



RESTAURANT BRANDS NEW ZEALAND LIMITED

NZX/ASX
24 April 2024

2023 CLIMATE-RELATED DISCLOSURES

Restaurant Brands New Zealand Limited (**RBD**) has released the attached Climate-Related Disclosures for the period ended 31 December 2023.

RBD's 2023 Climate-Related Disclosures are also available on RBD's website at:
<https://www.restaurantbrands.co.nz/community-and-sustainability>.

Authorised by:
Callum Webb
Company Secretary
Restaurant Brands New Zealand Limited
Phone: 09 525 8700

ENDS.



ENVIRONMENTAL REPORT AND CLIMATE-RELATED DISCLOSURES

FOR THE YEAR ENDED 31 DECEMBER 2023



STATEMENT OF COMPLIANCE

Restaurant Brands New Zealand Limited (**Restaurant Brands** or, together with its subsidiaries, the **Group**) is a Climate-Reporting Entity (**CRE**) under the Financial Markets Conduct Act 2013 (the **Act**).

This is Restaurant Brands' first Environmental Report and Climate-Related Disclosures (**CRD**) under the Act and covers our last 12 months of activity from 1 January 2023 to 31 December 2023.

These climate-related disclosures comply with Aotearoa New Zealand Climate Standards NZ CS 1-3 (the **Standards**) issued by the External Reporting Board.

The following provisions specified in the Standards have been adopted by the Group:

- *Adoption provision 1: Current financial impacts*
- *Adoption provision 2: Anticipated financial impacts*
- *Adoption provision 3: Transition planning*
- *Adoption provision 4: Scope 3 greenhouse gas (**GHG**) emissions*
- *Adoption provision 5: Comparatives for Scope 3 GHG emissions*
- *Adoption provision 6: Comparatives for metrics*
- *Adoption provision 7: Analysis of trends*



José Parés
Chairman



Emilio Fullaondo
Director

24 April 2024

Note: We recognise that climate change projections carry inherent uncertainty. This report reflects our current understanding of climate-related risks and opportunities as of 31 December 2023. This report includes forward looking statements relating to climate-related scenarios that are inherently uncertain and subject to change in future reports.

This report includes metrics and targets that are based on estimates and assumptions which are uncertain and subject to limitations. Challenges relating to data inputs may change over time and impact uncertainty of projections. Restaurant Brands is committed to progressing towards our targets as outlined in this report, however due to uncertain technological changes, economic factors and environmental changes, our targets and strategies to achieve these targets are subject to change. Nothing in this report constitutes the Group's financial, legal, tax or strategic growth guidance or advice.



CONTENT

	Page
• Who we are	4-5
• Sustainability in 2023	6-7
• Governance	8-10
• Risk Management	11-12
• Strategy	13-17
• Metrics and Targets	18-32
• Assurance of GHG Emissions	33-35
• Appendix	36



WHO WE ARE

WHO WE ARE

Restaurant Brands is a corporate franchisee specialising in the operation of quick service and takeaway restaurants of world-class brands across New Zealand, Australia, California and Hawaii (including Guam and Saipan).

In New Zealand, Restaurant Brands operates four brands - KFC, Pizza Hut, Carl's Jr. and Taco Bell; two brands in Australia and California - KFC and Taco Bell and two brands in Hawaii (including Guam and Saipan) - Pizza Hut and Taco Bell.

We invest in worldwide famous brands that are distinguished by their product, look, style, ambience and service and for the total experience they deliver to their customers around the world. The New Zealand region manages local supply chain and distribution contracts, whereas supply chain is managed by YUM! Brands in our other three regions.

New Zealand (NZ)	Australia (AU)	Hawaii (HA) (incl. Guam and Saipan)	California (CA)
<p><u>Owned Stores</u></p> <ul style="list-style-type: none"> • KFC - 110 • Pizza Hut - 6 • Taco Bell - 14 • Carl's Jr. -17 <p><u>Franchised Stores*</u></p> <ul style="list-style-type: none"> • Pizza Hut - 118 	<p><u>Owned Stores</u></p> <ul style="list-style-type: none"> • KFC - 72 • Taco Bell - 12 	<p><u>Owned Stores</u></p> <ul style="list-style-type: none"> • Pizza Hut - 34 (incl. 5 in Guam & 1 in Saipan) • Taco Bell - 36 (incl. 7 in Guam) 	<p><u>Owned Stores</u></p> <ul style="list-style-type: none"> • KFC - 65 • KFC / Taco Bell - 10

*Restaurant Brands also provides marketing, supply chain and other support to four independent franchisee-owned KFC stores in New Zealand.

A photograph of a Taco Bell restaurant building, featuring a prominent tower with the brand's logo. The image is overlaid with a semi-transparent red filter. The text "SUSTAINABILITY IN 2023" is centered in large white letters.

SUSTAINABILITY IN 2023

SUSTAINABILITY IN 2023

In 2023, the Group implemented a carbon footprint tracking and reporting tool to measure our emissions across all regions.

The Group also engaged external consultants to conduct a materiality assessment on our Environmental, Social and Governance (**ESG**) Framework. Through this process - which included interviews and surveys with our main stakeholders - we were able to identify the key areas of focus for sustainable growth. The four pillars of our ESG Framework are Product, People, Planet and Governance. We have updated our ESG Framework to align with the key focus areas for the business which are:

- Energy management
- Circular economy
- GHG emissions

Our initiatives are therefore primarily oriented to improve these areas, including Key Performance Indicators (**KPIs**) and targets set through to 2030 to ensure accountability and to measure progress. The Planet pillar of our ESG Framework is shown below as it is relevant to this report and will drive the Group’s emissions reduction initiatives.

PLANET			
	ENERGY MANAGEMENT	CIRCULAR ECONOMY	GHG EMISSIONS
Goal Statement	Optimising and reducing energy consumption	Reducing waste and increasing recoveries	Reducing GHG emissions across all regions
KPI	Purchased electricity reduction and replacement with renewable energy	Waste reduction Sustainable packaging	Scope 1-2 GHG emissions reduction
Target	10% reduction by 2030 vs 2023 base	To be confirmed in 2024 and included in Scope 3 disclosure	30% reduction by 2030 vs 2023 base
Initiatives & opportunities	Solar panels and LED lighting Tracking and monitoring power consumption in stores Building Management System controls Increasing share of renewable energy in purchased electricity	Packaging initiatives targeting reduction of non-compostable components Waste audit and separation initiatives	Group fleet renewal and replacement with hybrid or electric vehicles Refrigerant gas loss reduction through improved replacement and maintenance schedules Solar panels and LED installations Energy management



GOVERNANCE

Identity of the governance body

The Restaurant Brands’ Board of Directors (the **Board**) is responsible for the governance of all climate-related risks and opportunities affecting the Group. The Board is supported in discharging this responsibility by the Audit and Risk Committee and Health, Safety and Sustainability Committee.

All Board members have experience holding executive positions in both private and publicly listed companies, with the majority of the Board having international experience in governance roles overseeing business operations and reporting compliance across Europe, Asia and the Pacific. Collectively the Board has a diverse mix of skills and experience gained in various industries, markets, and geographies over the last several decades.

For more information on each Board member see Restaurant Brands 2023 Annual Report.

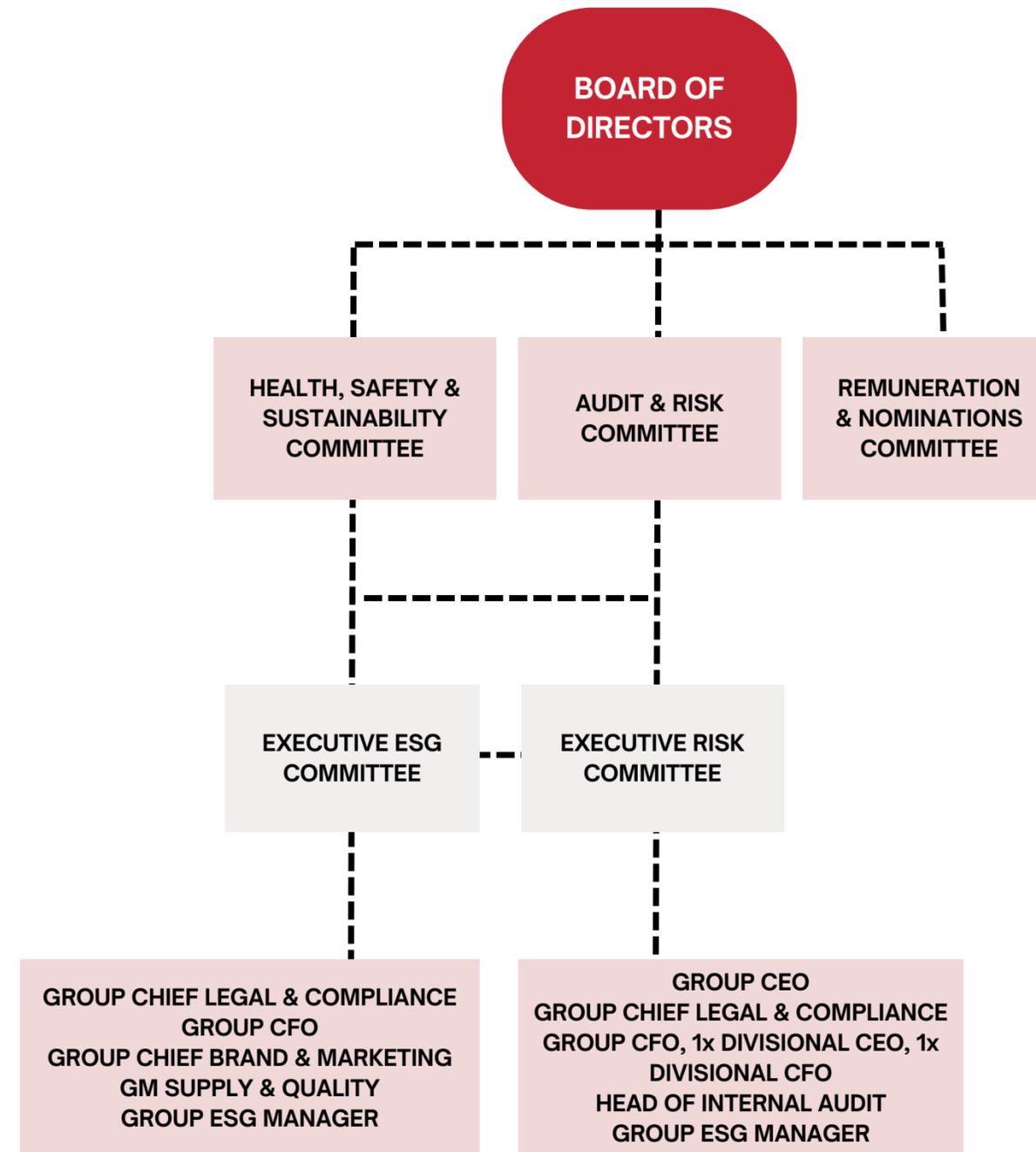
Audit and Risk Committee and Health, Safety and Sustainability Committee

The Group Risk Management Framework states that the Audit and Risk Committee is responsible for monitoring and reporting to the Board on all risks, including climate-related risks. The Audit and Risk Committee oversees the management of physical and transitional climate-related risks with assistance from the Health, Safety and Sustainability Committee. The Audit and Risk Committee is supported by the Executive Risk Committee when carrying out its risk functions.

The Health, Safety and Sustainability Committee is responsible for reviewing and recommending to the Board for approval policies that relate to the Group’s ESG objectives and obligations. The Health, Safety and Sustainability Committee is also responsible for reporting on and reviewing ESG performance by the Group. The Health, Safety and Sustainability Committee is supported by the ESG Committee.

All identified climate-related risks are assessed through the Group Risk Management Framework using a contingency/probability matrix, reviewed by the Executive Risk Committee twice a year. Material climate-related risks identified are submitted to the Audit and Risk Committee and the Board as part of the annual Group risk assessment process. To the extent a climate-related risk is identified as a key/material risk to the Group (i.e. a risk that has sufficient potential to materially impact the delivery of the Group’s strategy), it is subject to ongoing monitoring, central testing and oversight by the Audit and Risk Committee and Board under the Risk Management Framework processes.

GROUP GOVERNANCE



MANAGEMENT'S ROLE

Executive ESG Committee

The Executive ESG Committee is responsible for:

- Addressing climate-related initiatives and opportunities with Management
- Overseeing the implementation of the Group's ESG Framework
- Providing recommendations to the Health, Safety and Sustainability Committee on ESG initiatives
- Monitoring ESG reporting against targets and metrics
- Reporting climate-related risks to the Executive Risk Committee as part of the Group's Risk Management Framework's annual risk assessment process
- Developing the Group ESG policies and submitting them to the Health, Safety and Sustainability Committee for review and further approval by the Board

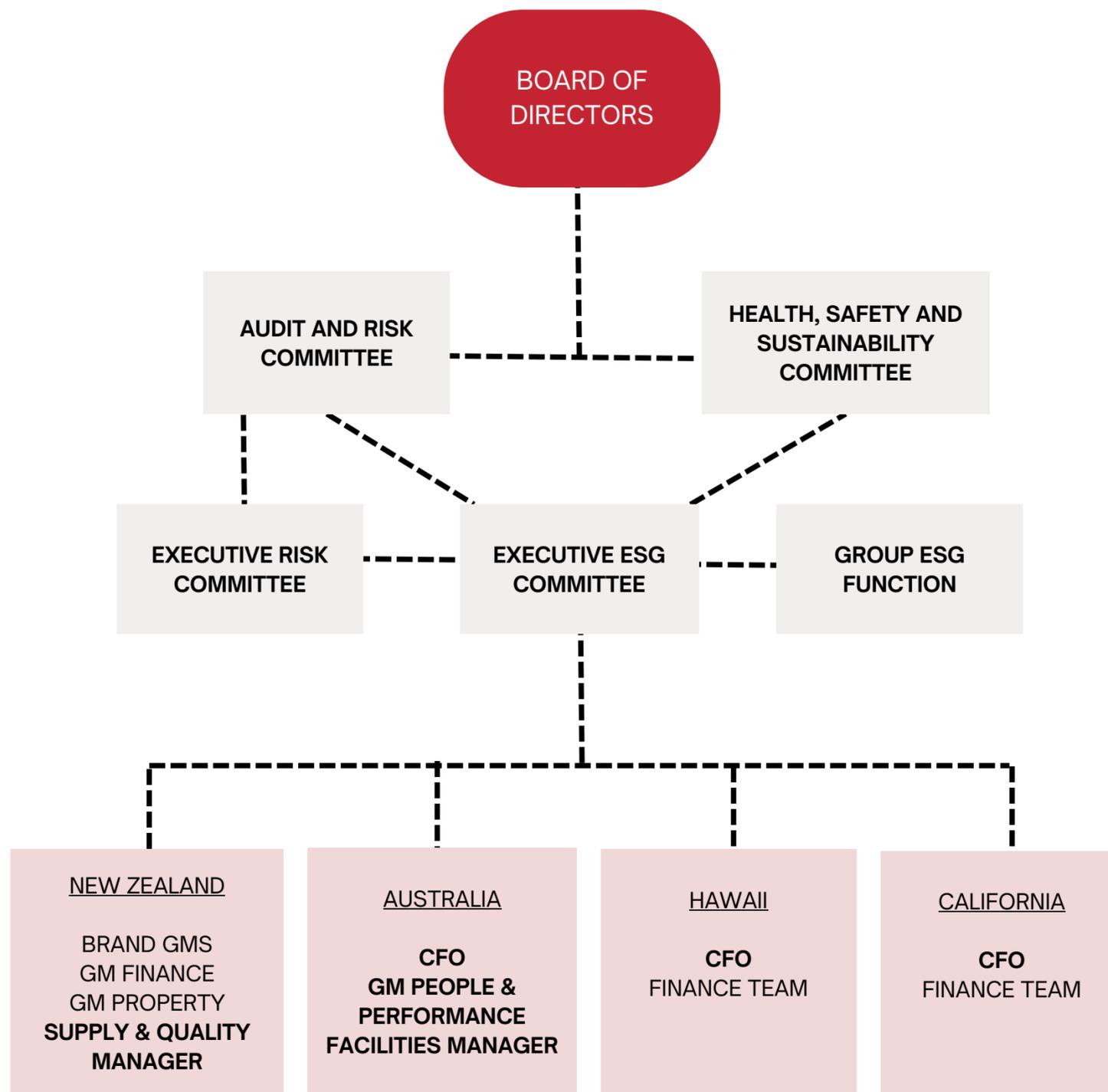
In addition to the Executive ESG Committee and Group ESG function, each region has dedicated individuals (including divisional CFOs) responsible for leading environmental initiatives, recording climate-related events and risks, collecting carbon footprint data, as well as providing support to their respective regions.

Climate-related events which impact operational activities are reported to the Regional and Group Management Team and discussed at monthly business reviews. Depending on the severity of the impact, these events are reported to the Executive ESG Committee and escalated accordingly.

Strategy and Capital Expenditure

Capital expenditure at Restaurant Brands is prioritised according to business needs and expected returns. To the extent that a climate-related risk or initiative is identified as having a critical need/impact on the Group's strategic goals, then capital will be allocated to pursue that initiative. While no significant capital allocations were made in relation to climate-related risks or initiatives during 2023, we expect this to change as and when new technologies become available.

The development and implementation of Restaurant Brands' ESG strategy is primarily carried out during quarterly meetings of the Executive ESG Committee, with any material climate-related opportunities discussed and evaluated during these meetings. The recommended business response and potential capital expenditure required are estimated and reported to the Health, Safety and Sustainability Committee and the Board.



Roles with dedicated climate-related responsibilities are shown in **bold** on the chart

RISK MANAGEMENT

RISK MANAGEMENT

The Group Risk Management Framework prioritises risks that are rated “high” or “extreme” according to the Risk Management Matrix as these risks present a clear and present danger to the delivery of our strategy. To the extent that a climate-related risk is assessed to have an “high” or “extreme” rating, it will form part of the list of key/material risks that are actively monitored by the Executive Risk Committee, Audit and Risk Committee and the Board. Suitable controls/mitigants will be deployed to better manage that risk and the effectiveness of such controls will be monitored and assessed by the Executive Risk Committee, Audit and Risk Committee and the Board.

The formal risk assessment is carried out on an annual basis. However, if a significant risk is identified outside of the formal Risk Management Framework’s usual processes, the rating and treatment of the risk can be reviewed and amended during meetings of the Executive Risk Committee, Audit and Risk Committee or the Board.

<i>Impact</i> <i>Likelihood</i>	<i>Insignificant</i>	<i>Minor</i>	<i>Moderate</i>	<i>Major</i>	<i>Severe</i>
<i>Almost Certain</i>	MODERATE	HIGH	EXTREME	EXTREME	EXTREME
<i>Likely</i>	MODERATE	HIGH	HIGH	EXTREME	EXTREME
<i>Possible</i>	LOW	MODERATE	HIGH	HIGH	EXTREME
<i>Unlikely</i>	LOW	MODERATE	MODERATE	HIGH	HIGH
<i>Rare</i>	LOW	LOW	LOW	MODERATE	MODERATE

Each impact category has its definition for each of the following business factors:

- Management effort / level of review
- Financial / materiality
- People
- Reputation
- Operational
- Legal
- Stakeholder

This provides a framework for the identified risks to be reviewed, assessed and addressed at the appropriate management and governance level.

STRATEGY

CURRENT PHYSICAL AND TRANSITION IMPACTS

Current Physical Impacts

The following climate-related events affected our operations in 2023:

- In New Zealand several stores were temporarily closed during the Auckland Flood in January and Cyclone Gabrielle in February.
- In Hawaii two stores were lost to wildfires in Lahaina on Maui island in August. Lost revenue and future rebuilding costs related to these stores are covered by insurance.
- Typhoon Mawar in Guam caused store closures for several days.
- Flooding in California caused temporary disruptions to store trading hours for several stores.

Current Transition Impacts

Stakeholders' expectations and compliance requirements targeting net zero GHG emissions by 2050 are current transition impacts that affected our business, leading the Group to invest additional resources during 2023 to assist with our climate-related reporting obligations and to transition towards the net zero emissions expectation set out in legislation and increasingly expected by customers and other stakeholders.



SCENARIO ANALYSIS UNDERTAKEN

The Group has undertaken scenario analysis to understand the resilience of our business model and strategy.

The periods were selected to follow the timelines and milestones commonly used by various climate modelling initiatives and insurers. The 5-, 15- and 25-year horizon was also used with a view towards alignment with typical franchise and lease tenures, and main Group strategic and operational cycles.

For the climate scenario modelling, the Group has selected three Shared Socioeconomic Pathways (SSP) from the Intergovernmental Panel on Climate Change (IPCC) framework. The three selected SSPs are:

- SSP1-1.9 scenario assuming the global warming will be capped at 1.5°C*.
- SSP2-4.5 scenario assuming the global warming will be limited to 3°C*.
- SSP3-7.0 scenario assuming the global warming will be limited to 4°C*.

The three chosen scenarios provide a spectrum of possible outcomes and pathways - from organised rapid transition to net zero under the SSP1-1.9 scenario, to the “hot house / current policies” scenario SSP3-7.0.

The summary of the differences between the three selected scenarios is shown below, with the main narratives provided on the next page.**

The Group has used the following timeframe for its climate scenario modelling:

- Short term: 2024-2030 (5-6 years)
- Medium term: 2031-2040 (~15 years)
- Long term: 2041-2050 (~25 years)

IPCC scenarios from AR6 Working Group (WGIII) report**:

Category in WGIII	Category description	GHG emissions scenarios (SSP-x-y*) in WGI & WGII
C1	limit warming to 1.5°C (>50%) with no or limited overshoot	Very low (SSP1-1.9)
C2	return warming to 1.5°C (>50%) after a high overshoot	
C3	limit warming to 2°C (>67%)	Low (SSP1-2.6)
C4	limit warming to 2°C (>50%)	
C5	limit warming to 2.5°C (>50%)	
C6	limit warming to 3°C (>50%)	Intermediate (SSP2-4.5)
C7	limit warming to 4°C (>50%)	High (SSP3-7.0)
C8	exceed warming of 4°C (>50%)	Very high (SSP5-8.5)

SSP1-1.9 (1.5°C)

- Low emissions scenario with net zero emissions by ~2050. Global warming is limited to 1.5°C by 2100
- Policies and consumer sentiment: immediate rapid change towards more aggressive policies and responsible consumption
- Technology change: fast
- Physical impacts: low through 2050, then low to moderate
- Transition impacts: moderate until 2040, then low

SSP2-4.5 (<3°C)

- Intermediate scenario with current emissions levels until ~2050. Global warming is limited to 3°C by 2100
- Policies and consumer sentiment: slow, then accelerating
- Technology change: slow through 2040, then moderate
- Physical impacts: low through 2050, then moderate
- Transition impacts: low through 2040, then moderate

SSP3-7.0 (<4°C)

- High emissions scenario with emissions to double by ~2100. Global warming is exceeding 3°C by 2100
- Policies and consumer sentiment: minimal change
- Technology change: slow
- Physical impacts: low/moderate through 2050, then high
- Transition impacts: low

* By 2100 compared to the pre-industrial levels (1850-1900)

** For more information on the IPCC scenarios refer to the Climate Change 2023 Synthesis Report (also known as the Sixth Assessment report or AR6) on the IPCC website: <https://www.ipcc.ch/assessment-report/ar6/>

MAIN NARRATIVES UNDER EACH SCENARIO

SSP1-1.9 Scenario

The most optimistic but also one of the most challenging scenarios in the short-to-medium term, characterised by rapid developments in global and national policies supported by technological innovations. This is also driven by changes in consumer preferences to allow for a timely transition towards a more sustainable and socially responsible economic model, and with net zero emissions by 2050. However, to be achievable, this scenario requires immediate action and increased cooperation between businesses and governments globally. This scenario assumes higher transition costs in the next 10-15 years, with increased upfront capital spending and investment in technology and innovation, renewable energy and reusable materials. This will lead to a rapid decarbonisation of the planet and provide the foundation for long-term sustainable growth and smooth transition to a circular economy and more transparent socioeconomic model. Investors, consumers and lenders are expected to drive demand for openly-available information and proactive environmental action from businesses globally, with laggards most likely penalised by increased insurance and borrowing costs, reduced demand for their goods/services from consumers and growing pressure from regulators and media.

SSP3-7.0 Scenario

A pessimistic scenario assuming the extensive economic growth and overproduction/overconsumption culture will result in the emissions doubling by 2100 from the current levels. Short-term gains from low production costs and minimal transition impacts for businesses will be outweighed by considerably increased physical impacts from more frequent and severe weather events, rising sea levels and extended disruptions to business operations. Many currently populated areas will become uninhabitable or submerged. This in turn will lead to political polarisation, growing fragmentation of the global economy and increasing social inequality worldwide.

SSP2-4.5 Scenario

An intermediate scenario assuming that current socioeconomic model will in general remain intact for some time, with the emissions levels staying more or less unchanged until about 2050. This scenario is characterised by trends similar to the SSP3-7.0 scenario in 2025-2050, when the overproduction and overconsumption culture will prevail short and medium term, with governments, regulators, lenders, investors and consumer groups proactively trying to lead the change and disrupt the status-quo. However, the effect of those actions overall will only have impact in the second half of the century, when decarbonisation and transition to more sustainable economic model will become urgent and critical. Unfortunately, this will mean high transition costs in addition to increased physical climate-related impacts, with a growing pressure on technology to deliver feasible solutions within a constrained timeframe.

Because the Group time horizon is limited to 2050, the future physical impacts under all three scenarios are currently considered to be similar within the time horizon used, with physical risks under SSP1-1.9 scenario expected to be ranked as low, under SSP2-4.5 scenario - low or marginally higher, and under the SSP3-7.0 scenario - low to moderate. The difference in the scale and severity of the impacts between the three scenarios is expected to be significantly higher and accelerating in 2050-2100, which is not covered by this analysis.

Transition risks and respective anticipated impacts for the period 2025-2050 were overall estimated as medium under the SSP1-1.9 scenario, while assumed low under the other two scenarios for the same periods.

TRANSITION PLAN

While we have elected to use Adoption Provision 3: transition planning (NZ CS 2) for this report, we continue to work to develop the transition plan aspect of our strategy.

We have established our Scope 1 and 2 emissions reduction targets based on 2023 emissions data. Projects and initiatives will be starting in 2024, including a review of capital allocation and approval for those initiatives.

Our Scope 1 and 2 GHG emissions will be measured and reported annually, and performance monitored against the approved targets. More information on targets is provided in the Metrics and Targets section of the report.

The largest category of our emissions is indirect Scope 3 emissions, of which the biggest driver is emissions from purchased and processed food ingredients. This also represents a significant opportunity for us to work with our suppliers and service providers on packaging and waste reduction, material recoveries, and GHG emissions reductions in the upstream distribution chain. Scope 3 emissions reduction targets will be modelled and disclosed in the 2024 report.

While our targets are initially set for 2030, strategically our business will be aligned with the Aotearoa New Zealand Net Zero 2050 policy, with both short-term and long-term climate-related targets embedded into the Group strategic planning and capital allocation process.





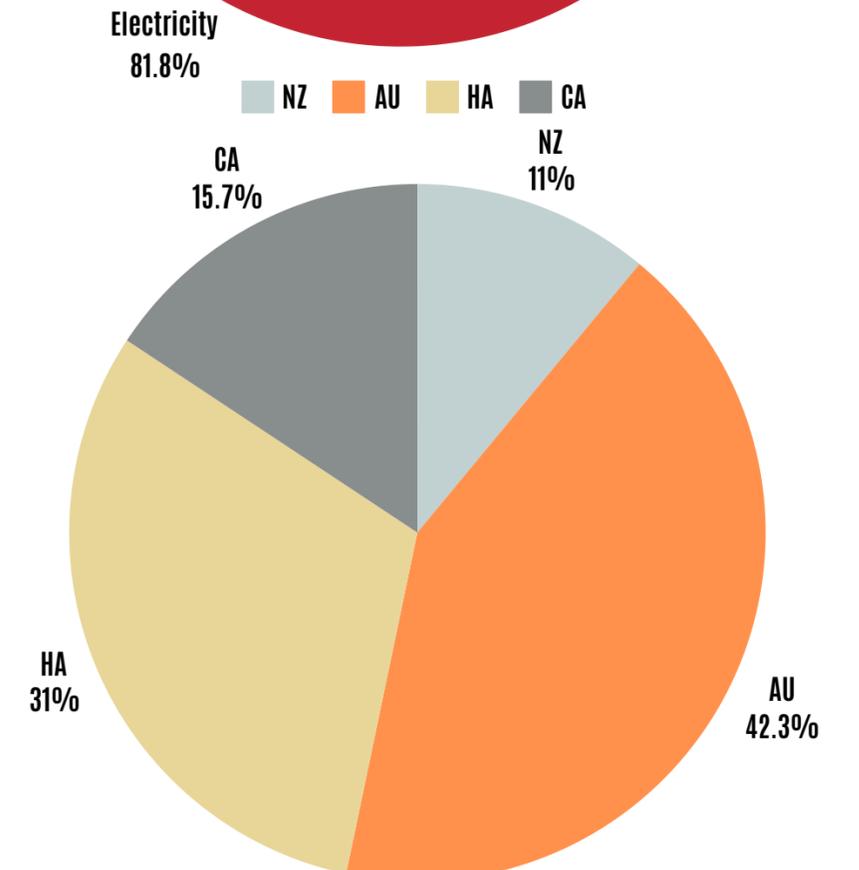
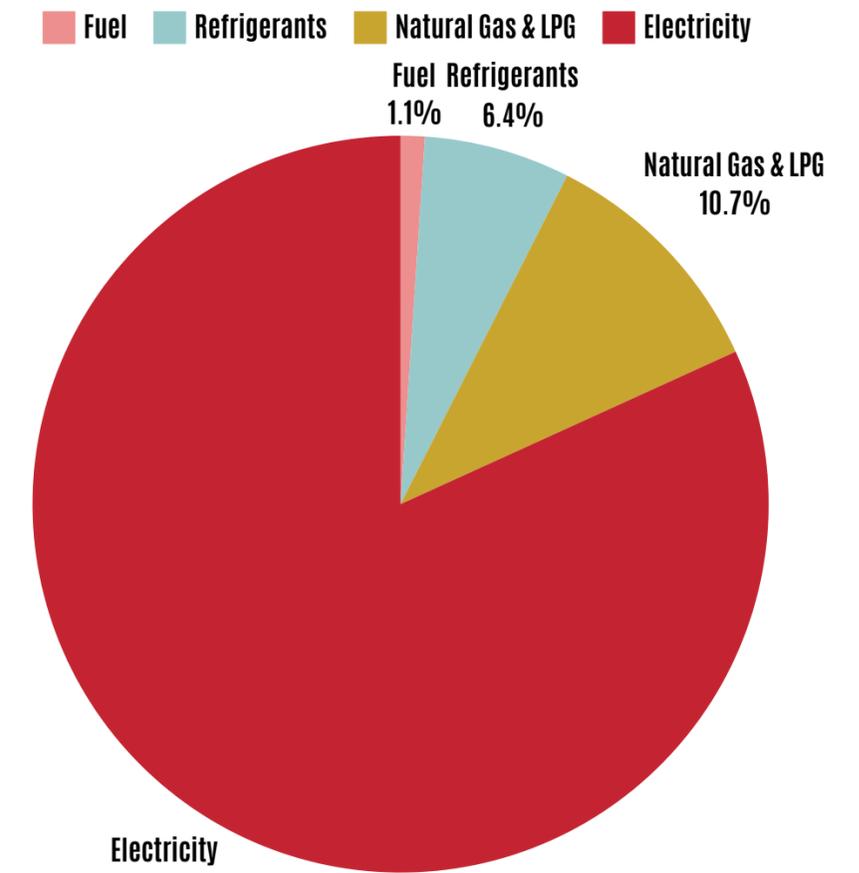
METRICS AND TARGETS

CURRENT GROUP GHG EMISSIONS PROFILE

The breakdown of our Scope 1 and 2 emissions for each region by driver and GHG type is in the table below

TONNES CO2e BY CATEGORY	NZ	AU	HA	CA	GROUP*
Scope 1 - Mobile Combustion (Fuel)	168.3	128.8	44.9	95.3	437.2
Scope 1 - Fugitive Emissions (Refrigerants)	598.6	562.1	835.7	659.0	2,655.4
Scope 1 - Stationary Combustion (Natural Gas & LPG)	769.0	90.9	1,528.2	2,050.1	4,438.3
Total Scope 1*	1,536.0	781.8	2,408.8	2,804.4	7,530.9**
Scope 2 - Purchased Electricity (location-based)	3,017.0	16,703.3	10,418.5	3,690.4	33,829.2
Total Scope 2	3,017.0	16,703.3	10,418.5	3,690.4	33,829.2**
Total Scope 1 and 2*	4,553.0	17,485.1	12,827.3	6,494.8	41,360.1

TONNES CO2e BY GHG TYPE	NZ	AU	HA	CA	GROUP*
Carbon Dioxide (CO2)	3,860.4	16,917.6	11,907.3	5,820.1	38,505.4
Methane (CH4)	82.6	1.7	29.5	6.3	120.2
Nitrous Oxide (N2O)	11.4	3.7	54.8	9.4	79.2
Hydrofluorocarbons (HFCs)	598.6	562.1	835.7	658.9	2,655.4
Perfluorocarbons (PFCS), Sulphur hexafluoride (SF6) & Other	0	0	0	0	0
Total Scope 1 and 2*	4,553.0	17,485.1	12,827.3	6,494.8	41,360.1



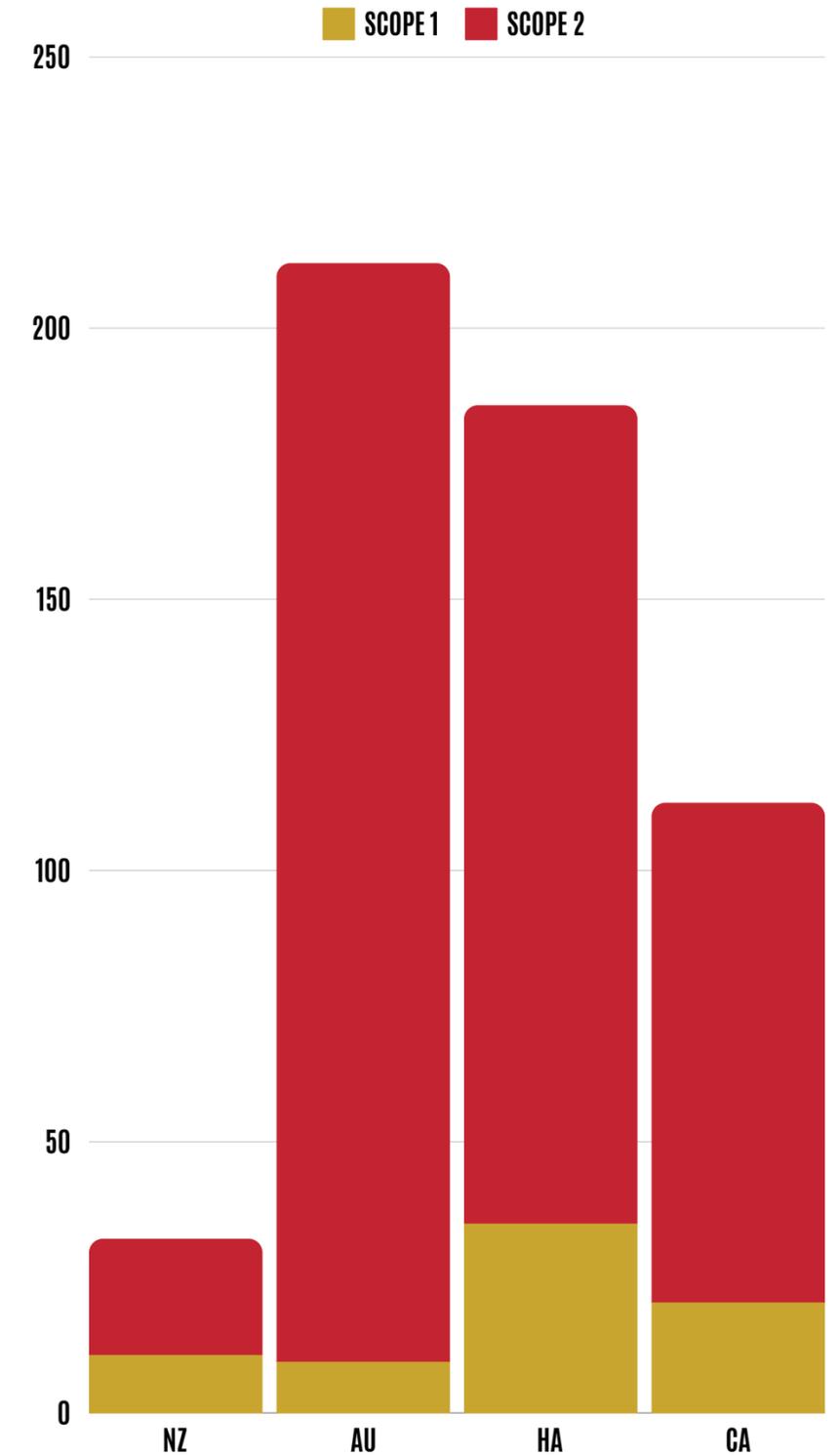
*CO2e tonnes may not aggregate to the totals due to rounding.

**Scope 1 and 2 tCO2e absolute emissions for the year ended 31 December 2023 have been included in the scope of PwC's limited assurance engagement.

No other amounts or calculations have been included in the assurance engagement and are not covered by the limited assurance report issued.

GHG PROFILE AND INTENSITY METRICS

CO2e TONNES PER STORE



The two intensity metrics chosen by the Group for GHG emissions are:

- Tonnes CO2e per \$million sales (regional metrics are shown in local currency, Group totals - in NZ\$)
- Tonnes CO2e per store based on the full year trading days equivalent (363 trading days are used for Hawaii, and 364 for all other regions)

Intensity Metric	NZ	AU	HA	CA	GROUP
Scope 1 - tonnes CO2e per \$million sales	2.7	2.7	15.1	25.3	5.7
Scope 1 - tonnes CO2e per store	10.8	9.5	34.9	37.7	20.5
Scope 2 - tonnes CO2e per \$million sales	5.3	58.3	65.3	33.3	25.6
Scope 2 - tonnes CO2e per store	21.3	202.5	150.9	49.6	92.0
Total Scope 1-2 - tonnes CO2e per \$million sales*	8.0	61.0	80.4	58.6	31.3
Total Scope 1-2 - tonnes CO2e per store*	32.1	212.0	185.7	7.3	112.5

* CO2e tonnes may not aggregate to the totals due to rounding

CRITERIA USED TO PREPARE OUR GHG EMISSIONS

This report includes Scope 1 and Scope 2 GHG emissions.

Scope 3 emissions are not disclosed in the first reporting period under provision 4 of the NZ CS 2.

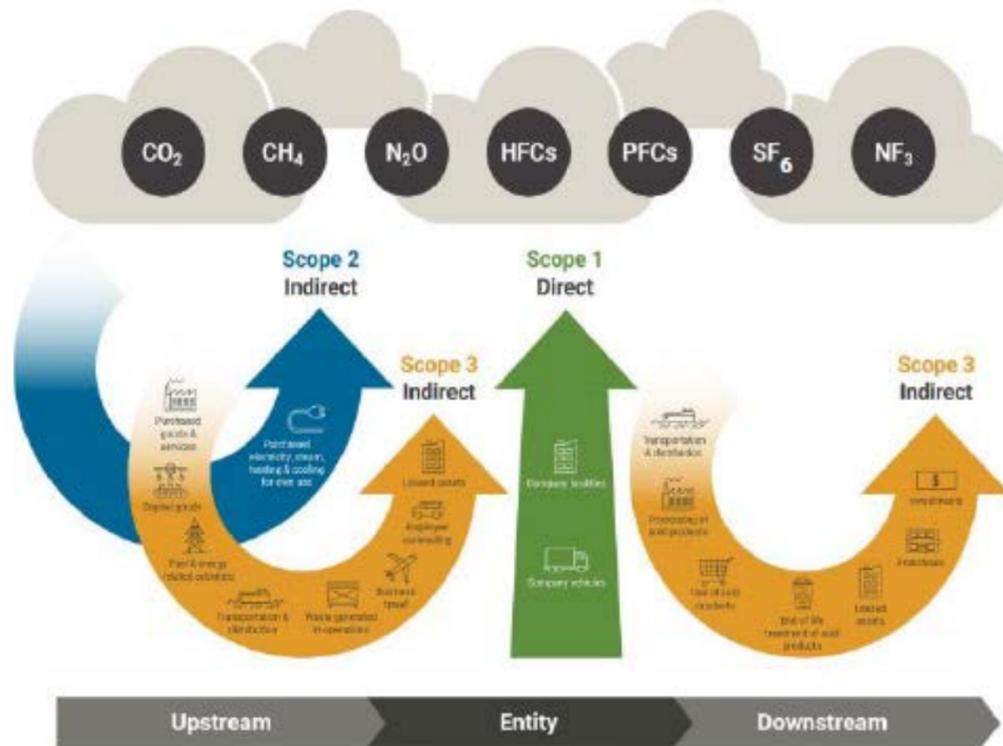
GHG Protocol was used as a guide when calculating and reporting Group emissions.

The Group adopted an operational control approach for the consolidation of the Group GHG emissions which includes 376 stores, company fleet and four support offices.

Franchised stores will form part of Scope 3 emissions. The Group has excluded warehouses and storage units from Scope 1 and Scope 2 emissions.

Scope 2 emissions are reported using location-based approach. No contractual instruments or energy attribute certificates from specific suppliers are currently used by the Group.

A market-based approach is not required to be reported under XRB NZ CS1 and therefore has not been presented.



Source: XRB - getting started on measuring your emissions

The following sources were used for respective conversion factors and unit ratios when calculating the Group GHG emissions:

Emission Factor Source	Region	Global Warming Potential (GWP)
Ministry for the Environment. 2023. <i>Measuring emissions: A guide for organisations: 2023. Emission Factor Workbook (MFE)</i>	New Zealand Australia Hawaii California	<i>IPCC Fifth Assessment Report (AR5) 2014 is used for the GWP of GHGs</i>
Australian National Greenhouse Accounts Factors Workbook 2023, Australian Government Department of Climate Change, Energy, the Environment and Water (ANG)	Australia	<i>IPCC Fifth Assessment Report (AR5) 2014 is used for the GWP of GHGs</i>
US Environmental Protection Agency - GHG emissions factors hub, September 2023 (EPA)	Hawaii California	<i>IPCC Fourth Assessment Report (AR4), 2007 is used for the GWP of GHGs</i>
California Air Resources Board, GHG Global Warming Potentials Website (CARB)	New Zealand Hawaii California	<i>IPCC Fifth Assessment Report (AR5), 2014 is used for the GWP of GHGs</i>
UK Government GHG Conversion Factors for Company Reporting, June 2023 (UKG)	New Zealand	<i>IPCC Fifth Assessment Report (AR5), 2014 is used for the GWP of GHGs</i>

CRITERIA USED TO PREPARE OUR GHG EMISSIONS - CONTINUED

Scope	Emission Source	Data Source	Emission Factor Used	Methodology, Estimates, Exclusions and Limitations	Uncertainty
Scope 1	Mobile Combustion - Fleet Fuel (Petrol and Diesel)	<ul style="list-style-type: none"> NZ, HA and CA: fuel amount obtained from fuel card reports. AU: mileage for vehicles derived from odometer readings taken across the year. 	<ul style="list-style-type: none"> NZ, AU: MFE HA, CA: EPA 	<ul style="list-style-type: none"> NZ, HA and CA: Conversion made from litres (NZ) and gallons (HA and CA) for relevant fuel type to tCO2e. Assumption that supplier reports are complete and accurate. AU: Car type, engine size and distance travel recorded. Conversion made to tCO2e. Assumption that odometer readings are accurate. 	<ul style="list-style-type: none"> NZ, HA, CA: Low AU: Moderate due to km-based calculation method
	Stationary Combustion - Natural Gas, LPG, Propane, Generator Fuel (Diesel)	<ul style="list-style-type: none"> NZ and AU: Supplier reports and invoicing. HA and CA: Supplier invoicing. 	<ul style="list-style-type: none"> NZ: MFE AU: ANG HA, CA: EPA 	<ul style="list-style-type: none"> All regions: Monthly invoices and reports from suppliers used for 'used fuel' amounts. Assumption that supplier invoicing is complete and accurate. AU: Due to data unavailability, November and December consumption was estimated for two stores based on previous months billing. HA: Due to data unavailability, estimation of gas usage for six stores (up to 12 months), made based on consumption for similar-size stores. Separate estimation made for partial missing data using previous month billing. Assumption made that natural gas usage does not vary significantly across the year. Synthetic and non-synthetic natural gas treated as same emission factor due to data unavailability; GHG emissions are therefore likely to be overstated in this category. 	<ul style="list-style-type: none"> NZ, AU, CA: Low HA: Moderate due to estimations
	Fugitive Emissions - Refrigerant Gas	<ul style="list-style-type: none"> NZ, AU and CA: Supplier reports and invoicing. HA: Supplier invoicing. 	<ul style="list-style-type: none"> NZ: MFE, CARB, UKG AU: MFE HA, CA: MFE, CARB 	<ul style="list-style-type: none"> All regions: Refrigerant type and top-up amount converted to tCO2e. NZ: Data taken directly from supplier reports. Gas from 15 stores excluded due to unavailability of data from vendor servicing stores in 2023. AU and CA: Data from supplier reports and invoicing. Assumption that supplier invoicing is complete and accurate. HA: Data from supplier invoicing. Assumption that supplier invoicing is complete and accurate. 	<ul style="list-style-type: none"> AU, HA, CA: Low NZ: Moderate due to incompleteness
Scope 2	Purchased Electricity	<ul style="list-style-type: none"> NZ and AU: Supplier reports and invoicing. CA and HA: Supplier invoicing. 	<ul style="list-style-type: none"> NZ: MFE AU: ANG HA, CA: EPA 	<ul style="list-style-type: none"> All regions: Supplier invoicing and reports used to derive full year consumption and converted to tCO2e. Estimation for AU, CA and HA support offices consumption made using size comparison of NZ office. Assumption made that store electricity usage does not vary significantly across the year. Assumption that supplier invoicing is complete and accurate. NZ: Estimation made for three stores where data was unavailable for FY23. Estimation based on similar size stores. Estimation made for partial missing days using previous month billing. AU: Estimation made based on previous months billing for one store where November and December data was unavailable. HA: Due to data unavailability, estimation of electricity usage for nine stores made based on consumption for similar-size stores. Estimation made for partial missing data using previous months billing. CA: Estimation made for partial missing data using previous month billing. 	<ul style="list-style-type: none"> NZ, AU, CA: Low HA: Moderate due to estimations

METRICS AND TARGETS

Restaurant Brands has set targets to reduce Scope 1 and 2 emissions by **30%** by the end of **2030** using 2023 as a base year. As a separate target, the Group has committed to a **10%** reduction in purchased electricity consumption by 2030.

The opportunities to reduce our emissions include:

- Replacing own fleet with electric and hybrid vehicles.
- Reducing fugitive emissions through improved maintenance and replacing high global warming potential (GWP) refrigerants with low-GWP substitutes.
- Using alternative energy sources where practical (e.g. replacing natural gas with renewable electricity).
- Reducing electricity consumption through better energy management, solar panel installation and LED lighting, increasing renewable energy in the purchased mix.
- Waste and packaging reduction initiatives (to be reviewed and confirmed in 2024).

Climate-related opportunities

- Due to the commercial sensitivity, Restaurant Brands is unwilling to disclose specifics of business activities which may benefit from any climate-related opportunity. Technology change is expected to be a significant contributor to the decarbonisation of our global operations, and for Scope 2 carbon emissions reduction – in particular. This is expected to be the case under all scenarios, but particularly under the SSP1-1.9 scenario which is aligned with the Net Zero 2050 policy.

Capital deployment

- As discussed on page 11, Restaurant Brands' capital allocation is aligned with its strategic plans and prioritised around the needs of our main business activities.
- While we have allocated some capital expenditure on a store-by-store basis, it is expected that emission reduction process will require a more comprehensive and structured planning process for capital allocation.

Internal emission price

- Currently Restaurant Brands doesn't have methodology to calculate the internal emission price. However with the development of our emissions reduction initiatives and obtaining data for our intensity metrics, operating expenditure and capital expenditure, an internal emission price may be addressed and developed in the future.

Remuneration linked to climate-related risks and opportunities

- Climate-related targets are currently under consideration and development for future inclusion in the Group remuneration structure.

METHODOLOGY AND DATA SOURCES USED FOR CLIMATE RISK ASSESSMENT

Restaurant Brands participated in the ‘Retail Sector Shared Scenarios Project’ led by KPMG which included several large NZ retail companies.

The outcome of this collaborative work was the “Integrated Climate Change Scenarios for New Zealand Retail Sector Report” published by KPMG in September 2023*. The report provided useful guidance and a foundation for our assessment of climate-related transition risks.

Physical Risk Assessment

The Group ESG function and Executive ESG Committee worked with regions on identifying and ranking the main physical and transition risks and the anticipated impacts**. Based on the feedback collected we have identified the list of stores with potentially high exposure to the physical risk - particularly under the second and third scenarios. The identified physical risks were cross-checked against a physical risk assessment report obtained by the Group from Marsh (independent third party consultants) which sets out the main current and future climate hazards for all our stores under the three scenarios.

Physical risk exposure and severity of the physical impacts under the SSP1-1.9 scenario is expected to be noticeably lower than under the other two scenarios used. The general assumption is that the additional 0.2°C increase in the average global temperature by the middle of the century (SSP1-1.9 scenario) will not lead to drastic changes in the weather patterns or materially elevated physical risk exposure for the Group between now and 2050. Consequently, we’ve obtained physical hazards data for scenario SSP1-2.6 (1.5-2.0°C) as an additional layer of stress testing under our most optimistic scenario.

Transition Risk Assessment

Group regions also provided a list of the main climate-related transition risks expected to rise or develop. These were reviewed and discussed with the Executive ESG Committee during the final ranking review. Additionally, New Zealand Supply and Quality team organised meetings with several major NZ suppliers to discuss the main climate-related risks and impacts anticipated in our supply chain. It has been agreed to continue this work with annual reviews to be scheduled going forward.

Current physical and transition risk assessment results will be used for evaluation of the anticipated financial impacts in 2024 and added, as deemed appropriate, to the Group capital allocation and strategic planning.

* The full report can be found on the KPMG website: <https://kpmg.com/nz/en/home/services/kpmg-impact/climate-change-and-decarbonisation/the-futures-of-retail.html>

** The additional external climate data sources used for the initial risk assessment conducted by the Group are :

- NASA sea level projection tool: <https://sealevel.nasa.gov/ipcc-ar6-sea-level-projection-tool>
- Climate Analytics - Climate impact explorer: <https://climate-impact-explorer.climateanalytics.org>
- World Bank - Climate change knowledge portal: <https://climateknowledgeportal.worldbank.org>
- California government location hazard tool: <https://myhazards.caloes.ca.gov>

CLIMATE-RELATED PHYSICAL RISKS

A summary of the Group's current exposure and risk index changes under the three scenarios by 2030, 2040 and 2050 are shown in the table below.

Overall, the physical risk impacts are not expected to vary materially under the three scenarios selected between now and 2050.

Some risks such as surface flood exposure are relevant across all four regions, and others such as wildfire weather stress or tropical cyclone exposure are more relevant or ranked higher only in some of our regions.

Although region-specific risk scores are elevated for some regions, the overall change between current levels and the 2050 time horizon is considered low to moderate.

Precipitation stress is currently projected to be the hazard that the Group will experience the most significant change in exposure to under the three scenarios.

Hawaii, including Guam and Saipan, is the only region where some stores are exposed to high or extreme tropical cyclones (Zones 4 and 5). This is not expected to change between now and 2050 under either scenario. Sea level rise hazard only shows high or extreme score for 5% of the Group assets, with half of those stores located in Hawaii.

The detailed breakdown showing the % of locations exposed to climate hazard by region under each scenario and the description of the main hazards is provided in the next three pages.

We have elected to use SSP1-2.6 (1.6°C) as a proxy for physical risk modelling under the first scenario on the basis that robust data was unavailable for all our regions under SSP1-1.9 (1.5°C).

While most of our stores are exposed to climate-related physical risks, the physical risk exposure tables only include information for stores with high or extreme risk score.

GROUP MAIN CLIMATE HAZARDS SUMMARY**	Current	SSP1-2.6 2030	SSP1-2.6 2040*	SSP1-2.6 2050	SSP1-2.6 change by 2050	SSP2-4.5 2030	SSP2-4.5 2040*	SSP2-4.5 2050	SSP2-4.5 change by 2050	SSP3-7.0 2030	SSP3-7.0 2040*	SSP3-7.0 2050	SSP3-7.0 change by 2050
FLUVIAL (RIVER) FLOOD EXPOSURE % of locations in 50- & 100-year return zone	12%	13-14%	13-14%	14-15%	+3%	16%	16%	17%	+5%	18%	18%	18%	+6%
PRECIPITATION STRESS % of locations with high or extreme score	52%	60%	60%	60%	+8%	57%	59%	60%	+8%	55%	58%	62%	+10%
FIRE WEATHER STRESS % of locations with high or extreme score	37%	38%	38%	38%	+1%	38%	39%	39%	+2%	38%	38%	39%	+2%
SEA LEVEL RISE (BY 2100) % of locations with high or extreme score	-	-	-	5%	-	-	-	5%	-	-	-	5%	-

* Mean between 2030 and 2050 is used

**Description of each hazard can be found in the Appendix

Colour coding: 0-5% increase, 6-10% increase, 11%+ increase

ASSETS EXPOSED TO PHYSICAL RISK UNDER SSP1-2.6 SCENARIO

SSP1-2.6	CURRENT					2030					2050				
REGION EXPOSURE	NZ	AU	HA	CA	ALL	NZ	AU	HA	CA	ALL	NZ	AU	HA	CA	ALL
FLUVIAL (RIVER) FLOOD EXPOSURE % of locations exposed to 50-year & 100-year return period	6%	16%	15%	17%	12%	MARGINAL CHANGE IS ASSUMED (compared to the other two scenarios)									
PLUVIAL (FLASH/SURFACE) FLOOD EXPOSURE % of locations in Zones 5 and 6	0%	25%	79%	2%	20%	-	-	-	-	-	-	-	-	-	-
PRECIPITATION STRESS % of locations with high or extreme score	74%	89%	20%	0%	52%	76%	94%	20%	27%	60%	77%	89%	20%	30%	60%
TROPICAL CYCLONE EXPOSURE % of locations in Zones 4 and 5 (252km/h and higher)	0%	0%	17%	0%	3%	NO CHANGE ASSUMED (in line with the other two scenarios)									
FIRE WEATHER STRESS % of locations with high or extreme score	0%	4%	79%	95%	37%	0%	4%	79%	99%	38%	0%	5%	80%	99%	38%
WILDFIRE EXPOSURE % of locations in Zones 3 and 4	0%	6%	4%	20%	6%	-	-	-	-	-	BY 2100				
SEA LEVEL RISE % of assets with high or extreme exposure by 2100	-	-	-	-	-	-	-	-	-	-	3%	7%	12%	0%	5%

ASSETS EXPOSED TO PHYSICAL RISK UNDER SSP2-4.5 SCENARIO

SSP2-4.5	CURRENT					2030					2050				
REGION EXPOSURE	NZ	AU	HA	CA	ALL	NZ	AU	HA	CA	ALL	NZ	AU	HA	CA	ALL
FLUVIAL (RIVER) FLOOD EXPOSURE % of locations exposed to 50-year & 100-year return period	6%	16%	15%	17%	12%	9%	19%	17%	26%	16%	10%	19%	17%	26%	17%
PLUVIAL (FLASH/SURFACE) FLOOD EXPOSURE % of locations in Zones 5 and 6	0%	25%	79%	2%	20%	-	-	-	-	-	-	-	-	-	-
PRECIPITATION STRESS % of locations with high or extreme score	74%	89%	20%	0%	52%	76%	92%	20%	17%	57%	81%	91%	20%	25%	60%
TROPICAL CYCLONE EXPOSURE % of locations in Zones 4 and 5 (252km/h and higher)	0%	0%	17%	0%	3%	0%	0%	17%	0%	3%	0%	0%	17%	0%	3%
FIRE WEATHER STRESS % of locations with high or extreme score	0%	4%	79%	95%	37%	0%	4%	80%	99%	38%	0%	8%	80%	99%	39%
WILDFIRE EXPOSURE % of locations in Zones 3 and 4	0%	6%	4%	20%	6%	-	-	-	-	-	BY 2100				
SEA LEVEL RISE % of assets with high or extreme exposure by 2100	-	-	-	-	-	-	-	-	-	-	3%	8%	13%	0%	5%

ASSETS EXPOSED TO PHYSICAL RISK UNDER SSP3-7.0 SCENARIO

SSP3-7.0	CURRENT					2030					2050				
REGION EXPOSURE	NZ	AU	HA	CA	ALL	NZ	AU	HA	CA	ALL	NZ	AU	HA	CA	ALL
FLUVIAL (RIVER) FLOOD EXPOSURE % of locations exposed to 50-year & 100-year return period	6%	16%	15%	17%	12%	10%	19%	17%	30%	18%	11%	19%	17%	29%	18%
PLUVIAL (FLASH/SURFACE) FLOOD EXPOSURE % of locations in Zones 5 and 6	0%	25%	79%	2%	20%	-	-	-	-	-	-	-	-	-	-
PRECIPITATION STRESS % of locations with high or extreme score	74%	89%	20%	0%	52%	76%	91%	20%	10%	55%	79%	96%	20%	30%	62%
TROPICAL CYCLONE EXPOSURE % of locations in Zones 4 and 5 (252km/h and higher)	0%	0%	17%	0%	3%	0%	0%	17%	0%	3%	0%	0%	17%	0%	3%
FIRE WEATHER STRESS % of locations with high or extreme score	0%	4%	79%	95%	37%	0%	4%	79%	99%	38%	0%	5%	80%	100%	39%
WILDFIRE EXPOSURE % of locations in Zones 3 and 4	0%	6%	4%	20%	6%	-	-	-	-	-	BY 2100				
SEA LEVEL RISE % of assets with high or extreme exposure by 2100	-	-	-	-	-	-	-	-	-	-	3%	8%	13%	0%	5%

CLIMATE-RELATED TRANSITION RISKS AND IMPACTS

Restaurant Brands used the three scenarios (covered in the Strategy section) to generate a list of the main climate-related transition risks faced by the Group within the next 25 years. The Group ESG Executive team discussed and shared risks with several large vendors and received inputs from regional leaders. Depending on the severity or scale of the possible impacts, all risks were categorised using “low”, “medium”, “high” or “extreme” ranking under each of the three selected scenarios (all transition risks were assumed as low or medium for the Group in 2025-2050). The list and ranking of transition risks are shown in the next page.

All of our operations are exposed to key transition risks due to the nature of the Quick Service Restaurants industry. However, the diverse geography of our portfolio means that those risks may elevate at different times and with a different severity across our four regions.

Based on our analysis, we consider insurance, borrowing costs and consumer preferences as the transition risks most likely to impact our business.

No high or extreme anticipated impacts have been assumed under the selected scenarios for the period 2025-2050.



CLIMATE-RELATED TRANSITION RISKS AND IMPACTS

SCENARIO		SSP1-1.9			SSP2-4.5			SSP3-7.0			POSSIBLE MITIGATION
TRANSITION RISK	TIME HORIZON	2025 2030	2031 2040	2041 2050	2025 2030	2031 2040	2041 2050	2025 2030	2031 2040	2041 2050	
Legal & regulatory requirements leading to increased cost of compliance		med.	med.	med.	low	low	med.	low	low	low	Ensure adequate resource is available to comply with the new policies and capital allocated to support environmental initiatives.
Consumer preferences change towards alternative proteins resulting in sales decline		med.	med.	med.	low	low	med.	low	low	low	Monitor customer preferences and explore options of enhancing our offer to the market.
Decreased consumer buying power caused by financial instability or high inflation/cost of living		med.	med.	low	low	low	med.	low	low	low	Explore options to diversify our menu, offer substitutes or enter other market segments.
Increased costs of upstream distribution		med.	med.	med.	low	low	med.	low	low	med.	Work together with vendors on alternative options, invest in local growers or vertical integration.
Disruptions in upstream distribution, shortages, frequent change of suppliers		low	med.	med.	low	low	med.	low	low	med.	Monitor global food and commodity markets, have action or back-up plans for all critical categories.
Poor brand reputation impacting ability to attract and retain talent		med.	low	low	low	low	med.	low	low	med.	Improved brand perception and recognition through good corporate governance, social initiatives and environmental action.
Scoring poorly in ESG rankings will impact the access to capital & cost of borrowing		med.	med.	med.	low	low	med.	low	low	low	Full compliance with policies and regulations, good governance, achieving group emission reduction targets.
The availability or the cost of insurance		med.	med.	med.	low	low	med.	low	low	med.	Regular asset portfolio review added to strategic planning. Insurance cost optimisation, self-insurance.

CLIMATE-RELATED OPPORTUNITIES

Additionally, opportunities arising from the climate-related impacts were discussed with the Group Executive ESG team and divisional leaders. The following opportunities have been identified and mapped against the respective scenarios.

SCENARIO		SSP1-1.9			SSP2-4.5			SSP3-7.0		
OPPORTUNITY	TIME HORIZON	2025 2030	2030 2040	2040 2050	2025 2030	2030 2040	2040 2050	2025 2030	2030 2040	2040 2050
<i>Increased local or in-house production helping to reduce/offset upstream distribution cost. Cost pressure and/or warmer climate conditions will allow to grow and source more ingredients locally or invest in vertical integration</i>			X				X			X
<i>Increased cooperation between manufacturers, suppliers, and retailers to reach climate targets will drive efficiencies and cost reduction in the value chain</i>		X	X	X			X			
<i>Waste-conscious consumer behaviour will lead to the reduction in waste-handling and packaging costs, increased recoveries, and decarbonisation</i>			X	X						
<i>Technology change leading to increased efficiencies/reduced costs, automation, and increased pace of decarbonisation</i>		X	X	X			X			

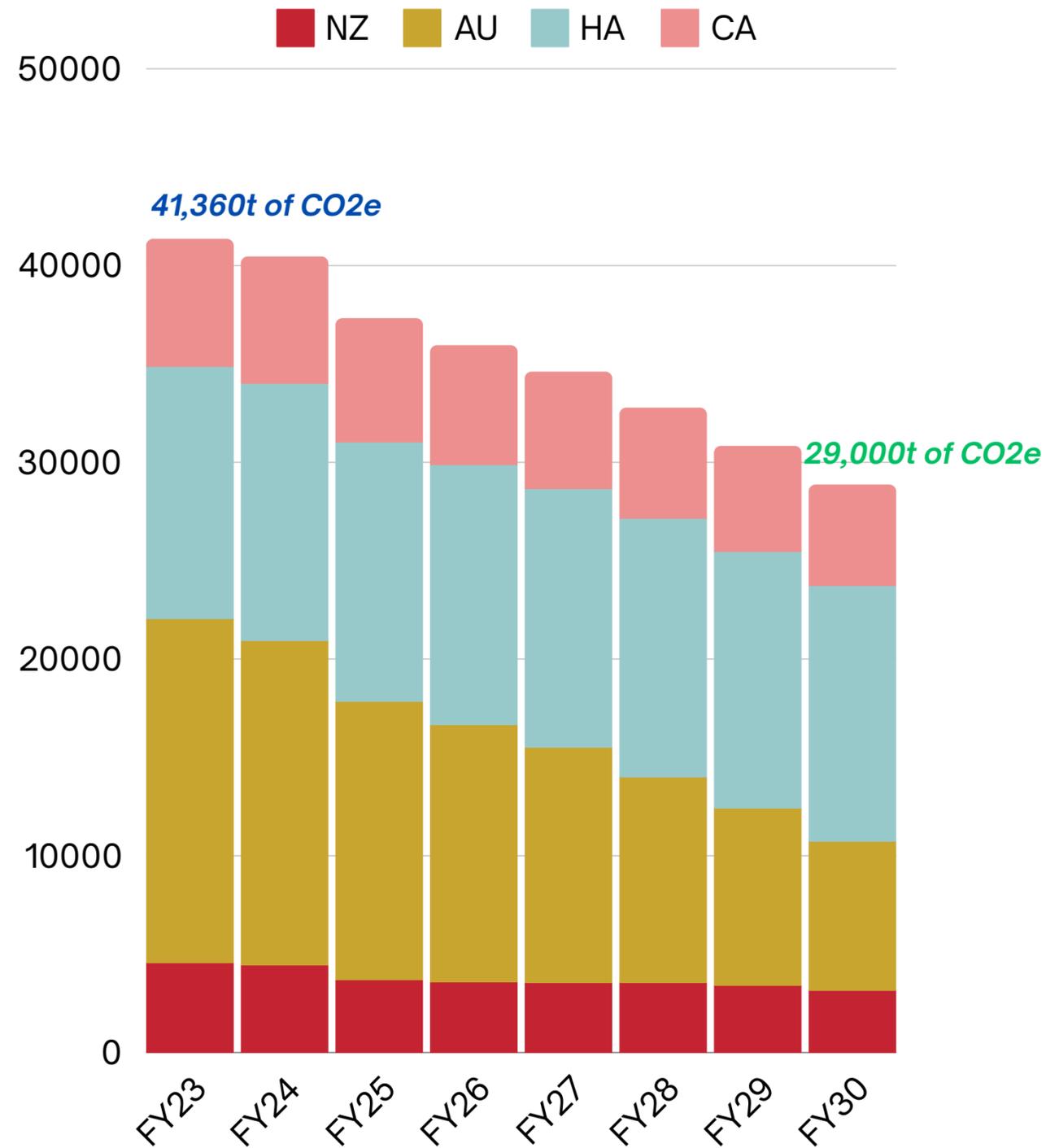
Further comprehensive analysis is required to scope and evaluate the financial impacts associated with climate-related risks and opportunities under the respective scenarios. The physical risk exposure report and transition risks and impacts identified and provided in this disclosure will be used when modelling the financial impacts under the three scenarios.

The outcome then will be shared with the leadership team and relevant inputs will be used for strategic planning and capital allocation from 2024 onwards.

This task will be performed in 2024 with details provided in our next climate disclosures report.

Provision 2 of the NZ CS 2 providing the exemption from disclosing the anticipated financial impacts is adopted in this report.

30% Group Scope 1-2 Emissions Reduction by 2030



GROUP TARGETS

- The Group Scope 1-2 emissions reduction target is set at 30% by 2030 against 2023 base.
- This is approximately a quarter less than required by the science-based target aligned with the 1.5°C global warming scenario.
- The 30% reduction target is set for absolute and intensity direct emissions metrics: reduction of Scope 1-2 total tonnes of CO2e, and tonnes of CO2e per store and per \$m sales.
- The target may be re-assessed based on internal or external factors, such as changes in the emission factors released by the respective authorities, updated climate projections or changes in technology or legislation.
- As a separate target, 10% reduction in purchased electricity by 2030 against 2023 baseline for the Group is set and approved by the Board.
- Because those are new targets, the Group performance against the GHG emissions reduction target will be reviewed and reported annually.
- No interim targets are set currently.
- No offsets are currently assumed or factored in for achieving the GHG emissions reduction target. This option may be re-assessed later if required, after actual data is collected and tracking against the target based on historical performance is reviewed and evaluated.

INDEPENDENT ASSURANCE



Independent Assurance Report

To the Directors of Restaurant Brands New Zealand Limited

Limited Assurance Report on Restaurant Brands New Zealand Limited's Greenhouse Gas Emissions

Our conclusion

We have undertaken a limited assurance engagement on the Total Scope 1 and Total Scope 2 Greenhouse Gas Emissions (the Subject Matter Information) of Restaurant Brands New Zealand Limited (Restaurant Brands or the Company) and its subsidiaries (the Group), contained in the Current Group GHG Emissions Profile (tonnes CO₂e by category) disclosed on page 19 of the Environmental Report and Climate-Related Disclosures Report (the CRD Report) for the year ended 31 December 2023.

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 Total Scope 1 and Total Scope 2 Greenhouse Gas Emissions for the year ended 31 December 2023 are not prepared, in all material respects, in accordance with the *Criteria Used To Prepare Our Greenhouse Gas Emissions* (the Criteria) applied as explained on pages 21 and 22 of the CRD Report.

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

Basis for conclusion

We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements (New Zealand) 3410, *Assurance Engagements on Greenhouse Gas Statements* (ISAE (NZ) 3410), issued by the New Zealand Auditing and Assurance Standards Board. That standard requires that we plan and perform this engagement to obtain limited assurance about whether the Subject Matter Information is free from material misstatement.

We assessed the Subject Matter Information against the Criteria. The Subject Matter Information needs to be read and understood together with the Criteria. The Subject Matter Information (on page 19 of the CRD Report), comprises:

Greenhouse Gas Emissions for the year ended 31 December 2023	Total Group (gross tonnes CO ₂ e)
Total Scope 1	7,530.9
Total Scope 2	33,829.2



Emphasis of matter - Estimations

We draw attention to the *Methodology, Estimates, Exclusions and Limitations* disclosure on page 22 of the CRD Report in which the Group describes its key estimates made for all relevant Scope 1 and Scope 2 emission categories. For Scope 2 emissions related to certain stores in Hawaii, where data was not available for part of the population, estimations have been made to arrive at the reportable value based on extrapolation of existing and comparable data. Our assurance conclusion is not modified in respect of this matter.

Directors' responsibilities

The Directors are responsible on behalf of the Company for the preparation of the CRD Report, including the Subject Matter Information in accordance with the Criteria, applied as explained on pages 21 and 22 of the CRD Report. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of the Subject Matter Information that is free from material misstatement, whether due to fraud or error.

Our independence and quality management

We have complied with the independence and other ethical requirements of Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board, which is founded on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

We apply Professional and Ethical Standard 3 *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, which requires 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.

We are independent of the Group. In addition to our roles as financial statement auditor and as assurance practitioners, our firm provides other services including specified procedures on landlord certificates, and a whistleblower call line service. The provision of these other services and relationships has not impaired our independence as assurance practitioners and financial statement auditor of the Group.

Assurance practitioner's responsibilities

Our responsibility is to express a limited assurance conclusion on the Subject Matter Information based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with ISAE (NZ) 3410. That standard requires that we plan and perform this engagement to obtain limited assurance about whether the Subject Matter Information is free from material misstatement.

A limited assurance engagement undertaken in accordance with ISAE (NZ) 3410 involves assessing the suitability in the circumstances of the Group's use of the Criteria as the basis for the preparation of the Subject Matter Information, assessing the risks of material misstatement of the Subject Matter Information whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the Subject Matter Information as disclosed in the CRD Report. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

The procedures we performed were based on our professional judgement and included enquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records.



Our limited assurance procedures included the following:

- Enquiries of management to obtain an understanding of the overall governance and internal control environment, risk management processes and procedures relevant to the Subject Matter Information;
- Evaluation of the appropriateness of the Criteria, quantification methodology and reporting policies used, and the reasonableness of estimates made by the Group;
- Analytical review and trend analysis of the Subject Matter Information;
- Recalculation of the Subject Matter Information;
- Sample testing the underlying source data to supportive evidence; and
- Evaluation of the overall presentation of the Subject Matter Information and its Criteria.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether the Subject Matter Information has been prepared, in all material respects, in accordance with the Criteria applied as explained on pages 21 and 22 of the CRD Report.

Inherent limitations

Because of the inherent limitations of an assurance engagement, together with the internal control structure, it is possible that fraud, error or non-compliance may occur and not be detected.

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.

Use of Report

This report, including our conclusions, has been prepared solely for the Directors of the Company.

Our report should not be used for any other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility for any reliance on this report to anyone other than the Directors of the Company, as a body, or for any purpose other than that for which it was prepared.

PricewaterhouseCoopers
24 April 2024

Wellington, New Zealand

APPENDIX

CLIMATE HAZARD SCORE REFERENCE (MARSH)

Peril	Description of current and projected climate hazard scores	Scenario
Tropical Cyclone	Tropical Cyclone zones (100 year return period). The Tropical Cyclone projections are based on published model run results of the High-Resolution Forecast-Oriented Low Ocean Resolution (HiFLOR) model at the NOAA Geophysical Fluid Dynamics Laboratory (GFDL). The HiFLOR model allows the user to assess how climate change will alter the frequency and intensity of tropical cyclones. The scientific results are used for remodelling the NATHAN hazard zones, represented by the five-level scale for the probable maximum intensity with an exceedance probability of 10% in 10 years (equivalent to return period of 100 years).	RCP 4.5, RCP 8.5
Storm surge	Munich Re's Global Storm Surge Zones provide information about the frequency of flooding due to storm surge from the ocean. In areas affected by tropical cyclones, a fully probabilistic storm surge model is used to calculate the hazard zones	-
River Flood	River Flood zones (100 & 500 year return period). The flood projections follow a hybrid method using the output from the latest high-resolution CMIP5 global climate model runs and global land surface models to estimate changes in peak water runoff at hydrological basin resolution. These changes in peak runoff are then used to scale current river flood maps, using flood depth data from JBA Risk Management.	RCP 4.5, RCP 8.5
Flash Flood	Flash Flood zones are represented in 6 zones starting from Zone 1 (low hazard) to Zone 6 (high hazard). The flash flood map is based - on meteorological data as well as soil, terrain and hydrographic data (slope and flow accumulation). The meteorological data includes the amount, variability and extreme behavior of rainfall. MunichRE also considers soil-sealing maps (impervious surfaces), curvature (terrain elevation data), slope and flow accumulation as modifiers.	
Sea Level Rise	Zones are based on a 30m resolution for flooding hazard by sea-level rise. The extents of potentially flooded areas are given by storm surge events with a 100-year return period. Sea-level rise zones were modelled on the basis of high-resolution elevation data from the ALOS elevation model and sea-level rise projections from climate models. This enables the identification of five different hazard classes describing the potential hazard level, from no hazard to extreme hazard.	RCP 2.6, RCP 4.5, RCP 8.5
Precipitation Stress	Precipitation Stress Index based on heavy precipitation indicators Due to global warming and in particular to warmer oceans, air contains more moisture. This can lead to an intensification of high-precipitation events and an alteration of the frequency of such events. The impact of climate change on precipitation is very heterogenous globally, which is caused by its fine-scale features. which can lead to crop damage, soil erosion and increased flood risk.	SSP1 2.6, SSP2 4.5, SSP3 7.0, SSP5 8.5
Heat Stress	This Index is based on range of high temperature indicators. Relevant heat parameters are modelled on the basis of ERA5 ECMWF atmospheric reanalysis data (~25 km horizontal resolution) for the reference period and data from latest high-resolution local (CORDEX) and global (CMIP5) climate models for the future. The Heat Stress Index combines relevant information from these parameters and classifies the climatological heat stress situation on a scale ranging from 0 (very low) to 10 (very high)..	SSP1 2.6, SSP2 4.5, SSP3 7.0, SSP5 8.5
Fire Weather Stress	Climatological Index for Fire Weather Stress. Wildfires are a destructive hazard, which can occur naturally and be caused by humans. They burn down vegetation and lead to destruction of infrastructure and economic resources. Fire events are often accompanied by secondary effects including erosion, landslides, impaired water quality and smoke damage. The Fire Weather Stress Index is based on the Fire Weather Index (FWI), which describes the climatological conditions for wildfire. The FWI is a widely used numeric rating, combining the probability of ignition, the speed and likelihood of fire spread and the availability of fuel.	SSP1 2.6, SSP2 4.5, SSP3 7.0, SSP5 8.5
Drought Stress	Drought Stress Index based on Standardized Precipitation-Evapotranspiration Index (SPEI) [projection only] Increasing temperature in addition to changes in precipitation patterns can cause drier weather conditions and hence more intense and frequent drought events, which can have severe economic, environmental and social impacts. The Drought Stress Index describes the change in the water balance, characterised by the change in precipitation and potential evapotranspiration.	SSP2 4.5, SSP5 8.5
Cold Stress	The Cold Stress Index combines several temperature-related parameters and classifies climatological cold stress. Parameters included are: Annual Minimum Temperature, Annual Mean Daily Minimum Temperature, Annual Cold Spell Duration Index Days, Frost Days, Ice Days.	SSP1 2.6, SSP2 4.5, SSP3 7.0, SSP5 8.5