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29 October 2024

NZX | ASX | MEDIA RELEASE
TOURISM HOLDINGS LIMITED (*thl*)

THL RELEASES FY24 CLIMATE STATEMENTS

thl (NZX/ASX: THL) advises that it has published its FY24 Climate Statements. A copy is attached to this announcement.

This is ***thl***'s first report under the mandatory NZ Climate Standards regime and covers the twelve months to 30 June 2024. The report should be read in conjunction with ***thl***'s FY24 Integrated Annual Report.

The report is available on ***thl***'s website at www.thlonline.com.

For any questions relating to the report, please contact:

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ENDS

Authorised by:

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About ***thl*** (www.thlonline.com)

thl *is a global tourism operator listed on the NZX and ASX (code: THL) and is the largest commercial RV rental operator in the world. In New Zealand/Australia,* ***thl*** *operates rental brands (Maui, Britz, Apollo, Mighty, Hippie, Cheapa Campa), manufacturing (Action Manufacturing, Apollo), retail brands (Talvor, Kea, Winnebago, Adria, Coromal, Windsor), retail dealerships (RV Super Centre, Apollo RV Sales, Kratzmann, George Day, Sydney RV, Camperagent), travel technology (Triptech) and tourism attractions (Kiwi Experience and the Discover Waitomo Group, which includes Waitomo Glowworm Caves, Ruakuri Cave, Aranui Cave and The Legendary Black Water Rafting Co.). In North America,* ***thl*** *operates the Road Bear RV, El Monte RV, CanaDream, Britz and Mighty rental brands. In UK and Europe,* ***thl*** *operates the Just go, Apollo and Bunk Campers rental brands.*

42°56’ S
171°33’ E

FY24 Climate Statements

thl®

CLIMATE-RELATED
DISCLOSURES 2024

Contents

About these climate statements

This document is ***thl***'s first mandatory Climate-Related Disclosures (**CRD**) report. It relates to the reporting period 1 July 2023 to 30 June 2024 and constitutes ***thl***'s Climate Statements in respect of that period under the Financial Markets Conduct Act 2013 (**FMCA**). Under the FMCA, ***thl*** is required to produce climate statements that comply with the Aotearoa New Zealand Climate Standards (**NZ CS**) 1, 2 and 3 issued by the External Reporting Board (**XRB**). Accordingly, this document has been prepared in compliance with NZ CS 1, 2 and 3, and covers four thematic areas: Governance, Strategy, Risk Management and Metrics and Targets.

thl has chosen to use the following NZ CS 2 adoption provisions for this FY24 report, meaning the disclosures in this CRD do not cover these aspects of NZ CS:

- Adoption provision 1: *Current financial impacts*
- Adoption provision 2: *Anticipated financial impacts*
- Adoption provision 3: *Transition planning (noting that **thl** provides a description of its progress towards developing the transition plan aspects of its strategy, as required by NZ CS 2)*
- Adoption provision 4: *Subset of Scope 3 GHG emissions sources.* Emissions sources excluded are disclosed in the GHG Methods and Assumptions section of this report.
- Adoption provision 6: *Comparatives for metrics*
- Adoption provision 7: *Analysis of trends*

This report sets out ***thl***'s initial approach to scenario analysis, ***thl***'s current understanding of, and response to, ***thl***'s climate-related risks and opportunities (CR&O) and its initial understanding of the current and anticipated impacts of climate change. This reflects ***thl***'s current understanding as at October 2024 in respect of the 12 months ended 30 June 2024.

These statements contain disclosures that rely on early and evolving assessments of current and forward-looking information, incomplete and estimated data, and our related judgements, opinions and assumptions. We have sought to provide accurate information in respect of the year ended 30 June 2024, but we caution reliance being placed on representations that are necessarily subject to significant risks, uncertainties and/or assumptions. Climate change is an evolving challenge, with high levels of uncertainty and significant data challenges, particularly over long-term horizons. Descriptions of the current and anticipated impacts of climate change on ***thl*** and its subsidiaries are therefore necessarily estimates only.

In particular, these statements contain forward-looking statements and opinions, such as potential impacts, climate scenario narratives, targets, forecasts, potential global responses to climate change, government policy, regulatory developments, the development of various technologies, the future plans, strategies and objectives of management, and statements of ***thl***'s current intentions.

Forward-looking statements and opinions are based on historical experience, internal business data, external sources, and various other factors that ***thl*** believes are reasonable in the circumstances and based on its current understanding. These statements and opinions necessarily involve assumptions, forecasts and projections about our present and future strategies and the environment in which we will operate in the future. They reflect ***thl***'s current views on future events and are subject to change due to known and unknown risks, uncertainties, assumptions, estimates and other factors which are, in many cases, beyond ***thl***'s control, particularly as to inputs, available data and information which is likely to change.

Risks and opportunities described in this report, and ***thl***'s strategies to achieve its targets, may not eventuate or may be more or less significant than anticipated. Many factors can affect ***thl***'s actual results, performance or achievement of climate-related targets (or other metrics), and these may differ materially from what is described in this report, including due to economic and technological viability, government, consumer, and market factors outside ***thl***'s control.

Accordingly, while ***thl*** has made efforts to fairly present this climate-related disclosure, it gives no representation, guarantee, warranty or assurance about the future business performance of ***thl***, or that the outcomes expressed or implied in any forward-looking statement made in this document will occur. Actual outcomes may differ materially from those expressed or implied in this document. ***thl*** does not accept any liability for any loss arising directly or indirectly from any use of the information contained in this report, whether in respect of ***thl*** and/or its subsidiaries.

thl expects that some forward-looking statements made in this document may be amended, updated, recalculated, and restated in future documents as the quality and completeness of its data and methodologies continue to evolve and improve. ***thl*** does not:

- represent those statements and opinions will not change or will remain correct after publishing this report, or
- represent that it will revise or update those statements and opinions if events or circumstances change or unanticipated events happen after publishing this report.

This disclaimer should be read along with the methodologies, assumptions and uncertainties and limitations contained in this CRD report.

This report is not an offer document and does not constitute an offer or invitation or investment recommendation to distribute or purchase securities, shares, or other interests. Nothing in this report should be interpreted as capital growth, earnings or any other legal, financial, tax or other advice or guidance. For detailed information on our financial and sustainability performance, please refer to our Integrated Annual Report, available on https://www.***thl***online.com/financialinvestorinformation.

Introduction from Chair & CEO

As an operator in the RV industry across New Zealand, Australia, the United States, Canada, UK and Ireland, our RVs provide an enjoyable and convenient way for visitors to have 'unforgettable journeys' – enjoying access to nature and enriching cultural experiences. However, we recognise the broader impacts that our customers' journeys and our operations have on climate change.

We understand that ***thl*** has a role to play in combating climate change and since FY19 we have measured and reported greenhouse gas emissions and sustainability efforts as part of our Integrated Annual Report. This year, we present our first Climate-Related Disclosure report under the new Aotearoa New Zealand climate standards framework.

We have been on a journey to seek to integrate sustainability into our way of thinking. In FY19, we adopted the Future-Fit Business Benchmark with ambitions to work towards achieving the Benchmark's 23 science-based Break-Even goals, many of which relate to greenhouse gas emissions. Among other things, the Benchmark provided us with a mindset – the terminology we use in the business today is whether our actions are *future-fit* – and this now has application beyond simply goals and a framework.

The challenge to decarbonise

The biggest challenge and opportunity we see today for reducing our emissions is the transition to a low or zero-emissions fleet. Progress has been slower than we would like. Despite being one of the largest RV rental operators globally, we are a 'technology-taker' and small in comparison to our suppliers – global names in vehicle production – who are prioritising the decarbonisation of cars, light commercial vehicles and heavy freight vehicles. RVs, with their heavy payload and the need for range have not, to-date, been a priority for our key suppliers. Add to this the complexity of rapidly-changing technologies, an uncertain regulatory landscape and global supply chain challenges, and we're not where we'd like to be in terms of a low-emissions fleet. This is reflected in the profile of our material climate risks and opportunities, shared in this report.

Our approach in the face of this complexity has been to take 'small bets'. This means being technology-agnostic and undertaking pilot programmes to keep building on our experience and seeking to deliver our customers the experience and quality that they expect.

Cathy Quinn
CHAIR

Grant Webster
CEO

Action taken

Despite global supply-side challenges, we have been engaging on climate-related risks with industry associations such as the RV Industry Association in the United States. We're also in the midst of our second Future Fleet 'eRV' pilot programme in New Zealand using Ford E-Transit chassis, led by Action Manufacturing. Action Manufacturing also produced Australasia's first electric ambulance for Hato Hone St John.

Our new baseline footprint

Our FY23 greenhouse gas inventory (carbon footprint) was a 'transitional' footprint including seven months as a merged business with Apollo Tourism & Leisure and was reported in our FY23 Integrated Annual Report. This year we have 12 months' data as a merged business and are reporting our emissions separate to our Integrated Annual Report for the first time in this FY24 Climate Statements report. We are also, for the first time, reporting our more comprehensive Scope 3 value chain emissions inventory. We want to know the extent of the challenge we face to decarbonise, and to this end have prioritised data gathering. This means that we have included categories not previously reported and we have made assumptions where data is not readily available.

Due to these Scope 3 inclusions and new assumptions, our FY24 footprint is significantly larger than previous years, at 1.08m tonnes CO_2e. We are using our FY24 inventory as our new baseline footprint, and we will, in FY25, refine our science-aligned carbon reduction target. Our new baseline emissions profile will inform the work we will be doing across our business in FY25 to develop a climate response strategy including transition planning which we are calling 'Changing Gear'.

Thank you for taking the time to read our Climate Statements. While we know there is a significant challenge to decarbonise, with our new baseline footprint we are now clearer about the scale of the challenge. Please contact us with any feedback, ideas or opportunities to partner to help us achieve our shared goal of a low-emissions future: ***thl***sustainability@***thl***online.com.

Cathy Quinn
CHAIR

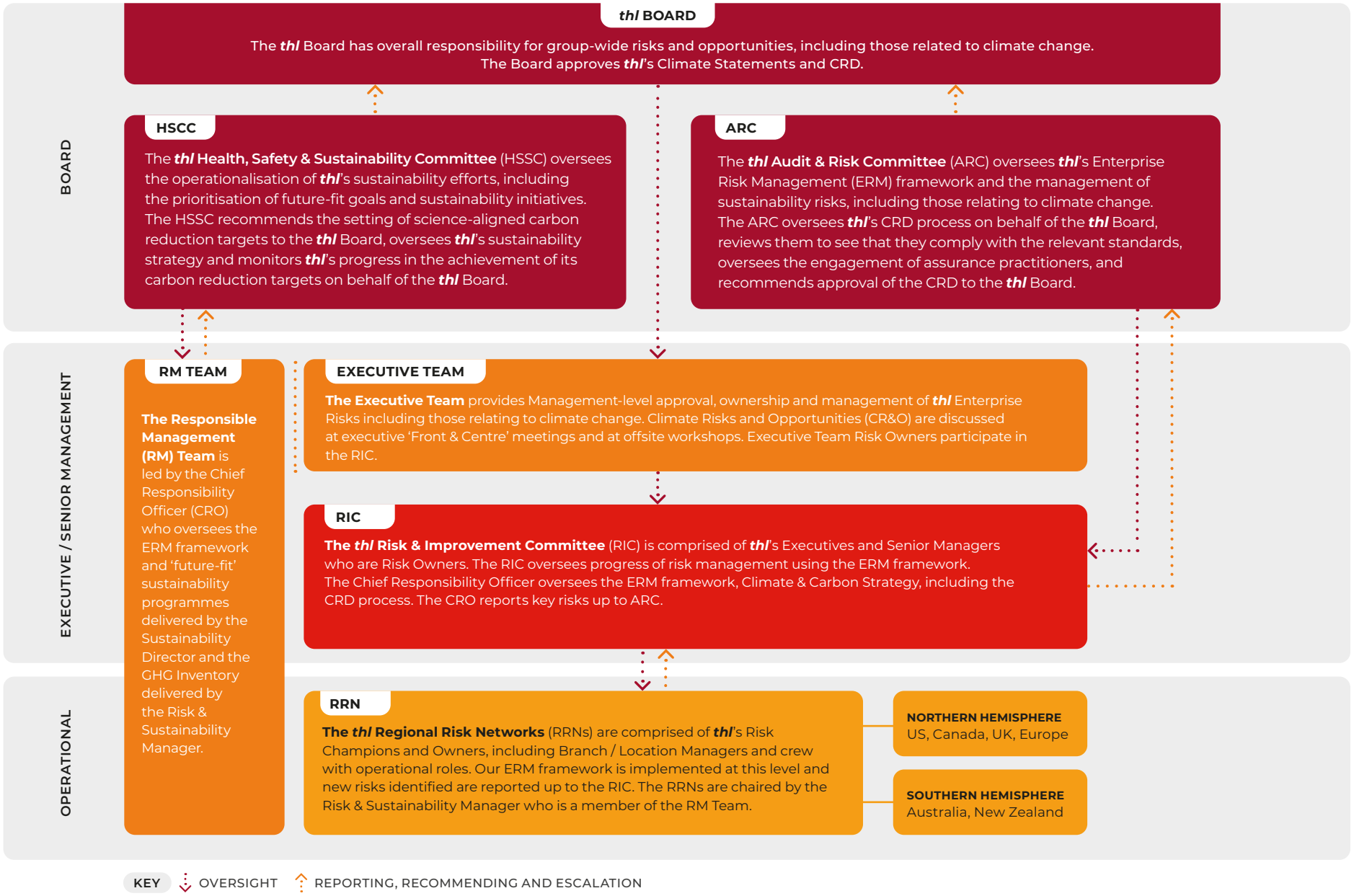
Grant Webster
CEO

Governance

thl's Board oversees and is ultimately responsible for group-wide risks and opportunities, including those relating to climate change. At the governance level, two Board committees are accountable as part of ***thl***'s management of climate-related risks and opportunities, the Audit and Risk Committee (ARC) and Health, Safety and Sustainability Committee (HSSC). Information about the role and responsibilities of the ARC and the HSSC are shown in the diagram below. Refer to section Principle 3 – Board Committees at pages 107-108 of the FY24 Integrated Annual Report for the composition of Board members for each committee.

Diagram 1 outlines the committees and groups at governance, management and operational levels within ***thl*** that are involved in addressing climate-related risks and opportunities and participate in ***thl***'s sustainability efforts.

Diagram 1: Enterprise Risk Management Framework



Board climate skills evaluation and training

ARC and HSSC meetings provide the forum for climate-related risks, opportunities and disclosures to be discussed by Committee members and with management. In addition to the Board committee members, the meetings are attended by the Chief Executive Officer (CEO), Chief Financial Officer (CFO), Deputy CFO, Company Secretary (CoSec), Chief Responsibility Officer (CRO) and other senior management as relevant. Following each meeting, the Chair of the ARC and HSSC provide a verbal update to the Board at the subsequent Board meeting on committee discussion points and recommendations.

Diagram 2 outlines ***thl***'s process by which CR&Os are reported to the Board.

Table 1: Information about Board and Sub-Committee Meetings[iii]

	Board	Board Sub-Committees	
		Audit & Risk Committee (ARC)	Health, Safety & Sustainability Committee (HSSC)
No. of Board members attending	8	5	5
Executive members attending	CEO, CFO, DCFO, CoSec	CEO, CFO, DCFO, CoSec, CRO	CEO, CFO, CoSec, CRO, CPTO
Minimum meetings to be convened annually under Charter	Six meetings	Three meetings	
Number of meetings convened in FY24	13	8	4

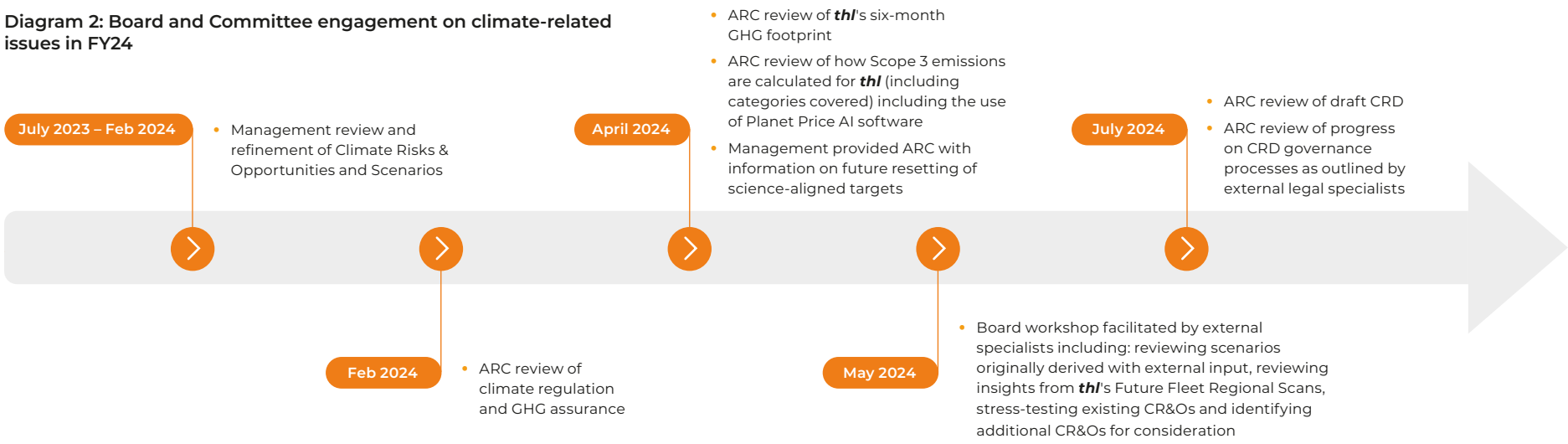
thl's Directors consider climate and sustainability in their strategic decision-making as part of Board strategy sessions, ARC meetings, and in annual business plan meetings where major capital investment is discussed and approved. Appropriate skills and competencies are maintained through Directors' involvement in other climate-reporting entities (CREs) as well as a number of ***thl***'s Directors being members of Chapter Zero New Zealand.[iv]

The Board has had input into redefining some of ***thl***'s material CR&Os in this year's reporting period, as well as identifying additional CR&Os for consideration by the RIC. The Board are kept informed about ***thl***'s CR&Os, and also participate in the process of defining ***thl***'s CR&Os and determining how climate risks might impact ***thl***'s business.

Management of Climate Risks & Opportunities

The Responsible Management team (RM Team) is led by ***thl***'s Chief Responsibility Officer (CRO) and comprises the employees ('crew') leading our work on Enterprise Risk Management (ERM) and sustainability, including Climate-Related Risks and Opportunities (CR&O). The team includes our Sustainability Director, Risk & Sustainability Manager, and our Sustainability Project Coordinator.[vi] The RM Team undertakes climate and carbon reporting associated with ***thl***'s CR&Os. The team works with stakeholders on the measurement and verification of ***thl***'s GHG emissions and, through the ERM framework works to identify, assess and mitigate ***thl***'s CR&Os.[vii] Management engages with the Board via attendance at Board meetings as shown in Table: Information about Board and Sub-Committee Meetings above.

Diagram 2: Board and Committee engagement on climate-related issues in FY24



The Board considers CR&Os when developing and overseeing the implementation of business plans and strategy.

The Board approved ***thl***'s first two years of voluntary disclosures, the outcomes of which have influenced ***thl***'s current strategic cycle. For example, one of ***thl***'s material climate risks relates to the lack of supply of low-emissions technology for ***thl*** RVs; the Board has asked ***thl***'s subsidiary, Action Manufacturing, to lead its *Future Fleet* strategy to explore available options on decarbonising ***thl***'s fleet of recreational vehicles (RVs).[xvii] The *Future Fleet* strategy takes a technologically agnostic approach, meaning that it considers not only battery-electric RVs (eRVs) but also hybrid engines and chassis that can support fuel sources such as biofuel and hydrogen. The Board has supported *Future Fleet* by directing capital to this strategy, for example by approving annual capital expenditure for ***thl***'s *Future Fleet* initiatives on an ongoing basis. As part of *Future Fleet*, ***thl***'s second eRV trial currently underway and involves six Britz Evolve eRVs developed in New Zealand in 2024 using Ford E-Transit chassis.[v]

Our sustainability metrics and goals[xxvii]

The Board has endorsed ***thl***'s adoption of the 23 science-based sustainability goals from the Future-Fit Business Benchmark (https://futurefitbusiness.org/) for internal decision making.[v] The Future-Fit Business Benchmark translates systems-science into principles, goals, and indicators. The most significant sustainability challenge for ***thl*** is making progress towards Future-Fit Break-Even (BE) Goal 18, which stipulates that products should emit no greenhouse gases.

thl FY24 Future-Fit Health Check

The HSSC oversees the Future-Fit Business Benchmark quantitative and qualitative metrics. ***thl***'s annual self-assessment 'Health Check' of ***thl***'s 23 future-fit sustainability goals is published in the Integrated Annual Report. The HSSC reviews progress against these 'Break-Even' (BE) Goals at its meetings and is responsible for monitoring future metrics at a governance level.[vi]

Energy is from renewable sources
BE01

Operations emit no **greenhouse gases**
BE06

Products can be **repurposed**
BE19

Procurement safeguards the pursuit of future-fitness
BE04

Products emit no **greenhouse gases**
BE18[vi]

The 23 Future-Fit BE Goals have been assessed and prioritised (see below) based on the materiality of sustainability impact and where ***thl*** has the greatest opportunity to make the greatest progress. ***thl*** has identified five priority BE Goals. The five priority BE Goals are addressed through targeted work streams in the global sustainability work programme.

For more information about the Future-Fit Business Benchmark goals, please visit: https://futurefitbusiness.org/explore-the-benchmark-and-key-concepts/

For information on how ***thl*** is progressing against our future-fit goals please see the following sections of our FY24 Integrated Annual Report https://tinyurl.com/***thl***fy24iar:

- Our Future-Fit Sustainability Journey – the first five years
- Global Sustainability Programme Progress

Carbon Emissions Reduction targets

As set out in the GHG Targets section below, ***thl*** has a science-aligned absolute carbon reduction target of 50.4% of our Scope 1 and 2 emissions by end FY32 from a FY20 baseline, previously approved by the Board. The ***thl*** Board monitors progress against this target by reviewing the GHG emissions data provided by the RM Team at the end of each financial year. Due to ***thl***'s merger with Apollo on 30 November 2022, in FY25 this target will be refined to use FY24 as the new, reset baseline year for all Scope 1, 2 and 3 emissions targets. ***thl*** aims to set interim and intensity GHG reduction targets in FY25.

Remuneration

Climate performance indicators are not currently tied to remuneration policies. ***thl*** intends to review climate change risk management indicators and consider linking incentive criteria to these. This will be considered by the Remuneration Committee in FY25.[vi]

Strategy

The Climate Standards require reporting entities to undertake climate scenario analysis to inform their identification of climate-related risks and opportunities and to test the resilience of their strategy.

About *thl*

thl is a leading global operator in the recreational vehicle (RV) industry and is dual-listed on the NZX and ASX. As a global leader in RV rentals, ***thl*** operates in New Zealand, Australia, the USA, Canada, UK & Ireland, with vertical integration across RV rentals and sales. In Australasia, ***thl*** manufactures motorhomes and specialist commercial vehicles. ***thl*** also manufactures and sells towable products (caravans and truck trailers) in Australia.

In addition to RV manufacturing, in New Zealand and Australia ***thl*** manufactures specialist commercial vehicles, including St John Ambulances and Alsco EV Freighter trucks. ***thl*** manages two tourism experiences in New Zealand: the Discover Waitomo glowworm cave activities and Kiwi Experience, a bus tour experience.

The ***thl*** Build/Buy – Rent – Sell business model and global RV and tourism footprint of over 30 brands aims to deliver unforgettable journeys to thousands of guests (customers) around the world and positions ***thl*** positively for the future as a world-class leader in the RV space.[xix]

To learn more about how we create value, see page 20 of our FY24 Integrated Annual Report.

Diagram 3:

How we create value

OUR RESOURCES

FINANCIAL
Our investors and access to capital

OUR CREW
Our talented crew and commitment to our core values

RELATIONSHIPS
Our partners, industry relationships and community connections

NATURE
The natural resources, ecosystems and destinations on which we depend

KNOWLEDGE
Our knowledge, skills and RV expertise from our vertically integrated build/buy-rent-sell model

INFRASTRUCTURE
Our multinational operations, facilities and equipment

Our global systems and technology

BUSINESS MODEL

OUR PURPOSE

Creating unforgettable journeys

OUR VALUES

Do the right thing
Be curious
Be happy to
Enjoy the ride

OUR IMPACTS AND OUTCOMES

- Revenue, growth and financial returns.
- Worldwide, world-class RV products and services.
- Guest travel and tourism experiences.
- Vertically integrated, multinational global RV business.

- Crew engagement and wellbeing.
- Healthy and safe workplaces.
- People Promise to provide the tools, skills and identity to succeed.
- Fostering a diverse and inclusive culture.
- Building our cultural capability.

- Deep connections in tourism and RV industry.
- Social licence to operate at our sites and where products are used.
- Responsible travel partnerships and programmes in each region.
- Working with suppliers to improve supply chain transparency, risks, sustainability performance and circularity.

- Climate impacts and carbon emissions from our fleet and operations including the sale of RVs.
- Transition plan to address climate-related risks and opportunities.
- Impacts of our products in communities and destinations guests visit.
- Promoting regenerative travel that positively impacts destinations.
- The sensitive ecosystems in which we operate in Waitomo, New Zealand.
- Resources used by our fleet and operations – fuel, energy and water – and the emissions and waste our activities generate.

- New fleet, technology, product design and development innovation.
- Action to address our greatest climate and carbon challenge – the emissions from our vehicle fleet.
- Strong, long-term supplier relationships in RV and tourism sectors.
- Complex global supply chain has social, environmental and economic impacts.

- Global network of sites and infrastructure expanded manufacturing facilities, equipment and operations.
- Future-Fit Branch Action Plans to manage impacts of water, energy, waste and emissions, and positive impacts on communities as well as congestion and potential impacts from freedom camping.
- Technologies and systems to manage complexity and growth.

ACTIVE GOVERNANCE AND RISK MANAGEMENT

An integrated, systems-based approach to sustainability

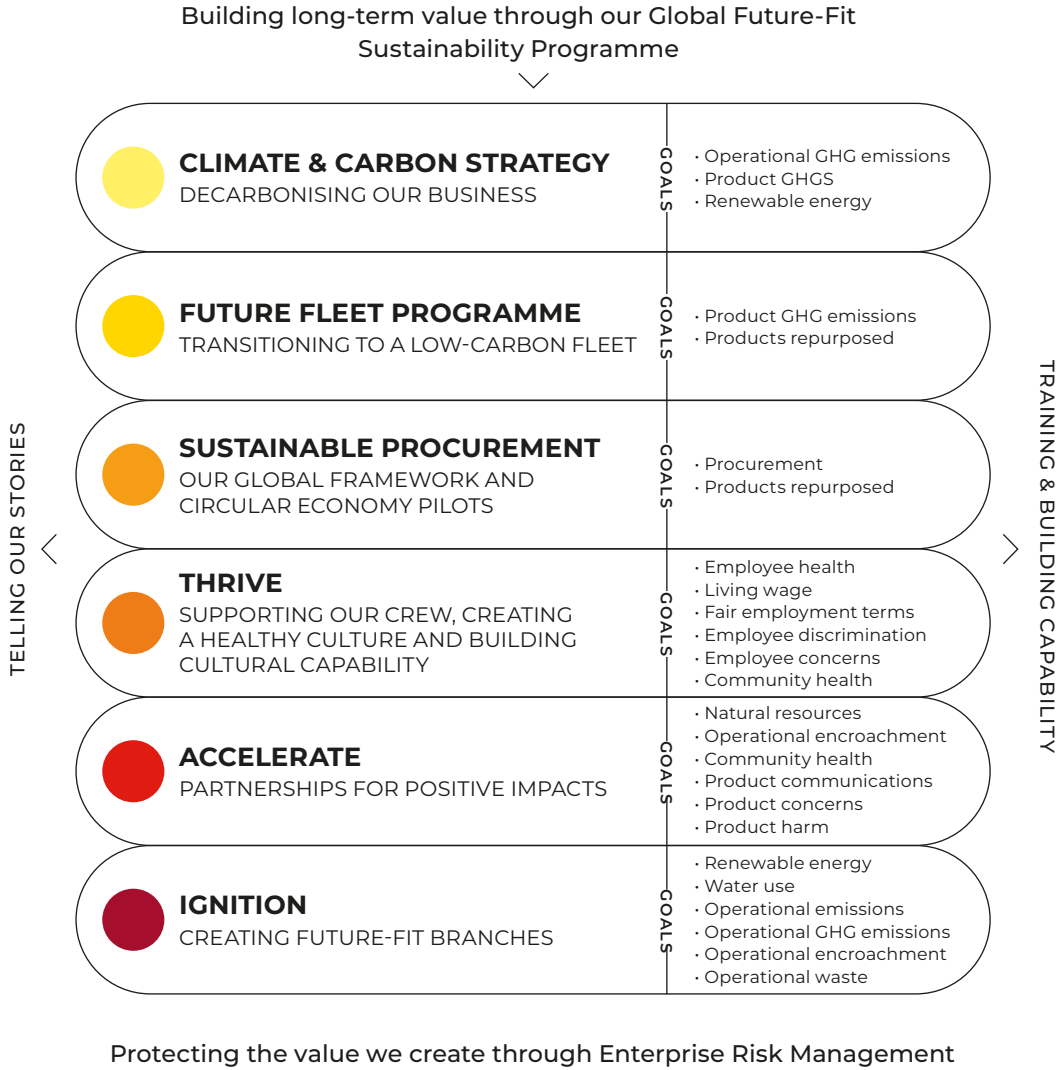
Over the last five years ***thl*** has used the Future-Fit Business Benchmark to guide our decision-making and operational activities. Our Global Sustainability Programme, shown in diagram 4, is underpinned by the 23 science-based BE Goals described in the Governance section (Our sustainability metrics and goals) above, several of which directly relate to our contribution to climate change. Each country business unit has a future-fit sustainability workplan aligned to progress each of the six work streams in ***thl***'s global sustainability work programme. The majority of ***thl*** branches have a Future-Fit Branch Action Plan in place, and the business plans for each business unit include actions aimed towards achieving ***thl***'s Future-Fit goals, including product and operational goals relating to eliminating greenhouse gas emissions. This helps to align ***thl***'s operational decision-making with ***thl***'s internal Climate & Carbon strategy.

Future-Fit Decisions: our new decision-making lens

To-date, climate-related risks and opportunities have been considered as part of six capitals assessments of ***thl***'s fleet investment decisions, and have also influenced the expansion of ***thl***'s business model. In FY24, ***thl*** reviewed its progress in integrating future-fit thinking into its decision-making across the four business areas of processes, people, projects and performance reporting. The review identified the need to create a new mechanism to guide internal decision-making by applying a consistent 'future-fit lens' to support the achievement of the 23 sustainability goals of the Future-Fit Business Benchmark.

In FY25, we intend to further develop our approach to applying a future-fit lens at key points in our processes, projects and performance reporting. Applying a future-fit lens will require decision makers, including the Board, Executive Team and our crew, to take a systems-based approach when initiating new projects. This means considering sustainability risks and opportunities (including impacts on and from climate change), reporting on the project's future-fit performance and supporting our crew to understand their role in creating a sustainable future for ***thl***.

Diagram 4: Global Future-Fit Sustainability Programme



Current climate-related impacts on our business

In FY24, extreme climate-related weather events globally caused disruption to a number of ***thl***'s businesses. For example, damage to roading infrastructure in New Zealand led to access issues, interrupting customer demand, while wildfires had a minor impact on bookings in Canada. Policy changes and regulations surrounding electric vehicles are also creating uncertainty throughout the industry.[xi]

The below table summarises what ***thl*** assesses as its material current climate-related impacts in FY24. This disclosure reflects a qualitative assessment, as the financial impacts on ***thl***'s overall revenue have not yet been quantified.

Table 2: Current climate-related impacts on our business

		Description
Physical impacts of climate change on our business	**Acute weather events** (***thl*** has not assessed the extent to which these are related to climate change but has simply included all acute weather events in FY24).	The increase in the frequency and severity of extreme, acute weather events year on year has impacted ***thl***'s operations globally. The below regions in which ***thl*** operates were impacted: • New Zealand: Canterbury experienced strong winds that caused damage and disruption such as road closures and power outages (October 2023) • Australia: Tropical Cyclone Jasper triggered flooding in far north Queensland, forcing thousands of people to evacuate (December 2023) • Canada: Wildfires (March to November 2023) and hailstorms (occurring annually) • California: Wildfires and heatwaves (July – September 2023) • Europe (June to September 2023) and North America (May to October 2023): heatwaves.[xi] In FY24, business disruption included last-minute changes to rental bookings in Canada (noting revenue or profit impact was minimal), flooding of our Cairns branch and damage to supporting infrastructure such as roads causing additional burden on ***thl*** operations due to the need to divert customers and crew.
Transition impacts from the transition to a low-emission, climate-resilient future	**Technology**	***thl***'s FY24 Future Fleet research highlights that the global market for Original Equipment Manufacturers (OEMs) is of such a scale that even large-scale consumers (including ***thl***) don't have an ability to influence the market availability of low-emissions vehicles. ***thl*** has attempted to gain a better understanding of the global market by researching innovative technologies via the Future Fleet Regional Scans; visiting international manufacturers including manufacturers in China to form options for future vehicle production and sales; and running eRV pilots. ***thl*** is starting to work in partnership with other leading organisations in the industry to endeavour to drive the transition towards low emissions in the RV and tourism sectors. For ***thl***, this transition involves adopting zero / low emissions technology vehicles, which it has started to trial through its Future Fleet programme.[x]
	Regulation	Regulatory bodies in all countries where ***thl*** operates have established regulations or set policy targets for the phase-out of Internal Combustion Engine (ICE) vehicles. The most stringent regulations and ambitious targets are in Ireland, Europe, and the state of California. Over the reporting period, the UK Government reversed its stance on its initial ambitious targets. However, we anticipate that the recent change in government in the UK may lead to a strengthening of climate policies. It remains to be seen whether there will be further reversals or if the original targets are reinstated.[xi] This may change the degree of ***thl*** investment in these countries.

Scenario development

To identify and assess its physical and transition risks and opportunities, in FY23 ***thl*** drew from the international Network for Greening the Financial System (NGFS scenarios) and New Zealand Transport Sector and Tourism Sector scenarios. Both sets of scenarios were used to refresh priority CR&Os and to identify business impacts. This process and the insights gained are shared in this assessment, with commentary in the tables below.

As with ***thl***'s voluntary disclosures for FY22 and FY23, ***thl***'s climate scenario analysis for FY24 has drawn primarily from scenarios developed by the NGFS. This year's review process accounted for updates to the NGFS Climate Scenarios, along with integrating new information from the NGFS short-term and long-term scenarios.[xiii]

NGFS scenarios were selected because ***thl*** is a global business: the global coverage and integrated assessment of risks makes the NGFS scenarios relevant and appropriate to ***thl***'s multinational operations, spanning Australasia, North America and Europe.

thl contributed to the development of the Aotearoa Circle Transport Sector Climate Scenarios and the Tourism Sector Climate Change Scenarios which were also considered in ***thl*** scenario analysis, specifically in the impact and materiality assessment. ***thl*** management were part of the leadership group that guided, reviewed, and provided feedback for the recently released Aotearoa Circle Tourism and Transport Sector Climate Scenarios respectively. These scenarios, tailored to the NZ transport and tourism sectors, were informed by the core assumptions used in the NGFS scenarios, and were considered appropriate for assessing risks and opportunities for New Zealand operations. They consider a range of drivers (political, environmental, social, technological, legal and economic) which correspond to the impact categories ***thl*** used in its impact assessments: environmental; commercial; customer experience; reputational; regulatory, people, and health, safety and wellbeing.

The Transport Sector Climate Scenarios comprise three scenarios which broadly align with the NGFS scenarios ***thl*** uses: *Fully Charged* corresponds to our Orderly transition scenario, *Short Detour* corresponds to our Delayed & Disorderly scenario and *Bypass to Breakdown* corresponds to our Hot House World scenario.

The Tourism Sector Climate Scenarios *Orderly – Hiahia*, *Disorderly – Pokanoa* and *Hot House – Wharewera* also align with the selected NGFS scenarios.

However, given that these scenarios were from only one of the regions in which ***thl*** operates and because ***thl*** is taking a global view of CR&O, it was not appropriate to overly represent these New Zealand sector scenarios in our analysis until other sector scenarios are developed in other regions. As other international sector scenarios are developed by industry bodies, ***thl*** will seek to contribute to their development and take these into account.

Scenario narratives

In line with the External Reporting Board's (XRB's) Aotearoa New Zealand Climate Standards, ***thl*** considered three temperature-aligned climate scenarios. These were informed by the core assumptions used in the NGFS scenarios, which are based on the widely used Shared Socio-economic Pathways (SSPs) as well as being informed by The Aotearoa Circle Tourism and Transport Sector Climate Scenarios.

thl's three scenarios are:[xiii]

	an 'orderly' 1.5°C scenario dominated by transitional risks,
	a 'hot house world' > 3°C scenario with extreme physical risks,
	a 'delayed & disorderly' scenario with high transitional and physical risks. In this scenario, global annual emissions do not decrease until 2030, with strong policies then needed to limit warming to below 2°

Key assumptions

The key assumptions underlying each of ***thl***'s scenarios are contained in the scenario archetype tables below. All three scenarios have been applied to ***thl*** build/buy-rent-sell and tourism operations with a focus on our fleet-related emissions, energy pathways and technology assumptions. For carbon dioxide removal, the NGFS includes both technology- and forestry-based carbon removals and does not separate trends between the two.

Time horizons

thl reviews its longer term strategy annually. A triannual planning process (i.e. every four months) is used to create shorter term focus on priority projects and allocate business resource. This supports ***thl*** in remaining agile in responding to CR&Os in its business planning, capital allocation and Enterprise Risk Management.

The scenario timeframes for the short, medium, and long-term were based on years rather than temperature targets. The timeframes chosen were[xv]:

- short-term to be up to 24 months i.e. 2024-26 (aligning with our strategic review timeframes)
- medium-term to be 2-10 years, i.e. 2026-2034, and
- long-term to be over 10 years i.e. 2034 onwards.

Table 3: Scenario narratives

Scenario	Scenario Archetypes				
Orderly – Net Zero 2050	Global Temperature Increase: *+1.5°C*	Transition Risk Severity:[1] *High*	Technology Change: *Fast change*	Carbon price: *Steady rise*	Carbon dioxide removal: *Medium-high use*[2]
	Change in Climate Policy: *Immediate & Smooth*	Physical Risk Severity:[3] *Relatively low*	Macro-economic factors: *Short term pressure due to increasing carbon prices, energy costs and disruptive technology.*	Consumer behaviour: *Preference shifts to low carbon transport, green technology widely available.*	Energy pathway: *Highest expected annual energy investments until 2040 and with highest share of non-biomass renewables in primary energy mix by 2050, relative to the other two scenarios.*[4]
	Scenario Description (based on NGFS *Net Zero 2050* scenario, the Aotearoa Circle Transport Sector *Fully Charged* Scenario and Tourism Sector *Orderly – Hiahia* Scenario)				
	The Orderly scenario is an immediate and technology-driven transition: an ambitious scenario with stringent climate policies and innovation introduced immediately to reach net zero CO2 emissions by 2050. Reaching this emissions target requires rapid decarbonisation of electricity supply, availability of renewable energy and development of new technologies to tackle hard-to-abate emissions. Disruptive implementation of green technology creates transition risks leading to a negative short-term impact on GDP. Policy intensity increases as timelines for net zero 2050 scenarios shorten. Shadow emissions prices continue to rise drastically. By 2050, transport, energy, and industry sectors are largely decarbonised.[xiv] Awareness of high emission travel and recreation drives the tourism sector to shift towards low carbon innovations.				
Delayed & Disorderly Transition	Global Temperature Increase: *+2°C*	Transition Risk Severity: *Initially low – High after 2030*	Technology Change: *Slow then fast and disruptive from 2030*	Carbon price: *Initially low price then sharp increase and highly volatile.*	Carbon dioxide removal: *Medium use*[5]
	Change in Climate Policy: *Delayed and disorganised*	Physical Risk Severity: *Medium to High*	Macro-economic factors: *Economic downturn due to abrupt devaluations, stranded assets and rise in energy prices - then slowly recovers*	Consumer behaviour: *Slow shift with barriers to transition, disruptive changes from 2030.*	Energy pathway: *Expected annual energy investments are the same as Hot House World until 2030. Investments exceed the Orderly scenario after 2040, with non-biomass renewables most of the primary energy mix by 2050.*[6]
	Scenario Description (based on NGFS *Delayed Transition* scenario, the Aotearoa Circle Transport Sector *Short Detour* Scenario and Tourism Sector *Disorderly – Pokanoa* Scenario)				
	In the disorderly scenario, policymakers procrastinate on strengthening climate policies in the short term. An unanticipated event (e.g., a severe natural disaster) triggers a sudden change in policy stance. As a result, emissions exceed the carbon budget temporarily and decline rapidly after 2030 with the decarbonisation of transport, energy, and industry moving at pace. The degree of action varies among countries and regions based on current policies. This unanticipated change in mitigation policy sets off shock waves through the global economy, leading to, an abrupt devaluation of polluting firms, stranded assets and the general tightening of financial conditions. By 2050, there is some way to go for energy sector decarbonisation, including for buildings.[xiv] The impact of transitional changes around 2030 is significant and disruptive for organisations in the tourism industry that focused on single service offerings or high emissions outputs.				

1. Transition Risk Severity relates to how severe are the impacts from transitioning to a low-emissions future likely to be in this scenario.
2. See NGFS Scenarios for central banks and supervisors (Nov. 2023), p 10, available at: https://www.ngfs.net/sites/default/files/medias/documents/ngfs_climate_scenarios_for_central_banks_and_supervisors_phase_iv.pdf#page=10.
3. Physical Risk Severity relates to how severe are the physical impacts from climate change (extreme weather, sea-level rise etc) likely to be in this scenario.
4. See NGFS Climate Scenarios Technical Documentation (Nov. 2023), Figures 27 & 28, available at: https://www.ngfs.net/sites/default/files/media/2024/01/16/ngfs_scenarios_technical_documentation_phase_iv_2023.pdf#page=55.
5. See NGFS Scenarios for central banks and supervisors (Nov. 2023), p 10, available at: https://www.ngfs.net/sites/default/files/medias/documents/ngfs_climate_scenarios_for_central_banks_and_supervisors_phase_iv.pdf#page=10.
6. See NGFS Climate Scenarios Technical Documentation (Nov. 2023), Figures 27 & 28, available at: https://www.ngfs.net/sites/default/files/media/2024/01/16/ngfs_scenarios_technical_documentation_phase_iv_2023.pdf#page=55.

Table 3: Scenario narratives (continued)

Scenario	Scenario Archetypes				
 **Hot House World – Current Policies**	Global Temperature Increase: *>3°C*	Transition Risk Severity: *Low*	Technology Change: *Slow*	Carbon price: *Remains low*	Carbon dioxide removal: *Low use*[7]
	Change in Climate Policy: *None, current policies only*	Physical Risk Severity: *Extreme*	Macro-economic factors: *Downward pressure from physical impacts, increase in climate-related migration.*	Consumer behaviour: *Slow shift, climate movement considered radical.*	Energy pathway: *Same as Delayed Transition until 2030 for expected annual energy investments, dropping to the lowest level of investment through 2050 and with the lowest share of non-biomass renewables in primary energy mix by 2050, relative to the other two scenarios.*[8]
	Scenario Description (based on NGFS *Current Policies* scenario, Aotearoa Circle Transport Sector *Bypass to Breakdown* Scenario and Tourism Sector *Hot House – Wharewera* Scenario)				
	The Hot House World scenario assumes that only currently implemented policies are preserved. Global climate policy ambition dwindles in the 2020s and emissions continue to grow, leading to about 3°C of average warming by 2080. This level of warming degrades living conditions in many parts of the world and results in irreversible impacts like sea level rise. Economies remained reliant on fossil fuels to power consumption patterns and material-intensive production. Physical risks lead to strong negative impacts on GDP with economic costs diverging significantly after 2040. Climate events increase in both frequency and severity, even more rapidly after global climate tipping points are breached in the early 2040s.[xiv] Physical impacts frequently interrupt travel and flight plans for tourists. Tourism operators and supply chains are impacted, with capital and insurance becoming extremely difficult to access in some regions.				

7. See NGFS Scenarios for central banks and supervisors (Nov. 2023), p 10, available at: https://www.ngfs.net/sites/default/files/medias/documents/ngfs_climate_scenarios_for_central_banks_and_supervisors_phase_iv.pdf#page=10.
8. See NGFS Climate Scenarios Technical Documentation (Nov. 2023), Figures 27 & 28, available at: https://www.ngfs.net/sites/default/files/media/2024/01/16/ngfs_scenarios_technical_documentation_phase_iv_2023.pdf#page=55.

Overview of *thl*'s scenario analysis process

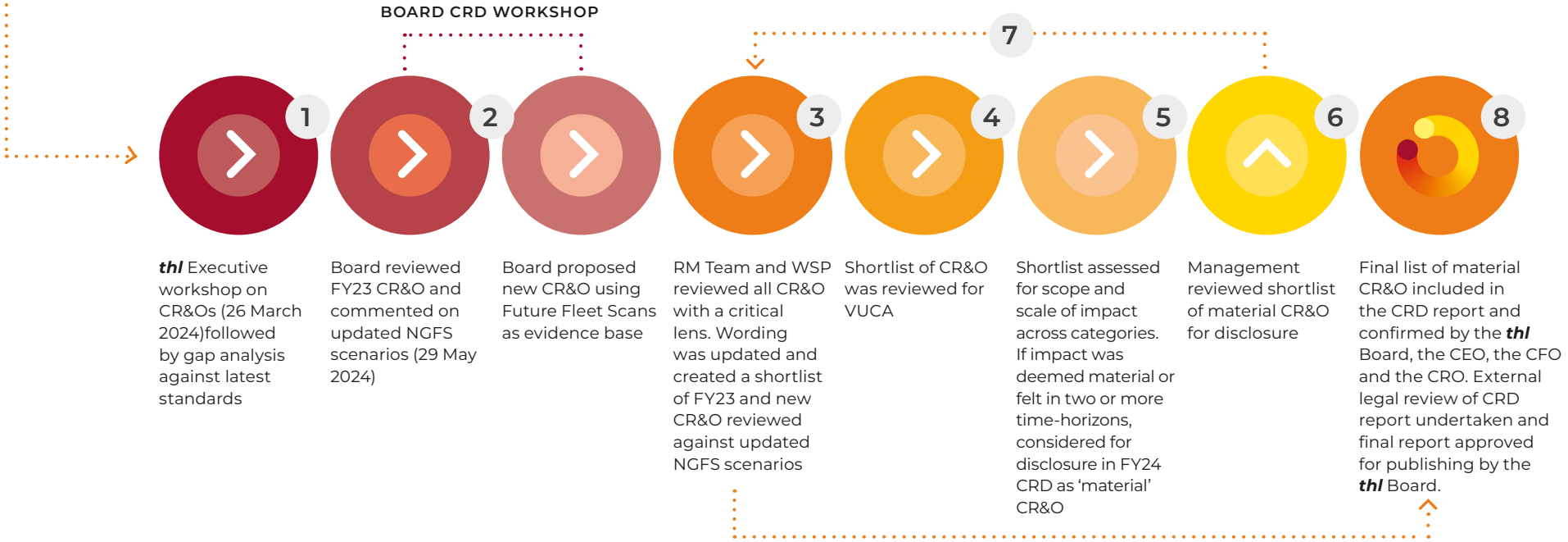
For FY24, ***thl*** management led the development of ***thl***'s scenarios with external support. This included engagement on scenario development with the Board, as shown in the diagram below. This process aligned with methods used in ***thl***'s ERM processes. For FY24, the scenario analysis was conducted independently and therefore not integrated with ***thl***'s business planning or strategy development.

An updated list of CR&Os were assessed across each scenario by management and the Board using ***thl***'s risk assessment framework. This included an assessment of: VUCA (Volatility, Uncertainty including likelihood, Complexity and Ambiguity) and impacts across a number of categories. This resulted in ***thl*** collecting 36 data points (3 scenarios x 3 timeframes x 4 criteria) estimating how each CR&O may play out over their timeframes and scenarios.

This involved eight key steps shown in diagram 5.

Diagram 5: Key steps to determine FY24 CR&Os[xxii]

Prior to FY24, ***thl*** first developed its Climate & Carbon Strategy in FY21, reported CR&Os aligned with the TCFD in the FY22 Integrated Annual Report (IAR) and reported climate disclosures aligned with NZ CS 1 in the FY23 IAR.



External parties

An external sustainability consultancy facilitated prioritisation workshops on climate-related risks and opportunities (CR&O) with ***thl***'s Board and Executive team members and also facilitated management workshops to assign materiality ratings. External partner Aotearoa Circle developed the Tourism and Transport Sector Climate Scenarios used by ***thl***, with the involvement of ***thl*** and other public and private-sector partners. No other external stakeholders were involved in ***thl***'s scenario analysis.

thl's Material Climate Risks and Opportunities (CR&Os)

When identifying risks and opportunities ***thl*** has adopted the definitions used by the XRB in NZ Climate Standard (CS) 1:

Physical risks: Risks related to the physical impacts of climate change. Physical risks emanating from climate change can be event-driven (acute) for example 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, sea level rise etc.

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

Opportunities: The potentially positive climate-related outcomes for an entity. Efforts to mitigate and adapt to climate change can produce opportunities for entities, such as through resource efficiency and cost savings, the adoption and utilisation of low-emissions energy sources, the development of new products and services, and building resilience along the value chain.

thl has identified four transition risks, one physical risk, and one opportunity that occurs both in the transition to a low-emissions economy and from the physical impacts of climate change as ***thl***'s material CR&Os. These are set out below with anticipated timeframes.[xvi]

Our material climate risks and opportunities

Physical and transition risks and opportunities for ***thl***'s operating regions were identified through management climate scenario analysis workshops in FY23 and informed by the FY23 Future Fleet Global Scan research report. They were further reviewed and refined in FY24 management and Board-level workshops and informed by the FY24 Future Fleet Regional Scan reports.

In recognition of ***thl***'s priority CR&Os (particularly fleet decarbonisation), in FY23 ***thl*** commissioned consultants (specialists in climate, energy, and transport) to undertake a global 'Future Fleet Scan' of trends across ***thl***'s operating regions. Consultants were asked to explore global climate trends, the speed of regulatory change in the phase-out of Internal Combustion Engine (ICE) vehicles, opportunities for grants, research in edge technology, and infrastructure readiness. This research informed the assessment of potential impacts on ***thl***'s business model and ***thl***'s Future Fleet Programme. In FY24, ***thl*** undertook more detailed research on each country of operation – Future Fleet Regional Scans – to further inform the Future Fleet programme and FY25 transition planning. The FY25 programme to develop a climate response strategy is called 'Changing Gear' and will take into consideration ***thl***'s new FY24 GHG baseline emissions profile. Consultants have been engaged to support the delivery of a data strategy to inform the transition planning aspect of the response plan.

How insights from these Future Fleet Regional Scans align with ***thl***'s CR&O is shown in table 4 on the next page.

Diagram 6: *thl* FY24 Future Fleet Regional Scans

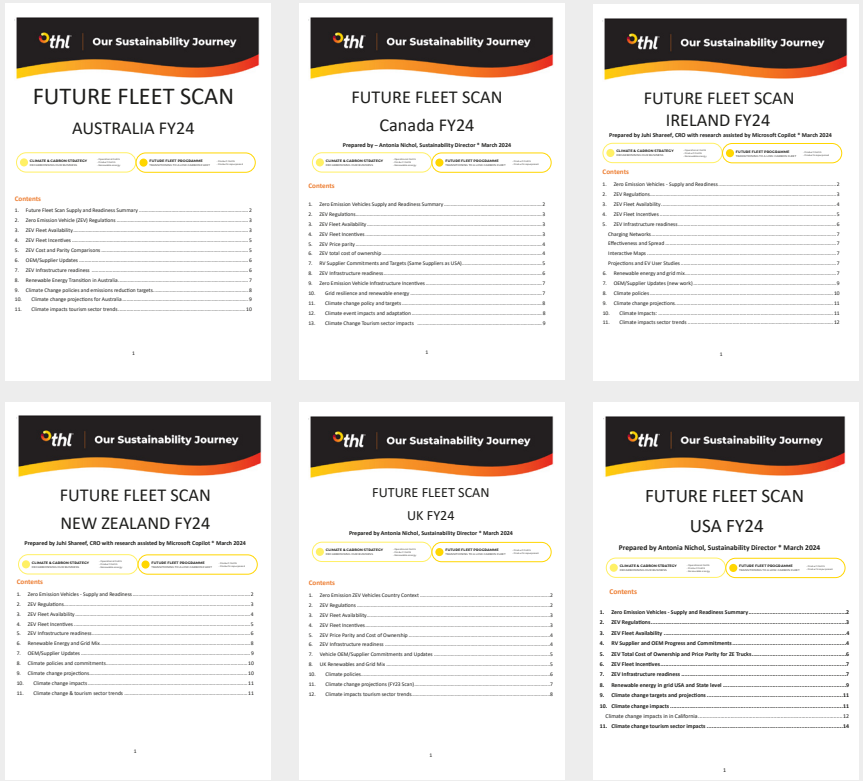


Table 4: Material climate-related risks and opportunities for *thl*

Type	Risk / Opportunity[viii]	Future Fleet Regional Scan Insights that have informed *thl*'s CR&Os	Timeframe: Short (0-2 years) 2024 - 2026	Timeframe: Medium (2-10 years) 2026 - 2034	Timeframe: Long (10+ years) 2034 onwards
Transition Risks	Risk of lack of supply of cost-effective, long-range, low-emissions technology for ***thl*** RVs.	The lack of supply of appropriate zero / low emissions chassis suitable for conversion into recreational vehicles is a challenge across all markets.			
	Risk of trend away from carbon-intensive travel leading to a reduction in customer demand.	Carbon intensive travel is a risk everywhere, but it may impact international tourism to long-haul destinations like Australia and New Zealand more so than in Europe or North America.			
	Risk of rapid regulatory change and requirements for legal compliance.	Regulatory compliance is moving at a different pace across the world, hence over time ***thl*** may find that certain operating regions require the fleet to be decarbonised earlier than others. If supply constraints fail to improve over time, this will pose a significant challenge for ***thl***.			
	Risk of investment in Future Fleet not being economically feasible due to failure in delivering an appropriate return on funds employed.	The transition to zero / low emissions vehicles may not be commercially viable if customers are unwilling to cover the higher associated costs of these vehicles; this is a global risk.			
Physical Risk	Changes in booking patterns due to physical climate risks.	Changes in booking patterns are a global risk. Patterns are expected to be impacted over time as regions experience changing climate trends for example prolonged heatwaves or rainfall. Beyond the climate scenarios considered, ***thl***'s Future Fleet Global Scan contains climate projections for ***thl***'s operating regions which help to inform where these changes in booking patterns may occur.			
Transition / Physical Opportunity	Increased demand for mobile housing and emergency vehicles.	***thl*** has the opportunity to provide a source of housing / shelter for displaced populations in the event of a sudden event. Increased demand for mobile housing in the wake of extreme weather events and the transition to a low-emissions future is considered a global opportunity.[x]			

Anticipated Impacts arising from Climate Risks & Opportunities

Orderly Scenario: **Delayed & Disorderly Scenario:** **Hot House World Scenario:**

Table 5: Anticipated impacts arising from material CR&Os

Risk Description	Scenarios where risk is greatest	VUCA summary VUCA: Volatility, Uncertainty (inc. likelihood), Complexity, Ambiguity	Anticipated impacts	Timeframe	Materiality commentary	*thl*'s Risk Management Strategies
TRANSITION RISK: **Risk of lack of supply of cost effective, long range, low emissions technology**[ix] **Scope: All regions *thl* operates in, namely Australia, New Zealand, the United States, Canada, UK and parts of Europe**		In an Orderly climate scenario, the risk will be less complex but could still be volatile in the short-term. In a Delayed & Disorderly scenario, the short-term is possibly volatile with a sudden tipping point in the medium-term. In a Hot House World scenario, the risk is lower in the short-term due to lower policy pressures.	Lack of availability of low emissions technology suitable for motorhomes in each scenario. In an Orderly scenario lack of access is expected to be a short-term issue as the transition moves quickly to meet anticipated regulatory requirements. In a Delayed & Disorderly scenario, competition for limited supply of low-emissions technologies may be intense as a tipping point occurs. In a Hot House World scenario, an expected lack of progress results in suitable technology not being available for use.	In an Orderly scenario, impacts are likely to arise in the short to medium term due to challenges with the transition to new technologies. Medium-term in a Delayed & Disorderly scenario and medium to long-term in a Hot House World scenario.	Considered material in all scenarios. In a Delayed & Disorderly scenario, variables are harder to predict and commercial impacts are likely to be greater if a sudden climate shock is experienced. In a Hot House World, impacts will increase over each time horizon.	Future Fleet programme - now delivering a second pilot programme of eRVs in New Zealand. We continue to seek to work with RV manufacturers and industry bodies on a global basis to influence OEM chassis suppliers to improve the adoption of low emission vehicles.
TRANSITION RISK: **Risk of trend away from carbon-intensive travel leading to a reduction in customer demand** **Scope: All regions *thl* operates in**		Due to fewer policy drivers in a Hot House World scenario, the risk is less likely to change rapidly in the short-term. However, it is expected to become more volatile over time as climate disasters and related costs increase (e.g. insurance).	In a Hot House World scenario, it is anticipated that operations and destinations will be exposed to greater disruption, impacting guest experience and potentially their willingness to travel to some locations.	Likely the most volatile in the medium-term when a sudden transition in public opinion and accelerated transition occurs. However, may settle into a 'new normal' in the longer-term.	Considered material as impacts will be felt over two time horizons (medium to long-term) in a Hot House World scenario, with customers more likely to push back on emission-generating businesses that rely on fossil fuels.	More information is needed on travel trends and customer demand elasticity which is not currently readily available. A data strategy has been developed and will be further refined in FY25. This includes the identification of internal and external data gaps and a strategy for gathering primary data where possible, or proxy / industry data where necessary. In some cases, this will involve ***thl*** partnering with other organisations and it is likely that ***thl***'s data quality will improve over time as more accurate climate data is gathered.

Table 5: Anticipated impacts arising from material CR&Os (continued)

Risk Description	Scenarios where risk is greatest	VUCA summary VUCA: Volatility, Uncertainty (inc. likelihood), Complexity, Ambiguity	Anticipated impacts	Timeframe	Materiality commentary	*thl*'s Risk Management Strategies
TRANSITION RISK: **Risk of rapid regulatory change and requirements for legal compliance** **Scope: All regions *thl* operates in, noting risk greatest for countries / states where current regulation is in place i.e. US states which do not have regulation are less exposed to this risk.**		Rapid regulatory change will be most complex in the medium-term with a sudden change in public opinion and accelerated transition. The likelihood and complexity of risk may reduce in the long-term once changes have been enacted.	Delayed and sudden regulatory changes (with variation across countries) are likely to create uncertainty. Supply chains and operations could be affected as businesses respond to rapid changes in regulation. This may create operational and supply chain pressure and impact customer experience. Reputational risks will increase due to potential breaches of suddenly-changing regulation.	Impacts on commercial operations, poorer customer experience and reputation are greatest in the medium-term with a predicted sudden 'wake-up call' – a change in public opinion – creating greater uncertainty in the regulatory landscape.	Considered material as impacts will be felt over each time horizon under a Delayed & Disorderly scenario.	***thl*** conducts annual Future Fleet Scans, now in each region, to stay abreast of changing country and state-level regulations and technology tipping points.
TRANSITION RISK: **Risk of investment in Future Fleet not being economically feasible due to failure in delivering an appropriate return on funds employed.** **Scope: All regions *thl* operates in**		With greater financial pressures in the short-term, capital allocation for Future Fleet may be delayed or insufficient in the short term. In the Delayed & Disorderly scenario, many factors may influence complexity including less capital available for investment, geopolitics and technology developments. There will likely be greater volatility in the medium-term. In the Hot House World scenario, capital may be redirected to manage impacts from extreme weather events and the global landscape is likely to become increasingly complex over time.	Global economic megatrends and a lack of economically viable low-emissions technology within the timeframes required to transition could create a negative impact on Return on Funds Employed. Both Delayed & Disorderly and Hot House World scenarios may see increasing carbon prices and energy costs and a diminishing supply of low-emissions technologies as businesses compete for procurement. Increasing costs to meet changing regulation could negatively impact commercial operations and our ability to forecast and invest in low-emissions Future Fleet.	In the Delayed & Disorderly scenario, impacts on commercial operations, reputation and regulatory response are the greatest in the medium-term while in the Hot House World scenario, the impact is greatest in the long-term, and includes impacts on the environment if the transition to low-emissions technologies does not take place in good time.	Considered material as impacts will be felt over two time-horizons. In the long-term, ***thl*** may be locked out of markets as climate policy may be used as protectionism, or ***thl*** may be unable to meet zero emission transition regulations or customer expectations.	The ***thl*** Board has, since FY23, approved recurring annual capital expenditure on our Future Fleet eRV pilot programme and additional resourcing of our Responsible Management global sustainability programme. ***thl*** has actively engaged with vendors of low-emissions chassis, including in China. ***thl***'s Future Fleet Scans are technology-agnostic and help identify trends in low-emissions technologies. ***thl*** is a member of automotive bodies in different regions, including the US-based RV Industry Association (RVIA) Sustainability Committee.

Table 5: Anticipated impacts arising from material CR&Os (continued)

Risk Description	Scenarios where risk is greatest	VUCA summary VUCA: Volatility, Uncertainty (inc. likelihood), Complexity, Ambiguity	Anticipated impacts	Timeframe	Materiality commentary	*thl*'s Risk Management Strategies
PHYSICAL RISK: **Risk of changes in booking patterns due to physical climate impacts** **Scope: All regions *thl* operates in**		In a Hot House World scenario, compounding extreme climate events increasing over time may lead to greater volatility and complexity as countries struggle to cope with changes without clear climate policies. Changing geopolitical and macroeconomic factors may lead to a more unpredictable booking environment over time.	Climate impacts create disruption and may make some destinations less accessible or attractive to tourists. Booking patterns could become more unpredictable and reactive in response to these events. Increasing costs (e.g. insurance), less favourable environmental conditions or geopolitical factors could influence travel patterns. Customers may not wish to travel to certain countries due to the risk of extreme climate events.	Impacts are likely to increase with time over the medium to long-term; impacts are anticipated to be greatest in the long-term.	Considered material as impacts are likely to be felt over two time-horizons (medium to long-term) in the Hot House World scenario. Risk may become more material over time, with the potential for significant changes to booking patterns in the long-term.	As a global leader in tourism, ***thl*** keeps a watching brief on global travel trends and travel booking patterns. More information is intended to be gathered in FY25 to inform this risk.

Opportunity Description	Scenarios where opportunity is greatest	VUCA summary	Anticipated impacts	Timeframe	Materiality commentary	*thl*'s Opportunity Management Strategies
TRANSITION & PHYSICAL OPPORTUNITY: **Opportunity for increased demand for mobile housing and emergency vehicles** **Scope: All regions *thl* operates in**	  	In an Orderly scenario, the impacts of climate change are expected to increase in the medium-term with a correspondingly complex operating environment for businesses. However over time, particularly in the longer-term, ***thl*** will potentially have an increased understanding of the scale and demand for emergency vehicles and mobile housing. In a Delayed & Disorderly scenario, it is expected there will be increasing demand for emergency vehicles in the medium-term despite higher volatility and complexity due to delayed policy actions. In a Hot House World scenario, climate impacts are expected to become more severe and the opportunity becomes more certain but may be harder to define given policy uncertainty and supply-chain constraints.	As regions experience more frequent extreme weather events, tourism operations may be impacted which may require ***thl***'s fleet and operations to be relocated. Tourism activities may be disrupted, and there may be greater demand for temporary mobile housing for non-tourism uses to manage these events. This creates an opportunity to grow non-tourism activity revenue and support emergency response by providing temporary accommodation for communities and emergency workers in impacted areas.	Opportunity exists in short, medium and long-term	Opportunity considered material as impacts likely to be experienced in all time-horizons under all three scenarios.	***thl*** has a non-tourism strategy in place, with experience developed during the pandemic, to realize the commercial benefits from this opportunity. Non-tourism mobile housing solutions will also support those impacted by climate-related extreme weather events.

Risk Management

Process for identifying, assessing and managing climate risk

thl's climate-related risks are managed through the Enterprise Risk Management (ERM) framework which comprises regular risks reviews; bi-monthly to quarterly Regional Risk Network (RRN) meetings and Risk & Improvement Committee (RIC) meetings; and scheduled Board ARC meetings.

Diagram 1 outlines how climate-related risks are identified across operational, management, and governance levels. The RRN members raise risks to the RIC, and the RIC also independently identify climate risks and decide what level of control should be applied to each risk. The ***thl*** Board also identifies risks and opportunities for review and discussion by the Executive RIC members.

As part of its ERM system, ***thl*** maintains a Risk Register in which risks are tagged to applicable business units, Risk Owners and Risk Champions who are responsible for keeping accurate information on how they rate and manage this risk on a day-to-day basis. Risks are assessed based on Volatility, Uncertainty (including likelihood), Complexity and Ambiguity (VUCA) and by impact across a number of categories. This VUCA and impact assessment is also applied to climate-related risks. An overall risk rating is derived and the higher the risk rating, the more frequent the Risk Review process. Risk Reviews include reviews of control measures by Risk Champions and Risk Owners across all relevant regions / business units.[xxi] Climate risk management time horizons align with the short, medium and long-term timeframes detailed above (see section on Time Horizons).

For the FY24 reporting period, ***thl*** assessed its CR&Os using ***thl***'s VUCA framework. The VUCA framework reflects the four criteria that ***thl*** assesses its business risks against. Risks and opportunities are assessed qualitatively, including by applying ratings.

Table 6: *thl*'s VUCA framework

Criteria[xxii]	Meaning	Ratings
Volatility	Is this risk/opportunity likely to change rapidly and unpredictably?	Minimal, Low, Medium, High, Critical
Uncertainty	How likely is this risk/opportunity to occur?	Rare, Unlikely, Possible, Likely, Certain
Complexity	Are there a lot of interrelating elements, drivers, and outcomes?	N/A
Ambiguity	Do we fully understand all aspects of the risk/ opportunity?	N/A

The FY24 CR&O assessment process involved ***thl***:

- applying a VUCA assessment to each CR&O under each of ***thl***'s three scenarios and time horizons; and
- undertaking a qualitative impact assessment using ***thl***'s ERM framework to consider impacts across several categories including environmental, commercial, customer experience, reputational, regulatory, people, and health, safety and wellbeing.

thl then sought to identify its material CR&Os by considering the findings from the above assessments alongside (a) the severity of the impacts, and (b) the timeframes over which the impacts were likely to occur. A CR&O was considered more likely to be material if it was expected to impact two or three timeframes. Recommendations on materiality were then presented to ***thl***'s Executive team for input and feedback and ultimately to the ***thl*** Board.[xxv]

thl enhanced its method of prioritising climate-related risks in FY24 by applying its VUCA assessments to each scenario and time horizon, a step not normally included in the standard risk prioritisation process.[xxv]

Value Chain Exclusions

thl is a dynamic business and its history of acquisitions makes the identification of risks across its entire value chain complex. ***thl*** has aimed to consider its entire value chain for the purposes of these disclosures. In preparation for FY24's CRD's, ***thl*** considered CR&Os beyond the RV rental business and inclusive of the tourism attraction and manufacturing segments.

thl has completed a more comprehensive Scope 3 GHG inventory and is in the process of resetting its GHG baseline using FY24 as the new baseline year. The exclusions from its GHG inventory, outlined in the Metrics and Targets section, help to inform further parts of the value chain that have been excluded.[xxiii]

Frequency of Assessment

At ***thl***, the material CR&Os are reassessed and reviewed through an annual scenario analysis and materiality exercise. The process for assessing CR&Os is summarised in table 6.

thl records all material risks in a Risk Register and over the course of the year, climate risks are reviewed monthly by the CRO and the Responsible Management Team alongside other business risks. In addition, climate risks are regularly discussed and reviewed in ARC meetings.[xxiv]

Metrics and Targets

Below is a description of the metrics and targets ***thl*** currently uses to measure and manage its climate-related risks and opportunities.

Future-fit Business Benchmark

It has been five years since ***thl*** committed to becoming a future-fit business using the 23 science-based sustainability goals of the Future-Fit Business Benchmark, in our first Integrated Annual Report prepared in FY19. These goals are considered to be system-level goals rather than industry-based goals as they consider cross-sector value chains and interconnected systems.

We initially identified three high-priority future-fit goals to tackling our biggest challenges and impacts and eight future-fit goals we would progress through addressing knowledge and data gaps about our impacts. This work is described on page 16 of our FY21 Integrated Annual Report. We then identified five high priority goals which are directly or indirectly linked to climate change (see section: Our sustainability metrics and goals above). We have made substantial progress on nine of these goals but remain off-track on Break-Even Goals 18 'Products emit no greenhouse gases' and 19 'Products can be repurposed'. We will aim to tackle these goals head-on as part of our climate response strategy.

In FY24 we reviewed progress on these priority goals and the priority future-fit goals that underpin our global sustainability programme. These have been updated to reflect the progress we have made, our expanded manufacturing and retail vehicle sales activities and changing context. We remain confident that we are focused on the highest-impact areas of our global business.

Our FY24 Future-Fit Health Check for all 23 goals is available on page 38 of the Integrated Annual Report. The health check shows progress year on year from FY19, with detailed commentary on progress towards each of the 23 goals updated and shared each year in the Integrated Annual Report.

Greenhouse Gas (GHG) Emissions

Our FY23 greenhouse gas inventory (carbon footprint) was a 'transitional' footprint including only seven months as a merged business with Apollo Tourism & Leisure and was reported in our FY23 Integrated Annual Report.

This year ***thl*** has 12 months of data as a fully-merged business and is disclosing Scope 1 and 2 emissions and a more comprehensive Scope 3 indirect emissions inventory to include further Scope 3 Categories across our value chain. These Scope 3 categories include the most material emissions categories for ***thl***, which are Category 1 *Purchased goods and services*, Category 11 *Use of sold products* and Category 13 *Downstream leased assets,* which now includes customer journeys, previously reported in Scope 1 (see diagrams 8 and 10).

thl has prioritised the principle of 'completeness' in data gathering, now including categories not previously reported, with assumptions made where data is not readily available. External third-party Ernst & Young (EY) has provided a reasonable assurance opinion in relation to our Scope 1 and 2 emissions, and a limited assurance conclusion in relation to our Scope 3 emissions.

Note: Inherent Uncertainties

The GHG quantification process is subject to scientific uncertainty, which arises because of incomplete scientific knowledge about the measurement of GHGs. GHG procedures, measurement and calculations are also subject to estimation uncertainty.

Our FY24 GHG Footprint

Due to the additional Scope 3 inclusions and new assumptions, ***thl***'s FY24 footprint (GHG inventory) is significantly larger than previous years, at 1.08m tonnes CO_2e.

thl is using the FY24 inventory as a new baseline footprint, and will therefore, in FY25, refine its science-aligned carbon reduction target (currently 50.4% absolute reduction in GHG emissions by FY32 from a FY20 baseline for Scope 1 and 2 emissions.)[xxviii] The new baseline emissions profile will inform the work ***thl*** will be doing across our business in FY25 to develop our climate response strategy including transition planning known as 'Changing Gear'.[xxviii]

Table 7: Summary of FY24 Total Organisational GHG Emissions[xxix]

Figures rounded to nearest tonne (tCO_2e)

Scope	Category	Financial Year 2024
1	Direct Emissions	4,560
2	Electricity Consumption	2,403
3- Category 1	Purchased Goods and Services	79,209
3- Category 3	Fuel- and Energy-Related Activities	1,145
3- Category 4	Upstream Transportation and Distribution	272
3- Category 5	Waste Generated in Operations	1,403
3- Category 6	Business Travel	621
3- Category 7	Employee Commuting	3,528
3- Category 11	Use of Sold Products	858,748
3- Category 12	End-of-life Treatment of Sold Products	20,450
3- Category 13	Downstream Leased Assets	112,599
Total Scope 1		4,560
Total Scope 2		2,403
Total Reported Scope 3		1,077,975
Total		1,084,938
Operational GHG Emissions[a]		14,097
Value Chain GHG Emissions[b]		1,070,841
Greenhouse gas emissions intensity (tCO_2e per million dollars of revenue)[c]		15.29

a) ***thl***'s operational GHG emissions refer to the emissions directly associated with the day-to-day activities of our organisation, over which we have most control and influence. It includes all scope 1 and 2 and any scope 3 indirect emissions that occur in ***thl***'s value chain that are closely related to operational activities, being business travel, waste and employee commuting.

b) ***thl***'s value chain emissions encompass a broader range of Scope 3 emissions, including all indirect emissions that occur both upstream and downstream in the value chain, being emissions from customer journeys, purchased goods and services, and the use of sold products.

c) ***thl***'s GHG intensity figure is calculated using ***thl***'s operational GHG emissions and total revenue. All numbers are subject to rounding.

Diagram 6: FY24 Total Group-Wide GHG Emissions by Scope (tCO_2e)[xxix]

Total (tCO_2e)

1,084,938

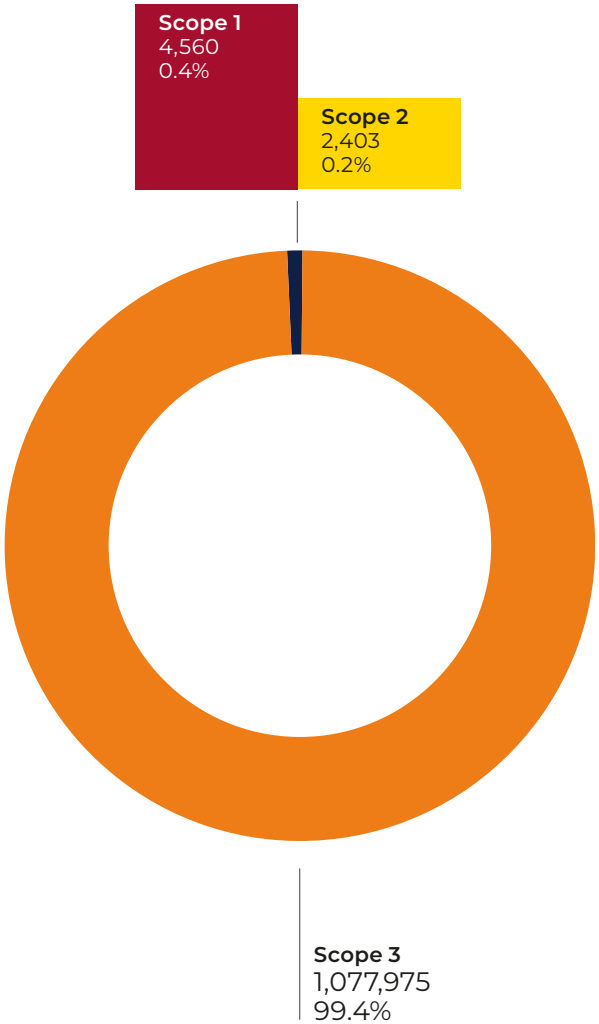


Diagram 7: FY24 Operational Emissions

Total (tCO_2e)

14,097

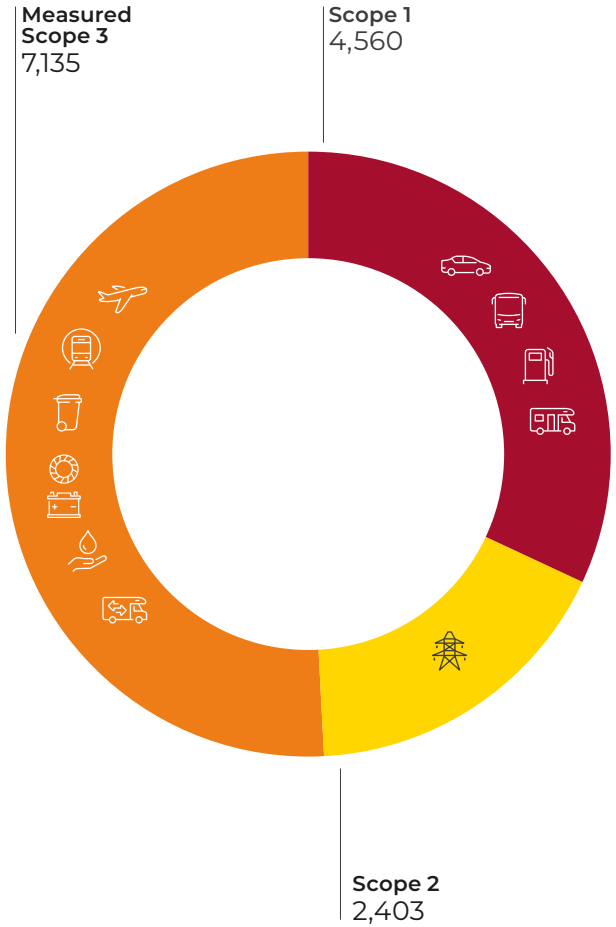


Diagram 8: FY24 Value Chain Emissions

Measured Scope 3 – Total (tCO_2e)

1,070,841

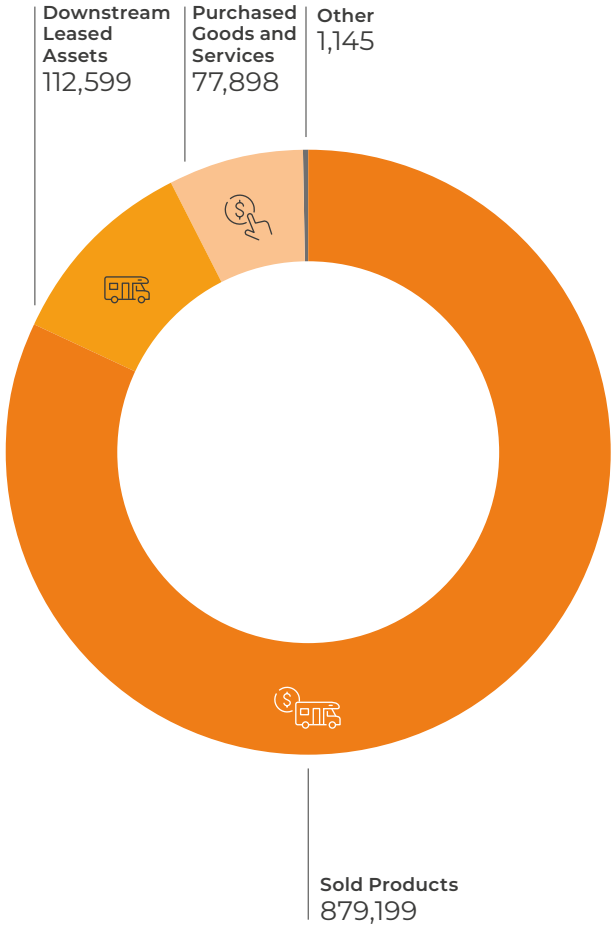
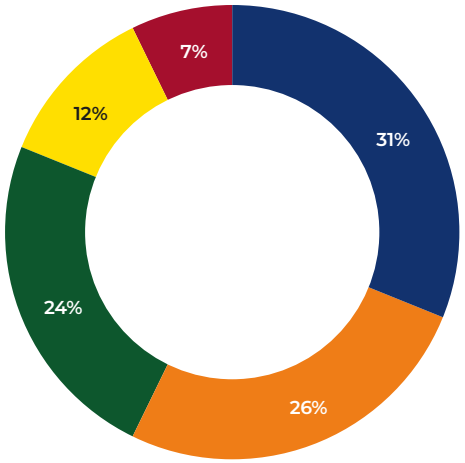


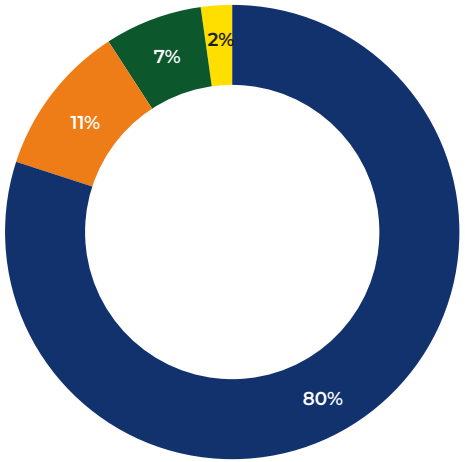
Diagram 9: FY24 Total Group-Wide GHG Emissions by Country (tCO_2e)

Scope 1, 2 and Measured Scope 3



	Total
New Zealand	337,928
Australia	283,202
United States of America	260,463
Canada	126,286
United Kingdom and Ireland	77,059
Total	**1,084,938**

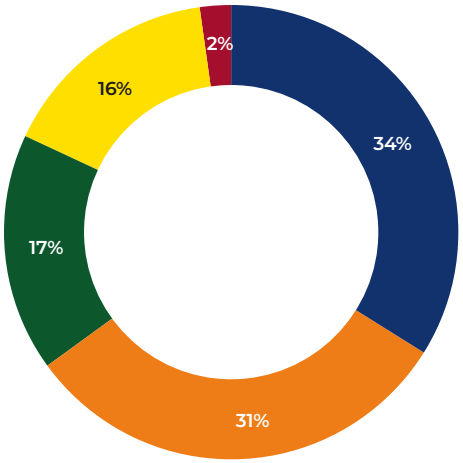
Diagram 10: Group-Wide Measured Scope 3 GHG Emissions by Category (tCO_2e)



	Total
Use of Sold Products	858,748
Purchased Goods and Services	79,209
Downstream Leased Assets	112,599
End-of-life Treatment of Sold Products	20,450
Employee Commuting	3,528
Waste Generated in Operations	1,403
Fuel- and Energy-Related Activities	1,145
Business Travel	621
Upstream Transportation and Distribution	272
Total	**1,077,975**

Diagram 11: FY24 Total Customer Journey GHG Emissions by Country (tCO_2e)

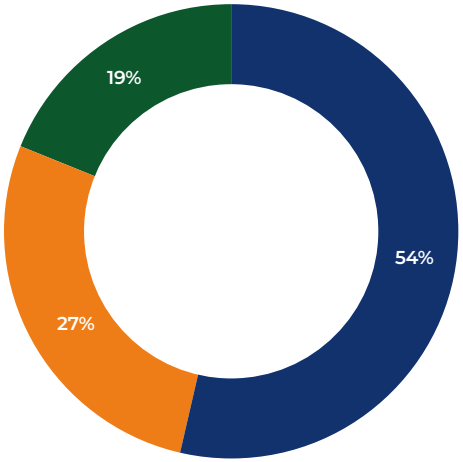
Measured Scope 3



	Total
United States of America	37,483
Australia	34,730
New Zealand	18,970
Canada	18,027
United Kingdom and Ireland	1,590
Total	**110,801**

Diagram 12: FY24 Total Group-Wide GHG Emissions by Business Unit (tCO_2e)

Total Scopes 1, 2 and Measured Scope 3



	Total
Self Drive Experience (Rentals)	583,931
Manufacturing	296,838
Dealerships	202,490
Tourism	1,484
Group Support Services*	195
Total	**1,084,938**

* includes Digital

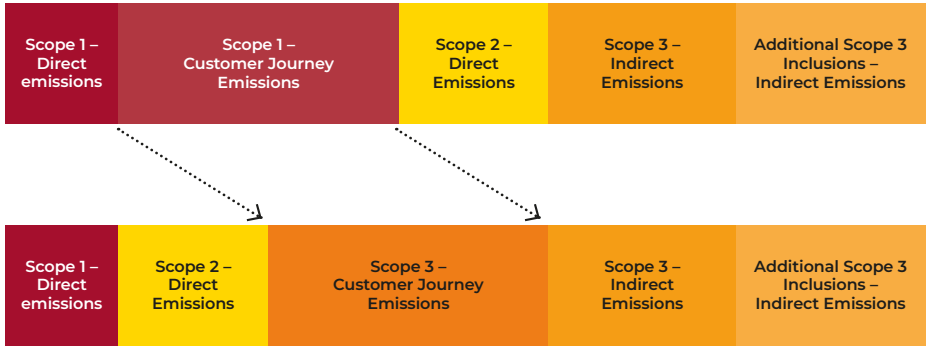
thl has measured its GHG emissions for FY24 in accordance with the Greenhouse Gas Protocol – A Corporate Accounting and Reporting Standard, and the Greenhouse Gas Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard (together, the GHG Protocol) and ISO 14064-1:2018 – Greenhouse Gases Part 1.[xxx] Independent third party EY provided reasonable assurance over ***thl***'s FY24 Scope 1 and 2 emissions sources and limited assurance over Scope 3 emissions sources against the requirement of the NZ CS to measure Scope 1, 2 and 3 GHG emissions in accordance with an internationally-recognised standard.

Reporting Boundaries

As ***thl*** no longer has any joint ventures, ***thl*** has elected to adopt an 'operational control' consolidation approach from FY24 rather than the previously used 'equity share' approach[9].Accordingly, ***thl*** now accounts for all the GHG emissions from operations over which it has control and not from operations in which it owns an interest, but over which it has no control.[xxxi] This means that customer journey emissions, previously reported in Scope 1, are now being reported as Scope 3 emissions, and fuel from coaches leased by ***thl*** for its tourism business activities now falls under Scope 1 instead of Scope 3 as in FY23. As customer journeys are a major source of emissions for ***thl***, this has resulted in a change in the magnitude of each scope's emissions when compared to FY23. However, as a more comprehensive Scope 3 emissions inventory is being reported for FY24, the overall GHG footprint remains the same under either approach[xxix] – see diagram 13. ***thl*** has taken a location-based approach to Scope 2 emissions, as required by NZ CS 1. Diagram 13: ***thl*** is now using an 'operational control' consolidation approach but the size of the footprint remains consistent (not to scale).

Diagram 13: Comparison of Equity Share and Operational Control Approach

FY24 GHG Footprint – Equity Share Approach (not to scale)



FY24 GHG Footprint – Operational Control Approach (not to scale)

9. The three consolidation approaches under the GHG Protocol Reporting Standards (and the same for ISO 14064-1) are:
   - Approach 1. Equity share: a company accounts for GHG emissions from operations according to its share of equity in the operation. The equity share reflects economic interest, which is the extent of rights a company has to the risks and rewards flowing from an operation.
   - Approach 2. Financial control: a company accounts for 100% of the GHG emissions over which it has financial control. It does not account for GHG emissions from operations in which it owns an interest but does not have financial control.
   - Approach 3. Operational control: a company accounts for 100% of the GHG emissions over which it has operational control. It does not account for GHG emissions from operations in which it owns an interest but does not have operational control.

GHG Methods and Assumptions[xxxiv]

Any reports or data supplied by third parties are assumed to be complete and accurate. Further information on methods and assumptions is available on request.

Scope 1 and 2:

- **Stationary Fuels (LPG, natural gas etc.):** Quantities are from invoices, supplier reports or meter readings. Some estimates have been made for months with missing data (e.g. the invoice was not available at time of inventory preparation) and proxies have been used to estimate for small sites with no data (i.e. the US Licensee locations and AU Agency locations).
- **Electricity: Uses location-based methodology.** Quantities are from invoices, supplier reports or meter readings. Some estimates have been made for months with missing data (e.g. the invoice was not available at time of inventory preparation) and proxies used to estimate for small sites with no data (i.e. the US Licensee locations and AU Agency locations).
- **Operational Motorhome Movements** (i.e. relocations, vehicle storage, external maintenance and repair): Most operational distances are calculated from scheduling reports. Small local movements not tracked through formal reporting have been calculated using regional and/or branch-specific assumptions based on the volume of regular movements of motorhomes while not on lease. Where specific odometer reporting is not available, distances have been calculated using suggested routes from Google Maps. Operational motorhome movement distances are not included in the customer journey emissions (reported under Scope 3: Category 13).

Scope 3: Given the complexity and quantity of data used to calculate Scope 3 emissions from the upstream and downstream value chain, numerous assumptions have been made in calculating the total Scope 3 GHG emissions. These are summarised below.

- **Category 1 (Purchased Goods and Services):** For items that we have historically reported on (water, batteries, and tyres) we have used volumes purchased from invoices. For all other purchased items, the total GHG emissions is calculated based on spend data (sourced from finance teams), analysed through the Planet Price software which categorises spend by industry. Not all data provided to the software had complete information, so manual coding by high level knowledge of key suppliers (i.e. top 80% of spend or over $100K NZD) was applied. As this process matures through experience and improving the source data, it is expected the certainty of data mapping will improve. While efforts have been made to avoid double counting (emissions captured elsewhere in the inventory) there may be some instances of double counting given the volume of data. The GHG inventory for Scope 3 Category 1 (purchased goods and services) timeframe is offset from ***thl***'s financial year period by one month due to ***thl*** aiming to collect robust and quality data for the final month of the period ahead of disclosing GHG emissions with a more comprehensive Scope 3 inventory.[xxix] Currently, Planet Price does not distinguish spend between categories therefore Category 1 includes some emissions sources from Categories 2-9.
- **Categories 2-9:** Where emissions sources related to purchased goods and services have previously reported activity data this has continued to be reported under the relevant category (i.e. air travel, motorhome relocation (ferries), waste, crew commuting). As above, any other emissions sources have been captured in Category 1.
- **Category 4 (Upstream transportation and distribution):** A custom ***thl*** emission factor for ferries has been applied, assuming the average rental vehicle is equivalent to the weight of a standard 4-berth motorhome.
- **Category 5 (Waste generated in operations):** For waste to landfill (or energy) conversions have been applied to estimate the weight per bin (0.2kg per l) where activity data is shown by the number of bins collected.
- **Category 7 (Crew (employee) Commute):** Crew commute calculations are based on internal survey data and estimates the average regular commute per transport mode and average work patterns for crew at each location (i.e. distance travelled, number of days per week working in office/branch) and multiplies this by the headcount per location and workdays each month (adjusted for leave taken). There may be some uncertainty in these figures as survey data relies on accurate responses from crew and the survey did not achieve a 100% response rate. Additionally, the approach does not account for variation in crew numbers across the year, the distribution of leave throughout the year, and changes to 'normal' travel (i.e. mode or distance) that occur throughout the year.
- **Category 9 (Downstream Transportation and Distribution):** Assumed vehicles sold are driven from the lot therefore any associated emissions are captured under Category 11 Use of Sold Products. Any other freight is captured in Category 1.
- **Categories 11 and 12 (Use of sold products, and End-of-life treatment of sold products):** The quantity of vehicles and products sold is sourced from sales reports. Assumptions are applied around how the vehicles and products are used after sale (including daily use, life-expectancy, and the intended use). Fuel uplift has been calculated for towable products (i.e. caravans and trailers) to estimate the GHG emissions associated with using these products sold. These assumptions have been informed by industry and Original Equipment Manufacturers (OEM) data in the first instance before using industry reports and other research sources to estimate weights, fuel efficiency, fuel type, refrigerant type and quantities. Vehicle parts are assumed to be recycled or inert in landfill.
- **Category 13 (Downstream Leased assets):** A custom ***thl*** emission factor has been applied based on average fleet type and fuel efficiency of the vehicles. Where data has not been available assumptions have been made around fuel types and fuel efficiency. The distance travelled does not include any relocations or operational movements by ***thl*** crew and contractors. An estimated per-hire-day quantity of LPG and electricity consumed as part of the rental experience is calculated based on a real-life test of a ***thl*** 4-berth motorhome. It is assumed that all motorhomes consume a similar daily quantity.

Uncertainties

thl's greenhouse gas emissions inventory has been prepared using available information, or where information is not available, using a conservative approach (using the highest estimate from the available range). There are, however, areas in the inventory where estimation uncertainty may exist, specifically parameter uncertainty[10] related to the data source and collection, or the emissions factors applied. Where possible, activity data has been used with specific country or state-level emission factors, before applying an assumptions-based calculation.[xxxv]

Scope 1 and 2: There is a higher level of parameter certainty for scope 1 and 2 emissions as most of these emissions are calculated from activity data from supplier invoices and reports or receipts, or odometer readings multiplied by country or state-level emission factors.[xxxv] However there are some specific areas of uncertainity relating to assumptions or estimates as summarised below.

- **Stationary Fuels (LPG, natural gas etc.):** All activity data is reliant on supplier invoices and meter readings being accurate. The calculation of emissions where proxy data has been used (e.g. US Licensee locations) may not reflect actual quantities used.
- **Electricity:** All activity data is reliant on supplier invoices and meter readings being accurate. The calculation of emissions where proxy data has been used (e.g. US Licensee locations) may not reflect actual quantities used.
- **Transport Fuels**: All activity data is reliant on supplier invoices and odometer readings being accurate. The calculation of emissions from transport fuels relies on emission factors that have inherent uncertainties associated with their calculation.
- **Operational Motorhome Movements** (i.e. relocations, vehicle storage, external maintenance and repair): A significant portion of motorhome relocation information was based on internal scheduling data however there is a small portion of local motorhome movements that relies on operational assumptions. Some distances have been calculated from online sources may not reflect actual routes/distances taken; this is not considered to be a significant difference. The ***thl*** custom emission factors for customer journeys have been used (based on a weighted average of vehicles owned by ***thl***, specific to each country).

Scope 3: There is some parameter uncertainty related to most categories of Scope 3 due to the required assumptions made during calculation including on data source and collection, or the emissions factors applied. The categories with a higher level of uncertainty relate to products sold (Categories 11 and 12), crew commute (Category 7) and purchased good and services (Category 1).[xxxv] Specific sources of uncertainity have been summarised below.[i]

- **Category 1 (Purchased Goods and Services):**
  - **Purchased Goods and Services:** AI-based data analytics software (Planet Price) codes the data by associated industry. It is assumed that invoices have been entered into ***thl*** financial systems accurately. There is significant uncertainty in emissions factors used for purchased goods and services as these are based on New Zealand industry sector averages despite goods being purchased from different regions. There may, in addition, be some inaccuracy in the industry mapping made by the software and in the assumptions made due to limited data availability. Efforts have been made to improve accuracy through manual coding for significant gaps and reviewing the AI mapping. There may also be some double-counting in this category for emissions sources captured elsewhere in the inventory, although efforts have been made to avoid this.
  - **Water:** The calculation of emissions where proxy data has been used (e.g. US Licensee locations) may not reflect actual quantities used.
- **Category 3 (Fuel- and energy-related activities):** Some conversions are applied using an average vehicle fuel efficiency data which may not be accurate for specific vehicles.
- **Category 4 (Upstream transportation and distribution):** Uncertainty arises from calculating distance from online sources which may not reflect actual routes/distances taken; this is not considered to be a significant difference. A custom ***thl***-specific emission factor (based on ***thl*** average motorhome weights and country-specific emission factors) is applied to emissions associated with motorhomes transported on ferries. There are some limitations in accuracy of this calculation due to these assumptions.
- **Category 5 (Waste used in operations):** Waste data based on invoices showing number of bins collected was converted using an estimated weight per volume. There is potential for inaccuracy based on this approach. The calculation of emissions where proxy data has been used (e.g. US Licensee locations) may not reflect actual quantities used.
- **Category 6 (Business Travel):** Data of flights in USA, UK, Canada and Kiwi Experience was based on miles travelled, calculated using an airline mileage calculator between arrival and departure destinations which may carry some inaccuracy. AU and NZ data provided by airline reports are assumed to be accurate.
- **Category 7 (Employee Commute):** An improved methodology has created greater accuracy for this data, but still is based on survey data and assumptions which will impact accuracy.
- **Category 11 and 12 (Use of Sold Products and End-of-life Treatment of Sold Products):** Relies heavily on assumptions-based approach around how (and for how long) vehicles and products sold are used, maintained and disposed of. There is uncertainty with the fuel uplift calculation for towable products. Any change to these assumptions could result in a material change to the emissions from this category. A conservative approach has been applied. Some ***thl***-specific emission factors (conversions of country-specific emission factors) have been applied to account for factors specific to vehicles or products sold by ***thl***. Products sold in the retail store rely on accurate mapping to industry-specific emission factors by Planet Price AI software which applies assumption-based rules to spend data and may have some inaccuracies.
- **Category 13 (Downstream Leased Assets):** Emission factors for customer journeys are based on a weighted average of vehicles owned by ***thl***, specific to each country. For consumables associated with customer journeys (i.e. use of LPG and electricity) an assumptions-based approach has been used which may not reflect actual quantities used. Operational motorhome movements have been subtracted from the customer journeys. The methods associated with these calculations have some uncertainties as described above under Scopes 1 and 2.

10. GHG Protocol guidance on uncertainty assessment in GHG inventories and calculating statistical parameter uncertainty (2023).

In addition to the potential impact on accuracy based on the approach taken to quantify the GHG inventory as mentioned above, there is an additional potential source of inaccuracy that arises from using Planet Price and Sphera's inbuilt emission factor libraries. ***thl*** is dependent on the library owners to ensure the libraries use current and accurate emission factors at the time of reporting. Some of the data sources that these libraries draw upon are updated around June each year and there may be a lag in the updates of the Sphera libraries ***thl*** uses to calculate the GHG emissions and this inventory. This would mean that ***thl*** has as a result not used the latest emission factors and advice.

GHG Inventory Exclusions[xxxiii]

GHG emissions sources included in ***thl***'s FY24 GHG inventory were determined using a systematic approach to identify all relevant GHG emission sources within the organisational boundary and category. They were then evaluated, based on ***thl***'s assessment assessed of relevance, materiality, stakeholder expectation, data availability and quality in conjunction with level of influence ***thl*** has over the emissions source. For an emissions source to be excluded from the ***thl*** GHG emissions inventory it must meet all the below criteria:

- It is immaterial to the category (***thl*** considers any emissions source that is over 5% respectively of Scope 1, Scope 2 or Scope 3 by category to be of material significance to the GHG inventory).
- It is not required to be reported by legislation or ***thl*** internal reporting standards.
- It is not considered to be material to stakeholders or core to ***thl***'s business/products.
- ***thl*** has not reported it before (for consistency ***thl*** reports on historically-reported emissions even if they are no longer material).
- ***thl*** does not have good quality data or assumptions to make a reasonable quantification.
- ***thl*** has very limited influence over it (e.g. emissions sources which are considered to be our customer or supplier Scope 3 emission sources).

All emissions sources that meet the exclusion criteria have been reviewed by key internal stakeholders. The following emissions sources have been excluded from ***thl***'s FY24 GHG inventory :

Scope 1 and 2:

- Carbon Dioxide in welding gas - excluded as is de minimis and not core to business activity (less than 5% of combined Scope 1 and 2 emissions).
- Refrigerant gas losses from air conditioning /on-site refrigeration - excluded as is de minimis and not core to business activity (less than 5% of combined Scope 1 and 2 emissions).
- Refrigerant gas losses from non-RV fleet – excluded as is de minimis and not core to business activity (less than 5% of combined Scope 1 and 2 emissions).

Scope 3:

- Products sold/purchased intra-company (i.e. from one businesses unit to another) (Categories 1, 11 and 12) – these are captured elsewhere in the inventory.
- Wastewater - excluded as is de minimis and is not core to business activity (less than 5% of combined Scope 3 emissions).
- Recycling, compost and other waste diversion- excluded as are de minimis and not core to business activity (less than 5% of combined Scope 3 emissions).
- Refrigerant gas losses from air conditioning/refrigeration in sold Recreational Vehicles (RVs) and commercial vehicles (not including refrigerated truck units) – excluded as is de minimis and not core to business activity. Refrigerant losses are a result of a damaged system (managed through maintenance and servicing) and are not emitted while in use.
- Ongoing maintenance and vehicle consumables associated with sold products and vehicles – excluded as is likely de minimis and not core to business activity. There are no Scope 1 or 2 emissions associated with this during the direct use of ***thl***'s sold product. Customers' maintenance/servicing habits are not controlled / are unlikely to be influenced by ***thl*** or ***thl***'s sold products, nor considered to be a material source of emissions for the sold product.
- Waste, water and other consumables associated with use of RVs (sold or leased) and other vehicle sales - excluded as do not generate direct emissions associated with ***thl***'s products/core business activity. There are no Scope 1 or 2 emissions associated with this during the direct use of ***thl***'s sold product. Customers' lifestyle and purchasing habits are not controlled/unlikely to be influenced by ***thl*** or ***thl***'s sold products, nor considered to be a material source of emissions for the sold product.
- Vehicle parts at end-of-life – excluded - assumed to be recycled or inert in landfill (i.e. have no associated GHG emissions).
- Life-cycle emissions with ***thl*** non-owned vehicles used, and leased buildings - excluded as ***thl***'s use of these represents only a very small portion of the asset's total lifespan. As a lessor, ***thl***'s focus is on the emissions generated during the lease/use term, which can be directly influenced and managed. The emissions associated with the manufacturing or construction phase are spread over the entire lifetime of the asset and are not solely attributable to the lease/use period.

Other:

- Two small locations acquired as part of the Apollo merger were excluded in FY23 and subsequently closed permanently in FY24.
- Franchises – The franchisees use ***thl*** branding but are not otherwise operationally apart of ***thl*** group. They fall outside of operational control consolidation approach. The operations are small scale and expected to be de minimis.
- Investments – most investments are business units operated by ***thl*** and are included elsewhere in the inventory. In FY24, there is one investment (Caravansaway) not captured fully – ***thl*** owns a 25% share and does not have operational control (placing it outside of the reporting boundary under the operational consolidation approach). Caravansaway operates in a shared location with Brisbane RV (therefore Caravansaway's Scopes 1 and 2 emissions are reported in this inventory, however Scope 3 emissions are not).

Emission Factor and Global Warming Potential Sources

For most emissions sources reported in ***thl***'s FY24 GHG emissions inventory, the relevant emission factor is selected from supplied libraries in the SpheraCloud: Sustainability & Safety Management Solutions software. These libraries are developed using the Global Warming Potential (GWP) conversion rates and emission factors from:[xxxii]

- Department for Energy Security and Net Zero and Department for Business, Energy & Industrial Strategy, Emissions Factors: v12 June 2023 (UK) (formerly DEFRA). Uses IPCC AR5 GWP.
- Department of Climate Change, Energy, the Environment and Water, National Greenhouse Accounts Factors: August 2023 (Australia). Uses IPCC AR5 GWP.
- Ministry for the Environment, Emission Factors: July 2023 (New Zealand). Uses IPCC AR5 GWP.
- United States Environmental Protection Agency, GHG Emission Factors Hub: v5.0 April 2023 (US). Uses IPCC AR4 GWP.
- Environment and Climate Change Canada, Emission Factors and Reference Values: v2.0 May 2024 (Canada). Uses IPCC AR4 GWP.
- International Energy Agency (2024) Emissions Factors 2023: September 2023 (Global). Uses IPCC AR4 GWP.
- Country-specific emission sources are used in the first instance where available, otherwise UK datasets have been used as a proxy.

Some specific emission factor datasets are used for specific emissions sources or calculations:

- ***thl***-specific emission factors are derived for customer journey and motorhome relocations, and vehicles sold based on fleet lists/sales data and the above emission factor databases.
- Watershed Comprehensive Environmental Data Archive database – sourced through Planet Price license (global). These are industry-specific, spend-based emission factors used in calculating the Scope 3 - Category 1: Goods and Services Purchased emissions through Planet Price.

GHG Targets

thl is aware that the majority of its GHG footprint is related to its fleet, including the sale of RVs. While ***thl*** is investigating the transition to a low-emissions fleet, including conducting our second pilot of eRVs in New Zealand, we recognise the significant work required to transition the global fleet. As a technology consumer, ***thl*** is reliant on its supply chain to transition, particularly the availability of electric and other low / no-emissions chassis.[xxxix]

Our current science-aligned target for Scope 1 and 2 emissions is an absolute GHG emissions reduction of 50.4% from a FY20 baseline by end FY32.[xxxvi 11]

This target was developed using SBTi methodology (although it has not been submitted for validation or validated by SBTi) by a third-party consultancy and is aligned with limiting global warming to 1.5 degrees Celsius.[xl] While we have made some operational emission reductions progress through our Ignition programme (e.g. in Australia our RV rentals branches[12] reduced energy use by ~11% between FY20 and FY24 reporting periods), the merger with Apollo businesses in November 2022 significantly increased operations with the number of sites included in the FY24 footprint increasing by 40.5% from FY20. It is therefore challenging to compare site-based progress between FY20 and FY24.

Progress towards science-aligned target

The following information has been provided for compliance with NZ CS 1 and does not reflect any reduction in GHG emissions, rather it reflects the result of the change of consolidation approach from equity share to operational control.

To set a science-aligned target, a full year of representative GHG emissions data was required. With work starting in FY21 to develop the science-aligned target, FY20 was selected as the baseline year. ***thl*** emissions in the last quarter of FY20 were impacted by COVID-19 lockdowns and therefore were adjusted with an appropriate uplift factor to represent a pre-COVID-19 level of activity for the quarter. This contributed to a baseline footprint for the business against which a science-aligned target for Scopes 1 and 2 was set. The target was based on the adjusted FY20 combined Scope 1 and 2 emissions baseline of 94,531 tCO_2e (Scope 1: 92,772 tCO_2e which included customer journey emissions of 90,260 tCO_2e, and Scope 2: 1,759 tCO_2e).

In FY24, there appears to have been a decrease of 87,568.30 tCO_2e[13] (-92.6%) of the combined Scope 1 and 2 emissions from the FY20 adjusted baseline. This decrease is attributable to the change in consolidation approach which shifted the customer journey emissions from Scope 1 to Scope 3 Category 13. For a more accurate reflection of progress against the target, comparison has been made excluding the customer journey emissions from Scope 1 in FY20. This more accurately represents a 2,691.70[13] tCO_2e (63.0%) increase from FY20 to FY24, reflecting the numerous changes to ***thl*** since FY20 – largely attributable to the merger in November 2022[14] with the Apollo Tourism and Leisure businesses.

11. This Board-approved target for Scopes 1 and 2 was externally disclosed in FY22 while an internal, draft target for partial Scope 3 emissions was discussed but not formalised. The FY23 Climate Disclosures incorrectly stated that the target included partial Scope 3 emissions.
12. Including manufacturing site, excluding new Melbourne site and retail sites.
13. Not assured.
14. Refer to previous Integrated Annual Reports available at ***thl***online.com.

Our overall FY24 footprint, at ~1.08M tCO_2e, is now significantly larger than our FY20 footprint as a result of the increased scale of the business post-merger and the progression of ***thl***'s reporting of Scope 3 emission sources over this period. We intend to use FY24 as our new baseline year with fully-merged operations and to reset our target.[xxxviii] ***thl*** does not have any associated interim targets[xxxvii] and our existing target does not rely on offsets: we prefer to invest in decarbonising our fleet to reach our absolute emissions reduction target.[xl]

As set out above, ***thl*** has committed to the Future Fit Business Benchmark 'Break-Even' (BE) Goals, several of which relate to reduction of GHG emissions in ***thl***'s energy use, operational emissions, and product emissions. Timeframes for achievement will be developed during transition planning.

- BE Goal 01 – *Energy is from renewable sources (absolute target).* ***thl*** does not currently have a timeframe set for this BE Goal. ***thl***'s progress is detailed in the ***thl*** FY24 Annual Report at page 38 and varies significantly by jurisdiction. Energy efficiency and renewable energy is a focus for each site future-fit action plan and country sustainability work plans, tracked through carbon impact reports.
- BE Goal 06 – *Operations emit no greenhouse gases.* This means reducing emissions from ***thl***'s own operational activities and energy consumption to net zero emissions (absolute target). ***thl*** does not currently have a timeframe set for this BE Goal, although it will build on ***thl***'s science-aligned Scope 1 and 2 GHG emissions (50.4%) reduction target described above (due to be reset as above). ***thl***'s progress is detailed in our FY24 Integrated Annual Report at page 39. This target implicitly depends on the use of offsets but ***thl*** prefers instead to invest in decarbonisation of its fleet through its Future Fleet programme. Lowering operational emissions is a focus for each site future-fit action plan and country sustainability work plans, tracked by carbon impact reports.
- BE Goal 18 – *Products emit no greenhouse gases (absolute target).* ***thl*** does not currently have a timeframe set for this highly-challenging, absolute BE Goal, which depends on ***thl***'s ability to switch to fully-electric / hydrogen vehicles, potentially via transition technologies such as hybrid or biofuel. This is ***thl***'s highest priority goal with the greatest challenge. ***thl***'s progress is detailed in our FY24 Integrated Annual Report at page 39. No offsets are applicable to this goal.
- ***thl*** has not specifically considered, for each of these goals, whether they contribute to limiting warming to 1.5 degrees (unlike ***thl***'s Scope 1 and 2 target above).

Emissions Intensity

thl's GHG emissions intensity is calculated by operational emissions per million dollars of revenue. It is calculated using total revenue and operational GHG emissions (all Scope 1 and 2 emissions and Scope 3 operational emissions – see definition in Greenhouse Gas (GHG) emissions section above).[xli] For FY24 this is 15.29[13] tCO_2e/$ million revenue (NZD).

Exposure to Transition Risks

89% of ***thl***'s rental and sales branches are assessed as being exposed to transition risks, including rapid regulatory change.[xlii] ***thl***'s transition metric was calculated by identifying the number of sales and rental branches that are in regions that have ICE vehicle phase-out dates before 2040.

As of FY24 this includes:

- Australia
- New Zealand
- United States – specifically: California
- Canada
- UK
- Ireland

This approach identified that 39 of 44 sales and rental branches are exposed (and, for present purposes, therefore vulnerable) to ***thl***'s transition risk (89% of branches). This is a preliminary estimate of ***thl***'s vulnerability to 'rapid regulatory change and requirements for legal compliance'.

A limitation of this method to be considered in the future is the potential for regions or states without current ICE phase-out dates setting policies and regulations.[xliii] ***thl*** is not able to predict which regions will abruptly change targets and policies. Changes may occur with changing governments and their different policy agendas.[xliv]

Exposure to Physical Risks

47% of ***thl***'s rental branches are assessed as being exposed to acute weather events, including flooding, hail, wildfires and heatwaves.[xlv] ***thl***'s physical metric was calculated by identifying the number of rental branches that have already been exposed to acute weather events (including wildfire, flooding, hail and heatwaves).

For FY24 this included:

- Australia: Queensland, Victoria and New South Wales branches
- New Zealand: Auckland branches
- United States: California branches
- Canada: Alberta, British Columbia branches
- UK and Ireland: all branches

This approach concluded that 17 of 36 rental branches are exposed to ***thl***'s physical risk (47% of rental branches). Sales branches and non-tourism sites were excluded due to ***thl***'s material physical risk being focused on 'changes in booking patterns due to physical climate impacts'. A limitation of this method is the need for a physical climate risk assessment across all branches[xlvi] which ***thl*** has not yet completed. Therefore, the calculations used in its physical risk metric are a preliminary estimate. The metric will be updated once a physical climate risk assessment has been completed.[xlvii]

Climate-Related Opportunities

On average, 33 RVs (caravans and motorhomes) per day were utilised on ***thl***'s climate-related non-tourism response in FY24, providing approximately 12,000 hire days/nights. Specifically, RVs were used for mobile housing or service delivery in relation to flooding and cyclone/hurricane events. This comprised:

- NZ – approximately 4,500 hire days for flood response and people displaced by Cyclone Gabrielle
- AU – approximately 7,300 hire days for flood response
- US – approximately 150 hire days for hurricane response

The number of vehicles allocated to this opportunities was provided by ***thl*** Commercial and Operational leads. A limitation of this method is the need to understand which vehicle allocations are made to specifically climate-related events.

Capital Deployment

One of ***thl***'s material climate-related risks is associated with the uncertainty in the supply of low / zero-emissions chassis appropriate for conversion into eRVs or other no-emissions RVs.

The ***thl*** Board has approved ongoing capital expenditure on our 'Future Fleet' programme that can achieve a negative Return On Funds Employed (ROFE) to trial EVs and other low-carbon vehicle technologies, as outlined in 8(c), at a rate of up to NZD $2 million p.a.

thl has conducted two pilot trials of electric recreational vehicles within its rental fleet. The first trial spanned 2017 to 2019 with twelve vehicles: ten LDV Van chassis plus the electric conversion of two Emoss vehicles. The second trial is currently underway, using Ford E-Transit chassis for six new Britz Evolve vehicles. ***thl*** has estimated that the investment in the first and second electric recreational vehicle pilot trials has been in the order of NZD $1,628,000 and $960,000, respectively and $2,588,000 (gross) in aggregate.

In FY24, ***thl*** deployed NZD $960,000 (gross) towards addressing climate-related risks and opportunities.[l] The method used was the capital expenditure on Future Fleet pilot projects excluding other investment e.g. travel for research and development. There is some uncertainty about the sum that is recoverable e.g. from the sale of these eRVs.[li]

Internal Emissions Price

thl has adopted an internal emissions price of USD$51 per metric tonne[15] which represents a Social Cost of Carbon (SCC): an estimate of the impact of each additional tonne of carbon emissions.[lii] ***thl*** uses AI software *Planet Price* to set an internal proxy price for environmental externalities, including carbon. Planet Price uses the US EPA value of USD$51 per metric tonne as the SCC as it is based on comprehensive, peer-reviewed methodologies and reflects the latest climate science and socioeconomic projections, providing a balanced and credible estimate.[liii] The SSC value is based on a 3% future discount rate (a method used to compare the value of future impacts to those experienced today) which may be re-visited in coming years, leading to an increased value.[xliv]

For reference, the average market value for the EU Emissions Trading Scheme during 2024 was approximately €80. Prices for carbon offsets vary widely, ranging from US$5 to $50 per metric ton of CO_2e, depending on project type and certification standards. Planet Price allows customers to also define their own internal shadow price for GHG emissions.[xlv]

Remuneration

thl does not currently consider climate-related risks or opportunities within management remuneration. This will be considered by the Remuneration Committee in FY25.[xlv]

15. Not assured.

Appendix 1 – Glossary

Acronyms:

ARC – ***thl*** Audit & Risk Board Sub-Committee

BE – future-fit Break-Even goal to achieve 'sustainability'

CO_2e – carbon dioxide equivalent: a metric measure used to compare the emissions from various greenhouse gases based on their Global Warming Potential (GWP), by converting amounts of other gases to the equivalent amount of carbon dioxide with the same GWP.

ERM – Enterprise Risk Management

GHG – Greenhouse Gas

GWP – Global Warming Potential

HSSC – ***thl*** Health Safety & Sustainability Board Sub-Committee

IPCC AR – Intergovernmental Panel on Climate Change Assessment Report. The IPCC is the United Nations body for assessing the science related to climate change.

NGFS – Network for Greening the Financial System

RIC – Risk & Improvement Committee

RRN – Regional Risk Network

Scope 1 emissions – direct GHG emissions that are owned or controlled by an organisation

Scope 2 emissions – indirect GHG emissions associated with the purchase of electricity, steam, heat, or cooling

Scope 3 emissions – indirect GHG emissions which are the result of activities from assets not owned or controlled by an organisation, but that the organisation indirectly affects in its value chain

TCFD – Task Force on Climate-Related Financial Disclosures

thl – Tourism Holdings Limited

Terms:

Changing Gear – the name of ***thl***'s climate response strategy including adaptation, decarbonisation and a just transition plan to a low-emissions future, to be developed in FY25

Climate & Carbon Strategy – ***thl***'s overarching programme to manage its climate risks, opportunities and greenhouse gas inventory

future-fit – ***thl***'s global sustainability programme

Future-Fit Business Benchmark – the science- and systems-based sustainability goals underpinning ***thl***'s global sustainability programme

Future Fleet – ***thl***'s programme to decarbonise its fleet

Appendix – NZ CS 1 References

	NZ CS 1 References	Location (page)
i	Governance 7a	Page 6
ii	Governance 7b	Page 6
iii	Governance 8a	Page 8
iv	Governance 8b	Page 8
v	Governance 8c	Page 9
vi	Governance 8d	Page 8 and 9
vii	Governance 9a	Page 8
viii	Strategy 11c	Page 19
ix	Strategy 11d	Page 20
x	Strategy 11e	Page 13 and 19
xi	Strategy 12a	Page 13
xii	Strategy 12b	Page 3
xiii	Strategy 13	Page 14
xiv	Scenario Analysis and Narratives: Methods and Assumptions 51a	Pages 14-16
xv	Strategy 14a	Page 14
xvi	Strategy 14b	Page 19
xvii	Strategy 14c	Page 9
xviii	Strategy 15b	Page 3
xix	Strategy 16a	Page 10
xx	Strategy 16b	Page 3
xxi	Risk Management 18b	Page 23
xxii	Risk Management 19a	Page 17 and 23
xxiii	Risk Management 19c	Page 23
xxiv	Risk Management 19d	Page 23
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xxvii	Metrics and Targets 21c	Page 9
xxviii	Metrics and Targets 21d	Page 24
xxix	Metrics and Targets 22a	Pages 25-27 and 29
xxx	Metrics and Targets 24a	Page 28
xxxi	Metrics and Targets 24b	Page 28

	NZ CS 1 References	Location (page)
xxxii	Metrics and Targets 24c	Page 32
xxxiii	Metrics and Targets 24d	Page 31
xxxiv	Greenhouse Gas Emission: Methods and Assumptions 52	Page 29
xxxv	Greenhouse Gas Emission: Methods and Assumptions 53	Page 30
xxxvi	Metrics and Targets 23a	Page 32
xxxvii	Metrics and Targets 23b	Page 33
xxxviii	Metrics and Targets 23c	Page 33
xxxix	Metrics and Targets 23d	Page 32
xl	Metrics and Targets 23e	Page 32
xli	Metrics and Targets 22b	Page 33
xlii	Metrics and Targets 22c	Page 33
xliii	Transition Risks: Methods and Assumptions 49a	Page 33
xliv	Transition Risks: Methods and Assumptions 49b	Page 33
xlv	Metrics and Targets 22d	Page 33
xlvi	Physical Risks: Methods and Assumptions 49a	Page 33
xlvii	Physical Risks: Methods and Assumptions 49b	Page 33
xlviii	Metrics and Targets 22e	Page 34
xlix	Opportunities Alignment: Methods and Assumptions 49a/b	Page 34
l	Metrics and Targets 22f	Page 34
li	Capital Deployment: Methods and Assumptions 49a/b	Page 34
lii	Metrics and Targets 22g	Page 34
liii	Internal Emissions Price: Methods and Assumptions 49a	Page 34
xliv	Internal Emissions Price: Methods and Assumptions 49b	Page 34
xlv	Metrics and Targets 22h	Page 34

Independent Assurance Report

Independent Assurance Report to the Directors of Tourism Holdings Limited (‘*thl*’)

Our Conclusions:

Reasonable Assurance Opinion for Scope 1 and 2 GHG emissions

In our opinion, the Scope 1 and 2 GHG emissions for the year ended 30 June 2024, as reported in ***thl***’s FY24 Climate Statement, are prepared, in all material respects, in accordance with the Criteria defined below.

Limited Assurance Conclusion for Scope 3 GHG emissions

Based on our limited assurance procedures performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that ***thl***’s Scope 3 GHG emissions as reported in ***thl***’s FY24 Climate Statement for the year ended 30 June 2024 have not been prepared, in all material respects, in accordance with the Criteria defined below.

Scope of our Assurance Engagement

Ernst & Young Limited (‘EY’, ‘we’) were engaged by Tourism Holdings Limited (‘***thl***’) to provide reasonable assurance over the following Subject Matter disclosed in ***thl***’s FY24 Climate Statements (the ‘Report’) for the year ended 30 June 2024 in accordance with the noted Criteria, as defined in the following table:

Reasonable Assurance Subject Matter	Criteria
Total Scope 1 and 2 greenhouse gas (‘GHG’) emissions as per page 25 in the Report	Aotearoa New Zealand Climate Standards (“NZ CS”)

In addition, we were engaged by ***thl*** to provide limited assurance over the following Subject Matter in accordance with the noted Criteria, as defined in the following table:

Limited Assurance Subject Matter	Criteria
Total Scope 3 GHG emissions as per page 25 in the Report	Aotearoa New Zealand Climate Standards (“NZ CS”)

In applying NZ CS it is necessary to make judgements related to the standards adopted in the measurement and reporting of GHG emissions. The methods and assumptions used by ***thl*** are described on pages 29 to 31 of the Report, as are the estimation uncertainties inherent in the methods used.

Other than as described in the preceding paragraphs, which set out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express a conclusion on this information.

thl’s Responsibility

The Directors are responsible, on behalf of ***thl***, for the preparation and fair presentation of the Report in accordance with NZ CS. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the Report, such that it is free from material misstatement, whether due to fraud or error.

EY’s Responsibilities

For the reasonable assurance engagement, our responsibility is to express an opinion on the Reasonable Assurance Subject Matter based on the evidence we have obtained. For the limited assurance engagement, our responsibility is to express a conclusion on the Limited Assurance Subject Matter based on the evidence we have obtained.

Ernst & Young provides financial statement audit and review services to ***thl***. Partners and employees of our firm may deal with the Entity on normal terms within the ordinary course of trading activities of the business of ***thl***. We have no other relationship with, or interest in, ***thl***.

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the 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 fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

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

Our approach to conducting the assurance procedures

We have performed our engagement in accordance with *International Standard for Assurance Engagements (New Zealand): Assurance Engagements Other than Audits or Reviews of Historical Financial Information ('ISAE (NZ) 3000')* and ISAE (NZ) 3410 *Assurance Engagements on Greenhouse Gas Emissions*.

A reasonable assurance engagement involves performing procedures to obtain evidence about the quantification of emissions and related information in the Report. The nature, timing and extent of procedures selected depend on the assurance practitioner's judgement, including the assessment of the risks of material misstatement, whether due to fraud or error, in the Report.

A limited assurance engagement involves assessing the suitability in the circumstances of ***thl***'s use of the Criteria as the basis for the preparation of the Report, assessing the risks of material misstatement of the Report whether due to fraud or error, responding to the assessed risks as necessary in the circumstances and evaluating the overall presentation of the Report.

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. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Description of assurance procedures performed

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

Our procedures included:

- Conducting interviews with personnel to understand the business and relevant reporting processes;
- Assessing ***thl***'s organisational and operational boundaries to assess the completeness of greenhouse gas emissions sources;
- Identifying and testing assumptions supporting calculations;
- Comparing year on year activity-based greenhouse gas and energy data, where possible;
- Considering sources of GHG emissions and the appropriateness of the measurement methodology;
- Limited testing of calculations and aggregations; and
- Considering the presentation of the information within the Report.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

Additional reasonable assurance procedures we performed were based on professional judgement and included, but were not limited to:

- For our reasonable assurance of Scope 1 and Scope 2 greenhouse gas emissions, on a sample basis, agreed underlying data to source information to assess completeness of performance data, which included invoices, system extracts and other records.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Inherent Uncertainties

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

Use of our Assurance Report

We disclaim any assumption of responsibility for any reliance on this assurance report to any persons other than the Directors of ***thl***, or for any purpose other than that for which it was prepared.

Ernst & Young Limited

Ernst & Young Limited
Auckland
21 October 2024

THLONLINE.COM