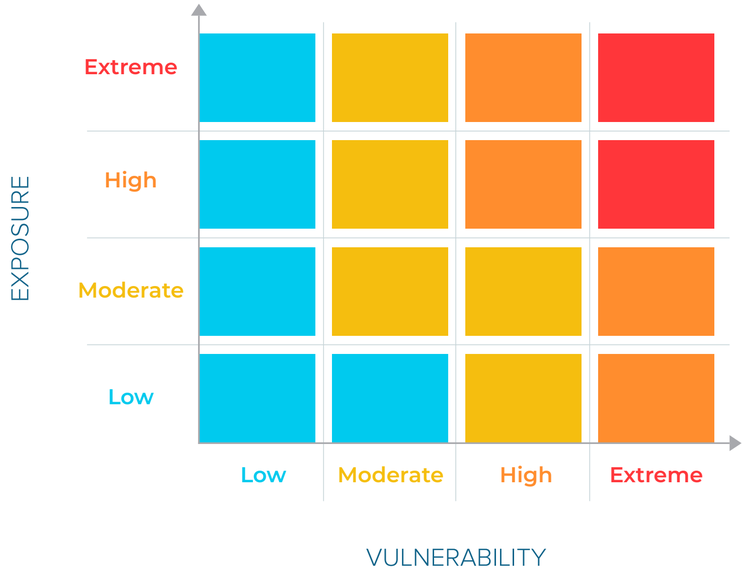
- **Enabler/driver:** refers to the transition driver or physical shift that could create value.
- **Exposure/alignment:** how well the opportunity aligns with the element of Quayside's portfolio that is in a positon to capture or leverage the opportunity.[2]
- **Benefit Potential:** size and scale of the potential upside (e.g. efficiency gains, avoided losses, new revenue).
- **Feasibility / Adaptive Capacity:** extent of Quayside's ability to capture the benefit (e.g. investment and capital availability, skills, partnerships, timing).

Risk appetite (lens-specific)

How EVI findings are used is also been strengthed by establishing the following lens-specific risk appetite settings:

- **Distribution Capacity:** Very low. Maintaining stable and predictable cash distributions is mission-critical. Short-term market volatility is acceptable only when the capacity to meet ongoing distribution obligations remains protected.
- **Intergenerational Capital Preservation**: Low for long-term outcomes; moderate for short-term mark-to-market fluctuations. Interim volatility is acceptable when compensated by illiquidity and complexity premiums, provided the inflation-adjusted capital base is preserved long-term.
- **License to Operate:** Near-zero for deliberate breaches; very low for material inadvertent breaches. Licence retention must be proactive not reactive. Reputational capital is a non-replenishable asset requiring absolute protection

Exposure, vulnerability, impact rating:



Key

Impact rating:

Climate-related opportunities: Material, High, Very High

Climate-related risks: Low, Moderate, High, Extreme

Time horizons:

- Short Term (0-3 years)
- Medium Term (3-10 years)
- Long Term (10-25 years)

1. At the lens level, sensitivity refers to the strength of the relationship between a climate driver and Quayside's ability to deliver on each value-proposition lens. For example, under the distribution capacity lens, sensitivity is the extent to which Port throughput volatility translates into dividend volatility. At the asset level, sensitivity reflects how strongly an individual asset's performance or value responds to the driver. For instance, a wharf exposed to sea-level rise is considered highly sensitive if even small increases in inundation disrupt throughput or significantly raise maintenance costs.
2. For example, on a: (a) Top-down (lens level), the share of distribution capacity that potentially stands to benefit from global at scale uptake of a given transition related technology distribution capacity; (b) Bottom up (asset class level), total value of listed equities in a given sector which stand to benefit on a similar basis; and (c) Bottom up (individual asset level) the the percentage of an individual asset's value or activity which stands to benefit.

QUAYSIDE'S BUSINESS MODEL AND STRATEGY

Quayside is a Council Controlled Trading Organisation (CCTO) wholly owned by the Bay of Plenty Regional Council (BOPRC). Established under the Local Government Act 2002 to serve as the investment arm of BOPRC, Quayside manages the Council's intergenerational investment fund on behalf of the Bay of Plenty ratepayers.

Quayside's mandate, which sets the structural boundaries of its role as asset manager, is twofold:

1. **Distributions:** deliver a stable, disciplined dividend to BOPRC in line with BOPRC's financial planning and our Distribution Policy; and
2. **Capital preservation:** Preserve real capital for future generations (our intergenerational investment objective).

Founded in 1991 to manage BOPRC's majority shareholding in Port of Tauranga Limited (the Port), Quayside has since evolved into a diversified investment fund with total Group assets of approximately $3.14 billion (as at 30 June 2025). This evolution informs our current purpose, as set out in the Statement of Intent:

"To grow a responsible and diversified fund that generates long-term returns to support the growth and prosperity of the Bay of Plenty."

In practice, this means not only delivering on our core mandate of distributions and capital preservation, but also contributing to regional development, economic growth, and long-term intergenerational financial sustainability (through distributions to BOPRC).

By taking a commercial, long-term approach, Quayside generates sustainable returns that directly support Council services, infrastructure, and community priorities, while also helping BOPRC maintain affordable rates. Since 1998, annual dividends to BOPRC have grown from $1.29 million to $47 million in 2025, helping to shape a thriving, resilient, and future-focused Bay of Plenty.

This business model provides the baseline against which Quayside's climate-related risks, opportunities, and resilience are assessed under each of our three climate scenarios (see Strategy section). In the context of a changing climate and rising system-wide uncertainty, Quayside's mandate also required a sharpened focus on how Quayside delivers value—both financially and socially—across a wide range of potential futures, guided by our Transition Plan.

Bay of Plenty Regional Council Toi Moana

BAY OF PLENTY REGIONAL COUNCIL TOI MOANA

100% shareholder

QUAYSIDE

$721 million

Total distributions to date (including PPS)

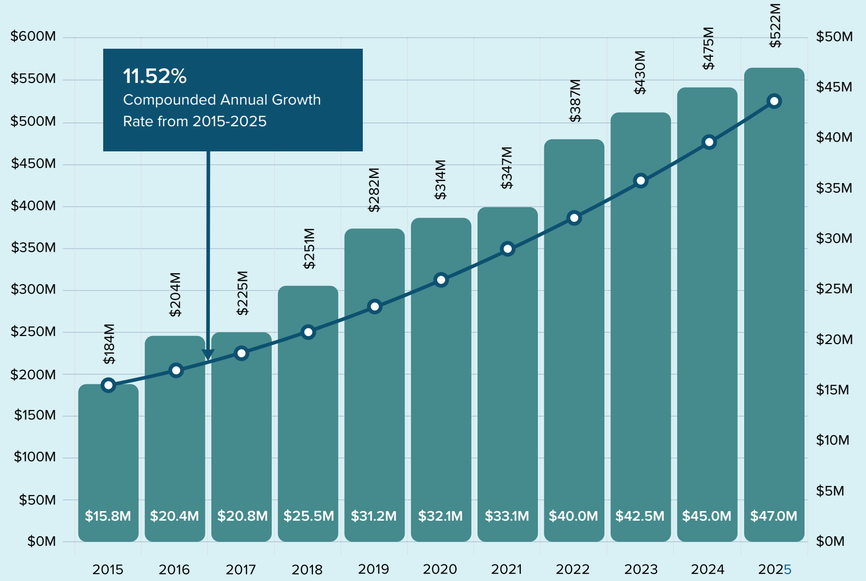
Business model & Strategy

Is set by BOPRC and Quayside each year via an annual 'Letter of Expectation' and 'Statement of Intent'

Dividend to BOPRC

Annual Dividend to BOPRC

Cumulative Dividend to BOPRC



INVESTMENT STRATEGY

Over the past year, Quayside's Board and Management have aligned on simplifying its operating model, where Quayside acts through three inter-related "portfolios," each with a distinct purpose, constraint set, and contribution to the whole.

This framing is the lens through which Quayside now assesses its strategy, intergrated risk profile, and performance (i.e. treating CRR/Os as an integrated part of enterprise risk management).

The three-portfolio model

The shift to executing Quayside's investment strategy through the three portfolios outlined on this page represents an evolution from the two-portfolio model described in FY24, with Special Purpose Assets now shown separately to reflect their distinct role.

Building on this refinement—and reflecting Quayside's hybrid top-down (lens-based) and bottom-up approach—scenario analysis has been used to stress-test each portfolio's capacity to fulfil its role, and by extension Quayside's ability to deliver on its dual mandate of stable distributions and real capital preservation under a range of plausible climate futures.

1. Port of Tauranga (PoT) Portfolio

Quayside holds a majority stake in Port of Tauranga, the core of our assets and main source of BOPRC's annual dividend. Any sale of these shares needs BOPRC approval, so liquidity is limited and cash flows come mainly from PoT dividends. Our stewardship aims to support long-term total shareholder return, with funding for Quayside's goals relying on the strength and consistency of those dividends.

Role in the system

- Principal funder of Quayside's annual distribution to BOPRC (65% - 70%).
- Potential residual cash generator (after funding the distribution) that can, from time to time, be allocated to grow the Investment Portfolio.

Levers available to Quayside include, governance and stewardship, board and management engagement, and alignment of PoT strategy with long-term value creation and climate transition.

2. Investment Portfolio

The investment portfolio is the primary instrument that Quayside uses to preserve (and possibly grow) real capital across generations and to make a material contribution to the annual distribution (estimated to be typically 30–35%) when consistent with preserving real capital.

It is governed by our Statement of Investment Policy and Objectives (SIPO) and is diversified across listed equities, fixed income, private markets and real assets to achieve a long-run target return of inflation + 5%.

Role in the system

- Primary vehicle for intergenerational wealth preservation (real capital).
- Material contributor to BOPRC distributions (typically 30–35%) when consistent with preserving real capital and risk limits.
- Receives residual cash from the PoT Portfolio where available, increasing its absolute scale over time.

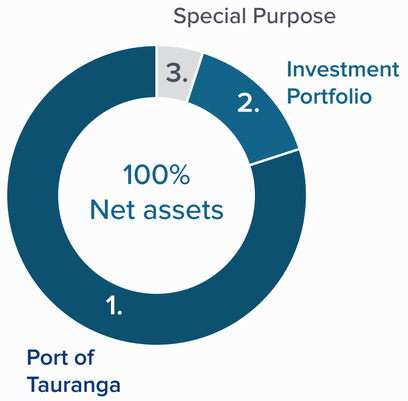
3. Special Purpose Assets Portfolio

This portfolio, which at present is mainly comprised of the Rangiuru Business Park, is mission-driven for regional development and ecosystem value rather than profit. Equity-funded costs from SPA reduce Quayside's total distributable amount.

Role in the system

- Advances regional development objectives.
- Equity-funded costs detract from the distributable pool otherwise available from PoT and the Investment Portfolio.

$3.14B



1. Port of Tauranga

$2.509B

80% OF GROSS ASSETS

The PoT is significant economic enabler and asset for the Bay of Plenty region. Accordingly, Quayside maintains a majority shareholding.

2. Investment Portfolio

$470m

15% OF GROSS ASSETS

Listed assets: $196.1 million- 41.9%
(New Zealand, Global, and fixed income)

Private equity: $133.4 million - 28.5%
(Managed and direct)

Real estate: $117.2 million -25%
(Commercial buildings and land)

Natural Resources: $21.1 million - 4.5%
(Huakiwi Services Limited (primary asset))

3. Special Purpose Assets

$161m

5% OF GROSS ASSETS

BUSINESS PARK
RANGIURU

Strategic assets: $161 million

Includes Rangiuru Business Park (including intagibles bearer plants, other allocated assets) and Tauriko)

OUR TRANSITION PLAN

Quayside Holdings undertook its inaugural transition planning to reposition and transform its business model and strategy in response to climate-related risks and opportunities.

Quayside's transition plan is centred around what is required to enable it to continue to grow a responsible and diversified fund through a changing climate and generate the long term returns for the Bay of Plenty Regional Council (its shareholders), and for betterment of its rohe and people.

Strategic Intent

The core strategic intent of Quayside's transition plan focuses on what is needed to build strength and sustainability in Quayside's *Investment Portfolio* specifically.

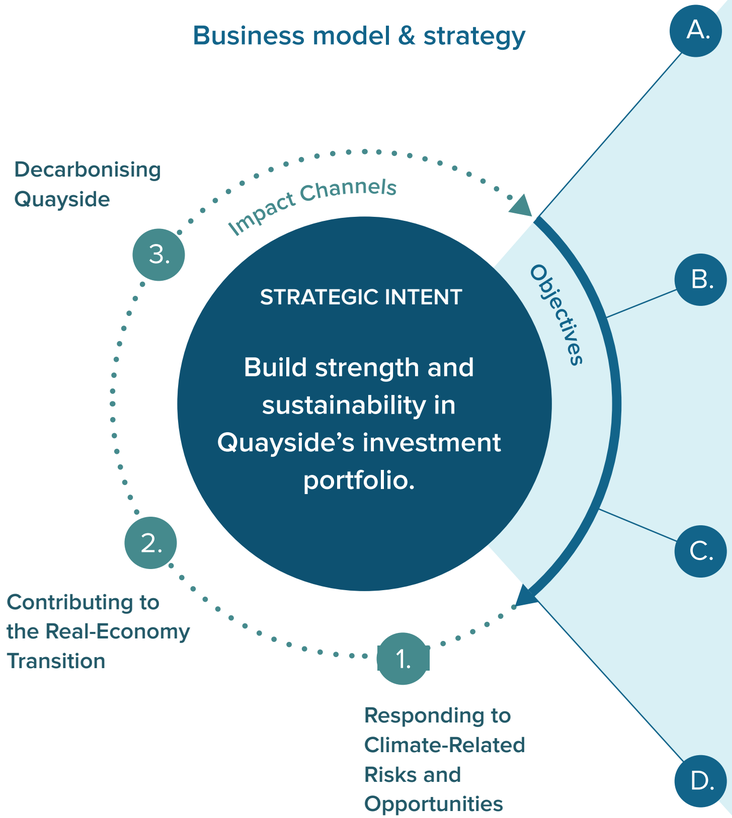
Consistent with the XRB's guidance, and with particular consideration given to the UK Transition Plan Taskforce (TPT)'s sector-specific guidance for asset owners and managers, Quayside's transition plan is structured around three core areas of impact (often referred to as "impact channels"), which are prioritised in the following order:

1. **Responding to Climate-Related Risks and Opportunities** – that its investment portfolio is identified as being exposed to now and is anticipated to be exposed to over time.
2. **Contributing to the Real-Economy Transition:** by using levers and capabilities that Quayside has available to embed and accelerate a just transition to a low-GHG emissions and climate-resilient economy.
3. **Decarbonising Quayside:** by addressing financed emissions associated with its investment portfolio, as well as its operations in line with an agreed system-based approach (set out below).

These strategic focus areas were selected on the basis that they reflect Quayside's responsibilities of delivering enduring returns to the BOPRC and its ratepayers, while managing the long-term sustainability and resilience of the assets that it stewards.

Scope

Quayside's transition planning focuses on its investment portfolio, which is designed to grow over time and contains a dynamic mix of listed equities and fixed income instruments, private investments, commercial real estate, and natural resource assets. These holdings are enduring, actively or passively managed, and directly amenable to the forms of climate-related risk and opportunity management intended by transition planning frameworks such as the TCFD and NZ CS1–3.



Prioritise achieving meaningful real-economy outcomes over portfolio-level emissions optics.

Focusing on driving real-world emissions reductions rather than simply improving portfolio metrics through reallocation that doesn't reduce actual emissions.

Support a just transition by actively considering the social and economic impacts of investment decisions.

Ensuring the costs and benefits of the transition are shared fairly, that vulnerable communities, sectors, and regions are not left behind or disproportionately impacted, and that any unintended consequences of Quayside's transition actions are identified and mitigated where possible.

Aiming to achieve net zero GHG emissions across Quayside's operations, supply chain, and portfolio investment activities by 2050.

While remaining sufficiently agile so that we can pre-position Quayside to adapt and thrive across a range of other plausible climate futures, as events unfold over time.

Remain adaptive and responsive as the transition unfolds.

Committing to review, learn, and evolve our approach as technologies, regulations, and real-economy conditions change.

Guiding our transition strategy

Drawing on Quayside's enduring mandate, objectives and operating model, we have defined an enduring three-fold value proposition. This underpins the strategic intent of our transition plan and provides the reference point against which its adequacy and direction will be assessed:

1. **Delivering a reliable and resilient income stream to our shareholder:** Quayside exists to provide a stable and growing source of dividend income to BOPRC, supporting its ability to fund essential services and meet community priorities. This needs to be achieved by maintaining the real value of our investment portfolio over time, while managing dividend volatility and safeguarding against climate-related risks that could impair dividends and/or capital value over time.
2. **Preserving intergenerational equity between current and future ratepayers:** As a long-term intergenerational investment fund, Quayside has a responsibility to invest in ways that support the well-being of both current and future generations in the Bay of Plenty. This includes preserving regional wealth over the long term—a task that depends on protecting capital from systemic climate-related risks, ensuring resilience to economic and environmental disruption, and contributing to a low-emissions, inclusive regional economy that aligns with the objectives and values of both BOPRC and Quayside.
3. **Maintaining the confidence of key stakeholders by demonstrating credibility, prudence, and responsible stewardship as an asset manager:** Quayside's ability to attract co-investment, secure external capital, and deliver long-term outcomes depends on demonstrating credible stewardship. In an environment of rising climate expectations, prudent and transparent transition planning is essential to maintaining the trust of funders.

Approach

Quayside's transition planning is staged and adaptive, focusing on investment decisions and influence-based levers—capital allocation, manager selection, and stewardship. Our strategy evolves as climate capabilities and asset-class insights deepen, ensuring investments align with a resilient, low-emissions pathway over time.

Foundations

FY25

- A robust foundational level of strategic intent: centred on how Quayside can best align with its orderly transition scenario (see Objective D).

  This early-stage intent is grounded in scenario-informed insights and reflects our value proposition as an intergenerational asset owner.
- Defined an initial set of transition-related measures and a corresponding implementation programme. These actions are focused on what is achievable and decision-useful over Quayside's short to early medium-term transition planning time horizons, while recognising that a more detailed picture will emerge over time.

FY26

- Strategic intent at the asset class level, based on a detailed, scenario-informed analysis of how climate-related risks and opportunities—both physical and transition—may affect each portfolio segment over the short, medium, and long term. This includes assessing how those effects may support or undermine Quayside's ability to deliver on its value proposition under each scenario.
- Asset-class-specific measures and implementation pathways, to reflect and respond to the differentiated strategic implications identified. These actions will enable Quayside to take targeted, proportionate, and system-aware actions within each asset class as the transition unfolds.

Onwards

- Over the subsequent reporting cycles, we will prioritise developing the granularity of the short to medium term elements of the transition plan. By building our transition plan progressively from a scenario-informed, value-based foundation, we aim to ensure that it remains robust, credible, and fit for purpose across a range of plausible futures.

  In our view immediate, linear execution across all asset classes is neither practical nor fit for purpose, and we intend that these pragmatic and foundational steps will evolve in tandem with the continued development of scenario-specific strategic intent and climate risk insights.

OVERVIEW OF QUAYSIDE'S MANAGEMENT RESPONSE

Implementation approach

Quayside's implementation approach is structured around three transition impact channels, following the TPT framework for asset owners (see page X). In FY25, the focus was on a first set of targeted, practical, near-term actions that align with Quayside's foundational strategic intent—especially under the orderly transition scenario. These actions are designed to be adaptive and will evolve as Quayside's climate capabilities and asset-class understanding mature.

Key priorities for FY25–FY26 included:

1. Building the systems, data, and institutional readiness required for more detailed asset-class-level implementation from FY26 onward.
2. Addressing known climate-related risks that could materially affect value creation or dividend stability in the short to medium term.
3. Advancing transition levers in the investment portfolio (such as improving climate risk transparency, engaging with external managers).

Quayside recognizes that immediate, uniform execution across all asset classes is neither practical nor effective. Instead, the plan emphasizes pragmatic, foundational steps that will evolve in parallel with ongoing scenario analysis and the development of more detailed, scenario-specific strategies and climate risk insights.

Summary of Action Selection Criteria

Quayside selects transition actions using clear criteria to ensure each measure aligns with its strategic intent, governance capacity, and current level of maturity. Actions are assessed for:

- Strategic alignment
- Capital preservation
- Practicality and impact
- Proportionality

These criteria guide both current and future transition measures, ensuring the approach remains practical, fit-for-purpose, and focused on meaningful outcomes as Quayside's climate strategy evolves

Quayside Transition Plan: Initial Actions

This table provides a clear, board-level summary of Quayside's inaugural transition plan actions, mapped to the four main implementation "buckets".

Each section highlights the relevant asset class, the most important actions, the strategic intent (aligned with the three impact channels: Responding, Contributing, Decarbonising), and the specific metrics and targets that will drive accountability and progress.

Public Market Managers

Asset class: Global equities & debt

Key actions:

1. Develop and apply a Manager Climate Evaluation Framework (MCEF) into manager selection and ongoing monitoring
2. Agree approach with managers for aligning with Quayside's Net Zero 2050 target, and prioritising funds allocation with strong climate risk/opportunity integration. Includes a clearly defined glide path, core metrics and interim targets.

Relevant frameworks: PAII NZIF, PCAF and UN PRI, TCFD

Targets:

2026: 100% managers assessed (MCEF)

2030: ≥80% AUM MCEF 1 (none 4/5);

2040: ≥90%;

2050: 100%

Strategic intent:

Responding: transition and physical risks accounted for in portfolios | Contributing: influences global capital allocation towards low-emissions and resilient strategies| Decarbonising: reduce indirect financed emissions

Private Market Managers

Asset class: Private equity & alternative fixed income

Key actions:

1. Develop and apply a PE Manager Climate Evaluation Framework (PE CEF), and; define and strengthen clear climate-aligned due diligence criteria tailored to PE context and ongoing monitoring.
2. Agree approach with GPs (general partners/external managers) for aligning with Quayside's Net Zero 2050 target, and prioritising funds allocation with strong climate risk/opportunity integration. Particular focus on Climate-related Reporting Transparency, including transition planning coverage.

Relevant frameworks: PAII NZIF-aligned expectations for private markets, and UN PRI, TCFD (and related bodied).

Targets:

- FY26: 100% PE managers assessed (PE CEF)
- 2030: ≥70% PE AUM PE CEF 1 (none 4/5);
- 2040: ≥90%;
- 2050: 100%

Strategic intent:

Responding: identifies and mitigates climate risks in illiquid assets | Contributing: supports innovation and growth in climate-positive sectors | Decarbonising: reduce financed emissions

Long-term Mitigation Target:

Our ambition is to achieve a substantial reduction in financed emissions by 2050, aiming for at least a 90% decrease relative to a baseline to be developed in FY26.

This objective reflects our commitment to aligning our portfolio with a net-zero outcome, recognising that the pathway may evolve as methodologies, data quality, and market conditions develop.

Public Market Direct Investments

Asset class: NZ listed equities & fixed income

Key actions:

1. Stack rank holdings by financed emissions (absolute and intensity); review and engage top emitters on climate-related disclosures and transition plans
2. Identify and mitigate sectoral over-exposure and concentration risk

Relevant frameworks: Listed equities: PCAF Cat.1; PAII/ NZIF, Fixed income: PCAF:(corporate/ sovereign); NZIF FI guidance

Targets:

Equities: FY26 baseline & top 5 identified; 2030 ≥90% under plan/engagement; 2050 100%

Fixed income: FY26 baseline; 2030 ≥90% AUM investment grade issuers with credible pathways or engagement; 2050 100%

Strategic intent:

Responding: builds resilience to physical risks | Contributing: encourages sustainable practices in real assets and resource management

Private Market Direct Investments

Asset class: Direct property, natural resources & direct PE

Key actions:

1. Develop deep understanding of portfolio's exposure and vulnerability to climate-related physical risks to inform resilience strategies and ensure long-term asset value and functionality, includes:
   - Baseline material climate-related risk and opportunities assessments (e.g. physical risk, emissions)
   - Conduct climate-related risk and opportunity pre-investment due diligence for all new/proposed direct investments
2. Ensure all new direct investments do not materially increase portfolio vulnerability and exacerbate climate risk exposure.

Relevant frameworks: Commercial real estate: PCAF Cat 4/5, recognised building performance standards (e.g. NABERSNZ, Green Star); Natural resources: PCAF Cat 2, recognised sector certifications

Targets:

- Commercial real estate: FY26 100% Scope 1 & 2
- 90% of AuM subject to physical risk assessments

Strategic intent: Responding: builds resilience to physical risks | Contributing: encourages sustainable practices in real assets and resource management

Cross-portfolio capability

(applies to all)

1. Strengthen internal CRR/O identification, tracking, and assessment functions
2. Progressively build granularity of climate insights at asset-class level
3. Establish and implement staff and board member climate risk management training programme.
4. Establish and implement Scope 1-2 operational emission reduction programme and suitable targets.

CLIMATE SCENARIO OVERVIEW

Developing climate scenarios

As outlined in the FY24 disclosure, Quayside developed three “entity-level” climate scenarios to systematically explore the potential physical and transition consequences of climate change for its business and to test the resilience of its strategy. In FY25, the underlying scenario drivers and driver outcomes were reviewed and further updated to reflect new insights and information. An updated summary of how Quayside constructed these scenarios in line with best practice is provided in the following pages.

Applying climate scenarios

In FY25, Quayside re-conducted its STAGE 3 scenario analysis on a new hybrid basis, combining:

- **Top-down assessment** – systematically considering how driver outcomes anticipated under each of Quayside’s three climate scenarios (see the physical, transition and systemic climate scenario drivers outlined on page 23) may challenge or support Quayside’s ability to deliver real returns, preserve capital, and maintain intergenerational equity; and
- **Bottom-up assessment** – Revisited the asset-level CRR/Os identified in FY24 to assess how their expression may vary across Quayside’s scenarios, and considered how these variations, when aggregated, could affect portfolio-level outcomes through the three value-proposition lenses (distribution capacity, capital preservation, licence to operate).

Importantly, this exercise is not intended to predict or forecast the future. Its purpose is to stress-test the ability of each portfolio to perform its assigned role, and, in turn, contribute to Quayside’s dual mandate of stable distributions and real capital preservation under a range of plausible climate futures.

Quayside’s climate scenarios, and the insights derived from their application in this context, are therefore not probabilistic forecasts. Rather, they are a strategic tool for navigating the uncertainty and complexity of climate change, where probabilistic modelling of impacts is often impractical or unworkable.

Envisioning success

The insights from this scenario analysis process fed into Quayside's work to envisioning what success looks like under each of its climate scenarios, a critical step in the transition planning process, as outlined in the XRB’s guidance for strategy formulation under deep uncertainty.

While originally designed for real-economy entities, Quayside applies this guidance by assessing how our ability to deliver on our value proposition—particularly in terms of real returns, capital preservation, and intergenerational equity—may be challenged or enabled under different climate futures.

Our scenario analysis in FY24 together with further and more granular scenario analysis carried out in preparation for Quayside’s FY25 climate-related disclosures, revealed that each of these climate futures presents distinct implications for investment risk-return dynamics, system volatility, stakeholder expectations, and access to capital. As a result, the degree to which Quayside can sustain stable dividends, preserve capital value, and maintain strategic credibility is expected vary, often significantly, across each of Quayside's three scenarios. This work was essential to the transition planning process as it enabled Quayside to better understand:

- Where its current investment strategy is already well-aligned with long-term value delivery under multiple scenarios;
- Where fundamental shifts (e.g. in risk appetite, performance objectives, asset class weighting, or diversification) may be needed to preserve its value proposition under less favourable conditions, and;
- Where adaptive capacity and resilience-building measures — such as dividend smoothing mechanisms or dynamic capital buffers — are critical to protecting Quayside’s ability to deliver across scenarios.

OVERVIEW OF QUAYSIDE'S CLIMATE SCENARIOS

The following summary outlines each of Quayside's three climate scenarios, focusing on the defining features and key assumptions underpinning each, as well as a number of salient high-level outcomes. While more specific driver outcomes are not depicted in the summaries below, the most relevant outcomes are reflected in the risk and opportunity assessment findings detailed at pages 29 to 36.

SCENARIO	ORDERLY - 1.4°c at 2100		DISORDERLY - 2.6°c at 2100		HOTHOUSE - 3.9°c at 2100	
MACRO CONTEXT **Globally** **New Zealand**	Prompt, coordinated global action accelerates the shift to a more sustainable, low emissions economy and inclusive pathway, which prioritises ensuring global and domestic economies respect planetary boundaries. NZ acts decisively, triggering rapid, well-signalled decarbonisations that drives vast but largely structured coordinated change. Emissions reduction occurs across all sectors is driven by policy reforms that impose robust mitigation obligations and proactive sector-led initiatives aligned with achieving net zero emissions by 2050. This unlocks major public investment in critical decarbonisation enables (e.g. infrastructure, skills, and technology.)		Meaningful global climate action is delayed until the early 2030s, when extreme weather and missed targets trigger abrupt, policy-led shifts. Uneven responses disrupt sectors, alter trade norms, and reshape supply chains. Operational and investment risks escalate in the short to medium term. NZ delays decisive action until 2032, when trade, capital and climate shocks force a sharp policy pivot. Mitigation obligations are imposed abruptly and under tight timeframes by fiscally strained institutions. Sectoral disruption, social tensions, compounding transition costs and physical impacts, creates general volatility and long-term economic scarring that limits productivity.		Conflict and nationalism deepen geopolitical divides, derailing coordinated global climate action by 2036. Economic growth, energy, and food security take priority. Fossil fuel abatement still occurs but is slow, uneven, and largely incidental, driven primarily by energy security concerns, resource constraints, and economic contraction. Severe physical impacts follow, disrupting supply chains, slowing economic development, and widening socio-economic disparities. NZ's mitigation response weakens with faltering global coordination, and it joins the rest of the world in prioritising food and energy security. By early 2030s, faced with high costs and disrupted global markets, the focus shifts to adaptation. This drives costly reactive investment in essential infrastructure resilsience, causing long-term inefficiencies. Ensuring food production remains high despite increasingly severe physical climate impacts that erode national productive capacity.	
REFERENCE SCENARIOS & PATHWAYS	**NGFS:** Net Zero 2050 SSP1-1.9	**RCP 1.9** (NIWA RCP 2.6)[12] CCC Tailwinds	**NGFS:** Delayed Transition SSP2-4.5	**RCP 4.5** (NIWA RCP 4.5)[13] CCC Headwinds	**NGFS:** Current Policies SSP3-7.0	**RCP 8.5** (NIWA RCP 8.5)[14] CCC Current Policy Reference
	The archetype for the Financial Services Sector's "Orderly" scenario, Agriculture Sector's Tū-ā-pae (Orderly) Scenario, and the Transport Sector's "Fully Charged" scenario are all based on the same reference scenarios and pathways, which are listed above. The Port of Tauranga's ("PoT") first scenario is also aligned with the above for the reasons set out at Footnote 13.		The above is fully aligned with the Agriculture Sector's Tū-ā-hopo (Disorderly) Scenario but deviates from the Transport Sector's "Short Detour" Scenario (which is based on SSP2-2.6 /NIWA RCP 2.6 projections), and the Financial Services "Too Little, Too Late" equivalent scenario is based on NGFS "Nationally Determined Contributions" narrative. See Footnote 13 which details the rationale for this approach.		Above fully aligns with the "Bypass to Breakdown" Transport Sector Scenario, but deviates from the Agriculture and Financial Services sector "Hothouse" equivalent scenarios, as they are both based on SSP5-8.5. Notwithstanding the decision to align with the Agricultural Sector Scenarios, deviating in this respect was considered prudent for the reasons set out in Footnote 14.	
POLICY AMBITION AND RESPONSE	**Ambition:** 1.5°c aligned (highly ambitious) **Mitigation response:** enacted early and becomes progressively more stringent; generally smooth, coordinated and well signalled. This is backed by coordinated sectoral strategies and fiscal reform. **Adaptation response:** early action proportionate to the lower physical risks of SSP1-1.9. Anticipatory, equity-focused policies are coordinated across sectors and government.		**Ambition:** 2.5-3°c aligned (low ambition to 2032, then highly ambitious) **Mitigation response:** sporadic and inconsistent until 2032, then swift and stringent but disorderly. Variable / differentiated between nations. **Adaptation response:** delayed and fragmented until 2030s onwards, when response is reactive with short term measures. Proportionate to policy aligned climate outcomes e.g. greater restrictions on land use based on RCP 4.5 flood and related hazards, and more onerous building regulation changes.		**Ambition:** ≥ 3.0°C (low ambition) **Mitigation response:** Most mitigation policy abandoned or substantially scaled back by mid-2030s (e.g. ETS). Market signals weaken, private investment stalls, and ambition collapses—though a few measures persist where they support energy security or resilience **Adaptation response:** Slow and fragmented through the 2020s. As global mitigation collapses in the 2030s, government pivots to reactive adaptation focused on energy, infrastructure, and primary production. Significant/abrupt restrictions placed on land with flood, erosion, coastal inundation and ground water rise hazards.	

OVERVIEW OF QUAYSIDE'S CLIMATE SCENARIOS

SCENARIO	ORDERLY - 1.4°c at 2100		DISORDERLY - 2.6°c at 2100		HOTHOUSE - 3.9°c at 2100	
TEMPERATURE OUTCOMES	**Global mean annual change:** 2041-2060: 1.6°c 2081-2100: 1.4°c	**NZ mean annual change:** 0.7°c at 2050 TBC°c at 2100	**Global mean annual change:** 2°c at 2050 2.6°c at 2100*	**NZ mean annual change:** 2031-2050: 0.7–0.9°C 2081–2100: 1.3–1.4°C	**Global mean annual change:** 2.5°c at 2050 3.9°c at 2100*	**NZ mean annual change:** 2031-2050: 0.9–1.1°C 2081–2100: 2.8–3.1°C
MARKET RESPONSE AND BEHAVIOUR CHANGES	**B2B Customers:** most place immediate pressure on suppliers to drive emissions reduction. This steadily increases over time. Those that service developing nations only are less stringent in this respect. **Consumers and End Users (developed economies):** most make an immediate and increasingly stringent shift towards sustainable and low-emissions goods and services (e.g. buying local and/or sustainable alternatives where possible, and/or foregoing or reducing consumption of goods and services in hard to abate industries). Long-term gains driven by clean tech, adaptation investment, and digital systems integration. **Consumers and End Users (developing economies),** most consumers and end-users prioritise existing fundamentals like poverty alleviation, healthcare, education. However a similar shift to sustainable and low emission consumption starts to flow through to affluent consumers and then the burgeoning middle class, however this is delayed.[16] **Capital and Insurance:** Affordable capital and insurance is easily accessible for organisations that show strong sustainability and resilience. Inflation and interest rate volatility spike during early transition, driven by capital demand and structural disruption, easing overtime.		**B2B Customers:** Most are delayed and then adopt a more stringent and abrupt version of the Orderly scenario shift from 2032 onwards. Others are more variable in their response (before and after 2032).[15] **Consumers and End Users (developed economies):** Like the B2B customers above, most are delayed and then adopt a more stringent and abrupt version of the shift described in the Orderly scenario from 2032 onwards. Consumers in some countries will have been more proactive prior 2032. Some will be less proactive after 2032 as well. **Consumers and End Users (developing economies),** as per the Orderly scenario however, the shift to sustainable and low emissions consumption is more delayed as increased costs associated with rapid decarbonisaiton erode poverty alleviation, healthcare, education gains achieved prior to 2032. **Capital and Insurance:** is harder and more expensive to access, especially for large longer expected useful life capital assets, unless strong mitigation action and resilience can be demonstrated to a high standard. Insurance is significantly more expensive and in some cases, subject to full or partial retreat (i.e. cover exclusions). From 2032, abrupt transition measures trigger inflation spikes and interest rate volatility.		**B2B Customers:** Minimal change to present day. Some regained carbon reduction targets which were imposed on suppliers initially, however this was eventually abandoned. **Consumers and End Users (developed economies):** Little change overall. Some sought to shift in line with the Orderly scenario. However, this fails to gain traction and most retain the status quo. Cost and access to essentials like food and energy becomes the paramount concern as the physical effects of climate change deepen. **Consumers and End Users (developing economies),** over the Short Term there is little impact on the status quo. Over the longer term, socioeconomic security and well-being (and purchasing power) declines as food, housing, and health access degrade—first under cost stress, then under rising climate damage. **Capital and Insurance:** becomes increasingly difficult to access, especially from 2040 onwards. Lenders and investors are unlikely to provide capital unless it can be shown that a given investment is sufficiently resilient to both the direct and indirect physical impacts that climate change may generate. Inflation remains volatile as food, energy, and housing shocks recur. Interest rates stay elevated due to sovereign risk and investor unease.	
TECHNOLOGY CHANGE OUTCOME	Fast and sustained change, NZ keeps pace: fast, sustained, and widespread deployment of mitigation technologies and investment across all sectors, especially GHG-intensive ones. Focus areas include renewable energy, electrification of transport and process heat, agricultural emissions reduction, low-emissions fuels (e.g. hydrogen, biofuels), and AI-enabled efficiency. Noting: ◆ Quick wins are achieved over the immediate to short term via the use of data and AI to drive efficiency; ◆ Significant step changes are achieved across high emission sectors like energy, transport and agriculture over the latter Short to Medium Term via early investment in R&D.		Delayed transition planning and weak early investment leave NZ lagging in transport, energy, and process heat technologies. Global demand surges post-2032 drive up costs and cause rollout delays. Catch-up efforts are reactive and fragmented. Agricultural R&D continues through the 2020s, reflecting NZ's early focus on agri-emissions, but on-farm deployment remains limited. Delayed investment in energy, transport, and manufacturing (i.e. process heat) technology has led to the country falling behind. Adaptation technologies scale from 2032 across housing, transport, infrastructure, and decentralised energy and water systems, but deployment is reactive, fragmented, and spatially uneven—especially where prior planning lags or institutional capacity is weak.		Slow, fragmented, and uneven: Mitigation technology uptake is limited and fragmented, with most systems underinvested. Some technologies—particularly in energy and food security—are adopted for their resilience value (e.g. energy security, cost control), but rollout is reactive, uneven, and constrained by public funding limits and supply chain disruption. Adaptation technologies expand in response to escalating physical risks but lack coordination and scale. High costs drive uneven investment, concentrated in core infrastructure, energy, and primary production, while many regions remain under-resourced or reliant on imported solutions.	

OVERVIEW OF QUAYSIDE'S CLIMATE SCENARIOS

SCENARIO	ORDERLY - 1.4°c at 2100	DISORDERLY - 2.6°c at 2100	HOTHOUSE - 3.9°c at 2100
MACRO ECONOMIC	**GDP:** declines moderately to sharply in the early transition, rebounds from early 2030s: • Lower Short Term consumption offset, at least in part, by significant and sustained transition capital investments. Growth is broad-based and resilient, driven by clean tech and producivtity gains. • Lower physical impacts and realisation of gains from early investment sets enables strong growth medium to long term. **Population:** • Global increase of 7% by 2050 (relative to 2022) • NZ increase of 16% by 2050 (relative to 2020)/ Population grows to ~6.1m by 2050	**GDP:** Post-2032 GDP contracts sharply as delayed action triggers an abrupt, costly transition. Variable action between developed and developing nations causes: • Lower growth and periods of downturn in the Medium Term. Asset write-downs, capital flight, and cost shocks drive dislocation. • Lengthier recovery, due to higher transition costs and disruption. • Lower growth Long Term due to greater physical impacts. **Population:** • Global increase of 16% by 2050 (relative to 2022) • NZ increase of 22% by 2050 (relative to 2020)/ Population reaches ~6.1m by 2050	**GDP:** Over Short Term the impacts is minimal (due to low transition impacts and low initial physical impacts. Over the Medium to Long Term productivity and growth is weak and uneven, impacted significantly by increasing: • Physical effects of climate change (e.g. infrastructure loss, reduced primary production yields in many countries) and high adaptation costs. Multi-hazard events cause widespread loss and systemic breakdowns, pushing the most exposed regions beyond recovery thresholds. • Levels of regional rivalry which compromise/slow global trade. **Population:** • Global increase of 8% by 2050 (relative to 2022) • NZ increase of 26% by 2050 (relative to 2020)/ Population surpasses 7 million by 2050

IMPACT SEVERITY	ORDERLY - 1.4°c at 2100			DISORDERLY - 2.6°c at 2100			HOTHOUSE - 3.9°c at 2100		
	SHORT TERM	MEDIUM TERM	LONG TERM	SHORT TERM	MEDIUM TERM	LONG TERM	SHORT TERM	MEDIUM TERM	LONG TERM
Physical Impacts	Low	Low/Moderate	Moderate	Low	Moderate	High	Low	Moderate/High	High/Extreme
Transition Impacts	Moderate/High	Moderate	Low	Moderate/High	High/Extreme	Low/Moderate	Low	Moderate (adaptation only)	High (adaptation only)

Key - Impact rating:

Climate-related risks

Low Moderate High Extreme

QUAYSIDE'S CLIMATE SCENARIO DRIVERS EXPLAINED

Several updates have been made to how Quayside's climate-scenario drivers are categorised and application since FY24.

To better capture the interconnected and dynamic nature of climate drivers and ensure CRR/O identification and assessment more closely reflect real-world outcomes, Quayside now classifies drivers into three categories:

1. **Physical drivers (climate hazards):** the direct physical effects of climate change, consisting of acute events (e.g. storms, floods, landslides, heatwaves, high wind) and chronic shifts (e.g. long-term warming, rainfall change, sea-level rise).
2. **Transition drivers:** the direct technology, policy, market, and societal changes that facilitate and accompany the shift to a low-emission, climate-resilient economy.
3. **Systemic drivers (new):** the broader macro-economic, demographic, social, and structural second-order effects that arise from the cumulative and compounding impacts of physical and transition drivers at global, national, and regional levels, and which in turn feed back to influence how those same forces evolve over time.

How these drivers are applied in practice
Across each of the three impact lenses (Distribution Capacity, Capital Preservation, and Licence to Operate), Quayside applies a consistent analytical scaffold to trace how these forces interact and shape outcomes under each climate scenario:

- **Systemic structural shifts (baseline):** the enduring operating context that forms the new forward operating environment for all assets—cumulative physical and transition pressures driving tighter lending and insurance standards, economic and sectoral re-weighting, and broader structural cost pressures. This baseline is established first, as short- to medium-term overlays operate within it.
- **Transition overlay:** direct, short- to medium-term adjustments as new climate-related policies, technologies, standards, and market preferences take effect within the baseline. These changes can create temporary headwinds—for example, higher operating or upgrade costs—but also generate opportunities for assets and sectors that align early, capture efficiency gains, or access transition-linked capital and pricing premia.
- **Systemic overlay:** the cyclical macro-financial conditions that modulate the timing and severity of impacts. While during headwinds these cycles can intensify pressures—slowing activity, tightening liquidity, widening valuation gaps, and raising financing costs—they can also create tailwinds as conditions stabilise, supporting recovery, renewed demand, and improved access to capital.

This scaffold ensures analysis begins with the structural systemic baseline, then traces how transition and cyclical dynamics play out within it across scenarios.

Physical climate scenario drivers

Physical drivers: cover the direct physicla manifestations of climate change that drive physical risks (and sometimes opportunities. Quayside's include:

- **Chronic climate hazards:** long-term, progressive changes in average climate conditions (e.g. temperature, rainfall patterns, sea level, drought frequency) that cause sustained environmental and system stress
- **Acute climate hazards:** short-term, heavy and extreme weather events, the frequency, intensity, duration, and spatial extent of which is increasing with climate change (e.g. storms, floods, landslides, heatwaves, and high-wind events).
- **Ecological impacts:** Cumulative and compounding effects of all acute and chronic climate hazards, which can progressively erode (and in limited cases enhance), land usability, water availability, and ecosystem services.

Systemic scenario drivers

Systemic drivers: listed below reflect the cumulative, second-order impacts of all physical and transition drivers on the wider socio-economic system. Quayside's systemic drivers include:

- Shifts in global and domestic macroeconomic conditions
- Demographic changes
- Socioeconomic security and well-being (e.g. household income)
- Changing global and domestic economic structures

As outlined in the introduction, these drivers are split into those that produce:

1. Enduring 'locked-in' structural changes which fundamentally reshape Quayside's anticipated future operating environment; and
2. Persistent (for a period) but overall temporary systemic impacts (e.g. transition and/or physical impact induced macro-economic headwinds).

Transition climate scenario drivers

Transition drivers: cover the direct technology, policy, market, and societal changes that facilitate/accompany the transition to a low carbon, climate resilient future. For practical reasons, Quayside has grouped its transition drivers into two broad categories:

- **Market and technology drivers:**
  - Changing household and commercial customer preferences
  - Access to capital and insurance
  - Carbon price
  - Access to energy
  - Access to labour
- **Policy drivers:**
  - Political changes
  - Mitigation policy changes
  - Adaptation policy changes

SNAP-SHOT OF KEY CLIMATE-RELATED RISKS AND OPPORTUNITIES

This snapshot summarises the relative exposure and sensitivity of Quayside's Port and Investment portfolios to climate-related risks and opportunities across the three illustrative scenarios.

The heat maps present impact ratings for each value-proposition lens (distribution capacity, capital preservation, and licence to operate) at the point in time when impacts are expected to be greatest under each scenario, rather than by time horizon. The ratings integrate both physical and transition drivers, providing a concise view of where Quayside's portfolios are most exposed or aligned as the climate transition unfolds. On this basis:

•Orderly and Disorderly snapshot summaries depict aggregated physical and transition CRR/Os over the medium term, as these scenarios are dominated by transition impacts expected to peak during that period.

•Hothouse depicts the same over the long-term, when physical risks are expected to become more pronounced and transition impacts over the short- to medium-term are less prevalent.

Port portfolio shapshot

Risk concentration is expected to remain highest in distribution capacity, reflecting sensitivity to export-sector variability and the timing of freight-system transition. Physical impacts are likely to be episodic and recoverable, while adaptive capacity, diversification, and national network positioning contain volatility. Capital value and licence-to-operate risks are low, supported by robust infrastructure, long-term planning, and stable regulatory relationships.

Investment portfolio snapshot

Liquid assets (listed and fixed income): Sector mix and geographic diversification are expected to support cash-flow stability under all scenarios. In an Orderly transition, moderate margin pressure from manageable transition costs is expected, with no material impact on capital preservation. Under Disorderly, financials and gentailers re-rate lower, but healthcare, technology, and Infratil holdings cushion downside, keeping capital materially preserved despite sharper transition costs. In a Hothouse setting, global diversification offsets New Zealand physical risk, while healthcare and technology continue to anchor portfolio value.

Non-liquid assets (real estate, managed PE): Current impacts remain localised, insured, and non-systemic, though modest increases in property insurance and operating costs are evident. Transition-driven cost and valuation dispersion is the main forward exposure: under more disorderly conditions, real-estate repricing and selective PE valuation markdowns may occur, yet climate-integrated managers and diversification continue to limit losses and preserve capital. In a Hothouse environment, chronic cost and insurance inflation and heightened physical risks weigh on real-asset performance, while well-governed, climate-aligned PE funds help sustain relative resilience across the sleeve.

Port of Tauranga

65-70% Distributions

$2,509 million

Port Portfolio	Distribution	Capital	Licence
ORDERLY (Medium-term)	Moderate	Low	Low
DISORDERLY (Medium-term)	Moderate-High	Moderate	Moderate
HOTHOUSE (Long-term)	High-Extreme	Moderate	High

Investment Portfolio

30-35% Distributions

$470 million

Liquid Assets	Distribution	Capital	Licence
ORDERLY (Medium-term)	Low-Moderate	Moderate`	Low-Moderate
DISORDERLY (Medium-term)	Moderate-High	Moderate	Moderate
HOTHOUSE (Long-term)	Moderate-High	Moderate	Low-Moderate

Non-liquid Assets	Distribution	Capital	Licence
ORDERLY (Medium-term)	Low	Moderate	Low-Moderate
DISORDERLY (Medium-term)	Low-Moderate	Moderate	Moderate
HOTHOUSE (Long-term)	Moderate	Moderate-High	High

Key: Impact Rating

Climate-related risks

Low Moderate High Extreme

TOTAL PORTFOLIO CURRENT AND ANTICIPATED IMPACTS

Current climate-related risk and opportunity impacts across Quayside's portfolio remain isolated, non-systemic, and immaterial at both asset and portfolio levels.

Physical effects—such as localised weather disruption or production variability—have been episodic rather than structural, contained by strong asset resilience, insurance cover, and diversified income streams. Transition influences are visible mainly through policy, disclosure, and investment-readiness activity, not measurable financial outcomes. Overall, current impacts are absorbed within normal performance variability, with no material deviation in Quayside's distribution capacity, capital preservation, or licence to operate.

Port of Tauranga - 80%

Direct physical risks (DR1-5)

To date, direct physical impacts across the Port network remain isolated, brief, and non-material, with only minor weather-related damage and short-lived operational interruptions recorded. The Port's inherent structural and operational resilience, underpinned by adaptive site design, redundancy, and maintenance systems, has contained effects well below material thresholds. While isolated extreme events (e.g. Cyclone Gabrielle) have tested response capacity, these have not altered baseline performance or capital integrity. On a look-through basis, no measurable pass-through impact is evident at the Quayside portfolio level, where effects are further diluted by ownership share and smoothing mechanisms, leaving distribution capacity, capital preservation, and licence to operate intact.

Direct transition opportunities (DO1-2)

The enabling and preparatory work identified last year has continued, supported by new policy and funding commitments (e.g. Marsden Point–Northport rail link, targeted KiwiRail corridor upgrades, and expanded Coastal Shipping Resilience Fund investments), that strengthen the foundations for future mode shift to rail and coastal shipping. These developments remain system-enabling, but collectively reinforce the Port's strategic positioning to capture future growth in coastal and rail freight and to accommodate larger, lower-emission vessels once fleet turnover occurs. At the Quayside portfolio level, impacts remain non-material but directionally positive, with current outcomes confined to increased readiness and alignment across distribution, capital, and licence-to-operate lenses.

Indirect physical and transition risks (IDR1-5)

To date, value-chain risks have not produced material downstream impacts on Port throughput or dividends. Export variability in forestry, dairy, and kiwifruit remains seasonal and within historical norms, though events such as frost-affected kiwifruit yields can modestly influence the Port's distribution profile. Any potential flow-through to Quayside's re-investible surplus above BOPRC's annual distribution requirement has been largely neutralised by higher interest costs on Quayside's own borrowing, which currently limit surplus generation irrespective of Port performance. Transition drivers such as carbon-border measures and evolving demand remain immaterial, and the Port's backfill capacity remains a future resilience factor. Overall, indirect exposures remain non-material, with no measurable effect on distribution capacity, capital preservation, or licence to operate.

Indirect transition opportunities IDO1-2)

Enablers of future growth are progressing as anticipated. Tech advances and investment, alongside rising market and policy interest in low-emission wood and bio-based products, continue to build the foundations for a longer-term pivot toward the bio-economy, though export volumes are yet to respond. A modest uptick in renewable-generation imports—mainly solar equipment—has emerged but remains too small to affect financial performance materially. Overall, impacts are confined to strategic alignment and readiness, with no material effect on Quayside's distribution capacity, capital preservation, or licence to operate.

Investment Portfolio Assets - 15%

Listed assets (including fixed income)

Current impacts remain immaterial, consistent with FY24 findings. Market volatility, disclosure shifts, and sector-specific climate sensitivities have not translated into discernible portfolio-level effects, with diversification continuing to moderate transmission through to Quayside's distribution, capital, or licence-to-operate.

- Physical risks: Holdings in capital-intensive sectors (utilities, infrastructure, real estate, communications) face exposure to rising resilience-upgrade costs, but no observable valuation or dividend impacts yet. These remain long-horizon issues.
- Transition dynamics: Exposure to both high-emission sectors (energy, aviation, materials) and transition-aligned sectors (utilities, renewables, IT, healthcare) creates offsetting effects. As per Quayside's FY24 disclosure current impacts on listed assets are immaterial.;

Real estate and real assets

No material climate-related impairment or disruption has occurred to date. Events such as Cyclone Gabrielle's localised orchard losses illustrate exposure but remain contained by insurance, diversification, and asset resilience. However, this stability should not be read as absence of need for action. The current lead-in period provides Quayside with scope to pre-align assets and development planning with expected shifts in building-performance regulation (embodied and operational emissions) and tenant preference toward low-carbon, resilient space. These preparatory steps will be essential to preserving value and liquidity as these transition drivers gain force over the medium term.

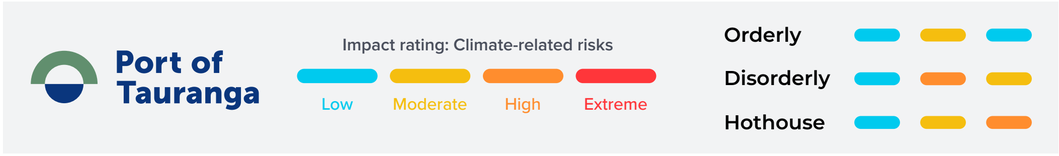
Managed private equity

To date, no material climate-related impacts have been observed across the managed private equity portfolio. The asset class remains in a build-out and data-maturity phase, with climate integration mainly occurring through enhanced manager due diligence, reporting, and engagement. Around 90 % of committed capital is now overseen by managers with formal ESG and climate frameworks, but these processes are enabling rather than performance-shifting at this stage. Portfolio company exposure to transition or physical risks is limited and indirect, with no measurable effect on Quayside's distributions, capital preservation, or licence to operate.

PORT PORTFOLIO CURRENT & ANTICIPATED IMPACTS

Anticipated impacts: physical climate-related risks

Anticipated impacts for the Port portfolio are driven by direct hazard exposure at Port sites and indirect effects on export supply chains. While NIWA projections indicate only gradual hazard escalation before 2040, seasonal shocks to dairy, forestry, and kiwifruit exports create the main revenue sensitivity. Strong adaptive capacity, resilient infrastructure, and upstream sector adaptation keep impacts episodic rather than structural. Physical risks mainly surface as short-term volatility under Disorderly and Hothouse, rather than lasting distribution or capital impairment.

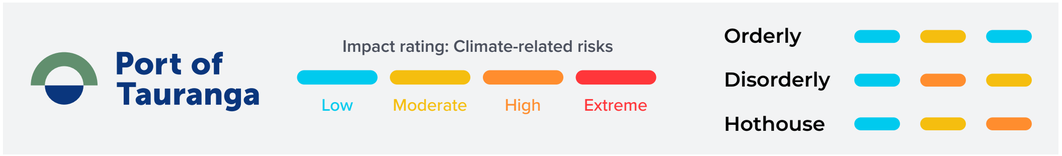


CRR/O drivers Grouped into 4 categories	Asset level variables Assessed levels of exposure and vulnerability	Distribution capacity Anticipated impacts	Capital preservation Anticipated impacts	Licence to operate Anticipated impacts
Group 1 - Physical drivers: CRR/Os addressed in this table are a product of the three physical drivers below. ——————————— **Chronic climate hazards:** long-term, typically gradual shifts in temperatures, rainfall, sea level, drought and related variables, based on NIWA downscaled CMIP6 datasets for SSP1-2.6, SSP2-4.5, and SSP3-7.0 (**"NIWA Projections"**). **Acute climate hazards:** changes in the severity, frequency, duration, and spatial extent of short-term heavy and extreme weather events (e.g. high wind, heavy rain, storms) and associated natural hazards (e.g. flooding, landslides), also based on NIWA Projections. **Ecological stress:** Cumulative and compounding effects of acute and chronic climate hazards that progressively erode land usability, water availability, and ecosystem services.	**Exposure:** As outlined in the Port's FY25 disclosure, it is exposed to: • **Five direct physical climate risks (DR1–DR5),** comprising two primarily asset-focused risks (DR1, DR3: asset damage and flood hazards),[1] and three primarily operational risks (DR2, DR4–DR5: disruption and access constraints) affecting day-to-day operations and longer-term capacity (see endnotes for DR1-5 details).[2] Each of these risks arise from the exposure of Port sites, assets and operations to one or more of the chornic and acute climate hazards listed. • **Four indirect physical risks,** comprising three export-focused risks (IDR1.A–C: Production impacts - dairy, forestry, kiwifruit) and one import-focused IDR2 (Stock feed import demand (supply/price driven)). Each of these risks arise from the exposure of upstream agricultural systems to a range of climate hazards, which can cause short-run/seasonal productivity shocks and long-run declines in productive capacity, with potentially material flow-on impacts to Port cargo volumes and revenue (see endnotes for IDR1.A-C and IDR2 details).[3] **Vulnerability:** The Port's disclosures indicate generally low vulnerability to DR1–DR5 impacts, due to its high inherent resilience (particularly to DR1–2 and DR5) and strong adaptive capacity, which is further bolstered by robust transition planning that prioritises resilience in new capital works.[4] By contrast, vulnerability to indirect physical risks is higher: • **IDR1.A–C:** Vulnerability is greatest, as ~67% of freight is export-based, with dairy, forestry, and kiwifruit comprising ~77% of those exports. Physical impacts on these agricultural systems, particularly seasonal shocks, flow quickly into reduced export volumes, directly affecting throughput and revenue,[5] though impacts can vary significantly across each export commodity.[6] • **IDR2:** Vulnerability is also elevated for stock feed imports, though revenue implications are smaller as this trade accounts for ~11% of imports (~3–4% of total freight).	NIWA Projections show small, gradual increases in climate hazards driving DR1-5 and IDR1-2 in the short to medium term across all scenarios.[7] Material impacts to the Port's distribution capacity are therefore not expected before 2040, especially when buffered by upstream agricultural-system and Port level adaptation. **Direct risks:** Given the Port's low vulnerability and cost pass-through capability, material impacts from DR1-5 adaptation and repair costs are only anticipated in the long term under the Hothouse and possibly Disorderly scenarios, manifesting as periodic volatility rather than sustained impairment.[8] Cargo diversion risk from DR2-4 disruptions is also expected to remain low across all scenarios, as alternate ports are likely to face comparable climate challenges while the Port's operational efficiency and strategic gateway role support customer/freight volume retention.[9] **Indirect risks:** With dairy, forestry, and kiwifruit comprising ~77% of exports, seasonal shocks can translate quickly into export revenue and dividend variability, particularly under Disorderly and Hothouse scenarios in the long term.[10] Gradual long-run productivity declines provide more time for upstream agri-system and Port-level adaptation to offset impacts, though sustained distribution impairment remains possible long term under Hothouse (and possibly Disorderly) where available adaptation measures cannot fully counter export volume declines.[11] IDR2 impacts are expected to be immaterial given stock feed's comparatively small share of total freight throughput.	In Quayside's Port portfolio context, capital preservation means the Port's capacity to preserve and grow the real value of Quayside's Investment Portfolio by sustaining surplus returns for reinvestment beyond BOPRC's annual distribution requirements. **Direct risks:** The Port's low vulnerability and strong adaptive capacity (reinforced by resilience-focused capital works) mean material erosion of surplus-generation capacity is not expected across all Quayside scenarios. Physical hazards are more likely to create episodic repair or adaptation costs and short operational disruptions than sustained impairment, with material distribution impacts unlikely before 2040. Cargo diversion risk remains low, while cost-pass-through capability and relative resilience are expected to keep any long-term volatility from higher insurance or capital costs manageable under Disorderly or Hothouse pathways.[12] **Indirect risks:** Physical impacts on key export sectors—particularly dairy, forestry, and kiwifruit, which together account for most export throughput—pose the greater potential to affect Port revenue and therefore Quayside's annual distributions. Any sustained reduction in these flows would narrow the surplus available for reinvestment after BOPRC's distribution requirement. However, upstream adaptation, the Port's backfill capacity, and New Zealand's net-export position are expected to limit these effects to periodic volatility rather than enduring surplus erosion, with material impacts unlikely before 2040.	Quayside's ability to operate is contingent on maintaining good standing and relationships with key stakeholders including BOPRC, lenders (banks and listed debt instrument investors), insurers, the BOPRC community, and local iwi. **Direct risks:** Effective management of DR1-5 has the potential to enhance stakeholder relationships by demonstrating resilience and risk management capability. Under Orderly scenarios, DR1-5 are not expected to materially affect these relationships or Quayside's access to financing and insurance at reasonable rates. Under Disorderly and Hothouse scenarios long-term, sector-wide increases in physical climate risk may elevate capital and insurance costs. However, the Port's relative resilience could improve Quayside's competitive positioning as lenders and investors face a diminishing pool of lower-risk opportunities. **Indirect risks:** Stakeholder impacts are expected to primarily center on the future stability of the Quayside annual distribution to BOPRC (which the Port funds 65-70% of), used to fund community services and minimize ratepayer burden. While the adaptation and other buffering factors outlined in the Distribution Capacity column are expected to anchor distribution stability to a large extent, additional volatility likely to affect BOPRC's fiscal planning, service delivery, and ratepayer burden is still expected long-term under Disorderly and Hothouse scenarios.

PORT PORTFOLIO CURRENT & ANTICIPATED IMPACTS

Anticipated Impacts: transition and systemic climate-related risks and opportunities

Anticipated transition impacts are indirect and largely positive, reflecting the Port's positioning in sectors central to the low-carbon transition. Modest near-term headwinds from changing export demand or carbon-based trade rules are offset by opportunities from freight-system decarbonisation and renewable-energy trade growth. Systemic effects—policy, credit, and macro volatility—govern timing more than magnitude. Overall, Orderly and Disorderly pathways favour Port throughput and surplus retention; Hothouse delivers muted transition pressure but weaker long-term growth stimulus.



CRR/O drivers Grouped into 4 categories	Asset level variables Assessed levels of exposure and vulnerability	Distribution capacity Anticipated impacts	Capital preservation Anticipated impacts	Licence to operate Anticipated impacts
CRR/Os addressed in this table are a product of transition drivers across two categories: **Group 2: Market and technology transition drivers** • Changing household and commercial customer preferences • Access to capital and insurance (including cost and availability) • Carbon price • Access to energy (cost and supply continuity) • Access to labour **Group 3: Policy transition drivers (domestic and international)** • Political changes • Mitigation policy changes • Adaptation policy changes	**Exposure:** As outlined in the Port's FY25 disclosure, it is exposed to: **Three indirect risks:** IDR3 (reduced dairy export demand), IDR4 (impact of carbon-based market access rules on key exports), and IDR5 (reduced demand for liquid fuel imports). Each arises from the relevant commodity's exposure to a range of decarbonisation drivers capable of reducing demand to levels that materially impact Port import/export volumes.[13] **One indirect opportunity:** IDO1 (Increased demand for forestry exports), arising from shifts in buyer preferences and growing adoption of new technology-enabled uses of sustainable timber, which together have the potential to deliver significant long-term structural uplift in Port forestry export volumes.[14] **Two direct opportunities:** arising primarily from drivers focused on decarbonising heavy transport and shipping:[15] • DO1 (structural changes to New Zealand's freight system), which is expected to drive an increasing share of inter-regional freight from road to lower-emission rail and coastal shipping, consolidating flows through major hubs and pushing New Zealand toward a hub-and-spoke model;[16] and • DO2 (introduction of larger low-carbon vessels), which is likely to concentrate port calls at small number major port hubs capable of accommodating them (like the Port of Tauranga) reinforcing consolidation effects under DO1 and further strengthening the hub-and-spoke system. **Vulnerability/benefit potential:** Port disclosures also indicate: • **IDR3 and IDR4:** Sustainability credentials of the affected export commodities, combined with favourable dynamics in key trade parter markets are expected to dampen demand sensitivity to relevant transition drivers.[17] In addition, the Port's adaptive capacity (as outlined in footnote 20) should enable backfill of most residual IDR3-4 related volume declines that still arise.[18]	The frequency and amount of Port dividends are determined primarily by revenue and revenue growth, variables which are themselves largely driven by the volume and composition of cargo the Port handles. **Indirect risks (IDR3–5)** are assessed as having a low prospect of causing sustained material impairment to Quayside's distribution capacity, though they may create smaller, short-lived reductions under Orderly and Disorderly scenarios over the short- to medium-term. This reflects the: • Generally low vulnerability of key exports most at risk (dairy, forestry, kiwifruit) to the various transition drivers underpinning IDR3–4;[22] • Small share of total freight (6% of FY25) represented by liquid fuel imports (IDR5), as well as the expectation that declines will be gradual and uneven across fuel types;[23] • Port's adaptive capacity, particularly for IDR3–4, which is expected to prevent net freight volume decline at a scale could cause material sustained impartment of distribution capacity.24 **Indirect opportunity (IDO1):** is assessed as having high potential to support the maintenance and growth of Quayside's distribution capacity, especially under Orderly and Disorderly scenarios over the long-term.[25] Given forestry is already the Port's largest export category (~51% of FY24 exports), IDO1-driven increases have substantial potential to lift Port revenue and strengthen distribution capacity, especially if IDO1 operates in conjunction with DO1-2.	In Port portfolio context, capital preservation concerns the extent of its capacity to help preserve and grow the real value of the Investment Portfolio, by generating surplus returns (i.e. returns in excess of BOPRC's annual distribution requirements), for re-investment in the Investment Portfolio. For this reason, capital preservation, as it relates to the Port portfolio, is extension of distribution capacity. On this basis, the potential anticipated impacts of the relevant transition CRR/Os are as follows: • **Indirect risks (IDR3–5):** Modest, scenario-dependent headwinds are anticipated. Under Orderly and Disorderly, (i) IDR3–4 may trim residual surplus in the short–to-medium term but are dampened by the sustainability credentials and market mix of affected exports; (ii) IDR5 (liquid-fuel decline) is gradual/uneven and from a small base (~6% of total freight), further limiting impact. Under Hothouse, transition pressures are weaker, so effects on surplus are negligible • **Indirect opportunity (IDO1):** High potential to expand surplus medium–to-long term, especially in Orderly/Disorderly, as demand for sustainable timber and new wood-based uses lifts forestry exports from an already large base (~51% of FY24 exports). Benefits are larger in combination with DO1–DO2. Under Hothouse, uplift is later/more uncertain but may still arise via bio-energy demand.	As detailed at page 11 and recapped in the physical-risk table above, Quayside's licence to operate depends on maintaining stakeholder confidence and constructive relationships with BOPRC, financiers, insurers, iwi, and the regional community. On this basis, the potential anticipated impacts of the relevant transition CRR/Os are as follows: • **Indirect risks (IDR3–5):** Provided the Port manages IDR3–5 in a prudent manner, Quayside exercises its engagement levers appropriately (see Transition Plan, page 18), and any unavoidable Lens 1 and 2 impacts are communicated transparently, licence-to-operate implications are expected to be minor across all scenarios. Under Orderly, gradual trade adjustments may cause limited distribution variability but are unlikely to weaken confidence across stakeholders. Under Disorderly, more abrupt demand shifts and related macroeconomic headwinds may create greater dividend variability over a longer period, drawing heightened scrutiny—particularly from BOPRC and lenders—but are not expected to impair confidence due to the non-structural nature of said volatility. Under Hothouse, transition IDR3-5 pressures are expected to be negligible.

PORT PORTFOLIO CURRENT & ANTICIPATED IMPACTS

Anticipated Impacts: transition and systemic climate-related risks and opportunities

Port of Tauranga

Impact rating: Climate-related risks

Low Moderate High Extreme

Orderly

Disorderly

Hothouse

CRR/O drivers Grouped into 4 categories	Asset level variables Assessed levels of exposure and vulnerability	Distribution capacity Anticipated impacts	Capital preservation Anticipated impacts	Licence to operate Anticipated impacts
Transition CRR/Os Continued:	**IDO1:** Currently accounting for 38% of total exports, the Port is well-positioned to be the export port of choice for transition-driven increases in specific forestry exports, especially if IDO1 anticipated outcomes occur in concert with DO1-2.[19] • **IDR5:** Demand for liquid fuel imports is likely to decline gradually at different rates and time scales across liquid fuel types, giving the Port ample time to adapt, while its low proportion of total freight (6%) further dampens vulnerability.[20] • **IDO1-2:** The Port's integrated strategic national network (i.e. of inland ports, multi-modal freight hubs, and regional ports), existing consent to deepen shipping channels for larger vessels, and requisite land holdings, berth capacity, and capital (also essential to establishing larger vessel capability), position it uniquely to capture consolidated freight flows as DO1–2 drivers reshape New Zealand's freight system toward a hub-and-spoke model, while competing ports face infrastructure, land, capital, and consenting constraints that limit their ability to accommodate larger low-emission vessels.[21]	**Direct opportunities (DO1-2):** are assessed as having very high potential to support the maintenance and growth of Quayside's distribution capacity. As freight mode shift accelerates (DO1) and larger low-emission vessels deploy to New Zealand routes (DO2), the Port's strategic position as the primary hub capable of handling these changes is expected to drive potentially substantial increases in import, export and coastal shipping freight throughput, supporting dividend growth particularly in the medium term under Quayside's Orderly and Disorderly scenarios. DO1 and DO2 are structurally mutually reinforcing—mode shift channels freight through the Port's network while larger vessel deployment further consolidates port calls at major hubs—compounding these benefits over time.	• **Direct opportunities:** Very high potential to grow surplus; the two are mutually volumes reinforcing (mode shift channels freight through PoT; larger low-carbon vessels concentrate calls). Orderly: uplift emerges late short term and compounds medium term; Disorderly: uplift is delayed then more abrupt in the medium–long term; Hothouse: weaker decarb impetus means smaller/slower gains, though consolidation effects can still support. **Net for capital preservation:** across Orderly and Disorderly, transition opportunities (especially DO1–DO2) are expected to outweigh the impacts of transition risks, supporting maintenance and growth of surplus beyond BOPRC distribution requirements, with total impact variance across these two scenarios mainly concerning timing (earlier under Orderly, later under Disorderly).	• **Direct and indirect opportunities (IDO1, DO1-2):** Impacts are expected to be broadly positive, particularly under Orderly, where DO1–2 have the greatest potential to deliver significant regional benefits that positively reflect on Quayside's. Fully realising these opportunities will entail intensification of wharf and marine activity at Port of Tauranga sites and future capital works, some requiring resource consents. These are expected to elicit competing views across established local stakeholder lines, though the decarbonisation and large low-emission-vessel-enablement outcomes of such works are expected to ease some division. The potential for these opportunities to offset or dampen adverse impacts on distribution capacity (particularly under Disorderly) is also expected influence stakeholder relationship outcomes.
CRR/Os addressed in this table are a product of one catagory of systemic drivers: **Group 4: systemic drivers include:** • Shifts in global and domestic macroeconomic conditions • Demographic changes • Socioeconomic security and wellbeing (e.g. household income) • Changing global and domestic economic structures *(Risks that cannot be addressed via diversification)*	**Exposure:** Finally, the Port is exposed to one systemic opportunity: IDO2 (systemic impacts on import demand). IDO2 arises from the cumulative, economy-wide interaction of all physical and transition climate drivers, which are expected to cause systemic changes to New Zealand's demographic composition and economic structure. These effects are expected to dampen some import categories while lifting others—particularly capital goods, materials, and equipment for decarbonisation and adaptation—with net effect expected to increase overall imports. **Vulnerability/benefit potential:** Imports account for ~35% of Port throughput, with ~68% in "miscellaneous other" goods most sensitive to IDO2. Port disclosures indicate moderate net benefit potential, contingent on scale and timing of national transition and adaptation investment. Capital goods, materials, and equipment for decarbonisation and resilience—combined with climate-induced population growth—are expected to generate net import increases under Orderly and offset material volume declines otherwise anticipated under Disorderly and Hothouse, anchoring throughput. The Port's diversified base and scale provide high adaptive capacity, though macro volatility may influence pace and extent of benefit.	**IDO2:** Is assessed as having moderate potential to support the maintenance and stability of Quayside's distribution capacity, particularly over the medium to long term. As systemic transition and adaptation investment lift national demand for capital goods, materials, and plant and equipment—and population growth continues to underpin general import demand across all categories—the Port is expected to capture higher volumes that offset softer consumer spending from macro-economic headwinds. Under Orderly, these offsets are expected to deliver a small to moderate net increase in Port throughput and dividends; under Disorderly and Hothouse, they are expected to moderate downside pressures, helping preserve Quayside's core distribution base	**IDO2:** Is assessed as having moderate potential to support Quayside's long-term capital preservation, primarily through its stabilising influence on Port earnings and surplus dividend flows. Under Orderly, increased import volumes linked to transition and adaptation investment are expected to deliver a small to moderate uplift in the Port Portfolio's potential ability to generate retained earnings for reinvestment, strengthening overall capital resilience. Under Disorderly and Hothouse, while total imports are expected to decline, transition- and adaptation-related inflows are expected to partly offset these losses, holding Port distribution capacity above levels that would otherwise occur. This increases the likelihood of the Port maintaining a surplus in some years and reduces the risk of Quayside needing to draw down liquid Investment Portfolio assets to cover any distribution shortfall, helping preserve its inter-generational capital base.	**IDO2:** Provided the Port manages IDO2 dynamics prudently, Quayside exercises its engagement levers appropriately (see Transition Plan, page 18), and any material Lens 1 and 2 implications are communicated transparently, licence-to-operate impacts are expected to be broadly positive overall. Under Orderly, steady import demand—supported by transition and adaptation investment and population growth—reinforces perceptions of the Port as a stable contributor to regional and national economic resilience. Under Disorderly and Hothouse, the Port's relative ability to maintain throughput despite wider macro-economic headwinds is expected to sustain confidence among BOPRC, lenders, and community stakeholders in Quayside's governance and stewardship. The potential for IDO2 to buffer adverse impacts on distribution capacity is also expected to play a material role in maintaining stakeholder relationships under more challenging conditions.

INVESTMENT PORTFOLIO CURRENT AND ANTICIPATED IMPACTS

Quayside's Investment Portfolio, currently valued at $470 million, consists of a diverse mix of assets across various asset classes, as outlined in Figure 5.

FY25 is a year adjustment as Quayside implements changes to progressively align the portfolio with its new Statement of Investment Policy and Objectives (SIPO), which it has reviewed for alignment with Quayside's strategic objectives and climate-related risk-management approach. Key changes include:

- Reclassifying Special Purpose Assets as a separate portfolio, to ensure the Investment Portfolio only holds assets managed for long-term commercial return and disciplined under the SIPO.
- Progressively position the global equities sleeve for future outsourcing to external managers with specialist expertise, enhancing access to global insights and active management capability.

Approach to each asset class

Investment assets are divided into two categories, each requiring a distinct approach to CRR/O analysis:

- **Listed assets (liquid portfolio):** Analysed at the sector (GICS) level, as these holdings can be reallocated quickly in response to emerging risks or opportunities. Their liquidity allows for dynamic portfolio adjustments, making sector-based scenario analysis both practical and decision-useful. This aligns with our transition plan, including the FY26 focus on identifying and managing the top five financed-emissions contributors.
- **Private assets (illiquid portfolio, including managed private equity):** These assets are less liquid and typically involve longer holding periods, meaning climate risks and opportunities must be assessed with a focus on long-term resilience and manager engagement. For managed private equity, bottom-up analysis is often impractical, so we rely on manager disclosures and portfolio-level climate assessments.

Materiality

Within Quayside's three-portfolio operating model, the Investment Portfolio is material because it is the primary vehicle for preserving real capital across generations while also providing a disciplined contribution to annual distributions. Although the Port of Tauranga portfolio remains the principal funder of Quayside's distributions—typically ~65–70% of the BOPRC dividend and 100% of PPS—the Investment Portfolio typically contributes ~30–35%, and is explicitly designed to diversify concentration risk, buffer distribution volatility, and sustain intergenerational value as climate-related risks and opportunities reprice sectors over time. Because the Investment Portfolio's exposures are largely systemic and its holdings dynamic, we assess CRR/Os top-down first—through our three value-proposition lenses under scenario analysis—to capture portfolio-wide effects, and apply bottom-up checks only where necessary (e.g., where concentrations or asset-specific exposures in real assets or managed PE are material); this staged approach is proportionate, decision-useful, and consistent with XRB/TCFD guidance.

Figure 5:

Quayside's Investment Asset Portfolio

$105m MANAGED ASSETS

Managed private equity: $105 million - 22.3%
(New Zealand and Global)

Global listed equities - $103 million

We aim to gradually transition the $103 m global equities portfolio (as of 30 June) to external specialist management.

NOTE: While the Investment Portfolio compositiion and figures outlined above are as at June 2025, all forward looking climate related risk and opportunity analysis has been based on the updated August 2025 holdings.

$365m DIRECTLY HELD ASSETS

Real estate and real assets: $138m - 29.5%
(Commercial buildings and land)

Listed equities: $169 million - 36.0%
(New Zealand and Global)

Direct Private Equity: $29 million -6.2%
(PF Olsen, SLC Ventures, and Techion mainly)

Fixed interest $28 million - 5.9%
(New Zealand Bonds $28 million)

LISTED ASSETS (LIQUID ASSETS)

As outlined in FY24, CRR/Os for listed assets were first identified at the GICS industry and sub-industry levels using a bottom-up approach.

This involved analysing the existing climate disclosures of each listed entity, supported by supplementary data sources, to::[52]

- Develop a representative overview of CRR/Os for the GICS industries and sub-industries in which Quayside's listed holdings are classified, considering both current and potential future exposures, vulnerabilities, and—where relevant—benefit potential; and
- Assign an indicative impact rating for each industry and sub-industry based on its anticipated exposure and vulnerability to climate-related risks and opportunities under each Quayside climate scenario.

The assessment used a "low" to "extreme" impact scale to indicate the potential net effect of identified risks and opportunities on each industry or sub-industry, providing bottom-up inputs that informed Quayside's hybrid assessment of listed asset impacts across its three value-proposition channels: distribution capacity, capital value, and licence to operate

Impact rating: Climate-related risks

Low Moderate High Extreme

Materiality considerations

As outline on page 29, listed equities account for 36% of the Investment Portfolio by capital value and contribute approximately $5-6 million annually to BOPRC distributions (roughly one-third of the Investment Portfolio's distribution share), giving them meaningful but non-dominant influence on total portfolio outcomes. While high liquidity enables tactical responses to asset-specific climate-related risks and temporary systemic volatility, listed equities remain exposed to systemic drivers—including structural capital reallocation, climate risk repricing by lenders and insurers, and macroeconomic shifts—that cannot be diversified away and affect both distribution generation and capital preservation. Given their contribution relative to Quayside's very low risk appetite for distribution capacity and low risk appetite for long-term capital preservation, listed equities are assessed as material across all three value-proposition lenses.

Snapshot of initial findings

The snapshot below provides a sector and sub-industry overview of climate-related risks and opportunities for global and New Zealand equities ($169 million), based on asset-level CRR/Os screened against Quayside's Orderly scenario and aggregated into representative sub-industry cross-sections. Individual holdings may change, but sector tilts remain relatively stable. As noted on page 29, global equity management is transitioning to specialist external managers. These findings inform the three-lens impact assessment at pages 31-32.

Orderly scenario example

30 Consumer Staples: 1.6%
Agricultural Products

20 Industrials
11.7%

i ii iii

i. Aerospace & Defence; Airport Services;
ii. Construction & Engineering; Building Products
iii. Air Freight & Logistics

35 Healthcare
17.9%

i ii iii iv v vi

i. Healthcare equipment
ii. Healthcare distributors
iii. Biotechnology
iv. Health Care Facilities
v. Pharmaceuticals
vi. Managed Health Care

40 Financials
25.1%

i ii iii v

i. Diversified Banks
ii. Asset Management & Custody Banks
iii. Multi-Sector Holdings
iv. Regional banks
v. Transaction & Payment Processing Services
vi. Property & Casualty Insurance

50 Comm Services
10.8

i ii iii

i. Integrated Telecom Services, Alternative Carriers
ii. Interactive Media & Services

10 Energy: 1.3%
Oil & Gas Equipment & Services

25 Consumer Discretionary: 7.6%

i. Internet & Direct Marketing Retail; Apparel, Accessories & Luxury Goods; and Home Improvement Retail
ii. Hotels, Resorts & Cruise Lines

45 Info Tech: 11.7%

i. Application Software; Systems Software
ii. Semiconductors
iii. Technology Hardware, Storage & Peripherals

55 Utilities: 9.1%

i. Electric utilities

Key observations

Examples of listed asset alignment with climate-related opportunities:

Utilities and infrastructure holdings (≈ $29.8 million; Contact $7.9 million, Meridian $5.4 million, Mercury $4.2 million, Infratil $11.4 million) anchor the portfolio's transition exposure, supporting renewable-energy build-out, PPA-linked cash-flow stability, and participation in grid decarbonisation.

Global technology leaders (≈ $32 million; Microsoft $3.7 million, Alphabet $7.9 million, Apple $3.7 million, Meta $7.6 million, TSMC $5.8 million, Samsung $3.2 million) benefit from structural "digitalisation demand" that underpins efficiency, electrification, and data-driven transition services.

Exposure to healthcare (e.g., Fisher & Paykel Healthcare $6.4 million, EBOS $4.8 million) provides a relatively defensive allocation with stable, low-emission earnings and modest physical-risk exposure. While some holdings are more asset-intensive than others, the sector overall remains less carbon-exposed and benefits from long-term structural demand for health services. Financials, including New Zealand banks, JPM $6.5 million and Visa $5.3 million, continue to expand sustainable-finance and ESG-linked credit offerings that reinforce alignment with orderly and late-disorderly transition pathways.

Examples of listed asset vulnerability to climate-related risks

Auckland Airport ($3.1 million equity, $4.4 million bonds) remains sensitive to flood and storm-surge exposure, with rising insurance costs and resilience-capex requirements elevating medium-term risk.

Gentailer holdings (≈ $18 million) face hydrology variability and consenting delays that may temper near-term returns despite their long-run decarbonisation role.

Domestic banks could encounter higher provisioning and capital-adequacy inflation under disorderly transition or physical-asset impairment scenarios.

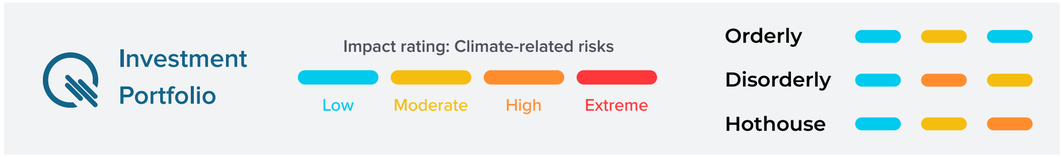
Offshore, semiconductor and hyperscale technology investments (≈ $19 million; TSMC, Samsung, Micron, Microsoft, Meta) are exposed to energy and water-intensive operations, partly offset by diversification and scale.

Healthcare and global infrastructure (≈ $20 million; EBOS, Fisher & Paykel, Vinci, Elevance) offer relative resilience but may absorb increased logistics and temperature-control costs. Overall materiality remains moderate, with physical-risk exposure and New Zealand market correlation balanced by global defensives and fixed-income ballast.

INVESTMENT PORTFOLIO CURRENT & ANTICIPATED IMPACTS

Anticipated physical and transition impacts - listed asset holdings

Anticipated impacts for listed assets are driven chiefly by temporary systemic overlays—short- to medium-term market-wide headwinds in credit, insurance, and policy repricing—anchored in broader structural systemic climate drivers that are expected to re-define the operating baseline. Direct transition drivers are expected to have less effect across lenses, on the basis they are contained by diversification and tilts to transition-aligned sectors. Over time, these overlays are increasingly shaped by physical loss experience under Hothouse. Tilts to Utilities, IT, and Healthcare preserve resilience, while Industrials' adaptation exposure adds selective upside.



GICS Sectors See page 30	Asset level variables Indicative summary of exposure and vulnerability	Distribution capacity Anticipated impacts (aggregated across sectors)	Capital preservation Anticipated impacts	Licence to operate Anticipated impacts
Financials (40): *Major New Zealand and Australian banks, and select multi-sector holdings and insurance companies, provide broad diversified exposure to the local financial sectors.*	**Includes: Infratil, ANZ, BNZ, Kiwibank, JPMorgan** **Risk (themes):** Flood and storm exposure through domestic mortgage and SME lending; policy and carbon-price shocks affecting high-emission borrowers; execution and regulatory uncertainty for renewable and infrastructure assets. **Opportunity (themes):** Expansion of green-loan and bond programmes by major banks; Infratil's growing exposure to wind, solar, data-centre and energy-storage platforms. **Overall assessment:** Moderate vulnerability, offset by strong diversification and transition-aligned income growth.	Listed assets generate ca. $5–6 million a year toward BOPRC distributions. Income is anchored by dividends from New Zealand banks, gentailers, and listed infra structure (e.g., ANZ/BNZ, Contact–Meridian–Mercury, Auckland Airport/Infratil), with healthcare (EBOS, Fisher & Paykel, big-pharma) providing steady, support and issuer coupons/hybrids (AIA, Summerset, bank preference shares) reinforcing stability.: • **Orderly -** Income is stable to strengthening as renewables, storage/flex utilities, and digital-enablement businesses expand contracted or recurring cash flows; bank payout ratios remain steady and airport/infrastructure distributions normalise with visible resilience programs. – **Short-term:** Largely stable. Small, temporary capex/opex drags from transition upgrades (e.g. data centres) are offset by defensiveness and cashflow diversity (Utilities, IT, Healthcare) and insurance cover where applicable. – **Medium-term:** Contained pressure as consenting/reporting costs and firming/energy pricing flow through. Tilt to Utilities/IT/Healthcare and industrials/materials' exposure to global mitigation/adaptation capex support run-rate distributions. – **Long-term:** Stable to improving as opportunity capture (renewables, flexibility, digital/health) lifts earnings mix; direct transition effects normalise. • **Disorderly:** Short-term volatility emerges as late policy and carbon-price shocks raise costs and provisioning for NZ banks and gentailers, and bring forward resilience capex at Auckland Airport; healthcare and fixed-income coupons/hybrids largely contain the dip keeping the ~$5–6m contribution broadly intact with higher year-to-year variability:	Valuations are underpinned by transition-aligned exposures in renewables, infrastructure, and global technology, with healthcare providing defensive resilience, demand-stable business models. New Zealand banks and utilities offer steady but slower-growing value. • **Orderly:** Selective re-rating occurs as low-carbon platforms—storage and flexible utilities, low-power semiconductors and cloud infrastructure, and healthcare or digital-enablement businesses—gain support, while hazard-exposed listed infrastructure trades at a discount until resilience measures are evident. – **Short-term:** Contained valuation shifts. Upgrade capex and transition compliance costs compress some multiples (real assets; data-rich sectors), while Utilities/IT/Healthcare benefit from capital-market preference for low-carbon platforms. – **Medium term:** Selective re-rating toward transition-aligned holdings (utilities with storage/flex; low-power semiconductors and cloud/data-infrastructure; healthcare and digital enablement). Listed infrastructure values supported where assets are upgraded/resilient; older/hazard-overlay stock faces discounts. – **Long-term:** Portfolio mix improves as opportunity platforms scale (renewables, grid/storage, digital, health); stranded-asset risk low given limited fossil exposure, and proactive measures to favour holdings with strong transition planning in place. • **Disorderly:** Late, uneven policy tightening and abrupt carbon-price repricing compress equity multiples and lift discount rates, particularly across New Zealand banks, gentailers, and building materials.	Licence is anchored by credible transition plans, disclosure, and ESG-integrated manager selection across holdings: Disorderly may raise episodic scrutiny, but alignment (especially in Utilities, IT and Healthcare) and visible supporting policies sustain confidence. • **Orderly:** Strong and strengthening. Credible targets, PPAs/RECs, product and supplier efficiency programmes, and improving disclosure sustain a licence premium. – **Short-term:** Strong. Governance, disclosure and manager selection are demonstrably improving, supporting credibility and data quality for scenario analysis and stewardship. – **Medium term:** Strengthening as transition actions (upgrades, PPAs/RECs, product efficiency, supplier programmes) are evidenced; stakeholder confidence and capital access remain supportive. – **Long-term:** High—portfolio composition aligns with national and global transition trajectories; resilience plans visible. • **Disorderly:** Heightened scrutiny, manageable with delivery. Focus on bank lending posture, utilities' firming/energy mix, and disclosure completeness; clear trade-offs and execution preserve legitimacy. – **Short-term:** Heightened scrutiny around bank lending policies, infrastructure upgrade pace for asset heavy holdings, data-centre energy mix, and disclosure completeness; greenwashing/litigation risk higher system-wide. – **Medium term:** Manageable. Tilt to Utilities/IT/Healthcare, sustains social and investor licence; transparent trade-offs (e.g. firming vs emissions) are essential.
Utilities (55) *New Zealand gentailers and renewable-energy operators, that deliver stable, utility cash flows with moderate energy intensity and ongoing efficiency and renewable-sourcing initiatives.*	**Includes: Meridian, Mercury, Contact** **Risk (themes):** Variable hydro inflows and extreme weather driving earnings swings; project-delivery and grid-connection challenges; wholesale-price volatility from intermittency. **Opportunity (themes):** Electrification of transport and process heat; diversified generation (geothermal, wind, solar, BESS) and long-term contracting.**Overall assessment:** Moderate-to-low vulnerability due to portfolio diversification and clear policy support.			
Healthcare (35) + *Medical-product, distributors, pharmaceuticals, and distributors. Smaller domestic exposure to aged-care operators. Steady, demographically supported earnings with limited physical-asset intensity.*	**Includes: F&P Healthcare, EBOS, Ryman Healthcare, Summerset Group** **Climate Risks:** The main physical exposure lies in Ryman and Summerset (flood and heat risks), along with higher retrofit and building-standard costs. Transition risks are more evident in manufacturing and supply chains (F&P Healthcare, Ebos) and the global pharma holdings, where compliance obligations are tightening. **Climate Opportunities:** Opportunities arise from efficiency and resilience upgrades such as renewable energy, improved HVAC and logistics, and lower-emission product design. **Overall Vulnerability:** Moderate. Physical risk in aged-care assets is balanced by diversified exposure to pharma, medtech, and managed care (Elevance). While being not immune, healthcare can broadly be considered net-defensive from a climate perspective. Its products and services are essential, demand is resilient, and direct emissions are modest.			

INVESTMENT PORTFOLIO CURRENT & ANTICIPATED IMPACATS

Anticipated physical and transition impacts - listed asset holdings

CRR/O drivers Grouped into 4 categories	Asset level variables Assessed levels of exposure and vulnerability	Distribution capacity Anticipated impacts	Capital preservation Anticipated impacts	Licence to operate Anticipated impacts
Info Technology (45): *Digital-infra data-centre, and software-platform holdings that enable connectivity and automation across other sectors. Domestic and global mix with scalable, tech-driven growth profiles.*	**Includes: Microsoft, NVIDIA, TSMC, Apple Computer Inc, Samsung Electronics** **Risk (themes):** Dependence on stable power and water supply for semiconductor and data-centre operations; reputational and supply-chain emissions risks; Transition driven increases in the cost of key extractive material inputs (e.g. various earth minerals) **Opportunity (themes):** Clean-power contracting, efficiency leadership, and rising digital-infrastructure demand supporting global decarbonisation and resilience (in relation to transition and physical risks). **Overall assessment:** Moderate vulnerability, primarily operational, with strong upside from technology-enabled transition growth.	– **Short-term**: Volatility rises (policy/sequencing shocks; funding spreads). Insurance and lender tightening pass through to borrowers. – **Medium-term:** Moderate pressure expected as banks/ insurers re-price risk; some payout trims possible. Diversification and transition-aligned tilts limit draw. Utilities and industrials face capex drag while Infratil (cross-sector holdings) are sensitive to funding costs. – **Long-term:** Distributions re-stabilise as the system reprices and new equilibrium forms; upside from late-cycle catch-up capex (industrials/materials; Utilities flexibility) begins to offset. – **Hothouse:** Physical-risk and insurance-cost pressures temper cash yields from NZ utilities, airports, and aged-care, and hydrology increases earnings variability. Offshore healthcare and ongoing coupon flows partially offset weaker domestic dividends, leaving total contribution sustainable but more reliant on fixed-income and distribution buffers after severe weather seasons: – **Short-term:** Stable. Transition effects are secondary. – **Medium- to long-term:** Rising primarily physical impact driven systemic macro-economic headwinds (insurance retreat; utility hydrology; infrastructure/asset damage and downtime significantly more frequent despite adaptation/asset firming investment) introduce persistent distribution friction unless offset by resilience investment. Banks expected to face systemic stress, but healthcare likely stable. *Portfolio-level effects on distributions occur mainly via Layer-3 (temporary systemic overlay) in Disorderly; Layer-2 direct transition drags are manageable under Orderly given sleeve tilts and insurance; Layer-1 physical/systemic dominates in Hothouse.*	Capital drawdowns are offset by stronger valuations in global technology, infrastructure, and healthcare holdings as investors rotate toward scalable transition enablers, leaving aggregate portfolio value lower in the near term but fundamentally intact over the medium term. – **Short-term:** Multiple dispersion (policy volatility, discount-rate/ funding shocks). Higher write-down risk for concentrated listed infrastructure pockets and residual fossil exposures; banks see valuation drag from expected losses. – **Medium-term:** Moderate drawdown risk, but recoverable as repricing completes and beneficiaries of catch-up capex (industrials/materials; flexibility assets) re-rate. – **Long-term:** Normalisation around a lower-beta mix; leaders re-establish premium. • **Hothouse:** Escalating physical hazards and insurance-cost inflation erode valuations across New Zealand-exposed holdings, particularly airports, aged-care, and utilities while offshore technology and healthcare exposures, such as Apple, Microsoft, and AstraZeneca, retain real value through global diversification and inelastic demand, limiting overall portfolio capital loss. – **Short-term:** Limited transition repricing. – **Medium- to long-term:** Physical risk repricing dominates (insurance, hydrology, coastal/flood overlays). Defensive tilts soften systemic valuation loss, but downside skew rises in infrastructure and real asset intensive sectors like utilities unless resilience capex is prioritised. *Capital preservation largely reflects Layer-1 structural (sectoral re-weighting, capital costs) + Layer-2 direct (standards, carbon, technology). Layer-3 drives the short, sharp dispersion in Disorderly.*	– **Long-term:** Re-stabilises as policy path clarifies; leaders retain licence premium. • **Hothouse:** Conditional on adaptation outcomes. Licence depends increasingly on tangible resilience (continuity, access, heat/water preparedness) for utilities, IT infrastructure and consumer-facing names; laggards face reputational drag. – **Short-term:** Adequate. Low transition and systemic driver pressures limit headwinds and associated scrutiny. – **Medium- to long-term:** Conditional on visible adaptation outcomes (water, heat, access). Licence risks concentrate where hazard overlays are highest and resilience capex lags. *Licence outcomes track Layer-1 (enduring norms/institutions) and Layer-2 (conduct, upgrades, disclosure). Layer-3 creates episodic reputation/testing moments in Disorderly.*
Industrials (20): *New Zealand infra, construction, building-materials, and transport entities, including airport and logistics. Provides exposure to long-term national investment and trade-flow growth.*	**Includes: Auckland Airport, Mainfreight, Fletcher Building, Vinci** **Risk (themes):** Flood, surge, and heat exposure at key transport and logistics sites; aviation decarbonisation and carbon-cost pressures on fuel and materials. **Opportunity (themes)**: On-airport solar and storage projects, electrified fleets, and sustainable aviation-fuel logistics offer regulated or contract-based growth. **Overall assessment:** Moderate vulnerability with balanced physical and transition exposure, supported by resilience investment and cost pass-through capacity.			

REAL ASSETS & PRIVATE EQUITY

Non-liquid assets include real estate, holdings in kiwifruit and hops, and managed private equity.

In FY25, Quayside's approach to identifying and assessing CRR/Os—and to evaluating their anticipated impacts at the Investment Portfolio level—has evolved significantly. The methodology now integrates more granular asset- and value-chain analysis, supported by enhanced top-down assessment of sector exposures, ensuring greater consistency, comparability, and decision-usefulness across all asset sleeves.

Approach to each asset class

As in FY24, this the real estate and real asset sleeve was first assessed at the individual-asset level on a bottom-up basis (see page 38 of Quayside's FY24 disclosure). This analysis (refined in FY25 through more granular value-chain mapping) provided detailed insights into cross-value-chain exposure and vulnerability (or benefit potential in the case of climate-related opportunities). These findings were then used to inform the assessment of anticipated impacts across Quayside's three value-proposition lenses: distribution capacity, capital preservation, and licence to operate.

Due to data and practical limitations, managed private equity was confined to top-down analysis carried out first instance to identify key CRR/O themes across the sectors represented within this sleeve. This high-level exposure and vulnerability baseline then underpinned an equivalent assessment of anticipated impacts across the three lenses, focusing on the sensitivity of fund performance to transition, systemic, and physical climate drivers.

Materiality considerations

As outlined on page 29, real assets represent approximately 29.5 % of the Investment Portfolio by capital value and contribute around $6 million annually to BOPRC distributions—roughly one-third of the Investment Portfolio's distribution share. Managed private equity, by contrast, is designed primarily as the growth engine of the Investment Portfolio, with returns realised through capital appreciation and exit valuations rather than steady income. Although it contributes less directly to annual distributions, its performance plays a critical role in preserving real capital over the long term and enhancing Quayside's intergenerational value base.

Fund manager considerations

Over 90 % of Quayside's managed private-equity portfolio (by committed capital) is now overseen by managers with formal ESG frameworks, participation in leading global initiatives, and active integration of climate-risk assessment, emissions measurement, and stewardship into their investment processes. This reflects a strong and improving standard of climate integration across the platform, with expanded sustainability reporting from 2025.

- LGT Capital Partners: Applies TCFD-aligned scenario analysis, net-zero portfolio alignment, and EDCI-enabled benchmarking supported by robust ESG data systems
- Pacific Equity Partners: Uses a dedicated climate-scenario tool, portfolio-wide ESG dashboards, and structured onboarding for new portfolio companies
- Oriens Capital: Embeds ESG and climate considerations across all stages, guided by a responsible-investment policy and EDCI participation.
- Waterman Capital: Integrates ESG factors throughout the investment cycle, leveraging EDCI membership for portfolio-level climate data and engagement.
- Pencarrow: Incorporates ESG and climate from screening to exit, reports portfolio-wide Scope 2 emissions as an EDCI participant, and will expand comprehensive sustainability reporting from 2025.

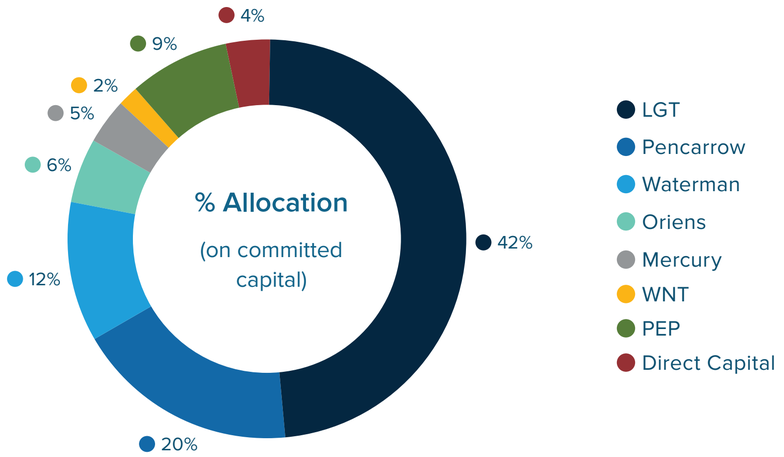


Figure 5:

Quayside's Real assets

$117m COMMERCIAL PROPERTIES

Tauranga crossing - $52.8 million
Major regional shopping centre in Tauriko

Panarama Towers - $16.9 million
14-story mixed-use building in Tauranga's CBD

Six commercial buildings - $43.2 million
Of varying age, resilience, and operational efficiency located across the Bay of Plenty region

Vacant site - $4.3 million
One vacant site in Tauranga CBD suitable for commercial or mixed use development.

Kiwifruit and Hops - $21.1 million
Primarily via Huakiwi, a joint venture investing in high-quality kiwifruit orchards across the Bay of Plenty

$105m MANAGED PE (MULTIPLE FUNDS AND MANAGERS)

LGT Capital Partners
Global alternatives manager. Crown Secondaries Special Opportunities and Crown Global Opportunities programs.

Pacific Equity Partners
Australia-based PE firm investing in buyouts and growth capital across diversified range of sectors.

Waterman Capital
Auckland PE firm backing NZ growth and buyout opportunities.

Pencarrow
NZ's oldest PE manager partnering with mid-sized companies.

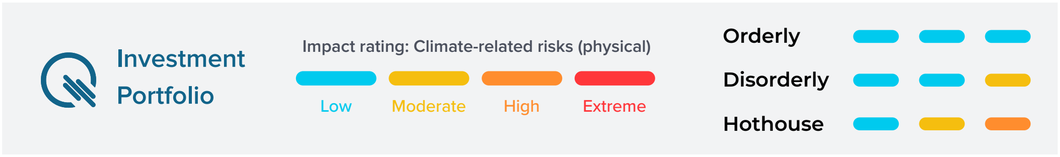
Mercury
Australian PE firm investing in Australian and NZ mid-market

Oriens Capital
Tauranga PE investor in NZ mid-market businesses.

INVESTMENT PORTFOLIO CURRENT & ANTICIPATED IMPACTS

Anticipated physical impacts - low liquidity holdings (real assets and private equity)

Physical risks for real assets and managed private equity are localized and episodic, concentrated in Bay-of-Plenty weather exposure and asset-specific insurance or valuation effects. MDBI and re-insurance coverage cushions near-term distributions, while disciplined portfolio re-weighting limits correlated losses. Under Orderly, effects are minor and recoverable; Disorderly and Hothouse raise year-to-year volatility through insurance retrenchment and slower market repricing. Impacts remain contained within Quayside's smoothing and diversification settings, preserving both distribution stability and capital value.

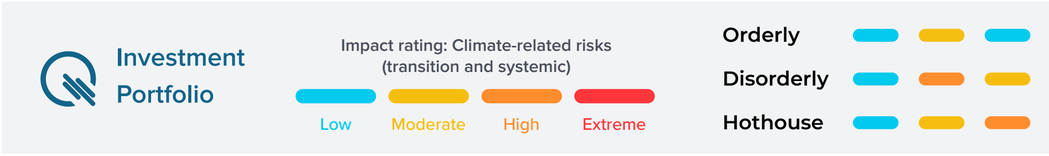


CRR/O drivers Grouped into 4 categories	Asset level variables Assessed levels of exposure and vulnerability	Distribution capacity Anticipated impacts	Capital preservation Anticipated impacts	Licence to operate Anticipated impacts
CRR/Os addressed in this table are a product of the Group 1 physical drivers below: • **Chronic climate hazards:** long-term, typically gradual shifts in temperatures, rainfall, sea level, drought and related variables, based on NIWA downscaled CMIP6 datasets for SSP1-2.6, SSP2-4.5, and SSP3-7.0 (**"NIWA Projections"**). • **Acute climate hazards:** changes in the severity, frequency, duration, and spatial extent of short-term heavy and extreme weather events (e.g. high wind, heavy rain, storms) and associated natural hazards (e.g. flooding, landslides), also based on NIWA Projections. • **Ecological stress:** Cumulative and compounding effects of acute and chronic climate hazards that progressively erode land usability, water availability, and ecosystem services.	**Exposure:** to physical climate risks varies by asset class as follows: • **Real assets (property/Huakiwi):** consisting of nine commercial properties ($117.2 million VaR) are exposed to DQR1 (Increased risk of acute damage), including three ($72.2 million VaR) also exposed to DQR2 (Heightened risk of flood related damage and disruption), and Quayside's 50% share of Huakiwi (VaR $19.7 million), which is exposed to DQR3: (Increased risk of acute orchard damage). • **Managed private equity:** Diversification via LGT's global secondaries and the Australasian buyout sleeve broadens geography and reduces single-asset risk, but sector concentration in the NZ mid-market—Health Care (~37%) and Consumer Discretionary (~21%)—remains the key driver of physical exposure. Overall physical exposure is moderate: highest in NZ Consumer and Industrials holdings given operating sites, warehousing/logistics and supply-chain dependency; lower in Health Care given service-led models and more distributed premises. Ongoing diversification and active engagement remain focused on managing these NZ sector exposures and strengthening portfolio resilience. **Vulnerability:** to physical climate-related risks also varies by asset class: • **Real assets (property/Huakiwi):** All sleeve assets (29.5% of portfolio VaR) are concentrated in the Bay of Plenty, increasing overall vulnerability. Cyclone Gabrielle indicates a good baseline level of resilience across commercial buildings. Kiwifruit orchards sensitivity to acute events, indicates Huakiwi is subject to moderate–high vulnerability. • **Managed private equity: b**road diversification also limits the potential for physical-risk impacts at the portfolio level. However, fixed holding periods of 5–7 years significantly heighten theoretical vulnerability, particularly for future commitments with horizons extending into the period (i.e. 2035-2040), when physical risks are projected to ramp up.	**Real assets (property/Huakiwi):** Given the geographic concentration of assets in this sleeve, an extreme Bay of Plenty event (e.g., 1:100 AEP) could temporarily reduce cashflows through downtime, abatements, or uninsured remedials. This sleeve is expected to contribute ≈ $6 million to next year's distribution capacity within an Investment Portfolio providing ≈ 30–35 % of total BOPRC distributions. MDBI cover—full replacement value plus up to 24 months' loss-of-rents—materially cushions near-term cashflows. Accordingly, under Orderly, sustained impairment is not expected. Disorderly and Hothouse could introduce greater year-to-year volatility but should remain manageable through disciplined re-weighting and the distribution-policy smoothing mechanisms envisaged. The main residual vulnerability arises from insurance retrenchment or post-event cover gaps, which could increase self-insured exposure and moderate near-term distribution capacity until full reinstatement.[26] **Managed private equity:** This sleeve primarily contributes to BOPRC distributions indirectly by compounding the Investment Portfolio's income-generating capital base. As our layered programme matures, it can also produce episodic—and increasingly programmatic—net cashflows that may supplement distributions. Consequently, medium- to long-term physical risks affect distribution capacity mainly via their impact on capital preservation (valuation, exit timing and loss risk), with any distribution effects flowing through from those outcomes.	**Real assets (property/Huakiwi):** Representing 29.5% of the Investment Portfolio and concentrated in the Bay of Plenty, this sleeve is exposed to market repricing and liquidity effects after severe weather events. The short-term protections outlined under Distribution capacity materially cushion income but do not insulate asset values from sentiment-driven repricing. Under Orderly, value adjustments are expected to be localised and temporary, with resilient or upgraded assets regaining demand premiums. Disorderly and Hothouse conditions heighten risk perceptions and insurer retrenchment, slowing valuation recovery and widening dispersion across holdings. Huakiwi adds tail risk from multi-season recovery cycles following major losses. Overall effects should remain manageable at portfolio level, with disciplined re-weighting and diversification limiting correlated write-downs and preserving Quayside's capital base. **Managed private equity:** With current holdings maturing pre-2035 and the level of diversification outlined, physical risk is expected to be limited to episodic, asset-level write-downs or exit deferrals, typically contained at fund level. Accordingly, Disorderly may see occasional review-point markdowns medium-term onwards. Hothouse is largely irrelevant to current holdings, with any future exposure thereafter addressed through pre-commitment physical-risk screening and adaptive diversification practices.	**Real assets (property/Huakiwi):** A clustered regional event would likely prompt episodic scrutiny from BOPRC, lenders, insurers, and tenants regarding the adequacy and timing of resilience and recovery actions—particularly if BOPRC distributions are affected, as an event severe enough to impact this sleeve of assets is also likely to heighten the Council's reliance on Quayside distributions during the recovery period. Transparent communication and visible, prudent upgrades are expected to maintain stakeholder confidence, with well-managed recovery potentially reinforcing trust in Quayside's governance and stewardship across all scenarios. **Managed private equity:** Physical risks are not expected to create material licence implications. Occasional NAV or exit-timing volatility may prompt episodic scrutiny from BOPRC or lenders, but Quayside's pre-commitment screening and transparent reporting on fund exposures and event impacts are expected to maintain confidence across scenarios.

INVESTMENT PORTFOLIO CURRENT & ANTICIPATED IMPACTS

Anticipated transition and systemic impacts - low liquidity holdings

lAnticipated transition and systemic impacts are driven by financing, regulatory, and tenant-market adjustments rather than direct emissions exposure. Early-action pathways create manageable short-term Net Operating Income (NOI) pressure as compliance and retrofit costs front-load; delayed transitions extend and intensify headwinds. Systemic overlays—credit and insurance repricing, macroeconomic softness—shape valuation dispersion more than transition policy itself. Resilient, compliant assets gain premium rents and valuations, while laggards face discount risk. Under Hothouse, transition effects fade and physical-systemic impacts dominate.



CRR/O drivers Grouped into 4 categories	Asset level variables Assessed levels of exposure and vulnerability by each sleeve	Distribution capacity Anticipated impacts	Capital preservation Anticipated impacts	Licence to operate Anticipated impacts
CRR/Os addressed in this table are a product scenario drivers the following categories: • **Market and technology transition drivers:** Encompass shifts in customer and investor preferences, financing and insurance conditions, energy and labour access, and the broader influence of carbon pricing on markets and technology uptake (see page 23 for full driver list). • **Policy transition drivers (domestic and international):** Includes major mitigation and adaptation policy developments and evolving political priorities (see page 23 for full driver list). • **Systemic drivers:** which encompass the macro-financial, demographic, and structural dynamics that arise from cumulative transition and physical impacts across the global, national, and regional economy. They include both enduring structural shifts that reset the operating environment and temporary cyclical forces that amplify short-term volatility (see page 23 for full driver list).	**Real assets (property/Huakiwi) exposure:** • **Key transition exposures:** Are expected to widen the green-brown NOI and valuation gap, and trigger some above baseline opex and capex. In particular, all assets in this sleeve exposed to DQR4 (reduced access to insurance and lending). Commercial property faces market/tenant shift to climate-resilient, low-carbon buildings, plus decarbonisation-driven workspace downsizing. Anticipated new and progressively stricter decarbonisation and resilience building regulations, resetting compliance baselines, upgrade timing, and capex requirements. Input volatility for Huakiwi related investments (Kiwifruit orchards), as well as land use and water access policy regulatory shifts also anticipated. • **Key systemic exposures:** Include structural changes and temporary but sometimes protracted periods of macro-economic headwinds, both of which have potential cost, demand, and revenue implications. Specifically, all assets exposed to: (a) public-to-private transfer of certain local government mitigation and adaptation costs via a range of channels, impacting structural holding and development costs; (b) regional economic and demographic shifts that reshape tenant depth and occupancy patterns; (c) macroeconomic and credit cycles that influence occupier demand, leasing cadence, and refinancing conditions, shaping the context for rent growth, valuation, and liquidity. **Real assets (property/Huakiwi) vulnerability/benefit potential:** • Commercial building vulnerability highest where DQR4 (reduced access to insurance/lending) coincides with DQR2 flood exposure (relevant to three assets only). Older/less-efficient buildings face brown-discount risk, higher upgrade capex, and downtime risk; hazard/zoning overlays and broader structural operating-cost pressures (rates/levies/compliance) may weigh on NOI; macro/credit headwinds at refinance or major lease-roll windows can widen valuation gaps and extend vacancy. Upgraded, compliant, resilient assets capture green/resilience premia in rents and yields; demand re-weighting supports resilient nodes/tenants; proactive sequencing of works and forward-leasing can protect income and reduce downtime; verified insurance continuity and refinance laddering lower event risk.	**Real assets (property/Huakiwi):** • **Orderly:** earlier–shorter transition-led headwinds; moderate, episodic NOI volatility; short-lived pressure as early compliance with transition requirements drives incremental non-recoverable capex. NOI compression is manageable in the medium- to long-term. Downtime risk remains low due to expected tenant demand for compliant buildings.. • **Disorderly:** later, longer and sharper transition headwinds extend, then rising physical drag; elevated income volatility, Higher and unplanned costs and difficulties to timely rent space put negative pressure on NOI for longer timfeames. Distribution: risk of temporary distribution reduction if NOI dips sharply (smoothing and reserves expected to be used). • **Hothouse:** progressively physical-led; severe, persistent headwinds; shorter leases, higher downtime/occupancy risk; rent growth under sustained pressure. Sustained impairment of income generation capacity possible in the long term.	**Real assets (property/Huakiwi):** Impacts under this lens link directly to NOI impacts (i.e. as real estate valuations are traditionally derived from NOI capitalisation). Accordingly, transition and systemic driver related risks can put pressure on NOI and increase perceived risk premium driving value erosion. Conversely, adaptation actions (e.g. off-cycle retrofits to improve operational efficientcy and resilience are expected place upward pressure on NOI by capturing green-building premia. Accordingly, outcomes are expected to vary as follows: • **Orderly:** limited impairment as markets reward early transition alignment so that cap rates remain stable or tighten for green-compliant assets (Strong; proactive upgrades protect both income and valuation). • **Disorderly:** cap rates likely widen due to uncertainty and higher risk premiums material but recoverable value erosion if transition is managed aggressively. • **Hothouse:** Transition dynamics weaken while systemic expressions of physical risk dominate asset repricing. Amplified insurance withdrawal, tighter credit, and rising risk premiums widen cap rates and slow liquidity, indirectly translating physical-risk volatility into valuation and marketability stress. The most exposed sub-markets may experience temporary illiquidity or stranded-asset conditions until resilience is demonstrated. Huakiwi tail risk persists, with capital preservation hinging on selective upgrades, re-weighting, and flexible insurance structures.	**Real assets (property/Huakiwi):** • **Orderly:** clear settings and visible delivery reinforce trust with lenders/BOPRC/tenants. • **Disorderly**: event-driven scrutiny more likely; stance remains positive with credible plans and execution; more frequent information requests around step-ups or refinancing. • **Hothouse**: transition pressures immaterial; systemic impacts that are primarily an indirect product of cumulative physical impacts dominate; licence expectations centre on continuity, insurability, and visible contribution to local adaptation; scrutiny becomes continuous; in highly exposed areas, consent/permit conditions and insurance viability may constrain operations or force curtailment/exit.

CRR/O drivers Grouped into 4 categories	Asset level variables Assessed levels of exposure and vulnerability	Distribution capacity Anticipated impacts	Capital preservation Anticipated impacts	Licence to operate Anticipated impacts
Continued from previous page. As outlined above CRR/Os addressed in this table are a product of drivers across the following categories (see page 23 for full list): • Market and technology transition drivers: • Policy transition drivers (domestic and international): • Systemic drivers (including those that impact the future operating environment structural baseline and those that generate periodic systemic effects (e.g. macroeconoimic headwinds)	**Managed private equity exposure (integrated):** Moderate, indirect, and lagged. Portfolio companies are exposed to combined transition and systemic drivers through financing conditions, valuation multiples, and sectoral re-weighting. Transition pressures manifest through capital reallocation toward low-emission and adaptation-aligned sectors, while systemic drivers operate through macroeconomic, credit, and liquidity cycles that shape exit timing and pricing. Exposure intensifies when policy and credit cycles align unfavourably—slower growth, higher rates, or risk aversion—but eases as confidence and liquidity return. **Managed private equity vulnerability/benefit potential (integrated):** • Vulnerability is moderate overall, higher under Disorderly scenarios when valuation and credit cycles are volatile and exits cluster in weak windows. Long hold periods and illiquidity magnify timing risk, while sectoral rotation can strand capital in lagging industries. Vulnerability is tempered by diversification across managers, vintages, and geographies, and by screening that filters out structurally exposed assets. • However, vulnerability to these risks is significantly mitigated by Quayside's oversight platform: over 90 % of committed capital is now managed by firms with formal ESG frameworks, participation in global initiatives, and active integration of climate-risk assessment, emissions measurement, and stewardship into investment processes. This strong and improving standard of climate integration enhances data quality, supports scenario analysis, and embeds transition actions into value-creation plans—reducing the likelihood of adverse outcomes and positioning the portfolio to respond effectively as transition risks evolve. • Benefit potential is strongest under Orderly and late-Disorderly pathways, where accelerated investment in decarbonisation, adaptation, and resilience technologies expands growth and exit opportunities. Active ownership and alignment with systemic structural shifts (digitalisation, demographic change, adaptation investment) support ongoing transition-aligned value creation and enhanced long-term return resilience.	**Managed private equity:** Managed private equity is inherently illiquid and should not be relied upon for short-term cash needs. Distributions are typically realised over the medium to long term, as underlying investments mature or are exited. Most distributions stem from capital events (e.g., exits, recapitalizations), not recurring income. • Orderly: realisation timelines remain predictable, supporting medium-term distribution planning. • Disorderly and Hothouse: Exit markets may freeze or valuations may compress, delaying distributions. Quayside's liquidity reserve and overperformance buffer are designed to absorb such shocks without compromising payout obligations. However, the extent to which this resilience mechanism can carry multiple years of distribution shortfall (e.g. as a result of protracted transition and/or physical drag related macroeconomic headwinds under Disorderly) is yet to be stress tested in detail, in part because these mechanisms are still being finalised. • Quayside's managed PE portfolio now has a broader risk profile thanks to LGT's global secondaries and the Australasian buyout sleeve, but sector concentration in the NZ mid-market—particularly Health Care (~37%) and Consumer Discretionary (~21%)—remains significant. Overall, the portfolio's exposure to climate transition risk is assessed as medium: most acute in NZ Consumer and Industrials holdings, while Health Care exposure is comparatively lower. Ongoing diversification and active engagement will continue to focus on managing these NZ sector risks.	**Managed private equity:** The PE portfolio is structured to preserve and grow capital over multi-decade horizons. On this basis, a broad, global mix (LGT) plus AU/NZ buyout (PEP) diversifies regulatory/sector hits, limiting cluster risk from New Zealand-only exposures; this bolsters NAV stability as carbon pricing tightens in steps rather than shocks. • Orderly: earlier–shorter transition repricing; moderate valuation pressure easing post-upgrade/repositioning; compliant/resilient companies capture relative uplift as exit multiples stabilise. • Disorderly: global diversification remains a key risk mitigant to transition sysyemic risk. NZ specific exposure also slightly dampen the risk (as almost 40% healthcare). • Hothouse: Physical risk disruption mainly. Global diversification reduces concentration of physical-risk events; secondaries continue to be the capital-recycling stabiliser. NZ Health Care tilt dampens permanent impairment probability. Medium capital-preservation probability.	**Managed private equity:** Due to the illiquid nautre of this sleeve and its primary role as the intergenerational growth engine of the portfolio, anticipated licence to operate impacts are as follows: • Orderly: clear policy and credit settings; steady distributions and consistent reporting reinforce confidence with BOPRC and finance counterparties. • Disorderly: event-driven scrutiny increases as exits bunch or slip; stance remains constructive with credible oversight, valuation discipline, and timely disclosure of pacing choices. • Hothouse: transition expectations fade; licence focus pivots to resilience and continuity (supply-chain, insurance, operational readiness); relationships remain stable where these are evidenced, with heightened scrutiny in more exposed regions/sectors.

METRICS AND TARGETS: GHG INVENTORY

Introduction

This statement outlines the approach taken by Quayside Holdings Limited (QHL) to disclose its Scope 1 and 2 greenhouse gas (GHG) emissions for reporting under the Climate-Related Disclosure (CRD) regime.

Quayside has adopted the NZCS 2 Adoption provision 4 and excluded Scope 3 GHG emissions for this, its second reporting period.

Reporting Period

This statement covers the 12 months from 1 July 2024 to 30 June 2025. Quayside's climate reporting periods have been set to align with its financial reporting periods for consistency and administrative ease.

Intended Use

Quayside is reporting on its emissions as part of an effort to identify and manage climate opportunities and risks; to meet stakeholder expectations; and comply with NZ climate-related disclosure requirements.

The primary users of this report, as defined in NZCS1, include Quayside's owner, BOPRC, Quayside's PPS holders, and other lenders. Other users may include Quayside's Board and Senior Leadership Team, employees, and contractors. Relevant content from the report will be shared by these users, in appropriate formats, with internal and external stakeholders as needs arise.

Standards

This report has been produced in accordance with:

- Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard.
- Greenhouse Gas Protocol: GHG Protocol Scope 2 Guidance. An amendment to the GHG Protocol Corporate Standard.

Consolidation approach

Quayside has applied the operational control consolidation approach, as defined by the GHG Protocol, to determine the relevant boundaries for this report. This was considered appropriate because it is consistent with the company's ability to impact operational actions that influence emissions levels and provides the reader with a better view of Quayside's business model.

At 30 June 2025 QHL employed 19 permanent and 2 contracted staff. It operated from leased offices at 41 The Strand, Tauranga and a Rangiuru Business Park (RBP) site office at 148 Young Road, Paengaroa.

METRICS AND TARGETS: GHG INVENTORY

Under the operational control approach the following decisions were made for the inclusion of entities within the organisational boundary:

Entity	% interest	Description	Included	Justification
Quayside	100% (Parent company)	Quayside Holdings Limited (referred to as Quayside). The holding company provides financing activity. Also holds all the direct and indirect private equity investments and natural resources investments..	Yes	QHL has full control over the entity's operations. However, it does not have any office or personnel, and has not produced any Scope 1 or two emissions during the period.
QPL	100% (Subsidiary)	Quayside Properties Limited ("QPL"), holds and develops Rangiuru land.	Yes	Manages the development of the RBP. Scope 2 is included in the inventory.
QIT	100% (Subsidiary)	Quayside Investment Trust ("QIT"), holds the listed asset and fixed income portfolios.	Yes	No offices or personnel. No Scope 1 or 2 identified for the year.
QUT	100% (Subsidiary)	Quayside Unit Trust ("QUT"), holds the Port of Tauranga Limited investment* (referred to as PoT).	Yes	No offices or personnel. No Scope 1 or 2 identified for the year.
QSL	100% (Subsidiary)	Quayside Securities Limited ("QSL") Acts as trustee for QIT, QUT, and Toi Moana Trust ("TMT").	Yes	No offices or personnel. Has a Board of Directors but QHL bears the travel costs. No Scope 1 or 2 identified for the year.
QBP	100% (Subsidiary)	Quayside Barnett Place Limited ("QBP"), holds a leased commercial investment property.	No	Tenants have operational control on the asset.
QPD	100% (Subsidiary)	Quayside Portside Drive Limited ("QPD"), holds a leased commercial investment property.	No	Tenants have operational control on the asset.
QTL	100% (Subsidiary)	Quayside Tauriko Limited ("QTL"), holds a leased residential property.	No	Tenants have operational control on the asset.
QTPT	100% (Subsidiary)	Quayside Te Papa Tipu Limited ("QTPT"), holds a leased commercial investment property.	No	Tenants have operational control on the asset.
QTV	100% (Subsidiary)	Quayside The Vault Limited ("QTV"), holds a leased commercial investment property.	No	Tenants have operational control on the asset.
LCD	100% (Subsidiary)	Lakes Commercial Developments Limited ("LCD"), holds 2 leased commercial investment property.	No	Tenants have operational control on the asset.
TCD	50% (Joint Venture)	Tauranga Commercial Developments ("TCD"), holds land. A third party operates parking services on the land.	No	Parking business is operated by a third party.
ACL	100% (Subsidiary)	Aqua Curo Limited ("ACL"). To be wound up.	No	To be wound up. The entity did not trade in FY25.
QMV	100% (Subsidiary)	Quayside Mystery Valley Limited ("QMV"). To be wound up.	No	To be wound up. The entity did not trade in FY25.
Huakiwi	50% (Joint Venture)	Kiwifruit business on leasehold land.	No	QHL does not have full operational control.
HRL	63% (Joint Venture)	Holds land.	No	QHL does not have full operational control.

*PoT emissions are not included in the scope of the report as the management deemed that Quayside has no operational control on the Port.

METRICS AND TARGETS: GHG INVENTORY

Operational Boundaries

The GHG Protocol classifies emissions as follows:

- Scope 1: Direct GHG emissions
- Scope 2: Indirect GHG emissions from the generation of acquired and consumed energy
- Scope 3: Other indirect GHG emissions

QHL has included the following emissions in this report:

- Scope 1: Direct GHG emissions, including transport fuels consumed by QHL-owned and leased vehicles, and fugitive emissions from air conditioning systems in QHL offices
- Scope 2: Indirect GHG emissions associated with purchased energy, specifically electricity consumed in QHL offices (41 The Strand and 148 Young Road)

Scope 3 emissions have been excluded in accordance with NZCS 2 Adoption Provision 4, as previously noted.

Materiality

Quayside reports only Scope 1 and Scope 2 emissions. Emissions from sources estimated to contribute less than 5% of total emissions across all categories are excluded, provided that total excluded emissions do not exceed 5% of overall emissions.

A list of inclusions and exclusions is provided in the next page.

Base Year

The 12 months from 1 July 2023 to 30 June 2024 has been used as the base year for this report. Reliable data was available for this period, and it is considered representative for comparison purposes.

Base year recalculation

There was no change in Quayside's corporate structure or emissions calculation methodology or any discovery of significant error in the Reporting Period that was significant enough to warrant a recalculation of Base Year emissions.

A significance threshold for recalculation will be set after Scope 3 GHG emissions are included, likely in the next reporting period.

Methodology

All emissions are expressed in terms of metric tonnes of carbon dioxide equivalent greenhouse gases (tCO2e). Calculations are performed by multiplying activity data by relevant and activity-specific emissions factors (EF).

The majority of EFs used to calculate emissions presented in this report were sourced from the Ministry for the Environment (MfE) document, "Measuring emissions: A guide for organizations: 2025 detailed guide," (published June 2025). Additional guidance was taken from the MfE document "Measuring Emissions: A Guide for Organizations: 2024 Detailed Guide" (published May 2024). Where EFs from other sources have been used, this is noted.

A list of EFs is provided in Appendix 1.

GWP (Global Warming Potential) used for the disclosed emissions is sourced, via MfE guidance documents, from the IPCCs Fifth Assessment Report (AR5).

Uncertainty

The accuracy of emissions calculations depends on the quality of the activity data and EFs. Quayside is comfortable with the activity data and EFs used. However, risks remain that may impact the emissions calculations in terms of:

- The reliance of activity data on the accuracy of information supplied by external service providers; and
- Inherent uncertainties and approximations linked to the calculation of EFs.

Emissions Reduction Targets

Development of a emissions management and reduction strategy is ongoing. This includes assessing climate-related risks and opportunities, quantifying actual and expected financial impacts, and setting emissions reduction targets.

Inclusions

Type of scope	Unit	Description	Rationale for selected methodology	Justification
Scope 1 (Diesel)	Litres	MfE - Activity-based	**Low uncertainty.** Activity data is sourced directly from suppliers and expressed as litres sold in the reporting period. It is assumed that supplier reports are accurate, and that fuel reported for the reporting period was used in the reporting period.	The calculation methoxadology and EFs used for quantifying diesel-related emissions were selected for quantifying diesel related emissions as the Group understands it to be the most accurate method available for the quantification of emissions associated to diesel utilised in Group owned or controlled assets.
Scope 1 (Petrol)	Litres	MfE - Activity-based	**Low uncertainty.** Activity data is sourced directly from suppliers and expressed as litres sold in the reporting period. It is assumed that supplier reports are accurate, and that fuel reported for the reporting period was used in the reporting period.	This calculation methodology and EFs were selected for quantifying petrol related emissions as the Group understands it to be the most accurate method available for the quantification of emissions associated to diesel utilised in Group-owned or controlled assets.
Scope 2 (Electricity used)	kWh	Activity based Location-based method grid – average annual 2024 Market-Based method residual supply mix 2024 – BraveTrace	**Low uncertainty.** Activity data is sourced directly from suppliers either through reports or extracted from data portals or from invoices. Electricity consumption is expressed in kWh per installation control point (ICP) that is charged to the Group. It does not include kWh associated to transmission and distribution losses. kWh consumption for ICPs fully on-charged by the Group to tenants are not included. It is assumed that supplier reports are accurate, and that kWh consumption reported for the reporting period was used in the reporting period.	This calculation methodology and EFs were selected or quantifying electricity related emissions as it can be applied to the full reporting period kWh consumption. The Group understands it to be the most accurate method available (other than quarterly EFs for the location-based method) for the quantification of emissions associated to electricity utilised in Group owned or controlled assets.

Exclusions

Scope	GHG emission source	Description	Reason for exclusion
1	Fugitive emissions from refrigeration and air conditioning systems.	**HVAC – Air conditioning from Quayside offices (41 The Strand, 53 Spring St. and 148 Young Road.**	Immaterial and no instances of refill in the year, hence there are no fugitive emission recorded in the current period.

METRICS AND TARGETS: GHG INVENTORY

GHG Inventory

	Apportioned Total tCO_2e	
	FY25	FY24
Total Scope 1 and 2 (Location-Based)	9.9	6.9
Total Scope 1 and 2 (Market-Based)	10.7	6.8
Scope 1	2.8	2.2
Scope 2* (Location-based)	7.1	4.7
Scope 2* (Market-based)	7.9	4.6

*Scope 2 emissions increased due to a higher electricity emission factor (from 0.0729 to 0.1011 kg CO_2e/kWh) combined with an increase in electricity consumption (from 65,075 kWh to 69,998 kWh). The location-based method is the average emissions intensity of the electricity grid. The market-based method reflects emissions from no or low-emission electricity purchased. If none is purchased, then a residual supply mix "emission factor" can be used that reflects the intensity of whatever electricity remains on the grid, minus renewable energy already purchased. The reporting of both methods is required under the GHG Protocol as the Group operates in a market where product or supplier-specific electricity data is available.

Carbon Intensity

	Intensity Measure tCO2E/FTE	
	FY25	FY24
Scope 1 & 2	0.52	0.36

Remuneration

Management Remuneration Linked to Climate-Related Risks/Opportunities	Target	As % of gross salary
GM Finance	Incorporate climate transition considerations into SIPO/SAA Formulate a Transition Plan to manage current climate-related risks in the investment portfolio (all SLT)	5.00%
CEO, CIO, GM Property	Formulate a Transition Plan to manage current climate-related risks in the investment portfolio (all SLT)	2.50%

METRICS AND TARGETS: CLIMATE RELATED RISKS AND OPPORTUNITIES

Complying with the obligation to disclose the amount or percentage of assets or business activities vulnerable to transition and physical risks, as well as those aligned with climate-related opportunities, involves specifying (in the context of an asset manager) the VaR for each material risk and opportunity, along with its percentage of the total portfolio.

To provide end-users with greater clarity and a more comprehensive view of the portfolio's vulnerability and deepen their insight into each of the specific risks and opportunities, Quayside has also included more specific risk and opportunity breakdowns at the individual asset level throughout this Report and in the Appendices as specified below.

Port of Tauranga - 80%

Direct physical risks

The Port still faces five direct physical risks (DR1-5) that could impact Quayside at the portfolio level. As a result, 100% of Quayside's shares in the Port—representing 80% of its total portfolio (75.3% in FY24) — are considered vulnerable to these risks. The detailed breakdown of Port's asset-level vulnerability to DR1-5 (see the Port's FY25 disclosure at pages 46-47) is crucial for understanding how Quayside's overall vulnerability to these risks may vary (e.g. in terms of their potential impact on dividends, capital value and stakeholder relationships).

Direct opportunities

The Port also remains aligned with two direct transition opportunities (DO1-2) that could significantly impact both the Port and Quayside portfolio levels, particularly across the priority dividends, capital value, and stakeholder relationship impact vectors. As with physical risks, Quayside's entire Port shareholding—representing 100% alignment—is exposed to these opportunities (see the Port's FY25 disclosure at pages 23-24)

Indirect physical and transition risks

Quayside's shares are also vulnerable to knock-on impacts from Port's indirect physical risks (IDR1.A-C) and indirect transition risks (IDR2-5). However, as outlined in the Port's FY25 disclosure at pages 46-47, the Port's vulnerability, and in turn, the potential impact on Quayside at the portfolio level, is likely to vary significantly, based on the proportion of import and export freight affected by each identified risk.

Indirect transition opportunities

Similarly, all Quayside Port shares are aligned with the two key indirect transition opportunities (IDO1 and IDO2) identified by the Port. Since both opportunities relate to import and export volumes, their potential impact will vary based on the proportional projected increases in freight volumes each could generate. For further details, refer to the Port's FY25 disclosure at pages 32-33, which outlines the potential impact of these opportunities

$3.14B

TOTAL PORTFOLIO ASSETS

"Vulnerability" and "alignment"

Under the NZ CS1 requirements (paragraphs 22(c) to (e)), "vulnerability" and "alignment" are exposure-based metrics. For example, the percentage of assets vulnerable to physical risks refers to the percentage exposed and potentially impacted. Critically, the degree of impact can vary significantly. Hence providing related asset-level exposure metrics to help end-users understand how vulnerability may differ across climate-related risks at the portfolio level.

Investment Portfolio Assets - 15%

Liquid assets (Listed assets) -

Listed assets account for 41% of the Investment Portfolio (ca. $169m equities and $28m NZ fixed income), and make a disciplined contribution to distributions and capital preservation (page 29–31). Hence showing exposure and vulnerability/alignment at the GICS sector level (page 30) and aggregated impacts (pages 31–32). Transition-opportunity alignment (illustrative sector metrics):

- Utilities and infrastructure (ca. $29.8m): aligned to electrification and flexibility (renewables, storage, PPAs).
- Information technology (ca. $32m large-cap platforms): aligned to digital enablement of transition (efficiency, grid/industry optimisation).
- Healthcare aligned to resilient, asset-light climate driven demand with limited direct emissions.

See p.30 for alignment aggregates and examples, and pp.31–32 for portfolio-level lens summaries.

Risk vulnerability (sectorial)

Physical: moderate in NZ-exposed listed infrastructure/airports but mitigated by resilience capex and insurance (p.30).

- Transition/systemic: bank provisioning, gentailer hydrology/firming costs, and cost of capital repricing under Disorderly. Diversified growth in Utilities/IT/Healthcare offsets near-term drawdowns (pages 30–32).
- Targets (portfolio levers) are disclosed in page 18 of the report.

Real estate and managed private equity:

Private equity - is assessed on levels of vulnerablirty and alignment of underlying assets grouped at the sector level:

Around 90% of committed PE capital is managed by GPs with formal ESG/climate frameworks and EDCI/PRI-aligned reporting. NZ sector composition is 37% Healthcare, 17% Consumer Discretionary, 15% Industrials, 10% Consumer Staples, 8% Financials, 6% Real Estate, and 3% IT, with sectoral risk vulnerability and opportunity alignment patterns broadly mirroring the listed-equity profiles on pp. 31–32.

Real assets - The following indicative shares of Investment Portfolio VaR are exposed to the four material direct physical and transition risks (DQR1–4). These are the primary drivers for Investment Portfolio real assets and are traced to the asset-level assessments on page 34–36 and are reflective of material vulnerabilities identified:

- DQR1 (acute damage from rain/wind/storms): $117.2m / 25.0% of the Investment Portfolio.
- DQR2 (flood-related damage/disruption): $89.7m / 18.9%.
- DQR3 (orchard damage—Huakiwi): $19.7m / 4.2%.
- DQR4 (insurance/credit access pressure from hazard exposure): $138.3m / 29.6%.

GLOSSARY

Aotearoa New Zealand Climate Standards

Standards issued by the External Reporting Board that comprise the Climate-related Disclosures framework.

Climate-related opportunities

The potentially positive climate-related outcomes for an entity. Efforts to mitigate and adapt to climate change can produce opportunities for entities, such as resource efficiency and cost savings, the adoption and use of low-emissions energy sources and building resilience in the value chain.

Climate-related risks

The potential negative impacts of climate change on an entity. See also the definitions of physical risks and transition risks.

Climate resilience

The capacity to cope with a changing climate. This includes the ability to project, assess, prepare for, respond to, recover from, and adapt to the impacts of climate change.

Climate scenario

A plausible, challenging description of how the future may develop based on a coherent and internally consistent set of assumptions about key driving forces and relationships covering both physical and transition risks in an integrated manner. Climate scenarios are not intended to be probabilistic or predictive, or to identify the ”most likely“ outcome(s) of climate change.

Global Industry Classification Standard (GICS)

The GICS is a four-tiered, hierarchical industry classification system that helps investors understand the key business activities for companies around the world. MSCI and S&P Dow Jones Indices developed this classification standard to provide investors with consistent and exhaustive industry definitions.

Greenhouse gas (GHG)

Atmospheric gases including carbon dioxide, methane and nitrous oxide that contribute to trapping heat in Earth’s atmosphere. Human activities such as the burning of fossil fuels increase greenhouse gas levels in the atmosphere leading to more trapped heat and therefore consequential increases in the global average temperature and associated effects on climate systems.

Huakiwi Services Limited (“Huakiwi”)

Huakiwi, which is 50% owned by Quayside, provides management and operational services for kiwifruit orchards, focusing on helping Māori landowners develop and manage orchards on their land, promoting economic development and sustainable practices.

Materiality

The degree to which climate-related risks and opportunities could affect an entity’s ability to create value for itself, its stakeholders and society at large.

Physical risks

Risks related to the physical impacts of climate change. Physical risks arising from climate change can be event-driven (acute) such as increased severity of extreme weather events. They can also relate to longer term shifts (chronic) in precipitation and temperature and increased variability in weather patterns, such as sea level rise.

Port of Tauranga (“PoT”)

PoT is New Zealand’s largest port, and the primary asset in Quayside’s investment Portfolio.

Quayside Holdings Limited (“Quayside”)

Quayside is the investment arm of the BOPRC. Established in 1991, Quayside manages a diverse portfolio of investments, with its primary asset being a majority shareholding (around 54%) in the PoT.

Scope 1

Direct GHG emissions from sources owned or controlled by the entity.

Scope 2

Indirect GHG emissions from consumption of purchased electricity, heat, or steam.

Scope 3

Other indirect GHG emissions not covered in Scope 2 that occur in the value chain of the reporting entity, including upstream and downstream GHG emissions. Scope 3 categories are purchased goods and services, capital goods, fuel-related and energy- related activities, upstream transportation and distribution, waste generated in operations, business travel, employee commuting, upstream leased assets, downstream transportation and distribution, processing of sold products, use of sold products, end-of-life treatment of sold products, downstream leased assets, franchises, and investments.

Transition plan

An aspect of an entity’s overall strategy that describes an entity’s targets, including any interim targets, and actions for its transition towards a low-emissions, climate-resilient future.

Transition risks

Risks related to the transition to a low-emissions, climate-resilient global and domestic economy, such as policy, legal, technology, market and reputation changes associated with the mitigation and adaptation requirements relating to climate change.

Value chain

The full range of activities, resources and relationships related to an entity’s business model and the external environment in which it operates. A value chain encompasses the activities, resources and relationships an entity uses and relies on to create its products or services from conception to delivery, consumption and end-of -life. Relevant activities, resources and relationships include those in an entity’s operations, such as human resource; those along its supply, marketing and distribution channels, such as materials and service sourcing and product and service sale and delivery; and the financing, geographical, geopolitical and regulatory environments in which an entity operates.

APPENDIX 1 - GHG EMISSIONS FACTORS

Scope	Emission	Unit	EF	Source
1	**Travel - Consumption**			
	Petrol	L	2.2831	MfE 2025
	Diesel	L	2.6393	MfE 2025
2	**Electricity - Consumption**			
	Electricity Consumption	kWh	0.1011	MfE 2025
	Residual Supply Factor (kg C02-e/MWh)	kWh	113.4700	
	Residual Supply Factor	kWh	0.1135	BraveTrace

ENDNOTES

1. All Port assets are exposed to DR1. Around 9% of assets (by capital value-at-risk) are exposed to DR3, though only a small number are deemed critical to core operations (Port FY24, p.18). The Port's plan to have fewer buildings on site over the relevant time frame (especially in areas exposed to a risk of coastal flooding long-term), is likely to further lower the chance of asset-related damage and increased insurance costs.

2. The Port's FY25 disclosure (pages 18 to 22) sets out these direct risks in full. Due to the interconnected nature of Port operations, substantially all core business activities are exposed to DR2–DR5: 100% of activities are exposed to DR2 (operational disruption) and DR5 (harbour/wharf access), and ~90% to DR3–DR4 (flood and access disruption) (Port FY24, page 38; Port FY25, pages 24-25).

3. As outlined in the Port's FY25 disclosure (pages 25 to 27), which sets out these indirect risks in full, projections indicate dairy, forestry, and kiwifruit agricultural systems will experience increasing exposure to a range of chronic, acute and related natural climate hazards, which have the potential to generate: (a) short-run seasonal impacts, which occur where primarily acute climate events compromise production for a single season or, in some cases, multiple seasons—thus, if damage is widespread, export volumes and Port revenue may be negatively affected for multiple years; and (b) Long-run declines in productive capacity, which refer to gradual, sustained declines in an agricultural system's production capacity over time due to cumulative effects of acute and chronic climate hazards, progressively weakening the system's economic viability (independent of or in combination with transition-related factors and non-climate pressures). Refer also to Quayside's FY24 disclosure (p.31).

4. Past weather events demonstrate high inherent resilience across most Port assets, with acute weather events typically causing short-lived operational impacts that are resolved promptly with minimal knock-on effects. Cyclone Gabrielle caused no notable acute damage, and prior tornado/storm events resulted only in minor roof damage without operational effect (Port FY24, pp.18–19; Port FY25, pp.1–3). Operational impacts from acute hazards (DR2/DR4) have been short-lived and manageable—for example, the January 2023 Te Puke derailment saw freight pivot to road with only minor delays, with backlogs resolved promptly (Port FY24, p.19; Port FY25, p.2). Analogous outcomes are expected under DR4, though adaptive capacity is somewhat lower given reliance on vulnerable national corridors such as SH1 Brynderwyns, where concurrent outages could extend recovery times. Flood-related risks (DR3) remain low at Tauranga, limited to localised ponding mitigated by effective stormwater systems, though sensitivity is higher at Auckland and Timaru sites (Port FY24, p.19; Port FY25, p.3). Freeboard levels at all coastal sites are sufficient to preserve ship access and loading/unloading functions under all climate scenarios, including Hothouse, and harbour access is expected to remain unaffected aside from potential long-term sedimentation/scouring dynamics that may increase dredging requirements (Port FY24, p.20; Port FY25, p.5). Looking forward, adaptive capacity is being strengthened by planned reductions in on-site buildings, embedding resilience standards in all new capex, and ensuring stormwater and dredging arrangements are structured as contingent adaptation measures that can be scaled if future hazard conditions materially increase exposure (Quayside FY24, p.29).

5. For IDR1.A–C, vulnerability is greatest to seasonal volatility, where acute events and variable growing conditions translate quickly into year-to-year swings in export volumes and thus Port throughput. These shocks are particularly difficult to adapt to, as they typically occur with little warning, limiting the Port's ability to redeploy capacity to alternative freight mixes given the longer lead times required for scheduling and logistics. Long-term productivity decline, by contrast, is considered less material to Port revenue, except under Disorderly and Hothouse scenarios where adaptation limits are exceeded. Quayside (FY24, p.31) noted that the adaptive capacity of key agricultural systems will counter many long-run adverse impacts; that where adaptation is insufficient, land is likely to be re-purposed to comparatively more climate-resilient forms of export production; and that New Zealand is expected to remain a net exporter of primary commodities across all scenarios, particularly if overseas agricultural productivity is also compromised. Over the longer term, the Port retains significant ability to re-tool operations and infrastructure to accommodate upstream land-use changes and shifts toward more climate-resilient export commodities, further moderating vulnerability to structural decline (Port FY25, pp.10–12).

6. As noted in Quayside's FY24 disclosure (p.31), Cyclone Gabrielle demonstrated this variability: log exports rose 7.5% to 6.7 million tonnes in FY24 (second-highest year on record) due to early harvest of damaged Central North Island trees, while kiwifruit exports fell 20-30% as poor pollination, wind, flooding, and hail reduced the 2023 crop size. By contrast, dairy production losses reported by Fonterra represented an immaterially small portion of annual production from a Port export volume perspective, and damage to forestry stands was limited to a negligible portion of the total plantation estate, with no significant effect on future export volumes expected.

7. Acute and chronic climate hazards projected to rise across all Quayside scenarios which are aligned with SSP1-2.6, SSP2-4.5, SSP3-7.0 respectively. These hazard trajectories remain closely aligned through the 2030s, generating only gradual increases, then diverge sharply from the early 2040s, lifting the potential for more frequent and pronounced seasonal volatility and deeper declines in longer term productive capacity across the relevant agricultural systems accordingly with SSP3-7.0 exhibiting the steepest acceleration.

8. Refer to the impact ratings, commentary, and transition plan measures set out at pages 18 to 22 of the Ports FY2025 disclosure.

9. As outlined in Quayside's FY24 disclosure (p.29) and the Port's FY25 disclosure (pages 22 to 25]), DR2-5 related disruptions would only trigger material freight diversion to competing ports or cause shipping companies to bypass the Port where all three of the following conditions are met: (A) A significant increase in the frequency, severity, or duration of disruption events; (B) Repeated exceeding of the Port's recovery capacity (i.e., its ability to complete delayed activities before significant knock-on delays to downstream dependent activities occur); and (C) Impacts experienced by customers and shipping lines due to condition (B) result in freight diversion at commercially significant volumes. Given the Port's operational efficiency, entrenched strategic role as New Zealand's primary international freight hub, strong nationwide intermodal connectivity, and capacity to deploy adaptation measures, such outcomes are considered unlikely unless the Port experiences significantly greater DR2-5 disruption than competing ports with comparable freight handling capabilities.

10. As noted in Quayside's FY24 disclosure (p.31), dividend payments are primarily driven by revenue and revenue growth, which depend on the volume and composition of cargo handled each reporting period. With dairy, forestry, and kiwifruit comprising ~77% of exports, projected increases in the frequency and severity of acute climate hazards are expected to cause more frequent and possibly more severe short-run disruptions to these agricultural systems. These production disruptions translate into export revenue fluctuations, which can affect the size and frequency of Port dividends if impacts are sufficiently significant and/or frequent—particularly under Hothouse and Disorderly scenarios in the medium to long term. While extreme acute events are currently rare, under the Hothouse scenario they are expected to increase three-fold by the end of the century.

11. The gradual nature of long-run productivity decline (as distinct from sudden seasonal shocks) enables agri-systems and the Port to implement adaptive responses over time. Seasonal shocks are expected to manifest as periodic volatility in dividend amounts and payment frequency, while structural decline—if adaptation cannot fully offset primary commodity export volume losses—could result in longer-term distribution impairment. As noted in Quayside's FY24 disclosure (p.31), upstream agri-system adaptive capacity is expected to counter many long-run adverse impacts, and where adaptation is insufficient, land is likely to be re-purposed to more climate-resilient forms of export-based primary production. This assessment assumes New Zealand will remain a net exporter of primary sector commodities across all climate scenarios, particularly if climate change compromises overseas agricultural productivity as projected. However, material distribution impacts remain possible under Hothouse (and possibly Disorderly) where physical impacts outstrip available adaptive capacity or cumulative ecological stress compromises productive capacity beyond adaptation thresholds—for example, where ecological tipping points result in irreversible declines in land usability, water availability, or ecosystem services. The Port's ability to re-purpose freed wharf and terminal capacity toward containerised freight is supported by GHD demand projections indicating containerised freight demand will exceed Port capacity from 2040 onwards.

12. This assessment assumes the Port continues to effectively implement its Transition Plan and that the Port's relative resilience advantage persists as physical risks intensify across competing assets and geographies. However, broader market repricing of climate risk under severe scenarios (Disorderly/Hothouse) is likely to result in some absolute increase in financing costs and insurance premiums, even for relatively resilient assets like the Port.

13. IDR3, concerns the exposure of key dairy exports to transition-driven shifts in consumer and commercial customer preferences/buyer behaviour, alongside the emergence of low-emission dairy alternatives, which, individually and collectively, have the potential to progressively erode demand in both established and emerging markets, particularly in advanced economies. IDR4 concerns the likely future exposure of all key export commodities (i.e. dairy, logs, other forest products, and kiwifruit) to the anticipated introduction of carbon border adjustment mechanisms ("CBAMs") and other climate change related regulations, which have the potential to directly or indirectly influence market access, and/or demand in applicable offshore markets. IDR5 concerns Exposure of New Zealand's liquid fuel imports to a range of policy, market, and technology-based transition drivers specific to the transport and other fuel intensive sectors are expected to progressively reduce reliance on imported fossil fuels. Refer to the Port's FY25 disclosure (pages 32 to 33), which sets out each of these indirect risks as well as the underlying transition drivers in full. Refer also to Quayside's FY24 disclosure (p.32).

ENDNOTES CONTINUED

14. IDO1 concerns the exposure of log and other forest product exports to a range of transition-driven shifts in consumer and commercial buyer preferences, together with an increasing number policy and technology-enabled value-added uses of sustainable timber (e.g. in high-volume emission-intensive sectors like energy, transport, construction and manufacturing), which has the potential to increase demand for forestry exports. Refer to the Port's FY25 disclosure at page 35 which sets out this indirect opportunity as well as the underlying transition drivers in full. Refer also to Quayside's FY24 disclosure (p.33).

15. DO1 is driven by primarily by range of policy, market, and technology transition drivers (existing and anticipated) which are expected to promote/drive an increasing proportion of inter-regional freight away from road freight modes and toward rail and coastal shipping under Quayside's Orderly and Disorderly pathways over the short–medium term. Under Quayside's Hothouse scenario, and to a lesser extent under Disorderly, this mode shift is also expected to be driven by adaptation imperatives (e.g. high cost of repairing roads as well as increased road link outages due to increased weather events), however this is expected over the medium to long-term. DO2 is driven primarily by a range of policy, market, and technology transition drivers (existing and anticipated) aimed at decarbonising international shipping, which are expected to drive deployment of larger, lower-emission vessels to New Zealand shipping routes under Quayside's Orderly and Disorderly pathways over the short-medium term. Key drivers include: financial and GHG economies of scale that larger vessels provide on a per TEU basis; stricter port state and international environmental regulations (e.g. EU ETS carbon pricing, the potential IMO Net-Zero Framework); uptake of alternative fuel technologies; and growing supply chain pressure to cut embodied emissions. As most new vessels deployed to key international routes are expected to be larger low-emission ships (e.g. 12,500 Panamax plus with alternative fuel or hybrid power plants), and the Port is able to readily accommodate these vessels while other ports face infrastructure constraints, greater freight volumes are expected to be channelled through the Port of Tauranga as a result.

16. Road transport dependency increases freight route options that bypass Port sites, whereas rail and coastal shipping-based routes favour moving freight via the Port network due to its operational, economic and emission related efficiencies.

17. As outlined in the Port's FY25 disclosure (page 32), dairy exports are exposed to consumer, market, and technology-based transition drivers that may erode demand. However, countervailing forces are expected to cushion or offset potential demand erosion, including: NZ dairy's position as one of the most GHG-efficient and sustainable producers, which may delay and dilute demand loss as higher-emission producers are displaced first; focus on developing markets where demand growth is strongest and transition impacts are delayed and less intensive, anchoring long-term demand; expanded EU and UK market access; global population growth; land, water, herd, and regulatory constraints limiting competitor supply growth to productivity gains; and precision fermentation's inability to achieve cost/taste parity at scale beyond high-value, lower-volume niches under current technology and feedstock cost trajectories, limiting broader market displacement. As outlined in the Port's FY25 disclosure (pages 31), these factors also dampen IDR4 exposure and vulnerability.

18. As noted in the Port's FY25 disclosure, containerised freight demand is projected to exceed Port of Tauranga capacity from 2040 onwards. This capacity constraint alongside the Port's ability to repurpose wharf and terminal capacity freed by any IDR3-4 related declines in affected key export commodities toward alternative containerised freight operations, is expected to backfill freight throughput volumes and maintain revenue, though timing lags between declines and backfill may cause short-term fluctuations. This is expected to hold true across all Quayside scenarios, particularly when taken in conjunction with anticipated uplift in freight flows generated by DO1-2.

19. As outlined on the Ports FY25 disclosure (page 35), sustainable timber and wood fiber derivative products are increasingly central to decarbonization strategies across emission-intensive sectors globally. Specific technology-enabled uses expected to drive sustained demand and price uplift include: construction sector use of engineered wood products like LVL, CLT, and Glulam replacing steel and concrete); energy /fuel sector's use of woody biomass for process heat and power, advanced biofuels like SAF and marine fuels; bio-chemicals and materials like cellulose, lignin, and derivatives displacing fossil-based plastics, packaging, textiles, and industrial chemical sectors; and system-wide shifts toward circular economy practices favoring forestry-based bio-alternatives. Export volumes are expected to lift marginally in the near term, with more significant structural uplift emerging in the medium-to-long term as transition-driven afforestation from the late 2020s and 2030s reaches harvest age.

20. Given liquid fuels comprised ~6% of FY25 freight, the gradual and differentiated pace of decline across fuel types (with diesel and aviation anchoring medium- to long-term demand), together with the Port's adaptive capacity, means distribution impacts are expected to be small even under Orderly and Disorderly scenarios and unlikely to cause sustained impairment (see IDR5 exposure/vulnerability).

21. As outlined in the Port's FY25 disclosure at page 26 and Quayside's FY24 disclosure at page 30: The Port's integrated national network—comprising the Tauranga hub, inland ports (Auckland, Hamilton, Rolleston), feeder ports (Northport, Timaru), and coastal shipping links—positions it to capture increased freight volumes as New Zealand's freight system transitions to multi-modal dominance.

22. While a large proportion of the Port's annual exports are exposed to IDR3–5 (as ~67% of freight is export-based, with dairy, forestry, and kiwifruit comprising ~77% of those exports), the generally low vulnerability of the affected exports to their respective transition drivers, together with the Port's adaptive capacity (i.e. prompt ability to backfill at least a sizeable proportion of IDR3–4 related volume declines), is expected to prevent export volume losses at a scale that would materially impair distribution capacity — even under the Port's Orderly and Disorderly scenarios in the short to medium term, when transition pressures are expected to be strongest (refer to IDR3–4 exposure/vulnerability summaries).

23. Given liquid fuels comprised ~6% of FY25 freight, the gradual and differentiated pace of decline across fuel types (with diesel and aviation anchoring medium- to long-term demand), together with the Port's adaptive capacity, means distribution impacts are expected to be small even under Orderly and Disorderly scenarios and unlikely to cause sustained impairment (see IDR5 exposure/vulnerability).

24. Refer to the Port's adaptive capacity (i.e. ability to repurpose freed wharf and terminal capacity to currently unserved containerised freight demand). In addition, the Port holds the requisite land, berth, capital, and transport network connectivity (road, rail, feeder ports) to accommodate a notable uplift in forestry exports. This potential would be amplified if IDO1 arises in concert with DO1–2, as the Port would be able to absorb a greater share of export-destined forestry production from across New Zealand relative to what the Port receives at present under the current freight system structure.

25. As outlined in the Port's FY25 disclosure (page 35), IDO1 is assessed as having the greatest potential to materially increase forestry exports under the Port's Orderly and Disorderly scenarios in the medium to long term. Export volumes are initially expected to lift at the margins, with more significant structural uplift emerging as transition-driven afforestation (from the late 2020s and 2030s onwards) reaches harvest age. In Disorderly, the uplift is expected to be smaller and later, reflecting delayed, uneven, and costlier transition dynamics that weaken uptake of technology-enabled timber uses projected to drive demand. Under Hothouse, increases are expected to be more limited, largely confined to biofuel-related demand. (Refer also to IDO1 exposure and vulnerability summaries.)

26. For insured commercial assets, MDBI cover arranged through BOPLASS provides full replacement value and 24-month loss-of-rents indemnity, moderating near-term distribution impacts. Concentration risk reflects potential post-event revaluation pressure where heightened risk premia and reduced liquidity trigger correlated write-downs across regional markets, even after repair. In such instances, well-performing or visibly resilient buildings typically regain investor confidence sooner, limiting contagion beyond the cohort and preserving overall portfolio capital stability.

Quayside Holdings Limited
Level 2, 41 The Strand,
Tauranga 3110, New Zealand

INDEPENDENT LIMITED ASSURANCE REPORT
TO THE SHAREHOLDERS OF QUAYSIDE HOLDINGS LIMITED

Under section 461ZH(3) of the Financial Markets Conduct Act 2013, the Auditor-General is the assurance practitioner of Quayside Holdings Limited (the Group). The Auditor-General has appointed me, Ed Louden, using the staff and resources of KPMG, to carry out a limited assurance engagement, on his behalf, on the greenhouse gas (GHG) emissions information disclosed in the Group's Climate Statement (GHG disclosures) for the year ended 30 June 2025.

Scope of the engagement

The GHG disclosures below are within the scope of our limited assurance engagement:

- The gross emissions, in metric tonnes of carbon dioxide equivalent, classified as Scope 1 and Scope 2 (calculated using the location-based and market-based methods), on page 41.
- The statement describing that GHG emissions have been measured in accordance with the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard, on page 37.
- The approach used to consolidate GHG emissions on page 37.
- The sources (or references to sources, where applicable) of emission factors and the global warming potential rates used, on pages 44.
- The description of the methods and assumptions used (including the rationale for doing so, where applicable) to calculate or estimate Scope 1 and Scope 2 (calculated using the location-based and market-based methods) GHG emissions, and the limitations of those methods, on page 40.
- The description of any uncertainties relevant to the Group's quantification of its Scope 1 and Scope 2 (calculated using the location-based and market-based methods) GHG emissions, including the effects of these uncertainties on GHG disclosures, on page 40.

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 Group's GHG disclosures within the scope of our limited assurance engagement for the year ended 30 June 2025, are not fairly presented and prepared, in all material respects, in accordance with Aotearoa New Zealand Climate Standards, issued by the External Reporting Board.

Other matter(s)

The comparative information, being the 2024 GHG disclosures on page 41, has not been subject to assurance. As such, it is not covered by our assurance conclusion.

The Board of Directors' responsibilities

Subparts 2 to 4 of the Financial Markets Conduct Act 2013 set out requirements for a climate reporting entity in preparing a climate statement, which includes proper record keeping, compliance with the climate-related disclosure framework and subjecting it to assurance.

The Aotearoa New Zealand Climate Standards have been issued by the External Reporting Board as the framework that applies for preparing and presenting a climate statement. The Board of Directors of the Group is therefore responsible for preparing and fairly presenting a climate statement for the year ended 30 June 2025, in accordance with those standards.

The Board of Directors is also responsible for the design, implementation, and maintenance of internal control relevant to preparing the climate statement that is free from material misstatement, whether due to fraud or error.

Our responsibilities

Section 461ZH of the Financial Markets Conduct Act 2013, requires the GHG disclosures included in the Group's Climate Statement to be the subject of an assurance engagement.

NZ CS1 *Climate-related disclosures,* paragraph 25 requires such an assurance engagement at a minimum to be a limited assurance engagement, and paragraph 26 specifies the scope of the assurance engagement on GHG disclosures.

To meet this responsibility, we planned and performed procedures (as summarised below), to provide limited assurance in accordance with New Zealand Standard on Assurance Engagements 1 *Assurance Engagements over Greenhouse Gas Emissions Disclosures,* and International Standard on Assurance Engagements (NZ) 3410 *Assurance Engagements on Greenhouse Gas Statements*, issued by the New Zealand Auditing and Assurance Standards Board.

Summary of Work Performed

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.

Given the circumstances of the engagement, in performing the procedures listed above:

- We obtained, through enquiries, an understanding of the Group's control environment, processes and information systems relevant to the preparation of the Scope 1 and Scope 2 disclosures. We did not evaluate the design of particular control activities or obtain evidence about their implementation.
- We performed analytical procedures on particular emission categories by comparing the expected GHG emissions to recorded GHG emissions and made inquiries of management to obtain explanations for any significant differences we identified.
- We have agreed a selection of emissions data to relevant underlying source documents.
- We evaluated the appropriateness of the emission factors applied.
- We evaluated the overall presentation and disclosure of the Scope 1 and Scope 2 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 a reasonable assurance engagement been performed.

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

Inherent limitations

As outlined on page 39, 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.

Other information

The Climate-related Disclosures Report contains information other than the GHG disclosures and the assurance report thereon. The Board of Directors is responsible for the other information.

Our assurance engagement does not extend to any other information included, or referred to, in the Climate-related Disclosures Report, and therefore, no conclusion is expressed thereon. We read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the GHG disclosures, or our knowledge obtained in the assurance engagement, or otherwise appears to be materially misstated.

Where such an inconsistency or misstatement is identified, we are required to discuss it with the Board of Directors and take appropriate action under the circumstances, to resolve the matter. There are no inconsistencies or misstatements to report.

Independence and quality management

We complied with the Auditor-General's independence and other ethical requirements, which incorporate the requirements of Professional and Ethical Standard 1 *International Code of Ethics for*

Assurance Practitioners (including International Independence Standards) (New Zealand) (PES 1) issued by the New Zealand Auditing and Assurance Standards Board. PES 1 is founded on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. These principles for example, do not permit us to be involved in the preparation of the current year's GHG information as doing so would compromise our independence.

We have also complied with the Auditor-General's quality management requirements, which incorporate the requirements of Professional and Ethical Standard *3 Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements* (PES 3) and Professional and Ethical Standard 4 *Engagement Quality Reviews* issued by the New Zealand Auditing and Assurance Standards Board (PES 4). PES 3 requires our firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. PES 4 deals with an engagement quality reviewer's appointment, eligibility, and responsibilities.

Other than our work in carrying out all legally required assurance engagements, we have no relationship with or interests in the Group.

Ed Louden
KPMG New Zealand
On behalf of the Auditor-General
Wellington, New Zealand
28 October 2025