



FY24 CLIMATE STATEMENT

Millennium and Copthorne Hotels
New Zealand Ltd



CONTENTS

Introduction	4
Message from the Board	6
About Millennium & Copthorne Hotels New Zealand Ltd	7
About this Statement	9
Governance	10
Strategy	14
Risk Management	30
Metrics and Targets	36
Glossary	44
Appendices	50
A. Climate Scenarios	52
B. Greenhouse Gas Inventory	56
C. KPMG Assurance Limited Opinion	64
D. Toitū Certification	70

Disclaimer

This document has been prepared by Millennium & Copthorne Hotels New Zealand Limited (MCK) in good faith based on current knowledge, expectations and intentions and reserves the right to change these in future as new information becomes available.

Our understanding of climate change is evolving over time. MCK has begun to establish processes to report on the four pillars of climate-related disclosures set out in the Aotearoa New Zealand Climate Standards. As we continue to improve how we manage our response to climate change, our forward-looking statements and metrics may change.

This report is based on current expectations, estimates and assumptions and is therefore subject to significant uncertainties. The risks and opportunities described may not eventuate or may be more or less significant than anticipated.

The detail in this document is not intended as investment, legal, tax or financial advice or recommendation to any person and must not be relied on as such. All references to \$ are to New Zealand Dollars unless otherwise indicated. Percentages may be subject to rounding.

This document contains climate-related and forward-looking statements and metrics. Forward-looking statements can include words such as “expect”, “intend”, “plan”, “believe”, “continue” or similar words in connection with discussions of future operating or financial performance or conditions or climate-related outcomes. The forward-looking statements are based on the company’s current expectations and assumptions regarding the MCK business, assets and performance and other future conditions, circumstances and results. As with any projection or forecast, forward-looking statements are inherently susceptible to uncertainty and to any changes in circumstances. MCK’s actual results may vary materially from those expressed or implied in the forward-looking statements. Past performance is no indication of future performance.

Cover Image: Copthorne Hotel and Resort Bay of Islands.
Left: Copthorne Hotel Auckland City.





INTRODUCTION

Left: Millennium New Plymouth.



MESSAGE FROM THE BOARD

This is our second climate-related disclosure report, and we are pleased to have made significant progress since last year.

We appointed our first dedicated Sustainability Manager in late 2024, in recognition of the importance of sustainability from a strategic point of view for the business. MCK is looking to take action to be more sustainable across its business, reducing its climate risk and emissions, driving transparent reporting and complying with regulations with regard to sustainability across our hotel portfolio.

MCK reported an uplift in revenue in 2024 and a continued improvement in profit before tax despite the weaker tourism and property markets seen during the year. This improvement was mainly driven by continued positive growth in the New Zealand Hotel business. Our results demonstrate the resilience of our business and from a strategic perspective, MCK is now nearing the end of our 'Revive stage' and expects to move into a 'Thrive stage' in late 2025.

We recognise that reporting on and delivering tangible outcomes for sustainability as well as transparent reporting are increasingly in demand from regulators, domestic and international travellers, our corporate customers and our investors.

MCK is part of a global company and network of hotels with an emphasis on supporting positive local environmental outcomes. In 2024 we joined the global Sustainability Team of our parent company to advance action on sustainability.

We are still early in our journey to measure and reduce our emissions. This year has seen an emphasis on improving internal procedures for data gathering and reporting. We have also established foundational processes for informing decision-making and embedding sustainability across the business. Work is underway to develop our Sustainability Strategy and ESG framework.

We completed our second year of measuring and reporting on our carbon footprint. This included obtaining external assurance and restating our 2023 base year. In 2024 we again achieved Toitū Carbon Reduce certification for our Greenhouse Gas Inventory and recertified our base year.

We commenced measuring our indirect sources of emissions in preparation for next year's reporting. We conducted our first staff travel survey, started working with our franchised and managed hotels to source data, and started capturing spend-data for a range of products and services used by the business.

During 2024 we began work on a portfolio-wide assessment of our hotel assets' exposure to physical climate risk, and our business transition climate risks and opportunities. This shows

that our properties are resilient to a wide range of climate hazards in the short to medium term. This work will support us in continuing our transition planning in 2025.

In 2025, we will see a continued focus on data improvement, setting targets, transition planning and engaging with our material suppliers.

This Climate Statement contains our FY24 climate-related disclosures in compliance with the Aotearoa New Zealand Climate Standards issued by the New Zealand External Reporting Board (XRB). The adoption provisions we are utilising this year are found on page 9.

This Climate Statement is for MCK's 2024 financial year 1 January 2024 to 31 December 2024 and is authorised for issue for and on behalf of the directors on 28 April 2025.



Colin Sim
Chairman



Stuart Harrison
Managing Director



ABOUT MILLENNIUM & COPTHORNE HOTELS NEW ZEALAND LTD

Summary of MCK's purpose, value chain and business

MCK's primary businesses is the ownership and operation of hotels in New Zealand.¹ We have been established in New Zealand for 30 years and our hotel brands include Millennium, Grand Millennium, M Social, Copthorne and Kingsgate.

In 2024, the MCK portfolio consisted of 18 hotels across New Zealand from the Bay of Islands through to Te Anau.² Our hotels are located in New Zealand's key gateway cities and we take pride in hosting a wide variety of conferences and events at our properties.

Our purpose

Your best time and place – right here, right now.

Our purpose is to deliver memorable experiences for our guests whilst purposefully contributing to our communities.

Our mission is to become the hotel chain which everyone recommends to their family, friends and colleagues. We pride ourselves on our hospitality and levels of service no matter which of our hotels you stay at.

MCK is conscious that our shareholders and stakeholders want confidence that the business is prepared for the future and may wish to understand the impact the business has on the environment. This Climate Statement provides additional transparency and confidence to our shareholders, employees and stakeholders.

Our value chain



We hear from our guests and stakeholders more and more that they wish to ensure that their stay has a minimal impact on the environment, and so we will increasingly take action to demonstrate our commitment to reducing our emissions and impact. Delivering on our purpose requires us to step up to minimise our environmental and social impacts, and work to embed sustainability principles throughout our operations.

Globally, the hotel sector accounts for approximately 1% of all carbon emissions.³ In New Zealand, the accommodation and food sectors produce 84.11ktCO₂e with the majority of these emissions originating from energy and fossil fuel use.⁴

Climate impact is expected to affect the hospitality and accommodation sectors in a variety of ways. For example, hotels use high levels of water and energy in their daily operations and use significant amounts of materials in their construction and refurbishment. It is therefore imperative to review our operations to see how improvements can be incorporated across our businesses. Our locations, particularly in popular tourist destinations and coastal areas are more likely to be affected by climate change and sea level rise. Past weather events have also affected our operations with impacts to the hotels themselves as well as access to and from them.

1. Millennium & Copthorne Hotels New Zealand Limited is a majority owned subsidiary of CDL Hotels Holdings New Zealand Limited which is a wholly owned subsidiary of Millennium & Copthorne Hotels Ltd in the United Kingdom. The ultimate parent company is Hong Leong Investment Holdings Pte Ltd in Singapore.
 2. This total includes two franchise hotels – Millennium Hotel & Resort Manuels Taupo, Copthorne Hotel & Resort Solway Park Wairarapa.
 3. UNWTO (2008), Climate Change and Tourism – Responding to global challenges, <https://www.unwto.org/archive/global/news/2011-08-16/climate-change-and-tourism-responding-global-challenges>
 4. <https://www.eeca.govt.nz/co-funding-and-support/products/hotel-decarbonisation-pathway>
 5. This total excludes two franchise hotels – Millennium Hotel & Resort Manuels Taupo, Copthorne Hotel & Resort Solway Park Wairarapa.



ABOUT THIS STATEMENT

Millennium & Copthorne Hotels New Zealand Limited (MCK) is a Climate Reporting Entity (CRE) under the Financial Markets Conduct Act 2013.

Disclosure boundary

These climate-related disclosures relate to MCK which in 2024 encompassed 16 hotels under ownership and or management.⁶ Although CDL Investments New Zealand Limited (CDI) is a majority owned subsidiary of MCK, the activities of CDI are not included within in this Climate Statement.⁷ CDI are a CRE under the Financial Markets Conduct Act 2013 and undertake their own disclosure reporting.⁸

MCK is engaged in, but does not report on the following activities, as they do not fall within our operational control or are deemed to be immaterial:

- Two franchised hotels – Millennium Hotel & Resort Manuels Taupo and Copthorne Hotel & Resort Solway Park Wairarapa;
- Development and sale of residential land and leasing of commercial property in New Zealand (through CDI);
- Management and sale of residential units in Australia (Zenith Residences, Sydney); and
- Ownership (through a 50-50 joint venture) of a hotel in Australia (Sofitel Brisbane Central).

Adoption provisions

The disclosures made in this Climate Statement have been prepared in compliance with the Aotearoa New Zealand Climate Standards NZ CS 1, NZ CS 2 and NZ CS 3, issued by the External Reporting Board. In preparing this Climate Statement, MCK has elected to use the following adoption provisions from the NZ CS.

Adoption provision	MCK response
2 Anticipated financial impacts	MCK has elected to use this provision for exemption in our first and second reporting periods. Preparation is underway and we intend to include this in FY25, our third reporting period.
4 Scope 3 GHG emissions	In 2024 MCK elected to disclose FY24 scope 3 Greenhouse gas (GHG) emissions in some categories, as required by the Toitū programme, where quantifiable data is available. This provision applies where data was not yet available in our second reporting period. We will report more fully in FY25 our third reporting period.
5 Comparatives for Scope 3 GHG emissions	MCK has elected to use this provision for exemption in our first and second reporting periods. We intend to provide one year of comparative information for scope 3 GHG emissions in FY25, our third reporting period.
6 Comparatives for metrics	MCK has elected to use this provision for exemption in our first and second reporting periods. This permits MCK to provide one year of comparative information for each metric in FY24, our second reporting period.
7 Analysis of trends	MCK has elected to use this provision for exemption in our first and second reporting periods. MCK does not provide analysis of the main trends evident from a comparison of each metric from previous reporting periods to the current reporting period in FY24, our second reporting period.

This Climate Statement was published on April 28, 2025 and made available for primary users⁹ from: <https://mckhotels.co.nz/investors/climate-statements> and has been authorised for issue for and on behalf of the directors.

Please contact sustainability.nz@millenniumhotels.co.nz for any questions about this Climate Statement.

Left: Grand Millennium Auckland.

6. Note this differs from MCK's 2023 disclosures, as we updated our organisational boundary in 2024 to include our managed hotels.
 7. Addressing CDI's climate risks and opportunities is delegated to the CDI Board and management. Although not material, CDI emissions are reported as part of the GHG Inventory organisational boundary.
 8. The CDI FY24 Climate Statement can be found at: https://cdlinvestments.co.nz/corporate_profile/
 9. Primary users are defined as MCK's current and future investors, lenders and other creditors.





GOVERNANCE

Left: Copthorne Hotel Wellington Oriental Bay.





GOVERNANCE

The Board's oversight and Management's role in assessing and managing climate risks and opportunities.

Disclosure objective:

To enable primary users to understand both the role an entity's governance body plays in overseeing climate-related risks and climate-related opportunities, and the role management plays in assessing and managing those climate-related risks and opportunities.

Climate-related governance

MCK's Board of Directors has oversight of sustainability overall which encompasses Environment, Social and Governance (ESG) aspects. This includes responsibility for ensuring there are established processes for assessing climate-related risks and opportunities, current climate impacts and climate-related financial impacts, and transition planning, distinct from Management's role in assessing, managing and reporting these.

In addition to regulatory compliance, good governance encompasses a strong sense of values and a desire to do what is right for our stakeholders including our guests, employees, suppliers, colleagues, regulators and the communities in which we operate. We strive to conduct our business in an ethical and responsible manner and in 2024 continued to embed climate-related risk management into our governance processes and operations.

MCK Board oversight¹⁰

MCK's Board has ultimate responsibility for overseeing the management of risks, including risks related to climate change. The Board of MCK is committed to introducing and integrating sustainability across key aspects of its business and advancing sustainability efforts overall. The Board have oversight of developing MCK's Sustainability Strategy and identifying ESG issues. The Board will set sustainability goals and will oversee MCK's sustainability and climate-related reporting.

The Board meets at least four times a year, or more frequently if required. The Board consider climate-related risks and opportunities when developing and overseeing implementation

of MCK's business strategy by receiving and considering presentations from Management and from expert advice obtained. MCK is continuing to integrate sustainability and climate into our strategic business planning processes.

The Audit Committee reviews and recommends to the Board, climate scenarios, progress against MCK's climate-related goals and ensures that targets and metrics are tracked and progressed (MCK aims to set and publish GHG targets in 2025). Climate-related performance metrics are not currently incorporated into remuneration policies. Directors now receive a sustainability and climate update as part of their Board/Committee packs which provides climate-related risks and opportunities and progress on key initiatives and metrics.

MCK's Audit Committee meets at least twice a year. Committee members examine climate-related risks and opportunities and will make recommendations to the Board on how (material) climate-related risks should be managed. This committee will also advise the Board on the establishment, implementation and review of a transition plan.

Directors undertake their own training to remain current on how to best perform their duties as directors of MCK. The MCK's Board Skills Matrix does not specifically include ESG or climate-related competencies and under the Board Charter, MCK will provide specific training to directors as required. MCK's directors acquire skills and competencies necessary to oversee climate-related risks and opportunities through various means. This includes through sessions on sustainability and climate risks delivered by the Sustainability Manager, the senior management team, external consultants and subject matter experts. In addition, continuous upskilling is expected via climate-related guidance reports and resources, industry advancements and hotel portfolio reporting.

MCK's Board does not currently have a director with specialist knowledge of climate issues although several directors are familiar with sustainability frameworks. The Board believes that it has directors with sufficient knowledge and experience in risk management who can apply this to managing climate-related risk.

Managing climate-related risks and opportunities; setting and monitoring targets; and transition planning for CDI is delegated to the CDI Board and management.

Role of Management

MCK's senior management team have day-to-day oversight of climate-related risks, opportunities and initiatives that drive climate mitigation and adaptation strategies. Management also reviews and advises the Board on ESG opportunities, strategic sustainability and climate issues and MCK's emissions reduction strategy and initiatives.

MCK's Sustainability Steering Group (SSG) currently consists of a representative cross-section of the Leadership Team including the Managing Director, VP Finance, VP Operations, VP Legal, Director Property and the Sustainability Manager. The SSG conduct assessments, prepare reports, manage the climate-risk register and put in place plans to initiate action, mitigate emissions and reduce climate risks. MCK's Operations (including Hotel General Managers), Sustainability Manager, Property, Legal and Finance teams provide the senior management team with support for monitoring and assessing MCK's activities which contribute to our impact on the climate.

The VP Legal oversees preparation of the annual Greenhouse Gas Inventory and Climate Statement delivered by the Sustainability Manager. The Sustainability Manager with support from the SSG is responsible for developing and delivering the Sustainability Strategy and future transition plan.

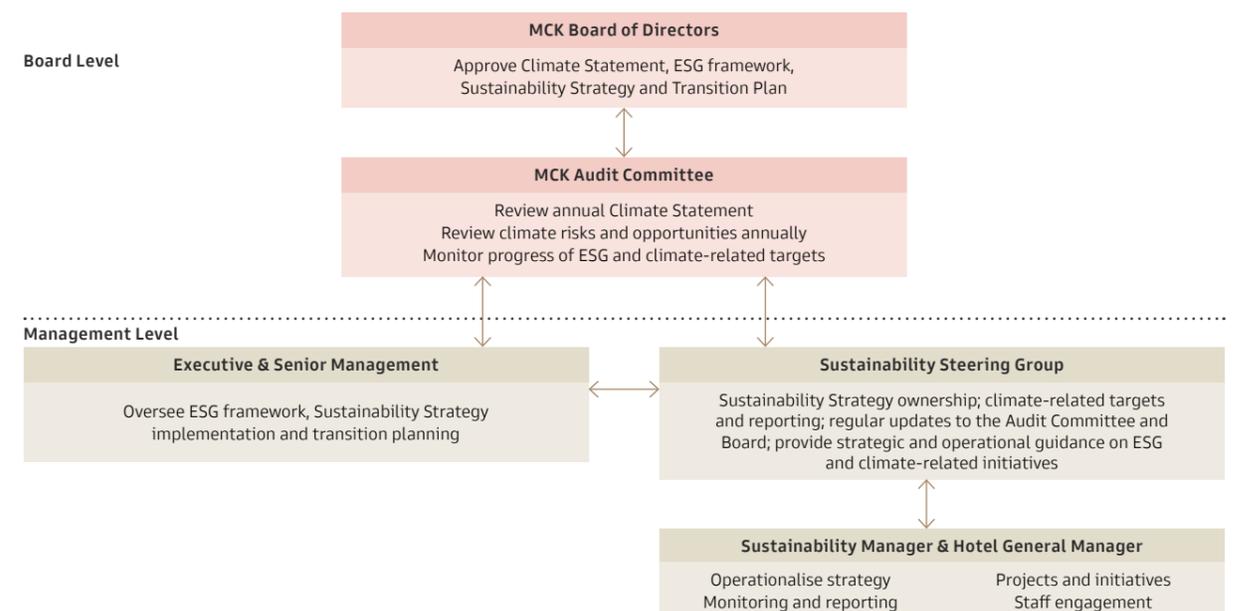
Climate risks and opportunities are captured and monitored in the company risk register by the SSG on an ongoing basis, with a review conducted annually – changes to risk profiles over time will be escalated to the wider Leadership Team.

Senior management and the SSG provide updates to each Audit Committee meeting on the identification and management of climate risks and opportunities.

Hotel General Managers, Operations and Facilities managers, supported by the Sustainability Manager, are involved in assessing and addressing site specific climate-related risks. Hotel teams and the Property team are responsible for overall performance of MCK's hotel operations – day-to-day management, maintenance and operability of MCK's assets; and property management, refurbishment and maintenance plans. Capital allocation across the hotel portfolio is agreed annually by the Board, through the budget approval process. Capex decisions are made monthly by the Capex Committee with input from the Sustainability Manager as required.

A review of the climate scenarios and climate-related risks and opportunities identified in the 2023 disclosures was undertaken by the Sustainability Manager in late 2024. This included participation by the SSG and Hotel General Managers in workshops with support from an external consultant. Criteria were set to assess current climate impacts and climate risks and opportunities. Work was also commenced by management on a portfolio-wide assessment of our hotel assets (including our managed hotels) exposure to physical climate risk, as well as further assessing and rating our business transition climate risks and opportunities. Key climate-related risks and opportunities arising from scenario analysis have been reviewed by the Audit Committee, and the Board has received the most recent climate assessment.

Governance of MCK climate-related risks and opportunities



10. Please also refer to the Corporate Governance Statement in our Annual Report which should be read together with these disclosures. MCK corporate governance policies can be found at https://mckhotels.co.nz/investors/wp-content/uploads/2025/03/MIL0022_Annual_Report_2024_Online.pdf



STRATEGY





STRATEGY

Climate-related impacts for our business including the scenario analysis undertaken and the time horizon for our climate-related risks and opportunities.

Disclosure objective:

To enable primary users to understand how climate change is currently impacting an entity and how it may do so in the future. This includes the scenario analysis an entity has undertaken, the climate-related risks and opportunities an entity has identified, the anticipated impacts and financial impacts of these, and how an entity will position itself as the global and domestic economy transitions towards a low-emissions, climate-resilient future.

MCK appointed our first dedicated Sustainability Manager in late 2024, in recognition of the importance of taking action to be more sustainable, to reduce climate risk and emissions; drive transparent reporting and comply with regulations across our hotel portfolio.

Our broad approach to assessing and acting on climate-related impacts across operations is to identify and manage climate risk by addressing both:

- **the impact on MCK** from the physical and transition impacts caused by climate change, and
- **the impact by MCK** resulting from our GHG emissions and other business decisions that contribute to climate change and other environmental issues.

Strategic direction

MCK provides quality accommodation for domestic and international tourists as well as corporate travellers. We aim to diversify our exposure to international and domestic markets through targeted marketing and revenue management. We invest in our properties and service delivery to ensure our customers have a positive experience.

Post the COVID pandemic MCK started executing a Revive and Thrive strategy focusing on the continued recovery of tourism to and within New Zealand. Our strategy with regard to managing climate-risk moving forward, is about realising growth opportunities and bolstering our commitment to sustainability – by establishing our ambition, emissions reduction targets and operational priorities. We recognise that we have an opportunity to transition to a low-carbon future while continuing to provide quality accommodation and guest services.

In 2024 MCK set a series of strategic pillars for the business, to deliver on our strategic goals, which include sustainability. MCK believes it can successfully execute business goals through developing a dedicated Sustainability Strategy, with policy, targets and measures; maintaining compliance with climate-related disclosures and retaining our Toitū certification and Qualmark ratings. This will include delivering on key actions such as prioritising energy efficiency measures, planning for a net-zero hotel, reviewing procurement policies and establishing and showcasing sustainable water-saving, waste reduction and renewable energy features and practices in our hotels.

Business model and hotel assets

MCK has been providing hotel accommodation in New Zealand for three decades to independent leisure and businesses travellers, in both the domestic and international markets. Guests can book a stay directly with one of our hotels as well as through a range of reputable local and global booking agents.

MCK has a diverse portfolio of hotels across the North and South Islands. We have a range of operational models including owned and operated hotels; hotels under management agreement; joint ventures managed by us or a third party; franchises; and landholdings. The level of operational control MCK has varies across our portfolio, which in some cases can impact the level of influence we have over capital deployment, actions to reduce emissions or improve climate resilience.

This mix builds resilience into our business model enabling MCK to provide guests with a range of accommodation types, across different brands, price points and comfort levels. MCK also offers the My Millennium loyalty membership programme for frequent guests.

Our hotels all have dining and bar facilities, many also offer pools, spas, gyms and meeting and conference facilities. We have a programme of hotel refurbishments planned across the portfolio to ensure our guests continue to enjoy quality facilities and improved services can be incorporated over time. MCK also provides staff accommodation at some of our properties.

Global reach with local action

MCK is part of a global company and network of hotels that places an emphasis on supporting positive local environmental outcomes. In 2024 the New Zealand region joined the global Sustainability Team of our parent company in Singapore, established to advance the group's action on decarbonisation and sustainable practices. This includes activating the Millennium Green Path framework.

This focuses on the areas of:

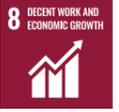


- Minimising the environmental impact of our operations;
- Responsible sourcing;
- Guest education and engagement; and
- Supporting our communities.

Prioritising action

To help identify our sustainability priorities MCK has adopted the United Nations Sustainable Development Goals (SDGs).¹¹ There are specific SDG targets and indicators relating to sustainable tourism such as policies and tools to promote

and monitor jobs, local culture and products including 8.9 and 12.B. While tourism has the potential to contribute, directly or indirectly to all of the goals. The SDGs that our business can contribute to the most¹² have been identified as:

Focus areas	Examples of current initiatives
 <p>Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</p> <ul style="list-style-type: none"> ▪ Sustainable tourism that creates jobs and promotes local culture and products ▪ Implement plans to reduce the negative impacts of tourism 	<p>Our MCK values create a safe, inclusive and productive workplace.</p> <p>We foster a diverse workforce consisting of a range of nationalities, ethnicities and ages across our hotels.</p>
 <p>Make cities inclusive safe resilient and sustainable</p> <ul style="list-style-type: none"> ▪ Inclusive and sustainable urbanization ▪ Reduce the environmental impact of cities ▪ Protect and safeguard cultural and natural heritage 	<p>Planning for future hotel development, responsible investment, site accessibility, supporting local cultural and community projects and protecting local environments.</p>
 <p>Ensure sustainable consumption and production patterns – reduce waste, promote resource efficiency, and encourage sustainable practices</p> <ul style="list-style-type: none"> ▪ Efficient use of natural resources ▪ Substantially reduce waste generation through prevention, reduction, recycling, and reuse ▪ Responsible supply chain and sourcing ▪ Reducing food losses along production and supply chains, ▪ Sustainable procurement practices ▪ Universal understanding of sustainable lifestyles 	<p>All our hotels have recycling systems for paper/cardboard, glass, cans and plastics and some are trialling soft plastic packaging collections. A focus on single-use plastics led to the removal of individual wet amenities and bottled water from most of our hotels in 2024. While there is room for improvement, our hotels are currently diverting food waste in places where commercial food waste collections are available.</p> <p>Hotels provide options for guests to reduce the impact of their stay.</p>
 <p>Take urgent action to combat climate change and its impacts</p> <ul style="list-style-type: none"> ▪ Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters 	<p>Recent work to assess our hotel portfolio to identify climate risks and commence transition planning will lead to more resilient hotel assets.</p>

11. <https://sdgs.un.org/goals>

12. Hotel operations can also contribute to SDG 6: Clean water and sanitation and 7: Affordable and clean energy, through reducing water and energy consumption/ increasing renewable electricity use.



STRATEGY (CONTINUED)

Materiality rating definitions and criteria

MCK has applied the XRB definition of materiality and the requirements in NZ CS 1 to shape our understanding of materiality of climate-related risks and opportunities (and also applied it to all disclosures in this Climate Statement). This means we have made every effort to present information that could reasonably be expected by primary users to influence business decisions, without omitting, misstating, or obscuring anything.

The following summarises our internal rating criteria used to assess climate-related risks and opportunities and current climate impacts across the business. Internal criteria applied incorporated some quantitative assessment such as percentage of portfolio affected, percentage of profit affected (also unplanned capital expenditure or possible savings), scale of disruption or benefit to operations, impact on occupancy and/or reputation.

Definition	Rating
Significant impacts to MCK's business or high likelihood of occurring in a given scenario, for consideration as part of strategic planning	High ●
Moderate impacts to MCK's business or average likelihood of occurring in a given scenario, for consideration as part of strategic planning	Medium ●
Limited or no impacts to MCK's business or low likelihood of occurring in a given scenario, can be dealt with as part of business as usual	Low ●

In summary MCK considers a climate impact as material if it has the potential to influence business as usual operations, deliver on business strategic objectives, revenue or market/customer perception.

Current climate-related impacts

A current impact is the effect or result of a material climate-related risk or opportunity on MCK's business, which took place within the current reporting period. We consider climate-related physical and transition impacts to be overall immaterial for MCK for 2024.

MCK's SSG conducted a retrospective screening to determine material climate-related impacts in 2024 across the business. Following input from MCK Leadership Team and General Managers, current material climate impacts are then fed into the annual financial impact assessment process.

We assessed whether there were any acute climate-related attributable weather events; any changes to policy settings or regulations enacted; or tangible market, technology or reputational shifts evident within the current reporting period. We also reviewed our climate-related risks and opportunities to see if any had occurred in 2024. This involved a materiality assessment of the proportion of portfolio and profit affected, scale of disruption or benefit to operations, impact on occupancy or customer feedback, plus any other assumed primary user expectations.

Currently, impacts from acute physical climate-related events on our hotels and business operations are rare. Occasionally, bookings or access to some hotels can be affected by weather events for short periods of time, however these events are not often attributable to climate change and do not generally disrupt operations. Few climate-related acute weather events attributable to climate change occurred in NZ during 2024. Our portfolio showed resilience during 2024 events that resulted in flooding, no hotels were located in areas that flooded or experienced landslips, coastal erosion or inundation this year. There were no cases where MCK hotels suffered any significant damage or disruption to guests in 2024, nor were there any material supply chain disruptions impacting our business from climate-related physical or transition impacts.

There were no material (low emission) upgrades or resilience measures undertaken across the portfolio in 2024 in response to climate-related weather events or regulations. Access to capital has not been impacted, nor were any acquisition or divestment decisions affected in 2024.

Transition impacts relating to changing government policy or consumer preferences would flow through to changing demand for accommodation. MCK has not observed a trend in declining international or domestic visitor bookings to date as a direct result of climate concern or impacts. However, the ongoing pandemic recovery across the tourism industry may mask the impact of climate-related risk on travel patterns. In addition, there were no climate-related opportunities identified or pursued by MCK in 2024. As a result, there has been no change to MCK's core business model or operations from climate change impacts.



Millennium Queenstown.

Current climate-related financial impacts

In 2024 we initiated a qualitative process to assess and document material climate-related financial impacts for MCK. Following the initial identification and assessment of material climate-related impacts across the hotel portfolio, the current financial impacts were then assessed by the MCK Finance team. Aspects of MCK's financial performance assessed annually include our financial performance, financial position, and cashflows using a bespoke workbook which captures each climate impact and where possible quantifies the actual cost e.g. of building repairs or fees or approximate dollar value considering the percentage of revenue impacted.

Once we determine whether any current impacts have occurred, we then assess their financial impact on our operations and quantify this where possible. Given there are no material current climate impacts identified in 2024, there are no climate-related material financial impacts reported for the 2024 financial year.

Time horizons for climate-related risks and opportunities

Our time horizons remain substantively the same as identified in our first disclosures. These are consistent with business planning, consider the longer-term nature of owned buildings and hotel refurbishment cycles, align to building depreciation, and they are largely consistent with sector scenarios.

Noting that our assessment of physical climate variables across our portfolio has been aligned to time frames consistent with MfE guidance, i.e. short-term (2021–2040), medium-term (2041–2060) and long-term (2081–2100).

MCK has used the following time horizons to inform scenario analysis and assess the climate-related transition risks and opportunities identified as short, medium or long-term.

Present–2030	2031–2045	2046–2075
Short-term	Medium-term	Long-term
Impacts on near-term income, operating costs and increased repairs and maintenance.	7–10 year refurbishment cycle. Impacts on core aspects of strategy, acquisition of new hotels, expansion of the portfolio, development phasing and/or divestment decisions.	30–50 year life of primary property assets. Impacts from travel patterns, trading conditions and long-term viability.



STRATEGY (CONTINUED)

Scenario analysis

In 2023, MCK adopted high-level narrative-driven climate change scenarios. Since our first disclosures we have reviewed the relevant tourism and property sector scenarios; reviewed MCK's prior scenario analysis against latest standards and guidance; and tailored entity-level scenarios to focus on climate drivers with material impact to our business.

MCK undertook scenario analysis using internal staff resources and working groups led by the Vice President Legal and Sustainability Manager; support and peer review by external experts¹³; and workshops with senior leadership, Hotel General Managers and Directors. This was to ensure that they are understood by the business and can be factored into decision making. Scenarios and climate-related risks have been reviewed by the Audit Committee and on their recommendation approved by the Board as part of climate-related disclosures.

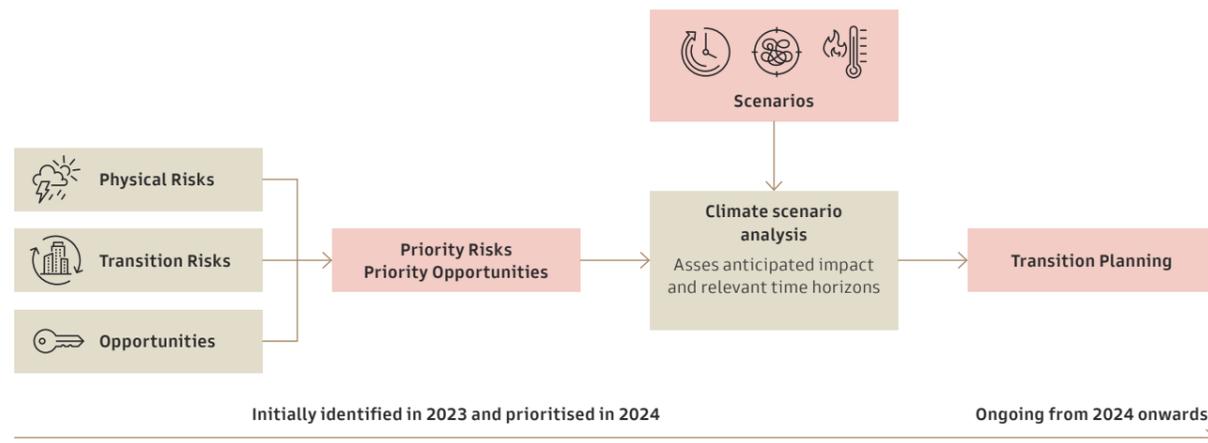
In developing scenarios, MCK had regard to two sector archetypes which it considers important for its operations and reflects the nature of our core business. MCK considered the work undertaken by the Aotearoa Circle to develop climate scenarios¹⁴ and adaptation strategies¹⁵ for the tourism sector as a whole. Given that MCK is an owner operator of hotels and has significant physical assets, we have also had regard to the

sector scenarios developed by Beca Limited for Te Kaunihera Hanganga Tautaiiao | New Zealand Green Building Council (NZGBC).¹⁶ These sector Orderly, Disorderly and Hot house world scenarios are based on a coherent set of socio-economic assumptions, decarbonisation pathways, and climate change projections.

We have included a suite of 2050 indicators for each of our scenarios (noting that our scenarios take a medium to long-term view). All our scenarios assume New Zealand's population to be 6.93 million in 2050.

MCK's entity-level scenarios draw from, and are consistent with, the sector scenarios (but downscaled for our business) and therefore support comparability with the disclosures of others in our sector. Our scenarios reflect MCK's specific circumstances, being an amalgam of the scenarios outlined for both sectors, which we understand to be relatively similar in their key assumptions. Our Orderly and Hot House world scenarios, align with the mandated NZ CS scenarios.¹⁷ We selected our remaining Disorderly scenario, to represent a challenging future for our business as it is designed to explore a disrupted climate transition. No additional scenarios have been explored.

Climate scenario analysis process



13. MCK engaged WSP to undertake a peer review of the scenarios and provide recommendations for further development.
 14. https://www.theaotearoacircle.nz/s/P0381992_AotearoaCircleReport_Tourism_Scenarios07.pdf
 15. <https://www.theaotearoacircle.nz/s/The-Aotearoa-Circle-Tourism-Sector-Climate-Change-Adaptation-Report-002.pdf>
 16. <https://23159811.fs1.hubspotusercontent-na1.net/hubfs/23159811/NZGBC%20-%20Climate%20Scenarios%20for%20the%20Property%20and%20Construction%20Sector.pdf>
 17. (i) at least one 1.5°C, Paris Agreement-aligned scenario, (ii) a greater than 3°C-aligned high warming scenario, and (iii) a third scenario.

Climate change scenarios

A climate scenario is a plausible, but hypothetical, description of how the future climate may unfold, based on a coherent set of assumptions about driving forces and relationships, used

to explore the potential impacts of climate change to inform decision-making. It is not a prediction or forecast of the future, or narrative of resulting impacts on MCK's business.

Summary of climate scenarios

For further detail on our entity-level climate scenarios see [Appendix A](#).

Scenario	Policy Ambition	Policy Reaction	Technology Change	Behaviour Change	Physical Risk Severity	Transition Risk Severity	Socio-political Instability
1.5°C Orderly Scenario – Net zero 2050 A world where global warming is successfully limited to 1.5 degrees above preindustrial levels, as ambitious goals and policies to reduce greenhouse gas emissions are immediately and effectively implemented.	1.5°C	Immediate and smooth	Fast	Fast	Moderate	Moderate to high	Low to Moderate
2.0°C Disorderly Scenario – Delayed transition A world where global warming is limited to 2.0 degrees above preindustrial levels, as policies to reduce greenhouse gas emissions are introduced after 2030. There is a rapid and concerted effort to reach net zero 2050 goals.	<2.0°C	Delayed	Slow, then fast	Slow, then fast	Moderate	High	Moderate
3.0°C Hot House World Scenario – Current trajectory A world where global warming reaches 3.0 degrees above preindustrial levels by 2100, due to no additional policies introduced to reduce greenhouse gas emissions.	>3.0°C	None (current only)	Slow	Slow	Extreme	Low	High



STRATEGY (CONTINUED)

Climate-related risks and opportunities

During 2024, MCK undertook further work and research with the help of external service providers¹⁸ to look more closely at its physical and transition risks across its business and including its hotel buildings, operations and land holdings.¹⁹ In 2024 we built on previous analysis reviewing climate-related risks across different scenarios to further our understanding of the key risks facing MCK.

Risk	Flooding	Coastal Inundation ²²	Coastal Erosion	Landslides	Sea Level Rise
No Risk	70.5%	76%	94%	94%	82%
Low Risk	23.5%	12%	0%	6%	12%
Moderate Risk	0%	0%	6%	0%	6%
High Risk	6%	12%	0%	0%	0%
Overall Portfolio Risk Rating	Low Risk	Low Risk	Low Risk	Low Risk	Low Risk

- **Low Risk:** Where all/the majority of properties had a no risk/low risk rating with only 1 or 2 properties with a higher risk rating.
- **Moderate Risk:** Where >50% of properties had a moderate risk rating and/or >15% of properties had a high risk rating.
- **High Risk:** Where >50% of properties had a high risk rating.

Material climate-related transition risks and opportunities

MCK initially identified and assessed 12 transition risks and 13 opportunities at a portfolio level. Materiality ratings have been qualitatively applied to all climate-related risks and opportunities to determine the highest levels of risk and therefore priorities across our three climate scenarios. The following tables (pages 24–27) provide a summary of the 20 material climate-related risks and opportunities, and their relevant time horizons.²³

A separate risk assessment has been completed for CDI, as reported in their FY24 Climate Statement.

12 Risks	Policy and regulatory	Technology	Liability	Market	Reputation	
13 Opportunities	Resilience	Product/ services	Resource efficiency	Energy source	Market	Reputation

Material physical climate-related risks

Following an exposure assessment of our hotel properties (see [Risk Management](#) section for methodology), we have assessed the overall climate-related physical risk to the portfolio.²⁰ The following table summarises the risk of each climate-related geohazard for the current MCK hotel portfolio. Risk is low across all with the exception of coastal inundation, which has been identified as moderate, potentially affecting 2 hotels.²¹

For the 15 chronic climate change variables assessed, all pose risk over the long-term. The impact of temperature and rainfall were identified as insignificant on our assets and so are rated low risk, with strong wind and windy days variables rated moderate risk (i.e. by 2100 the average for the portfolio is within the moderate consequence threshold).

Risk ratings should be treated as a snapshot of today's understanding of MCK's portfolio. As exposure and/or vulnerability thresholds for physical risks change, and/or the regulatory, technology, or market environment changes, risk ratings will be adjusted accordingly.

Hotel assets vulnerable to transition and physical risks

Based on our assessment of physical risk across the hotel and land assets, the majority of our portfolio has no or low vulnerability to climate-related geohazards and climate variables (35%). Overall, just 3 hotels (18%) are at high risk from one geohazard (either some impact from flooding, or coastal inundation accounting for future sea level rise).

In the course of determining transition risks to our business activities we have adopted the view that this encompasses most, if not all of our current assets to some extent. All our hotels are currently reliant on fossil fuels (gas) to operate kitchen facilities at a minimum. The majority, over three quarters of our emissions are related to operational energy use and of this 54% are currently generated using fossil fuels (LPG and natural gas).²⁴ We will use this as a proxy measure for the percentage of our hotel portfolio assets vulnerable to transition risks for this financial year, until further assessments are done.

MCK's work to assess and quantify the extent of our business activities vulnerable to climate-related risks across our value chain is ongoing. Our assessment of business exposure will also be linked to the methodology for estimating the anticipated financial impacts, to be reported in future year's disclosures.

Capital deployment towards initiatives related to climate-related risks and opportunities

MCK's capital expenditure and investment is prioritised consistent with forecast business needs and anticipated returns. This also applies to investment to address climate-related risks and opportunities. Work is underway, however is in early stages and we are yet to fully integrate climate-related risks and opportunities into our business processes including decision-making on investment and capital deployment.

MCK has made an initial assessment of the capital expenditure, financing, or investment that contributes to addressing climate-related risks and opportunities for FY24.²⁵ This includes spend in one or more of the following areas during 2024, which has been quantified in the [Metrics and Targets](#) section on page 42.

- Feasibility studies for improvements to hotel buildings and equipment which include identifying emission reduction or increased resilience opportunities
- Energy and water efficiency upgrades to equipment, appliances, fixtures and systems, e.g. lighting, HVAC, laundry, refrigeration, insulation or double glazing, electrical and electronic devices
- Switching from gas to electricity and or solar generation
- Replacing high global warming potential (GWP) refrigerants
- EV charging infrastructure
- Waste and recycling improvements
- Building resilience measures e.g. relocation of core services or flood protection

We have also reported separately consultant spend on climate-related risks and opportunities work.²⁶ This excludes staff salaries; accreditation fees, audit and contractor costs for quantifying and verifying our GHG emissions; and costs relating to climate-related disclosures and sustainability reporting.

18. MCK engaged WSP to support this process.

19. This includes 16 hotels and one additional land holding. Excludes franchises and CDI.

20. SSP3-7.0 climate change projection scenario was used for this exposure assessment. This aligns to the Hot house scenario and of the five IPCC scenarios, it is one of the upper middle warming scenarios for which NIWA data is available.

21. Note that an overall portfolio risk rating of low does not mean that all hotel properties are considered low risk.

22. This risk accounts for future sea level rise, there is no (or in one case low) exposure under current sea levels.

23. Note that 4 risks and 1 opportunity rated as low across all scenarios do not appear in the table, these include. Emissions reduction targets are seen as insufficiently ambitious, using lower emissions modes of transport; targeting environmental building certifications to unlock sustainable finance; attract and retain staff whose personal values align with climate goals; and collaborate with local councils and hotel industry associations.

24. For the purposes of this assessment 87% of electricity consumed (kWh) has been assumed to be renewable. This does not account for solar utilised to supplement hot water generation (Cophthorne Bay of Islands) which is not currently metered.

25. Includes assessment of capital expenditure for owned hotels only, excludes MCK hotels that are only under management agreement, Sofitel Brisbane and CDI.

26. Note that this does not incorporate a full list of spend on sustainability related projects for the business.





STRATEGY (CONTINUED)

Low ● Moderate ● High ●

Material climate-related transition risks

Category	Name	Anticipated impacts on MCK hotels and business activities	Time Horizon	Orderly	Disorderly	Hot House	Potential MCK mitigation actions include ²⁷
Technology	Uncertainty and costs associated with investing in new technology	MCK could see increased costs for technology investment and repeated expenses for rapid cycles of technology upgrades. New technology may not always be reliable, resulting in operational disruptions.	Short; Medium	●	●	●	<ul style="list-style-type: none"> Identify key technology in use or proposed that is vulnerable to this risk Monitor industry trends and new technologies, such as building management and IT systems, renewable energy and AI Strengthen onsite resilience with appropriate and reliable back up energy solutions Explore cloud-based platforms for business operations to reduce hardware vulnerabilities Plan refurbishments and system upgrades to align with the lifecycle of equipment Prioritise upgrading older systems, equipment and fittings with energy efficient and long-life models
Policy and Regulatory	Increased Government regulation changes, environmental obligations, reporting requirements or new policies	Increased regulations could result in increased costs for MCK to invest in infrastructure upgrades and to meet reporting requirements. Suppliers may also need to be reevaluated for alignment. MCK is exposed to higher risk for meeting the climate disclosure regime but is actively working towards compliance through its mandated reporting. MCK may need to consider phasing out certain energy sources or upgrading materials and technology to comply with Government policy, which could form part of its transition planning.	Short; Medium	●	●	●	<ul style="list-style-type: none"> Invest in improving data systems and quality to improve reporting Participate in consultation on changes to or relevant proposed new regulations Consider sustainability aspects of suppliers and projects Account for emissions to understand their financial impact and review hotel operational reliance on fossil fuels Schedule upgrades to assets to in line with the end of life for equipment, ahead of any mandatory low-emissions requirements Transition planning to mitigate future compliance costs
Policy and Regulatory	Increase in taxes/rates to pay for strengthening infrastructure	A rise in taxes or rates could mean increased costs for MCK. Targeted rates, such as those related to a property's infrastructure resilience or to the amount of waste output, could potentially be mitigated by MCK investment in property renovations or improvements in environmental impact (such as waste reduction). If costs become too high, MCK may wish to re-evaluate the cost-benefit ratio for these actions or across operations for a property more broadly.	Short; Medium	●	●	●	<ul style="list-style-type: none"> Monitor the progression of proposed new taxes and regulations and develop planned responses such as factoring in cost increases Continue to participate in industry advocacy with Council, in collaboration with Aotearoa Hotel Council and the Tourism Industry Association Where possible take action to avoid potential new levies i.e. proactively offer recycling and food waste collection at hotels
Liability	Legal risks for buildings that are not climate resilient	Legal risks associated with non-climate-resilient assets could result in increased costs for litigation, compliance, and mitigation efforts as well as reputational damage.	Medium	●	●	●	<ul style="list-style-type: none"> Continue regular hotel condition reports Planned maintenance and repairs to ensure building resilience Periodically reassess hotel vulnerability to physical climate risks as new climate projections become available Instigate climate risk assessment for new acquisitions
Liability	Penalties or litigation associated with insufficient disclosure of material climate risks	Legal challenges and penalties related to inadequate climate risk management and disclosure could result in financial losses, reputational damage, and increased scrutiny from regulators and investors.	Short; Medium	●	●	●	<ul style="list-style-type: none"> Invest in robust assessment and reporting Allocate resources to measure indirect scope 3 emissions including engaging with suppliers and franchisees Maintain climate risk register, establish and report against targets, and progress transition planning
Liability	Increasing insurance costs or unavailability	MCK properties could see increased insurance costs and/or stricter policy terms, with some sites disproportionately impacted depending on their location relative to physical risks and their assessed resilience. Alternative options such as self-insurance or parametric cover may need to be considered for sites with reduced insurance affordability or accessibility. Coastal MCK properties in particular could face a loss of access or affordability of insurance due to insurance retreat. To date, MCK continues to have full replacement cover for its portfolio and its insurance premiums are manageable.	Medium, Long	●	●	●	<ul style="list-style-type: none"> Act to reduce risk, such as preventing damage from weather events, business disruptions, and other potential claims Take resilience and adaptation measures identified for hotels with moderate or high risk to climate-related geohazards to reduce vulnerability Consider building in resilience measures to future proof for extreme weather events during hotel refurbishments
Market	Failure to meet sustainability goals or consumer, client, and investor expectations for decarbonisation	Unmet sustainability expectations could result in reputational damage, reduced investor confidence, and loss of access to capital. Additionally, resource diversion to address sustainability gaps could delay other initiatives, impacting long term organisational growth. MCKs existing hotel portfolio does not currently hold green building certification, which could be at a competitive disadvantage in the future and may incur high costs to upgrade to new standards and expectations.	Medium	●	●	●	<ul style="list-style-type: none"> Establish and monitor targets, and report on progress Sufficiently resource and invest in sustainability across the business Share sustainability progress with shareholders, stakeholders, staff and the public Prioritise material emissions sources across the portfolio for reduction and review hotel operational reliance on fossil fuels
Market	Prioritisation of circular economy/low waste alternatives puts pressure on supply chain and increases costs	Circular economy adoption may lead to higher costs, supply chain challenges, and varying risks across business areas.	Short; Medium	●	●	●	<ul style="list-style-type: none"> Actively engage with key suppliers to align values and approaches and identify no regrets actions Build sustainability criteria into procurement practices, tenders and supplier contracts Support locally sourced products and services
Market	Increasing energy prices	MCK could see increased energy costs, especially when combined with increasing energy demand due to extreme temperatures. MCK may need to consider ways to increase energy efficiency and/or electrify hotel operations to keep costs low. The cost of travel could be impacted by a shift to more electric or hybrid vehicles.	Short; Medium	●	●	●	<ul style="list-style-type: none"> Stay updated with energy providers regarding future increases and timeframes Source renewable electricity and explore onsite renewable energy generation and storage Explore alternatives to natural gas and LPG use at hotels Consider the services outsourced by hotels Improve operational energy efficiency through BMS and during hotel refurbishments and upgrades
Market	Changes/reduction in international and domestic travel patterns due to climate impacts	MCK could see reduced forward bookings and occupancy.	Medium; Long	●	●	●	<ul style="list-style-type: none"> Adapt to serve existing and new market segments Reduce emissions intensity of hotel stays Provide low-emissions offerings for guests
Market	Market uncertainty driven by physical climate change impacts and associated regulatory changes	Uncertainty and rising costs may reduce profitability, delay project timelines, and strain financial resources, and could impact the viability of some properties. The viability of tourism/accommodation in general could change under these conditions.	Medium, Long	●	●	●	<ul style="list-style-type: none"> Collaborate with TIA and TNZ through NZHCA Continue to participate in the NZ Hotel Sustainability network Investigate alternatives for materials subject to increases in carbon pricing locally or internationally Improve monitoring and forecasting to adapt to changing travel patterns and guest expectations Transition and adaptation planning to mitigate future impacts

27. While mitigation actions have been identified, resources are yet to be allocated. Mitigation actions will be prioritised and resources allocated accordingly as part of future transition planning.



STRATEGY (CONTINUED)

Low ● Moderate ● High ●

Material climate-related opportunities

Category	Name	Description	Anticipated opportunities for MCK hotels and business activities	Time Horizon	Orderly	Disorderly	Hot House
Resource Efficiency	Developing plans for increased energy efficiencies in hotel buildings	MCK could improve the energy efficiency of its operations in hotel buildings. This could include reviewing current systems (boilers, HVAC, etc.) to assess their energy consumption and efficiency, and upgrading appliances and systems to more energy-saving models where appropriate. Insulation improvements and green roofs could support temperature regulation of properties without incurring additional energy demand. Smart technology and sensors could be installed to control fixtures such as lighting to reduce energy consumption when not in use.	MCK would benefit from a reduction of direct and indirect costs such as maintenance over the long term, as well as higher guest satisfaction and potential for increased revenue as a result. Energy savings also generally reduce carbon emissions for the business, which can help it meet its sustainability commitments. Reduced energy demand can make MCK more resilient to climate-related disruptions to energy supply and pricing, whether from physical risks to the electricity grid or the transition to phasing out fossil fuels.	Short; Medium	●	●	●
Resource Efficiency	Reducing water use	MCK could implement water-saving measures in its operations, encourage customers to engage in water-saving behaviours, and opt for appliances with lower water use when upgrading or repairing properties to reduce water consumption.	With increasing demand for water and higher infrastructure costs forecast, a reduction in water consumption could result in reduced operating costs for the business. Customer engagement on saving water could improve MCK's association with sustainability and thus its reputation. In the face of climate variability in water supply, reduced water demand can make MCK more resilient to fluctuations in price and availability of water.	Medium	●	●	●
Energy Source	Installing and using lower emissions sources of energy	MCK could install renewable energy infrastructure, supply power from lower emissions energy sources (i.e. through its electricity supplier), and/or invest in on-site energy storage. Increased self-sufficiency of energy supply could mitigate risk of dependence on external energy infrastructure and services, particularly where investment in these networks is insufficient.	MCK could reduce its carbon emissions from energy use. MCK could see lower energy use and reduce overall energy costs in the longer term. Although the installation costs might be higher in the short term, over the longer term, a reduction in exposure to direct energy prices and the fluctuations of the spot market could be avoided. MCK's resilience to power supply disruptions could be improved by installing batteries or solar panels at properties where the regional power supply is degrading or unreliable. Degasification is a significant opportunity as gas is used for hot water in some hotels and for cooking in most. Addressing the reduction of refrigerants, such as high global warming potential (HGWP) emissions from individual mini fridges in hotel rooms, along with their energy use, is also a significant opportunity.	Short; Medium	●	●	●
Reputation	Being a fast follower of lower carbon technologies or services	MCK could become a fast follower of technologies or services with lower emissions and other environmental impact. This could include certifications, such as Toitū's Carbon Reduce certification scheme for organisations and/or for products and services.	MCK's reputation could improve, attracting more guests to the brand and demonstrating the company's ability to adapt and be ahead of the curve to investors.	Short; Medium	●	●	●
Products/ Services	Offering lower carbon products and services	Consumer awareness is increasing around packaging, the cost and impact of importing and transporting food and other products, and the overall supply and value chain. MCK could develop product and service offerings which are considered low. Lower carbon and impact on the environment. This could include meaningful collaborations with suppliers that have green credentials, which could also better support local businesses and producers as an added benefit.	Offering lower carbon products and services could be seen as more attractive by customers – both increasingly sustainability-conscious individuals as well as corporations with emissions-saving policies. This could expand the customer base, encourage repeat customers, and lead to revenue gain, particularly if MCK's offerings are seen as superior to its competitors in this regard. Customers, investors, and the public would be able to see MCK's progress and commitment to sustainable products. Visible changes, such as to amenities and single use plastics, may be the lowest hanging fruit.	Short; Medium	●	●	●
Resilience	Increasing operational resilience to extreme weather events	MCK could assess and improve the ability of its operations to respond rapidly to and recover from weather events such as flooding, storms, and drought. This could include a review and update of existing emergency management plans; improved coordination between MCK properties or with local authorities; assessing supply chain resilience; and identifying dependencies on critical external networks.	Improving MCK properties' resilience to extreme weather events could allow them to continue operating through difficult conditions, improve staff and customer safety, and reduce damage to buildings. This could help to protect MCK's revenue, reduce repair and customer relocation costs, and enhance its reputation. Greater resilience in climate emergencies could make MCK properties a viable and desirable option for people seeking temporary accommodation due to displacement, creating an opportunity to generate more revenue.	Short; Medium; Long	●	●	●
Resilience	Supply chain optimisation	MCK could move from an ad hoc approach to establishing best practice for procurement and updating its policies on supply chain sustainability.	Optimising supply chains and engaging with suppliers on sustainability holds considerable potential to both lower associated carbon emissions and improve resilience to market changes and supply chain disruptions.	Short; Medium	●	●	●
Resilience	Proactively upgrading and strengthening hotel infrastructure to increase resilience	Proactively making MCK properties more climate-resilient could increase their attractiveness to customers who are concerned about weather events or who experience weather events during their stay.	MCK could see opportunities for attracting and retaining customers and thus gaining revenue for properties which are in better condition or are designed to withstand weather events relative to other hotel properties in the market.	Medium; Long	●	●	●
Markets	NZ hotels in some locations capitalise on changes to international and domestic travel patterns	Either, if overseas destinations are no longer suitable to travel due to climate impacts (e.g. increase in international visitors to NZ); or if climate change results in a more temperate (although perhaps unstable) weather patterns in parts of the country.	There may be an opportunity to proactively market MCK hotels to domestic and international travellers to increase guests in target market segments, increased uncertainty may require different marketing strategies.	Medium; Long	●	●	●



STRATEGY (CONTINUED)

Transition Planning

MCK sees the intent of transition planning as building resilience to critical climate-related uncertainties by planning actions to ensure our business can continue to operate, maintain the use of our assets, finance our operations, generate sustainable revenue and retain customers in a changing world. This section sets out the transition plan aspects of MCK's strategy and considers what may need to change to address material climate-related risks and opportunities. The transition plan itself, once confirmed, will be a suite of strategic actions and metrics which set the direction of MCK's business to thrive in a low-emissions, climate-resilient future.

As New Zealand pursues a national target of net zero by 2050, MCK recognises that there may be more disruptive events to our business and the wider tourism and accommodation sector. Our current business model provides us with flexibility in the face of uncertain future changes, such as travel patterns, to cater to a different mix of domestic and international guests and/or leisure and corporate travel. We have demonstrated agility in past years in response to significant impacts such as the COVID pandemic, pivoting to provide quarantine accommodation at some hotels (MIQ) to maintain occupancy and reduce business impacts.

Our transition planning work builds on our climate scenario analysis and assessment of climate-related risks previously outlined. MCK is currently considering how best to adjust our business strategy in the transition to a resilient and low-emissions future. We are responding to guest expectations; working to ensure those of our hotels vulnerable to physical climate risks have suitable protection and resilience measures in place; and where possible, plan to transition from the use of fossil fuels (diesel and gas) in our hotel operations to more renewable forms of energy – all of which require capital investment over time. We have already taken some remedial action to reduce the vulnerability of our hotels at greatest risk to acute physical climate impacts (such as protection of electrical services; on site sandbags; and basement pumps to reduce flood impact). In addition, we've identified potential MCK mitigation actions (see table on page 25) in response to our material transition risks. Once we have confirmed our future pathway, the next steps will be to confirm and prioritise actions and assign responsibility and resources for addressing our priority risks and opportunities.

Early-stage planning

In 2024 we progressed actions in the assessment phase of our transition planning. We identified our material climate-related risks and opportunities, as set out in this statement, including identifying those material across our scenarios. We have also identified both current actions we are adopting to mitigate our climate-related risks, and potential future action that we could adopt. We have also commenced integrating climate-related risks into our risk management framework (see [Risk Management](#) section).

We have identified the following strategic climate-related priorities for MCK, which are key transition planning considerations across our value chain.

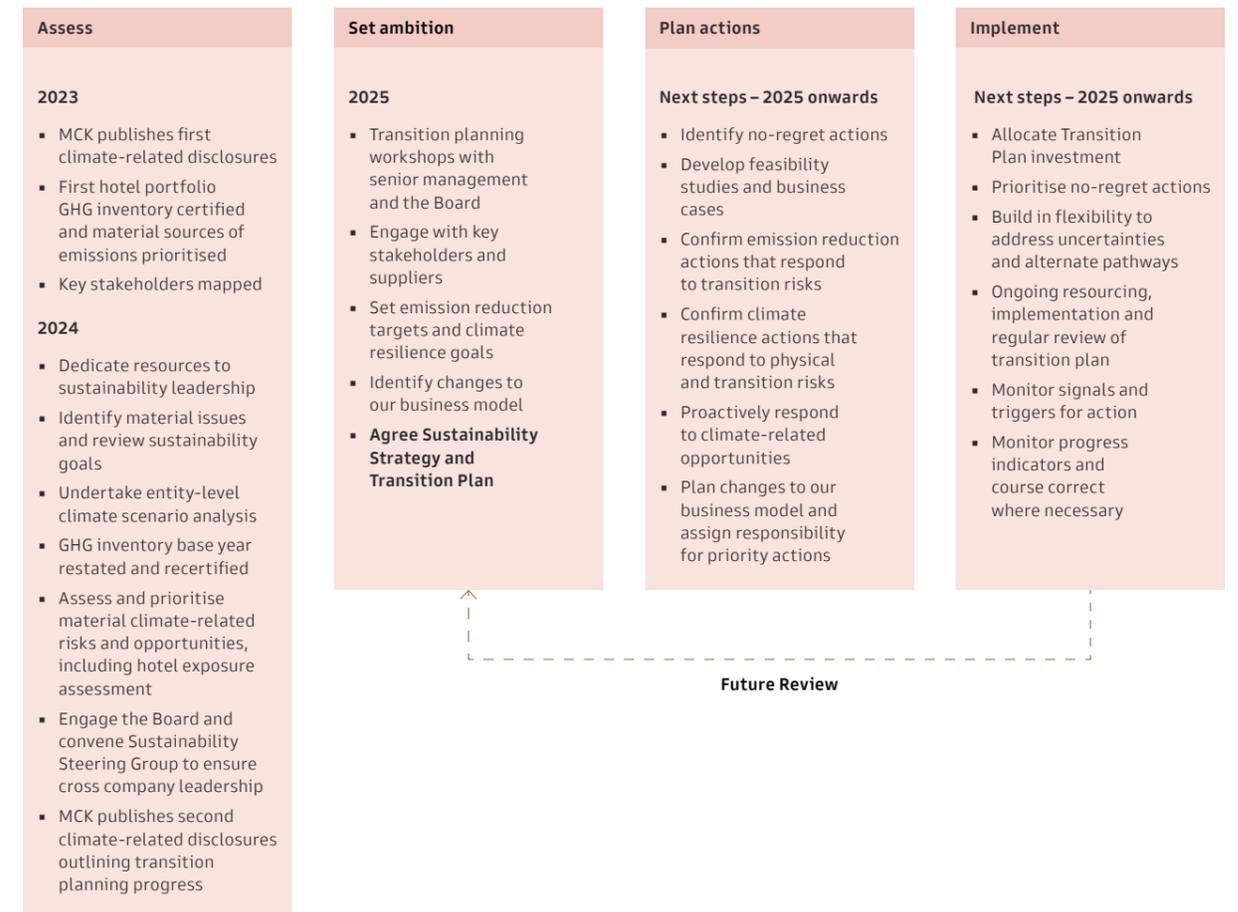
- Operational efficiency and reduced reliance on fossil fuels – decarbonising hotels
- Capital investment – hotel refurbishment and systems improvements
- Responsible procurement – decarbonising our supply chain
- Improved resilience – hotel access and facilities, and business activities
- Net zero activities and properties (including the role of carbon offsets)
- Guest expectations and education – low-emissions offerings

Our Capex Committee along with the forward work programme of major refurbishments, are the primary mechanisms for allocating capital to address transition risks and opportunities. We have processes for assessing climate-related capital deployment across the business. In 2025 we will build on this work to establish forward looking climate-related spend and allocation of resources as part of identifying our future anticipated financial impacts. We have also initiated actions related to metrics and targets, in particular to improve data collection; better understand hotel level material sources of emissions; and source indirect Scope 3 emissions data.

We have commenced identifying signals and triggers for future action, i.e. conditions under which return on investment becomes viable (e.g. onsite solar energy generation); regulations come into force; or certain operations become untenable (e.g. due to coastal inundation impacts). Based on our assessment of our hotel portfolio exposure and material risk from physical climate impacts or transition risks, we are not currently considering divesting any of our properties.

MCK's transition planning journey

We intend to disclose more detail on the transition aspects of our strategy and progress with implementation in our 2025 Climate Statement. We also intend to further explore the implications of changes to our business model and/or strategy to ensure our business can thrive across each of our climate scenarios.





RISK MANAGEMENT

Left: Katsura Restaurant, Grand Millennium Auckland.





RISK MANAGEMENT

Our process for identifying and assessing transition and physical climate-related risks for our business.

Disclosure objective:

To enable primary users to understand how an entity's climate-related risks are identified, assessed, and managed and how those processes are integrated into existing risk management processes.

The Outline of Material Risks contained in the MCK 2024 Annual Report²⁸ acknowledges climate change as a material risk to the business and is expected to affect the hospitality and accommodation sectors.

We are in the process of strengthening our approach to climate-related risk management in alignment with the Aotearoa New Zealand Climate Standards. In 2024 MCK commenced a climate risk assessment to identify and assess physical and transition risks across its operations.

Identifying risks

A scan to identify any additional climate-related risks beyond those included in our 2023 disclosures was undertaken by the SSG with reference to our selected climate change scenarios across the key areas of the business (such as the business model, supply chain/value chain, adaptation and mitigation activities, access to capital, products and services, acquisitions/divestments, and investment in research and development). These were categorised by type (as per the following diagram) and included a review of material risks identified by the accommodation, hospitality, property and tourism industry bodies. An expanded set of risks was then refined, agreed for further assessment and inclusion in a new climate risk register, and supplied to the Board for consideration.

New risks for inclusion in the climate risk register may be identified by the SSG, senior management, Hotel General Managers or other MCK staff for assessment on an ongoing basis.



Time horizons considered

Many climate risks (e.g., policy changes and extreme weather events) are unpredictable, uncertain and manifest over extended timescales typically outside those considered in business-as-usual risk management processes, so we have set specific time horizons for assessing MCK climate-related transition risks (and opportunities). Our physical risk assessment has been conducted aligning to timeframes consistent with MfE guidance. This included using 100 year return period data for geohazards in the risk assessment. These are substantively the same as we identified in our previous disclosures – consistent with business planning considering the longer-term nature of owned buildings, hotel refurbishment cycles and building depreciation. These time horizons are found in the [Strategy](#) section.

Assessing risks

In 2023 MCK reported our climate-related risks and opportunities as a high-level summary. This was reviewed in 2024 and additional climate change assessments across the whole hotel portfolio was conducted to address physical and transition risks. The assessments used qualitative and quantitative approaches and included workshops with the Board and Management, surveys with internal stakeholders and physical exposure and impact assessments conducted by external experts.

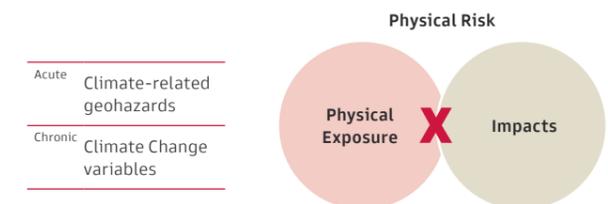
Physical climate risks

In 2024 MCK engaged WSP to assess the physical exposure of MCK's hotels and land holdings to acute hazards and chronic climate change variables.²⁹ WSP worked in collaboration with the SSG and Hotel General Managers.

The exposure of MCK properties³⁰ to geohazards, including landslides, flooding, sea level rise and coastal inundation and erosion was assessed, as well as 15 climate variables including temperature, rainfall and wind projections. The results of this assessment can be found in the [Strategy](#) section.

A semi-quantitative risk assessment was then conducted to assess climate-related physical risks. Geospatial analysis was used to overlay property locations with climate-related hazard data sourced from locally relevant and available sources.³¹ Exposure was classified as no, low or high based on the percentage of each property overlapping geohazard zones.

Exposure ratings were then combined with vulnerability thresholds, established through consultation with Hotel managers, to determine risk ratings. Through this modelling, each property has been assigned a qualitative physical risk rating across these variables, which was then captured in our risk register to enable MCK to prioritise sites that require the most attention.



Transition climate risks

A transition risk assessment is undertaken annually by the SSG and the risk register updated by the Sustainability Manager, with input from key stakeholders and external input where required (i.e. in relation to physical risk exposure).

MCK has developed a bespoke climate-related transition risk and opportunities rating criteria which defines significant, moderate or limited/no business impacts as a result of specific thresholds relating to profit, occupancy, delay/disruption or degree of portfolio impacted. See [Strategy](#) section.

The SSG has worked with internal stakeholders, including the senior management team and Hotel General Managers to determine material transition risks. This assessment included rating each risk per climate scenario (low, medium, high) and documenting the rationale and relevant time horizon(s) for each. The outputs of this process are incorporated into the risk register.

28. Found on page 68 of our 2024 Annual Report: https://mckhotels.co.nz/investors/wp-content/uploads/2025/03/MIL0022_Annual_Report_2024_Online.pdf

29. WSP New Zealand Limited is a professional services firm.
30. This includes 17 MCK owned and managed hotels and landholdings. It excludes MCK franchises, Sofitel Brisbane and CDI landholdings and properties.
31. Sources include local government entities, the Institute of Geological and Nuclear Sciences (GNS), and the National Institute of Water and Atmospheric Research (NIWA).





RISK MANAGEMENT (CONTINUED)

Managing risks

The Board is ultimately responsible for the oversight and implementation of the Company's responses to risk management. MCK's Board, Audit Committee and Management Team all have a role in identifying areas of risk and understanding their impact on the Company, as well as how these areas are to be managed and mitigated.

The SSG is tasked with reviewing and assessing MCK's climate-related risks at least annually. Transition and physical climate-related risks that may impact the business are currently captured in a dedicated climate risk register. Medium and high rated risks will be considered and prioritised as part of strategic planning and mitigations developed for high rated risks, at a minimum.

MCK's climate risk register has been developed as a tool to support management to understand, track and respond to exposure to climate-related risks. It consolidates information on key risks, risk and opportunity ratings, and response measures; as well as additional information on potential future metrics and actions to mitigate risks, enhance resilience, and will enable MCK to capitalise on opportunities.

The Audit Committee's role is to review and report to the Board on the adequacy of Management's oversight and implementation of risks with particular regard to financial and operational risks.

As they are identified, new material climate-related risks are raised by management to the Audit Committee. The Audit Committee also has a responsibility to raise risks and will make recommendations to the Board on how climate-related risks should be managed. Material climate-related opportunities will be explored by the relevant MCK department lead with support from the SSG and are reported to the Board at their scheduled meetings, as appropriate.

Value chain exclusions

Our value chain includes our business activities, resources and relationships in the context of our external operating environment. Following a materiality-based approach we prioritise hotels and operations with the highest exposure and climate impacts. We will continue to enhance our understanding of climate-related risks and impacts by building our data capability and capacity across our full value chain, including our largest suppliers. Climate-related risks in our supply chain due to emissions from material suppliers are not currently included in our climate-related risk assessment and management processes. This can be further explored once we report on additional scope 3 emissions in the future. For clarity, while MCK has a majority shareholding in CDI, they are a separate CRE and so have not been included MCK's value chain reporting.

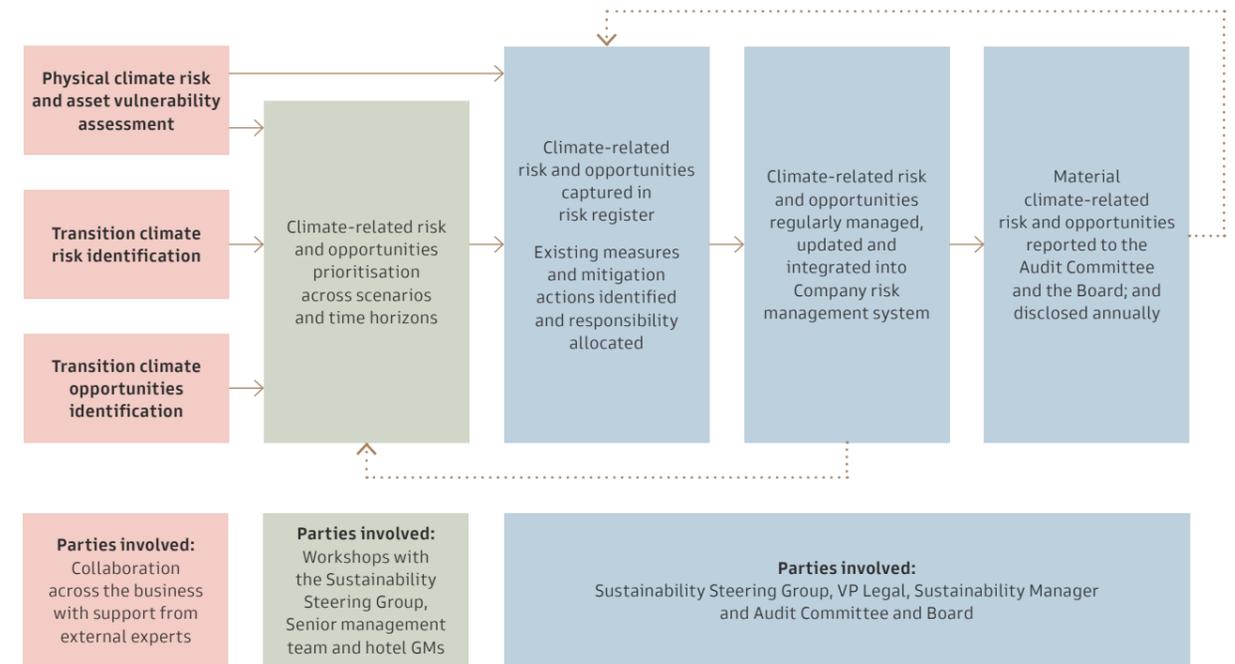
Integration into overall risk management framework

Material risks to the business are reported to the Board through the Audit Committee. MCK has a framework in place to assess key business risks and intends to incorporate climate and sustainability risks into the framework.

MCK recognises that climate and sustainability risks often drive other risks, reinforcing the need for integrated risk management. We plan to continue to refine and strengthen our approach to assessing climate-related risks and opportunities over time. For 2025, this will focus on improving our definition and responses to transition risks and opportunities including our influence on indirect (scope 3) emissions related risks.

As MCK continues to develop its risk management framework, it will have an opportunity to streamline its climate and business risk management processes by leveraging risk assessment tools and methods that apply to both and non-climate risks.

MCK climate-related risk management process



Beast and Butterflies Restaurant, M Social Auckland.





METRICS & TARGETS

Left: Copthorne Rotorua.





METRICS & TARGETS

The metrics and targets we use to manage our climate-related risks and opportunities.

Disclosure objective:

To enable primary users to understand how an entity measures and manages its climate-related risks and opportunities. Metrics and targets also provide a basis upon which primary users can compare entities within a sector or industry.

Greenhouse gas emissions

This provides a summary of our MCK's carbon footprint – greenhouse gas emissions for 2024. Our full greenhouse gas inventory can be found in [Appendix B](#).

For the reporting period 1 January 2024 to 31 December 2024 MCK's emissions have been measured and the greenhouse gas emission inventory (GHG inventory) prepared in accordance with the GHG Protocol Standards³² and ISO 14064-1:2018 standard.



Cultural performance, Millennium Rotorua.

32. <https://ghgprotocol.org/standards-guidance> This includes: The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (revised edition); the Greenhouse Gas Protocol: GHG Protocol Scope 2 Guidance: An amendment to the GHG Protocol Corporate Standard; and the Greenhouse Gas Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard.

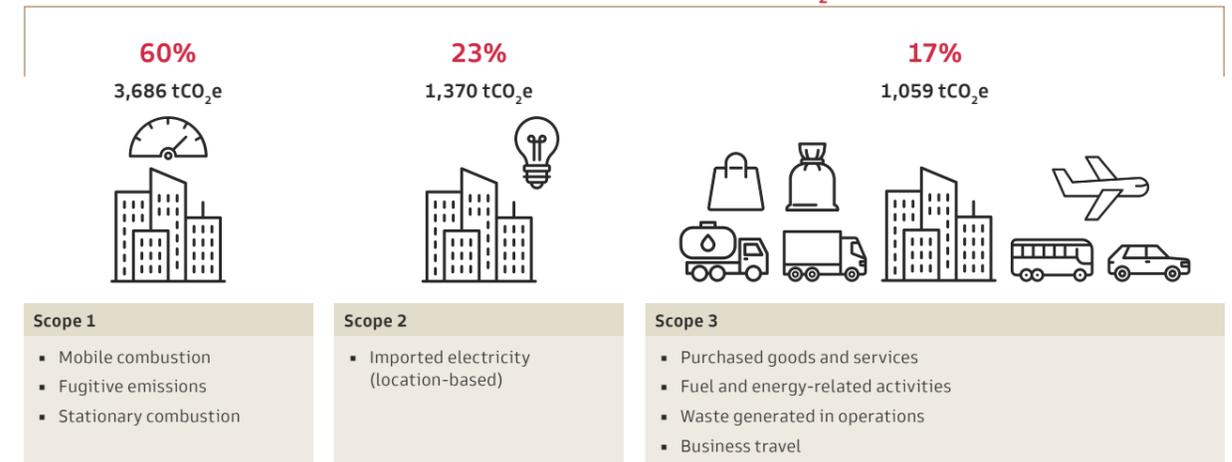
33. As certified by Toitū, recalculated from the original FY23 inventory of 4146.19tCO₂e refer to [Appendix B](#) for further detail.

34. Market-based emissions from imported energy are calculated as 1,388tCO₂e (compared with 1,353tCO₂e in 2023), nominally the same as location-based as no Renewable Energy Certificates have been purchased.

35. MCK has elected to disclose FY24 a partial scope 3 emissions footprint (as required by the Toitū programme, where quantifiable data is available). Where data is not yet available, Adoption Provision 4: Scope 3 GHG emissions in the NZ Climate Standard 2 is applied for the remaining material Scope 3 items in our value chain.

36. Restated from the original FY23 inventory of 4146.tCO₂e as published in 2023.

Millennium and Copthorne Hotels New Zealand Ltd Greenhouse Gas Emissions Total 2024 emissions = 6,115 tCO₂e



GHG sub category	ISO category	Emissions source	Description	FY23 restated ³³ tCO ₂ e	FY24 tCO ₂ e
Scope 1: Direct emissions				3,345	3,686
	1	Mobile combustion	Fuel used in company leased vehicles	79	123
	1	Fugitive emissions	Losses including from refrigeration and air-conditioning units	242	240
	1	Stationary combustion	Hotel natural gas combustion	1,864	1,979
			Hotel LPG consumption	1,160	1,344
Scope 2: Indirect emissions from purchased electricity				1,359	1,370
	2	Imported electricity (location-based) ³⁴	Electricity consumption from hotels and support office	1,359	1,370
Scope 3: Indirect emissions from value chain³⁵				1,026	1,059
C1	4	Purchased goods and services	Potable water supply (only)	7	10
C3	4	Fuel and energy-related activities	Transmission and distribution (T&D) losses from purchased electricity and natural gas	210	173
C5	4	Waste generated in operations	Disposal of office and hotel solid waste – landfilled	528	582
			Disposal of solid waste – not landfilled: recycling processed: cardboard, mixed plastics, glass and comingled materials	122	114
			Disposal of solid waste – not landfilled: composted food scraps and garden waste	8	9
C6	3	Business travel	Transport (non-company owned vehicles) – air travel, rental vehicles and taxi	151	171
Total				5,730³⁶	6,115

Supporting information on emissions calculation methods, estimations, exclusions, sources of emissions factors and data quality, sources and controls is found in the full GHG inventory report in [Appendix B](#).





METRICS & TARGETS

(CONTINUED)

Organisational boundary and consolidation approach

Millennium & Copthorne Hotels New Zealand Limited (MCK) and its subsidiaries (either wholly or majority owned) are included in our organisational greenhouse gas reporting boundary (unless deemed de minimis). This includes direct operational emissions from 16 owned and managed hotels within MCK's portfolio (excluding hotel franchises), CDL Investments New Zealand Limited³⁷ and MCK's support offices.

In the 2024 reporting period an operational control approach was applied to the organisational boundary and GHG inventory. Our previous (2023) base year inventory reported used an equity share approach.³⁸ This change was made in keeping with the GHG Protocol reporting standards and in accordance with our Base year recalculation policy, to better reflect the nature of the hotel operations; direct control over sources of emissions; industry practice; and alignment with parent company methodology and reporting.

Base year restatement

In FY24 an update was made to our 2023 base year to account for changes to the organisational boundary, calculation methodologies and errors. This ensures MCK's GHG Inventory remains relevant, complete, consistent, transparent and accurate in line with the GHG Protocol. See [Appendix B](#) for further information on the justification and recalculation of the base year. Our base year has been assured and recertified by Toitū.

Assurance

KPMG have provided limited assurance over the reported Scope 1, 2 and 3 emissions for the 2024 reporting period as contained in [Appendix B](#). This assurance engagement was undertaken in accordance with New Zealand Standard on Assurance Engagements 1 (NZ SAE 1) Assurance Engagements over Greenhouse Gas Emissions Disclosures and International Standard on Assurance Engagements (New Zealand) 3410 Assurance Engagements on Greenhouse Gas Statements (ISAE (NZ) 3410) issued by the New Zealand Auditing and Assurance Standards Board (Standard). See KPMG's opinion which includes the scope of their work in [Appendix C](#).

Certification

As part of our commitment to climate action MCK participates in the voluntary Toitū Carbon Reduce certification programme. This programme requires we adhere to a set of standards and rules on an annual basis. In 2023, MCK achieved Toitū Carbon Reduce certification³⁹ for the first time for our greenhouse gas inventory, which was a critical step in measuring our impact and meeting our climate-related disclosure obligations. In 2024 we recertified our base year GHG inventory and received certification for our FY24 GHG inventory.

Toitū Carbon Reduce certified organisation: Millennium & Copthorne Hotels New Zealand Limited.⁴⁰ Toitū Carbon Reduce certified means measuring emissions to ISO 14064-1:2018 and Toitū requirements; and managing and reducing against Toitū requirements.



Trend analysis and comparison to base year

Accounting for the base year restatement, there was an increase in emissions between the 2023 base year and 2024 of 385tCO₂e across scopes 1, 2 & 3, as a result of operational activities. The main emissions sources in 2024 were hotel consumption of energy – natural gas, LPG and electricity for heating, cooling and cooking; followed by waste generation and air travel. A 6.7% increase in emissions is in part due to an increase in owned and managed hotel occupancy rates over this period. The largest sources of emissions responsible for this increase were increased gas usage, waste generation and air travel.

Emissions intensity by operating revenue reduced from 2023 to 2024 (11%); and slightly increased per room (>4%) and per square metre (>7%). Beyond this comparison to the year prior (our base year) we do not have complete data sets to provide any further portfolio trend analysis.

Currently MCK does not purchase carbon credits or off-set emissions in other ways, but may explore options in the future.

Other activity metrics and comparisons

In addition to emissions, we also track energy and water consumption and waste generated absolute and intensity measures for the business and at a hotel level (e.g. per room). These all saw an increase from 2023 to 2024 largely due to increasing guest numbers returning closer to pre-COVID levels. An example of this is a small increase in waste across the hotel portfolio, resulting in the overall percentage of waste diverted from landfill to recycling and composting, decreasing from 28% in 2023 to 26% in 2024.

We are seeking global and NZ hotel emissions intensity benchmarks and are undergoing comparative analysis across our portfolio to identify hotspots (where we can make emissions reductions), which also supports our transition planning and target setting.

GHG inventory improvement

In 2024 MCK elected to disclose FY24 scope 3 emissions in some categories, as required by the Toitū programme, where quantifiable data is available (where data is not yet available, Adoption Provision 4: Scope 3 GHG emissions applies). However, we have commenced measuring our indirect scope 3 sources of emissions. We conducted our first staff travel survey, started working with franchisees to source data, and started capturing spend-data for a range of products and services used by the business. Based on our current understanding of our material sources of emission (informed by the hospitality sector) we anticipate the following areas are likely to be material for future reporting.

Scope 3

Upstream activities

Indirect value chain emissions



Scope 3

Downstream activities

Indirect value chain emissions



Material ● Possibly material ●
Likely immaterial ● Currently measured ○

37. CDL Investments New Zealand Ltd is majority owned by Millennium & Copthorne Hotels New Zealand Ltd.
38. The consolidation approach was retrospectively applied to reflect an operation control approach as part of our 2023 base year recalculation.
39. Toitū Envirocare is a wholly-owned subsidiary of Manaaki Whenua – Landcare Research, a Government-owned Crown Research Institute. Developed for New Zealand business needs, they comprise of a team of scientists and business experts who have come together to protect the ecological and economic future, with over 800 clients worldwide.
40. Excluding emissions from Millennium Hotel & Resort Manuels Taupo and Copthorne Hotel & Resort Solway Park Wairarapa under operational control approach.





METRICS & TARGETS

(CONTINUED)

Other climate-related metrics

MCK uses a range of key metrics including industry-based metrics to measure and manage our climate-related impacts, risks and opportunities. The following metrics demonstrate MCK's progress to embed key criteria into our climate reporting.

Focus area	Metric	Description	FY23	FY24
GHG Emissions Intensity	By operating revenue	The amount of greenhouse gas emissions produced per dollar of Company operating revenue ⁴¹ [gross tCO ₂ e/\$millions].	43.46 ⁴²	38.56
	Per available hotel room (PAR)	The amount of greenhouse gas emissions produced per available room ⁴³ [gross tCO ₂ e/room] industry metric.	2.74	2.84
	Per square metre	The amount of greenhouse gas emissions produced per square meter of hotel building ⁴⁴ [gross kgCO ₂ e/m ²] industry metric.	34	36
Climate-related risk	Hotel asset physical vulnerability	Percentage of hotel and landholding property assets vulnerable to physical risk including flooding, coastal erosion, landslides, coastal inundation and sea level rise. ⁴⁵		54%
	Hotel portfolio transition risk	Percentage of hotel assets or business activities vulnerable to transition risks. ⁴⁶		18%
Finance	Capital deployment	Dollar value of capital expenditure, financing, or investment deployed toward climate-related risks and opportunities. ⁴⁷		\$2,980,000
		Dollar value of professional services spend related to climate-related risks and opportunities. ⁴⁸	\$0	\$49,700

Qualmark

Currently 12 hotels within the NZ group hold Qualmark silver status meeting their Sustainable Tourism Business criteria. Qualmark are officially recognised by the Global Sustainable Tourism Council, so our NZ hotels with Qualmark rating are recognised as meeting their global sustainability standards.



41. Includes MCK hotel and CDI revenue as reported in the 2024 Annual Report: https://mckhotels.co.nz/investors/wp-content/uploads/2025/03/MIL0022_Annual_Report_2024_Online.pdf
 42. Updated for FY23 based on the 2023 base year recalculation undertaken in 2024.
 43. Uses available hotel rooms per year, includes emissions from hotel portfolio and support office; excludes CDL Investments New Zealand Ltd.
 44. Uses gross floor area of the building, includes emissions from hotel portfolio and support offices; excludes CDL Investments New Zealand Ltd.
 45. See [Strategy](#) section for how this proxy measure is determined, reported for the first time in FY24.
 46. See [Strategy](#) section for how this is determined, reported for the first time in FY24.
 47. Reported for the first time in FY24. CDI separately reports on capital deployment within its climate-related disclosures.
 48. This excludes staff salaries; accreditation, assurance and audit fees and contractor costs for quantifying and verifying our GHG emissions; and costs relating to climate-related disclosures and sustainability reporting.

Improving metrics and indicators overtime

MCK has chosen to not establish an internal emission price (price per metric tonne of CO₂e used internally by an entity \$/tCO₂e). We may choose to set this in the future, as we see the potential benefit of this mechanism in creating a financial incentive to reduce emissions. Either by using it as a 'shadow price', i.e. factoring in these costs when making long-term investments or by charging a fee to internal business units based on their emissions. This can be reassessed once formal targets have been agreed and established.

In the future we intend to explore inclusion of early-stage planning to guide refurbishment projects and new development, incorporating climate risk mitigation at the early design stage and through project delivery. MCK is also considering incorporating climate screening into existing due diligence and decision-making processes for new site acquisitions to understand and account for current and anticipated climate-related risks.

Management or director remuneration linked to climate-related risks and opportunities has not yet been set. This can be explored once formal targets have been agreed and established.

Targets

MCK currently has no formal company-wide targets in place for GHG reduction or to manage climate-related risks and opportunities, and performance.

Our emission reduction targets in relation to the New Zealand hotel portfolio are currently under development and it is anticipated that near and long-term targets will be formally set in 2025.

Emissions from NZ hotels contribute to the group emissions footprint. In 2019, Millennium & Copthorne Hotels Limited⁴⁹ set a Science-Based Target to reduce the Group's carbon emission by 27% by 2030, from a 2017 base year.

MCK has not yet determined whether targets will be on an intensity or absolute basis. Targets for energy use (electricity and gas), waste reduction/recycling and water consumption at hotels and office premises are also being explored. In order to demonstrate our contribution to limiting global warming, we intend to set targets aligned with a science-based approach, limiting warming to 1.5 degrees Celsius.



Copthorne Hotel and Resort Bay of Islands.

49. Millennium & Copthorne Hotels Limited, formerly known as Millennium & Copthorne Hotels plc., which owns, manages and operates over 130 properties across 80 destinations.



GLOSSARY

Left: Kingsgate Hotel Paihia.



GLOSSARY

These defined terms are used in our climate-related disclosures. These definitions are aligned with those used by the XRB and the IPCC.

Term	Definition
Adaptation	A process of adjustment to actual or expected climate and its effects, in order to moderate harm or exploit beneficial opportunities.
Aotearoa New Zealand Climate Standards (NZCS)	Standards issued by the External Reporting Board that comprise the climate-related disclosure framework, including NZCS1, NZCS2 and NZCS3.
Base year	A historic date, specified year, against which an entity's metric is tracked over time.
Carbon dioxide equivalent (CO₂e)	The universal unit of measurement to indicate the global warming potential of each of the seven GHGs, expressed in terms of the global warming potential of one unit of carbon dioxide for 100 years. It is used to evaluate releasing (or avoiding releasing) any GHGs against a common basis. Usually expressed in this Statement in tonnes (t).
Carbon price	Price assigned for avoided or released carbon dioxide (CO ₂) or CO ₂ -equivalent emissions. This may refer to the rate of a carbon tax, or the price of emission permits. In many models that are used to assess the economic costs of mitigation, carbon prices are used as a proxy to represent the level of effort in mitigation policies.
Climate-related impacts	The effects (also referred to as consequences or outcomes) of climate change occurring for an entity, including as a result of physical or transition risks. These effects will, in turn, depend on the impacts of climate change on the broader socioeconomic and ecological systems an entity operates within (including an entity's value chain).
Climate-related disclosures	Contained within this Climate Statement – required to fulfil the Climate-related disclosure regulations framework as set out in section 9AA of the Financial Reporting Act 2013.
CRE	Climate-reporting entity. Institutions covered by the Financial Markets Conduct Act 2013 (FMC Act) that are required to publish climate-related disclosures in accordance with climate standards published by the External Reporting Board (XRB).
Climate-related financial impacts	The translation of climate-related impacts or risks into current or anticipated impacts on financial performance, financial position and cash flows.
Climate-related geohazard	Hazards specifically related to geological or environmental processes that may be influenced by climate change factors such as changes to rainfall, these include: <ul style="list-style-type: none"> ▪ Sea Level Rise: Long term increase in sea level based on global sea level rise projections and local vertical land movement. There are different sea level rise hazards based on each IPCC climate change scenarios. ▪ Coastal Inundation: Short term coastal flooding, typically occurring during storms. Contributed to by: wind induced waves, short-term sea-level rise (due to a steep atmospheric pressure gradient), and tidal changes. ▪ Coastal Erosion: Erosion or loss of the coastline due to actions of the sea. This can be exacerbated by both sea level rise and coastal inundation. ▪ Rainfall induced landslides: Collapse of a mass of earth or rock from a mountain or cliff caused by rain. ▪ Flooding: Covering or submerging of normally dry land/area caused by both pluvial (rainfall induced) and fluvial (river related) sources.
Climate-related opportunity	Potential 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.
Climate-related risk	The potential negative impact of climate change on an entity.
Climate scenario	A plausible, challenging description of how the future may develop based on a coherent and internally consistent set of assumptions about key driving forces and relationships covering both physical and transition risks in an integrated manner. Climate-related scenarios are not intended to be probabilistic or predictive, or to identify the 'most likely' outcome(s) of climate change. They are intended to provide an opportunity for entities to develop their internal capacity to better understand and prepare for the uncertain future impacts of climate change. <p>Note: Within scenario titles, the degrees Celsius (e.g. 1.5°C, 2.0°C, 3.0°C) refers to the global average temperature increase above pre-industrial levels. Regional and local temperature changes may vary from the global average.</p>
Climate variables	Physical aspects of climate that exhibit a measurable change overtime including but not limited to, air temperature, number of very hot days, hottest day, solar radiation, coldest day, heavy rain, number of very rainy days, number of dry days, and strong wind.
Decarbonise	The process of reducing or eliminating carbon dioxide emissions from a process such as manufacturing products, production of energy or other utility-use.

Term	Definition
Emissions	The release of greenhouse gases and/or their precursors into the atmosphere over a specified area and period of time. Greenhouse gases (GHG) are gaseous constituents of the atmosphere, both natural and anthropogenic, that absorb and emit radiation at specific wavelengths within the spectrum of radiation emitted by the Earth's surface, by the atmosphere itself, and by clouds. This property causes the greenhouse effect.
Emissions intensity	An emissions intensity figure or ratio quantifies the amount of greenhouse gas emissions produced per unit of activity or unity of economic output. Often used to compare entities, it can be expressed as emissions per square metre of building space or per \$ revenue generated, indicating the carbon footprint associated with that output. A reducing intensity ratio indicates a performance improvement.
ESG	Environmental, Social and Governance, refers to collective corporate performance of a company's governance mechanisms and its ability to effectively manage its environmental and social impacts.
Exposure	The nature and degree to which a system or property is exposed to significant climate variations.
Extreme weather event	An event that is rare at a particular place. Definitions of "rare" vary, but an extreme weather event would normally be as rare as or rarer than the 10th or 90th percentile. The characteristics of what is called "extreme weather" may vary from place to place. An "extreme climate event" is an average of a number of weather events over a certain period of time, an average which is itself extreme (e.g., rainfall over a season).
Fossil fuels	Carbon-based fuels from fossil hydrocarbon deposits, including coal, oil and natural gas.
Greenhouse gas (GHG)	Includes the greenhouse gases listed in the Kyoto Protocol: carbon dioxide (CO ₂); methane (CH ₄), nitrous oxide (N ₂ O), hydrofluorocarbons (HFCs), nitrogen trifluoride (NF ₃), perfluorocarbons.
GHG Protocol	The Greenhouse Gas Protocol, which includes: A Corporate Accounting and Reporting Standard (revised edition); the Greenhouse Gas Protocol: GHG Protocol Scope 2 Guidance: An amendment to the GHG Protocol Corporate Standard; and the Greenhouse Gas Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard.
Hazard	The potential occurrence of a natural or human-induced physical event that may cause loss of life, injury, or other health impacts, as well as damage and loss to property, infrastructure, livelihoods, service provision, and environmental resources.
Materiality	The XRB defines information as material if omitting, misstating, or obscuring it could reasonably be expected to influence decisions that primary users make based on an entity's climate-related disclosures.
Mitigation	An action (human intervention) taken to reduce emissions or enhance the sinks of greenhouse gases.
Physical risks	Risks related to the physical impacts of climate change. Physical risks emanating from climate change can be: <ul style="list-style-type: none"> ▪ Acute: event-driven, such as increased severity of extreme weather events. ▪ Chronic: relating to longer-term shifts in climate-related precipitation and temperature and increased variability in weather patterns, such as sea level rise.
Resilience	The capacity of interconnected systems or an entity to cope with a hazardous event, trend or disturbance, responding or reorganising to maintain their essential function or identity.
Risk management framework	A process led by an entity's Board and Management to identify, assess, and manage risks within its risk appetite, ensuring strategic and operational objectives are met (also known as Enterprise Risk Management).
Scope 1, 2 & 3 emissions	Scope 1: Direct GHG emissions from sources owned or controlled by the entity. Scope 2: Indirect GHG emissions from consumption of purchased electricity, heat, or steam. Scope 3: Indirect GHG emissions that are not produced by the entity itself and are not the result of activities from assets owned or controlled by them, but by those that it is indirectly responsible for upstream and downstream within the business value chain.
Transition plan	An aspect of an entity's overall strategy that describes an entity's targets, including any interim targets, and actions for its transition towards a low-emissions, climate-resilient future. Transition planning is an internal process to reposition and transform the business model and strategy in response to climate-related risks and opportunities allowing it to operate, generate sustainable revenue, protect its assets, and finance itself in a low-emissions, climate-resilient future.
Transition risks	Risks related to the transition to a low-emissions, climate-resilient global and domestic economy, such as policy, legal, technology, market and reputation changes associated with the mitigation and adaptation requirements relating to climate change.
Vulnerability	The propensity of exposed elements, such as human beings, their livelihoods, and assets to suffer adverse effects when impacted by hazard events.

GLOSSARY

Organisation/Group	Name and description
<i>MCK</i>	Millennium & Copthorne Hotels New Zealand Ltd, NZX listed company.
<i>CDI</i>	CDL Investments New Zealand Limited, NZX listed company.
<i>Governing Body</i>	Millennium & Copthorne Hotels New Zealand Ltd Board of Directors.
<i>SSG</i>	MCK Sustainability Steering Group - responsible for setting direction on sustainability for the business and sourcing and agreeing the information required to ensure climate-related disclosures are compliant.
<i>FMA</i>	Financial Markets Authority, body that regulates financial markets in New Zealand, including the regulation of the New Zealand Climate Standards.
<i>KPMG</i>	Company engaged to provide assurance for MCK's GHG inventory under NZCS.
<i>IPCC</i>	Intergovernmental Panel on Climate Change, the United Nations body for assessing the science related to climate change. They publish global climate models and greenhouse gas concentration trajectories.
<i>MfE</i>	Ministry for the Environment, government body responsible for publishing NZ climate change projections, NZ emissions factors and national emissions reduction plans.
<i>NIWA</i>	National Institute of Water and Atmospheric Research, a Crown Research Institute that update and release climate projections for NZ in conjunction with MfE.
<i>Toitū</i>	Toitū Envirocare, are engaged to provide certification of MCK's GHG inventory. They are a provider of carbon management certifications for New Zealand businesses. The organisation is a subsidiary of Crown Research Institute, Manaaki Whenua – Landcare Research.
<i>WSP</i>	WSP New Zealand Ltd, a professional services firm engaged to provide climate change risk assessment for MCK's portfolio, including exposure of hotels and landholdings to acute and chronic climate-related geohazards and climate variables.
<i>XRB</i>	External Reporting Board, the organisation which develops and issues reporting standards on accounting, audit and assurance, and climate, for entities across the private, public, and not-for profit sectors. They develop and issue the New Zealand Climate Standards.

Right: Millennium Queenstown.





APPENDICES

Left: Millennium Ballroom, Grand Millennium Auckland.



APPENDIX A

CLIMATE SCENARIOS



1.5°C Orderly Scenario – Net zero 2050
A world where global warming is successfully limited to 1.5 degrees above preindustrial levels, as ambitious goals and policies to reduce greenhouse gas emissions are immediately and effectively implemented.

 Policy Ambition 1.5°C	 Policy Reaction Immediate and smooth	 Technology Change Fast	 Behaviour Change Fast	 Physical Risk Severity Moderate	 Transition Risk Severity Moderate to high	 Socio-political Instability Low to Moderate
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Under an Orderly scenario, there is a pathway to global sustainability which is achievable but still assumes global warming continues, due to increased greenhouse gas emissions. This is the most optimistic scenario but is not guaranteed and the effects of global warming will continue to be felt. Key assumptions¹ under an Orderly scenario include:

Key drivers	Enabling regulations; reduced implementation costs and increased availability of technology, low-emissions fuel and material alternatives; some international trade requirements; the need for business resilience to increasing acute weather events; and customer expectations for low-emissions services.														
Global narrative	Climate change action is taken in the mid-2020s as nations deliver on near and long-term climate targets, budgets and plans, resulting rapid policy intervention and some industry incentives. From 2030 steady decarbonisation occurs in countries overseas, initially more so in Europe and Asia, than in the US (following an initial withdrawal from the Paris Agreement in 2025), resulting in pressure on NZ businesses to reduce emissions.														
Government policy	Emissions Reduction Plans form basis of government policy, which until 2030 focuses on technology development rather than policy or levies to mitigate emissions associated with building or travel. ² Built environment is reintroduced into NZ emissions reduction plans to contribute to national carbon budgets from 2030. Over time a cohesive suite of climate policies becomes progressively more stringent, and the carbon price ramps up towards 2050. Energy and carbon caps are phased in the short-medium term. Increased government regulations such as bans on new gas connections for commercial buildings occur in the early 2030's, and adoption of low-emissions technology, energy-efficient buildings and electric vehicles become wide-spread as financial and technology barriers decrease. Post 2030 building standards mandate the use of low-carbon and low-waste materials and construction methods. Existing buildings must disclose energy and carbon performance and take steps to reduce or eliminate fossil fuels for operation and scale up energy efficiency. Whole of life carbon emissions reductions for buildings are phased in, with 90% required by 2050.														
Infrastructure and Energy	There's a shift to modular and circular building design as well as existing building re-use, refurbishment and adaptive re-use rather than new builds. Obtaining insurance is harder for buildings with high exposure to climate impacts post 2030. Private and public sector investment helps to strengthen infrastructure, including accommodation, roading, EV charging network and airports from the late 2020's. Pressures on centralised infrastructure as electrification increases from mid-2030's, as fossil fuel power stations close (or are reserved for back-up only). Alternative/renewable energy sources become increasingly available and uptake more widespread. Energy supply is mostly or totally decarbonised with close to 100% of electricity supply from renewable sources by 2050.														
NZ tourism and travel behaviour	Tourism practices until 2030 are similar to today in that people will continue to travel for business and recreation to and within New Zealand via aircraft, cruise ships, bus tour and rental vehicles. Short-term increase in international tourism to pre-COVID levels of ~4m annual visitor arrivals in 2027. ³ Guest expectations ramp up from 2030, resulting in more demand for sustainable accommodation, requiring energy efficient buildings, low emissions practices and offerings, more public transport and more emphasis on circular business models. There is a shift in focus towards reduced long-haul flights, low-carbon, sustainable tourism experiences. Investment and capital is available to support this, along with regenerative forms of tourism from 2030 onwards. There is widespread recognition of action taken by the tourism and accommodation industries by 2040. An increased social awareness of high-emission travel and recreation means that local staycations and offsetting travel start to become more common place. The tourism sector is thriving by 2050, with visitors choosing New Zealand for unique low-impact experiences. Through the uptake of sustainable fuels by 2050 aviation is mostly decarbonised. In 2050 domestic travel makes up a larger part of visitor expenditure. International visitors still come, mostly from short and medium-haul markets, for longer stays. Over the long-term the mix of customers changes as long-haul air travel reduces due to increased costs, increased connectivity/online trading, climate change awareness and changing weather patterns. In 2050 and beyond the NZ tourism sector, including the accommodation and hospitality industries, champion sustainable tourism with a low environmental footprint.														
Physical environment	The physical climate is similar to today but with increasing flooding and weather events, particularly from 2050 onwards. The range of annual average temperatures across Aotearoa are between 0.3°C and 1.2°C warmer by 2030, between 0.6°C and 2.1°C warmer by 2050, and between 0.7°C and 4.6°C warmer by 2090. ⁴ More hot days, when maximum daily temperatures are over 25°C, will occur for most of New Zealand, with the north and east North Island projected to experience the most change. While some extreme weather events still occur, only highly exposed properties are materially impacted.														
Key 2050 Indicators⁵	<table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <thead> <tr> <th>Sea level rise</th> <th>NZ native forestry</th> <th>Number of hot days >25C</th> <th>Extreme rainfall</th> <th>Whole of life building emission reduction requirement⁶</th> <th>Carbon price</th> <th>NZ net emissions</th> </tr> </thead> <tbody> <tr> <td>0.2m</td> <td>0.8mha</td> <td>+15 days</td> <td>+15%</td> <td>90%</td> <td>\$277 \$NZD/tonne</td> <td>6MtCO₂e</td> </tr> </tbody> </table>	Sea level rise	NZ native forestry	Number of hot days >25C	Extreme rainfall	Whole of life building emission reduction requirement ⁶	Carbon price	NZ net emissions	0.2m	0.8mha	+15 days	+15%	90%	\$277 \$NZD/tonne	6MtCO ₂ e
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- Scenario characteristics detailed in both the Tourism Sector Climate Scenarios and the Construction and Property Sector Climate Scenarios have been referenced in our scenario analyses.
- This assumes that existing policy in place and signalled (but not enacted) is sufficient to achieve 1.5 degrees (as outlined in the 2026-2030 Emissions Reduction Plan: <https://environment.govt.nz/publications/new-zealands-second-emissions-reduction-plan>).
- Tourism Export Council NZ Forecast based on Stats NZ IVA Top 30 Countries Annual International (Updated 29 January 2025).
- <https://environment.govt.nz/facts-and-science/climate-change/climate-change-projections/climate-projections-insights-and-publications/>
- Drawn from the Tourism Sector Climate Scenarios unless otherwise stated (sea level rise relative to 2005; number of hot days and rainfall figures are 2040 relative to 1990).
- Drawn from the Construction and Property Sector Climate Scenarios.



2.0°C Disorderly Scenario – Delayed transition
A world where global warming is limited to 2.0 degrees above preindustrial levels, as policies to reduce greenhouse gas emissions are introduced after 2030. There is a rapid and concerted effort to reach net zero 2050 goals.

 Policy Ambition <2.0°C	 Policy Reaction Delayed	 Technology Change Slow, then fast	 Behaviour Change Slow, then fast	 Physical Risk Severity Moderate	 Transition Risk Severity High	 Socio-political Instability Moderate
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Under a Disorderly scenario, a pathway to global sustainability is less achievable without the effects of climate change becoming exacerbated, increasing over the mid to long term. This scenario is characterised by a rush to decarbonise after 2030. Key assumptions⁷ under a Disorderly scenario include:

Key drivers	Mitigation regulations and international trade requirements post 2040; increasing energy and travel costs; and a need for business response to abrupt change in policy and increasing acute weather events.														
Global narrative	There is little policy action until mid to late 2030s, after which rapid action and the introduction of new policies occurs. Most countries continue to use fossil-fuels and carbon intensive practices continue, so emissions do not decrease and carbon budgets are not met.														
Government policy	New policies to mitigate climate change are not introduced until the mid-2030's. Although there is a lack of cohesive policy settings, abrupt policy and market changes for the property and construction sector occur. Tourism is not considered a priority sector for government intervention or investment, and initially there is no concerted effort to regulate to reduce emissions (stronger social drivers prompt some business change). Restrictions on air travel are introduced towards 2040 (such as frequent flyer levies and caps on aircraft movements). While there is no change to the carbon price up to 2030 there's a steep increase onwards through to 2050.														
Infrastructure and Energy	About 75% of total energy consumed is renewable by 2030. Demand for electricity surges in the 2030s as Aotearoa New Zealand rushes to electrify networks such as transport networks. The electricity sector may not be prepared for this sudden shift and there are delays or shifts in expanding the grid during the 2030s which might lead to supply constraints, blackouts or supply restrictions, and price fluctuations as a result. There are a lack of financial incentives to decarbonise until around 2040. Policy changes imposed from the late 2030s demand immediate changes in building energy and carbon requirements. Limited investment in low carbon materials in the 2020s causes spikes in demand in the 2030s for these products, resulting in disruption within the sector and escalation in costs to build and maintain properties. Pressures on centralised infrastructure increase due to densification and physical climate risks. Spatial planning responses are inconsistent and managed retreat occurs. This causes uncertainty for the construction and property sector, as assets become stranded prior to 2050.														
NZ tourism and travel behaviour	Tourism practices in the 2030's are similar to today but the need to address climate issues has affected several businesses as they are unable to attract the same number or type of customers than before. Tourism practices start to change around 2040 once there is a late focus on reducing emissions and one way that this is seen is a reduction in long-haul travel. Domestic tourism makes up the majority of visitor spend as expensive long-haul travel dramatically declines. Capital and insurance are more difficult to obtain for some coastal and low-lying areas or high-carbon operations post 2035. Business costs have increased due to the steep rise in the carbon price post 2035; coupled with the need to factor in adaptation or mitigation measures in short timeframes. Some tourism operators unable to adapt, deemed to be high-emission activities or heavily reliant on our natural environment may no longer be able to continue. Much of the NZ tourism sector is struggling by 2050.														
Physical environment	The physical climate is similar to today but with increasing flooding and fire weather events. New Zealand will see an increase in extreme weather events and increased vulnerability to assets and infrastructure. Weather events are causing more disruptions throughout business supply chains. Extreme weather events require infrastructure responses (i.e. roading network and hotel resilience measures and repairs), which continue to exacerbate disruptions to travel and hotel occupancy over time.														
Key 2050 Indicators⁸	<table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <thead> <tr> <th>Sea level rise</th> <th>NZ native forestry</th> <th>Number of hot days >25C</th> <th>Extreme rainfall</th> <th>Whole of life building emission reduction requirement⁹</th> <th>Carbon price</th> <th>NZ net emissions</th> </tr> </thead> <tbody> <tr> <td>0.22m</td> <td>0.5mha</td> <td>+20 days</td> <td>+18%</td> <td>80%</td> <td>\$369 \$NZD/tonne</td> <td>24MtCO₂e</td> </tr> </tbody> </table>	Sea level rise	NZ native forestry	Number of hot days >25C	Extreme rainfall	Whole of life building emission reduction requirement ⁹	Carbon price	NZ net emissions	0.22m	0.5mha	+20 days	+18%	80%	\$369 \$NZD/tonne	24MtCO ₂ e
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- Drawn from the Tourism Sector Climate Scenarios unless otherwise stated (sea level rise relative to 2005; number of hot days and rainfall figures are 2040 relative to 1990).
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APPENDIX A

CLIMATE SCENARIOS



3.0°C Hot House World Scenario – Current trajectory
A world where global warming reaches 3.0 degrees above preindustrial levels by 2100, due to no additional policies introduced to reduce greenhouse gas emissions.



Policy Ambition
>3.0°C



Policy Reaction
None
(current only)



Technology Change
Slow



Behaviour Change
Slow



Physical Risk Severity
Extreme



Transition Risk Severity
Low



Socio-political Instability
High

Under a Hothouse scenario the wider environment is seriously degraded with continued global warming intensifying the global water cycle resulting in more dramatic climate events, e.g. floods and droughts, more variable or extreme events such as storms, cyclones or hurricanes. In this scenario emissions continue to rise, as do sea-levels, with land and ocean carbon sinks unable to absorb emissions. Key assumptions¹⁰ under a Hot House scenario include:

Key drivers	Adaptation regulations approaching 2050; and a need for business response to increasing acute weather events.						
Global narrative	Globally, there is no climate policy ambition, many existing commitments are not honoured. Emissions continue to rise unabated. Fossil fuel use continues to increase, and global emissions continue to rise. Global tensions rise by 2050 as physical impacts from climate change have ramifications on global markets and result in mass migration.						
Government policy	<p>There is no concerted effort to reduce emissions by legislation or regulation. Governmental action is limited to adaptation measures only as action does not take place fast enough to reverse the effects of climate change.</p> <p>Local government entities increase rates to fund additional protection measures and restoration of certain assets.</p> <p>The price of carbon does not increase beyond today's levels. New Zealand has made the minimal possible effort to reduce emissions.</p>						
Infrastructure and Energy	<p>Centralised infrastructure becomes under great pressure and may fail occasionally post 2040. Where there is infrastructure damage due to climate events, mandates are introduced late to conserve energy to protect critical functions. Investment is targeted towards adaptation and climate resilience, rather than limiting warming.</p> <p>Energy remains reliant on high-emitting fuels and no more than the existing proportion of the energy used in New Zealand in 2025 comes from renewable sources. Coal and gas boilers remain common.</p> <p>There is a lack of innovation in building technologies and low carbon materials are somewhat available but not sought after. Supply chain disruptions are common from the 2030's onwards. Capital and insurance are extremely difficult or impossible to obtain in some regions and for many business by 2040. Assets become stranded prior to 2050, as regulation and policy settings become more stringent and require buildings to withstand climate impacts such as storm events, extreme rainfall, heatwaves and floods.</p>						
NZ tourism and travel behaviour	<p>There are no new incentives for behaviour change to reduce emissions (e.g. public transport subsidies, clean car discount, business decarbonisation/renewable energy grants). The physical impacts of climate result more frequent reduced access to hotels and damage to highly exposed hotels and local biodiversity also declines, resulting in a decline in visitor numbers overtime.</p> <p>However, the impacts of climate change are more severe overseas than in New Zealand. This results in more international visitors, despite the rising costs of long-haul travel due to climate-related disruptions. Warming temperatures and shifting travel patterns and means seasonal travellers visit more often and stay longer in more temperate, less impacted climates including New Zealand.</p> <p>The effects of climate change are having significant and ongoing impacts across New Zealand including interrupting travel plans and flight, rail and road transport to NZ destinations. Visitor accommodation that is reliant on areas of the country which attract visitors for the unique environment see reduced visitor numbers post 2050. While tourism remains a viable industry in 2050, accommodation in some NZ destinations and some tourism experiences have ceased due to climate change impacts.</p>						
Physical environment	The physical climate continues to experience more extreme weather events and chronic stress. There will be severe physical impacts of climate changes evidenced by significant sea level rise, rainfall intensity and a further increase in the number of extreme heat days. More frequent extreme weather events cause significant disruption to travel and hotel occupancy and increased expense for preparedness and repairs.						
Key 2050 Indicators¹¹	Sea level rise	NZ native forestry	Number of hot days >25C	Extreme rainfall	Whole of life building emission reduction requirement¹²	Carbon price	NZ net emissions
	0.32m	0.2mha	+30 days	+22%	50%	\$35 \$NZD/tonne	40MtCO ₂ e

Right: Copthorne Hotel and Resort Queenstown.

10. Scenario characteristics detailed in both the Tourism Sector Climate Scenarios and the Construction and Property Sector Climate Scenarios have been referenced in our scenario analyses.
 11. Drawn from the Tourism Sector Climate Scenarios unless otherwise stated (sea level rise relative to 2005; number of hot days and rainfall figures are 2040 relative to 1990).
 12. Drawn from the Construction and Property Sector Climate Scenarios.



APPENDIX B

GREENHOUSE GAS INVENTORY

Greenhouse gas emissions

For the reporting period 1 January 2024 to 31 December 2024 MCK's emissions have been measured and the greenhouse gas emission inventory (GHG inventory) prepared in accordance with the GHG Protocol Standards¹ and ISO 14064-1:2018 standard.

Table 1: Millennium & Copthorne Hotels New Zealand Ltd greenhouse gas emissions 2024.

GHG sub category	ISO category	Emissions source	Description	FY23 restated ² tCO ₂ e	FY24 tCO ₂ e	Data source and collection methodology
Scope 1: Direct emissions				3,345	3,686	
1		Mobile combustion	Fuel used in company leased vehicles	79	123	Actual usage from company vehicle fuel card data (Kms)
1		Fugitive emissions	Losses including from refrigeration and air-conditioning units	242	240	Calculated using hotel refrigerant inventory records and default appliance and refrigerant type estimations (Kg)
1		Stationary combustion	Hotel natural gas combustion	1,864	1,979	Actual usage from 3rd party supplier data, supplier invoices and electrical onsite sub-metering conversions applied (kWh)
			Hotel LPG consumption	1,160	1,344	Actual usage from 3rd party supplier data, supplier invoices with conversions applied (kWh)
Scope 2: Indirect emissions from purchased electricity				1,359	1,344	
2		Imported electricity (location-based) ³	Electricity consumption from hotels and support office	1,359	1,370	Actual usage from 3rd party supplier data, supplier invoices and electrical onsite sub-metering (kWh)
Scope 3: Indirect emissions from value chain⁴				1,026	1,059	
C1	4	Purchased goods and services	Potable water supply (only)	7	10	Calculated from office water use on bills supplied via property manager (m ³)
C3	4	Fuel and energy-related activities	Transmission and distribution (T&D) losses from purchased electricity and natural gas	210	173	Calculated as a portion of imported electricity consumption (kWh)
C5	4	Waste generated in operations	Disposal of office and hotel solid waste – landfilled	528	582	Calculated from waste contractor data, based on bin weight (tonnes)
			Disposal of solid waste – not landfilled: Recycling processed: cardboard, mixed plastics, glass and comingled materials	122	114	Calculated from waste contractor data, based on bin weight (tonnes)
			Disposal of solid waste – not landfilled: composted food scraps and garden waste	8	9	Calculated from waste contractor data, based on bin weight (tonnes)
C6	3		Transport (non-company owned vehicles) – air travel, rental vehicles and taxi	151	171	Calculated using spend based methodology for international and domestic flights and taxi travel (\$) and mileage for rental car travel (Km)
Total				5,730⁵	6,115	tCO₂e
Emissions intensity:						
By operating revenue				43.46 ⁶	38.56	gross tCO ₂ e/\$millions
Per hotel room ⁷				2.74	2.84	gross tCO ₂ e/room

Organisational boundary and consolidation approach

Organisational boundaries have been set in accordance with the GHG Protocol methodology and ISO 14064-1:2018 standards.

All subsidiaries wholly or majority owned by Millennium & Copthorne Hotels New Zealand Limited (MCK) interests have been included in the organisational GHG reporting boundary (unless deemed de minimis). The boundary includes direct operational emissions from 16 hotels within the Millennium portfolio under ownership or management control, CDL Investments New Zealand Limited⁸ and support offices.

In the 2024 reporting period an operational control approach was applied to the organisational boundary and GHG inventory. The previous base year (2023) inventory reported used an equity share approach.⁹ This change was made in keeping with the GHG Protocol reporting standards to better reflect the nature of the hotel operations; direct control over sources of emissions; industry practice; and alignment with parent company methodology and reporting.

On this basis one jointly owned hotel (Sofitel Brisbane) and an apartment complex (Zenith Apartments, Sydney), both in Australia, are excluded from the 2024 inventory due to lack of operational control and their immateriality respectively; along with two MCK franchised hotels.

Targets and comparison to base year

Accounting for the base year restatement, there was an increase in emissions between the 2023 base year and 2024 of 3,85tCO₂e, as a result of operational activities. The main emissions sources in 2024 were hotel consumption of natural gas, LPG and electricity for heating, cooling and cooking; as well as waste

generation and air travel. The 6.7% increase in emissions is in part due to an overall increase in owned and managed hotel occupancy rates between 2023 and 2024. The largest sources of emissions responsible for this increase were stationary emissions (gas usage), waste generation and air travel.

2023 is the base year and was the first year of GHG inventory reporting for MCK. Further work commenced in 2024 to scope suitable targets and metrics for emissions reduction. Formal targets will be set and adopted in 2025.

Controls, assurance and accreditation

Internal checks are conducted for data accuracy, completeness, and consistency. Where possible GHG data is cross-referenced with operational data (e.g. energy use) to remove errors. Going forward data will be reconciled quarterly. Inventory roles are delineated between providers of data, data entry, quality control (sample checks) and review of data for monitoring and reporting.

KPMG have provided limited assurance over the reported Scope 1, 2 and 3 emissions for the 2024 reporting period (see their opinion which includes the scope of their work, included in [Appendix C](#)). In 2024 Toitū recertified our 2023 base year GHG inventory and we received certification for our FY24 GHG inventory.

Millennium and Copthorne Hotels New Zealand Limited¹⁰ is a Toitū Carbon Reduce certified organisation. Toitū Carbon Reduce certified means measuring emissions to ISO 14064-1:2018 and Toitū requirements; and managing and reducing against Toitū requirements.

- <https://ghgprotocol.org/standards-guidance> This includes: The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (revised edition); the Greenhouse Gas Protocol: GHG Protocol Scope 2 Guidance: An amendment to the GHG Protocol Corporate Standard; and the Greenhouse Gas Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard.
- As certified by Toitū, recalculated from the original FY23 inventory of 4146tCO₂e refer to table 2 for further detail
- Market-based emissions from imported energy are calculated as 1,388tCO₂e (compared with 1,353tCO₂e in 2023), nominally the same as location-based as no Renewable Energy Certificates have been purchased.
- MCK has elected to disclose FY24 a partial scope 3 emissions footprint (as required by the Toitū programme, where quantifiable data is available). Where data is not yet available, Adoption Provision 4: Scope 3 GHG emissions in the NZ Climate Standard 2 is applied for the remaining material Scope 3 items in our value chain.
- Restated from the original FY23 inventory of 4146tCO₂e as published in 2023.
- Restated for FY23 based on the 2023 base year recalculation undertaken in 2024.
- Uses available rooms per year, includes emissions from hotel portfolio only and excludes CDL Investments New Zealand Ltd.
- CDL Investments New Zealand Ltd is 66% owned by Millennium & Copthorne Hotels New Zealand Ltd (MCK). Although immaterial for FY24 CDI emissions have been included in the MCK GHG inventory.
- The consolidation approach was retrospectively applied to reflect an operation control approach as part of the 2023 base year recalculation.
- Excluding emissions from Millennium Hotel & Resort Manuels Taupo and Copthorne Hotel & Resort Solway Park Wairarapa under operational control approach.



APPENDIX B

GREENHOUSE GAS INVENTORY (CONTINUED)

Base year recalculation

MCK has used 2023 as the base year for GHG inventory. This was the first year of measurement also deemed a representative post-COVID year, as accredited by Toitū and reported in the climate-related disclosures within the 2023 Annual Report.

To ensure accurate, transparent, and consistent reporting of GHG emissions, supporting the organisation's sustainability goals and compliance with regulatory requirements, MCK has a GHG inventory base year recalculation policy. It outlines the events and conditions that trigger a base year recalculation or a change in the nominated base year.

To enable tracking progress towards GHG targets, base year emissions inventory will be recalculated to account for material changes, if these changes lead to an increase or decrease in emissions of greater than 5% of the total inventory (the significance threshold), in accordance with the GHG Protocol guidance. Changes to organisational boundary; structure (include acquisitions, divestitures or mergers and/or outsourcing or insourcing emitting activities); calculation methodology; and/or data errors may trigger the recalculation of base year emissions.

A screening exercise of the changes to the business in line with the GHG Protocol informed the decision to recalculate the base year. It has been deemed necessary to recalculate the

base year, due to a change to the consolidation approach and organisational boundary this reporting period, which resulted in a change from 14 to 16 hotels and subsidiary CDL Investments NZ Ltd now being included within the 2024 boundary. In addition:

- material scope 1 hotel refrigerants emissions were estimated for the first time in 2024;
- a misclassification between scope 1 natural gas/LPG emissions, resulting in under reporting and application of incorrect emissions factors;
- an emissions factor used to calculate scope 2 electricity emissions in 2023 required correction.

The result of these changes amount to an increase of around 38% in the base year emissions profile. Table 2 outlines the justification for, and updates made to, the base year to account for changes to the organisational boundary, calculation methodologies and errors.

The 2023 base year was previously reported as 4,164tCO₂e and has been recalculated and restated as 5,730tCO₂e. This ensures MCK's GHG Inventory remains relevant, complete, consistent, transparent and accurate in line with the GHG Protocol.

Table 2: Millennium & Copthorne Hotels NZ Ltd GHG base year assessment and recalculation.

GHG category	Previously reported Base Year Emissions (tCO ₂ e)	Change in Boundary (tCO ₂ e)	New Emission Source (tCO ₂ e)	Correction of Errors (tCO ₂ e)	Restated Base Year Emissions (tCO ₂ e)
Scope 1 Emissions	2,098	18	242	987	3,345
Stationary Combustion – LPG	137			1,023	1,160
Stationary Combustion – Natural Gas	1,900			(36)	1,864
Mobile Combustion	61	18			79
Refrigerants	–		242		242
Scope 2 Emissions	1,308	380	–	(329)	1,359
Electricity	1,308	380		(329)	1,359
Scope 3 Emissions	740	287	–	(1)	1,026
C1 Purchased Goods and Services	4	3			7
C3 Transmission and Distribution Losses	183	27		(1)	209
C5 Waste	436	223			659
C6 Business Travel	117	34			151
Total Emissions	4,146	685	242	657	5,730
Percentage Recalculation		17%	6%	16%	

Calculations and emission factors

Reports, invoices and data are received from the relevant data source/supplier and the relevant emission factors are applied to calculate the emissions. The calculation approach used for quantifying this emissions inventory is based on: emissions = activity data x emissions factor.

All emissions were calculated using Toitū e-manage platform with emissions factors and Global Warming Potentials provided by Toitū. Global Warming Potentials (GWP) from the IPCC fifth assessment report (AR5) are the primary GWP conversion however some differ (as noted below). If emission factors have been derived from recognised publications approved by the programme, which still use earlier GWPs, the emission factors have not been altered from as published. Where applicable, unit conversions applied when processing the activity data have been disclosed. There are systems and procedures in place that will ensure applied quantification methodologies will continue in future GHG emissions inventories.

Source of emissions factors

Emissions factors are sourced from NZ Government publications where possible or other reputable peer reviewed sources. Emissions factors and GWP are sourced from the Ministry for the Environment, Measuring emissions: A guide for organisations (2024),¹¹ which uses the GWPs published in the IPCC Fifth Assessment Report (AR5). Below are the exceptions where emission factors used are from different sources:

- Recyclable materials: Turner et al. (2015) Greenhouse gas emission factors for recycling of source-segregated waste materials. Resources, Conservation and Recycling (AR4).
- Electricity distributed T&D losses (market-based): New Zealand Energy Certificate System. Administered and developed by Certified Energy, New Zealand (AR6).
- Electricity annual factor (market-based): Derived by Toitū Envirocare,¹² Wellington, New Zealand (AR5).
- Air passenger transport (spend-based): Market Economics Limited (2023) Consumption Emissions Modelling, report prepared for Auckland Council (AR4).

- Refrigerants R-449A, R513A, R452A respectively:
 - Derived by Toitū Envirocare,¹³ Wellington, New Zealand (AR5).
 - Climalife IDS Refrigeration Ltd <https://www.climalife.co.uk/r513a> (AR5)
 - Climalife IDS Refrigeration Ltd <https://www.climalife.co.uk/r452a> (AR5)

Estimations

MCK has an estimations policy which is reviewed annually and methodology by which estimations are made across data sets within the GHG inventory. MCK reports on a calendar year basis, meaning December data is typically unavailable at the time of data audit and assurance and required reporting timeframes.

Where December estimates are made, i.e. for electricity, natural gas, LPG, waste, water, petrol, diesel, and some travel, where feasible a year-on-year growth rate method is applied as there can be changes in emissions trends year on year due to national and global economic changes and seasonal market changes.

Estimations within data sets are infrequent, but may be required for incomplete sets such as where a water meter is unavailable or invoicing occurs across reporting months or years, and so is apportioned.

As a full record of refrigerant top-ups for all hotels was not obtained for 2024 a conservative approach to estimating refrigerants was undertaken using the hotel inventory of refrigerants liabilities, default charges and types (where data wasn't available) and application of a default leakage rate. This methodology draws from the Ministry for the Environment, Measuring emissions: A guide for organisations (2024)¹⁴ and Toitū: Assessing Your Emissions Guide (2024).

11. https://environment.govt.nz/assets/publications/Measuring-Emissions-2024/Measuring-emissions-Detailed-guide-2024_ME1829.pdf
 12. The market-based emission factor consists of national grid factor from MfE and residual mix factor from BraveTrace, using the latest aligned 12-month period available (updates are released on different cycles).
 13. Sourced from USEPA Compositions of Refrigerant Blends - Percentage Composition of Substitute Refrigerant Blends. Each composite gas is using the current Programme GWP values, sourced from NZ MfE and UK DEFRA.
 14. https://environment.govt.nz/assets/publications/Measuring-Emissions-2024/Measuring-emissions-Detailed-guide-2024_ME1829.pdf

APPENDIX B

GREENHOUSE GAS INVENTORY (CONTINUED)

Exclusions from reported GHG emissions

Following requirements of GHG protocol, and significance criteria for inclusion within the MCK inventory defined organisation boundary and as required by the Toitū accreditation programme the following emissions scopes are included:

- All direct emission sources that contribute more than 1% of category 1 and 2 emissions
- Some scope 3 emission subcategories in accordance with the criteria (based on Toitū accreditation requirements).

MCK has adopted the Toitū significance criteria which is aligned with GHG Protocol requirements, and assesses materiality for inclusion in the inventory based on magnitude;

level of influence; risk or opportunity; sector specific guidance; outsourcing; employee engagement; and intended use and users (includes availability of data sets). Exclusions are specific to each emission source and are based on the MCK agreed significance criteria.

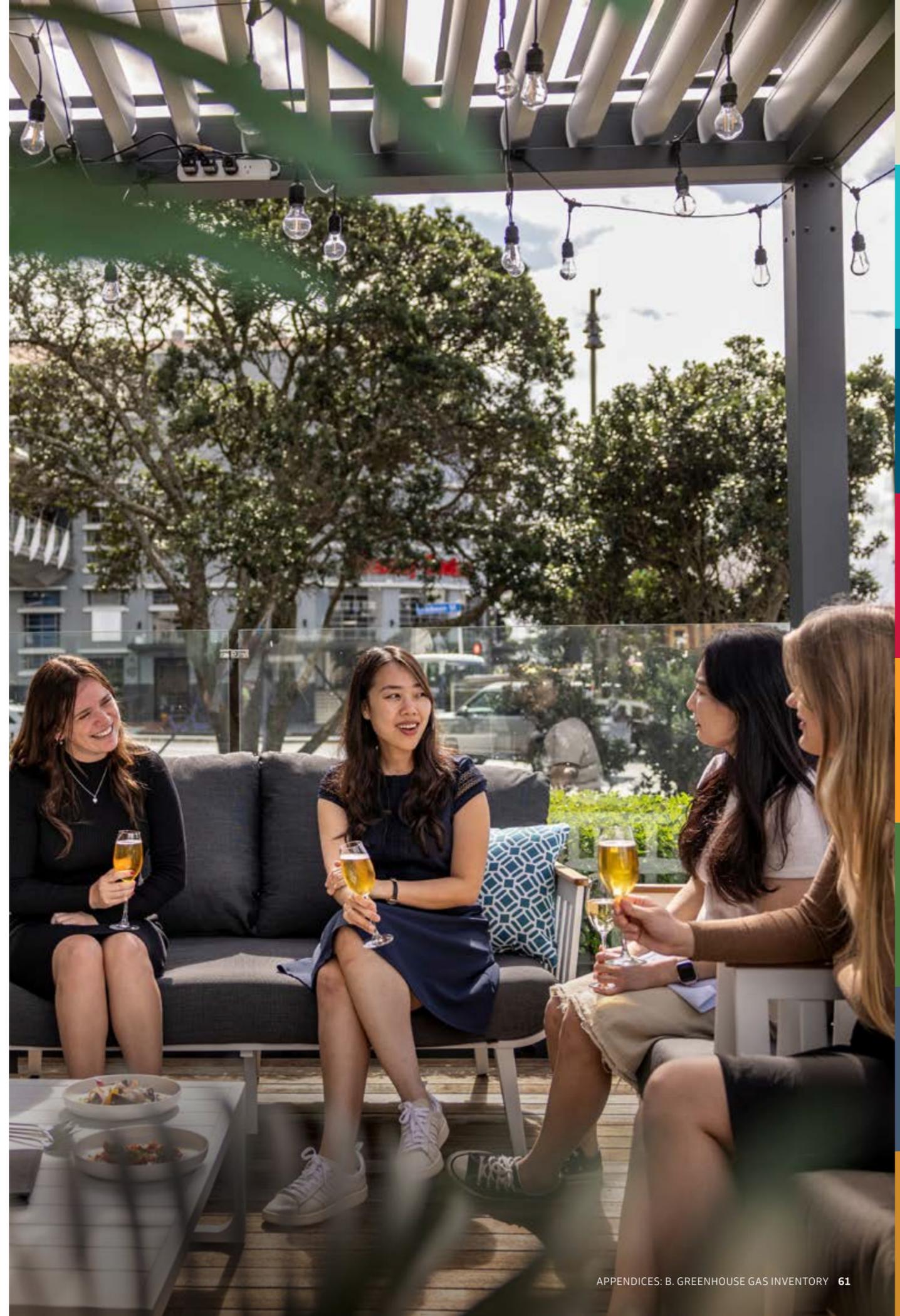
Reasonable effort has been made to source GHG emissions data within the business's capacity and available resourcing (with some estimations used). MCK is in early maturity for our GHG inventory, given that FY23 was our first reporting period (and base year). Prioritisation of initiatives have meant certain scope 3 operational emission categories have been excluded from our FY24 reporting.¹⁵ We plan to expand on our inventory in FY25.

Table 3: Rationale for exclusion of emission sources.

Emission Source	Reason for exclusion
Scope 3 Category	
Purchased Goods & Services (1)	Availability and influence: spend-based measurement has commenced, as 3rd party data availability and quality is currently low this will be reported in subsequent years. We do not currently have activity level information on our suppliers' emissions profiles (excludes potable water supply).
Capital Goods (2)	Availability and resourcing: spend-based measurement has commenced. Extracting data for GHG reporting purposes is challenging and further resourcing and time is required to report in subsequent years.
Fuel and Energy-related Activities (3)	Laundry services are currently captured in electricity, gas and water emissions and outsourced linen services from 2025 will be captured within category 1.
Upstream Transportation (4) and Distribution	Courier/postage is de minimis. Limited direct freight transportation is used. Limited data availability as some freight costs included in purchase of products. From 2025 will be captured within category 1 purchased goods and services.
Waste Generated in Operations (5)	Waste from Christchurch support office and Wastewater are de minimis. From 2025 estimated hotel and support office wastewater may be included.
Employee Commuting (7)	Availability: measurement has commenced, however data quality is low requiring significant estimation – will report in subsequent years.
Upstream Leased Assets (8)	Not relevant – no leased assets apart from support office (emissions included in other scope categories).
Downstream Transportation and Distribution (9)	Not relevant – no distribution of products.
Processing of Sold Products (10)	Not relevant – MCK does not sell intermediary products.
Use of Sold Products (11)	Based on initial screening this is not relevant for hotels/is de minimis.
End of Life Treatment of Sold Products (12)	Based on initial screening this is not relevant for hotels/is de minimis.
Downstream Leased Assets (13)	Availability and materiality: Information from leased properties (a hotel and apartments in Australia) will be sourced and reported in subsequent years if material.
Franchises (14)	Availability: Measurement has commenced for two MCK franchised hotels, however current data quality is low requiring significant estimation.
Investments (15)	Not relevant – MCK does not have any additional investments.

Right: The Cabana at M Social Auckland.

15. MCK has elected to disclose FY24 a partial scope 3 emissions footprint (as required by the Toitū programme, where quantifiable data is available). Where data is not yet available, Adoption Provision 4: Scope 3 GHG emissions in the NZ Climate Standard 2 is applied for the remaining material Scope 3 items in our value chain.



APPENDIX B

GREENHOUSE GAS INVENTORY (CONTINUED)

Methods, assumptions and uncertainties

- Scope 1 - this category captures emissions directly generated by MCK's owned or controlled sources. Data is collected from various sources: service contractors provide information on refrigerants, fuel card data tracks mobile combustion emissions from company vehicles; natural gas and LPG suppliers supply invoice records to determine stationary combustion emissions. Data quality and uncertainty is moderate, with the exception of refrigerants where large use of leakage estimations has been applied for 2024 data, resulting in lower quality data with a higher uncertainty.
 - Scope 2 - indirect emissions from purchased energy within MCK's operational control. Data is gathered from electricity suppliers, invoices, and on-site electrical sub-metering, with 3rd-party invoice verification to support calculation of electricity emissions (and estimate distribution loss emissions). Data quality is high and uncertainty is low.
 - Scope 3 - includes some indirect emissions from potable water (1), T&D losses from electricity and gas (3), waste landfilled (5) recycling and composting (10), business travel (6). Waste management data comes from service providers, with calculations of emissions from landfilled, processed recycling (including plastics, glass, aluminium, cardboard and paper), and composted waste. Business travel emissions are tracked – air travel and taxi emissions are calculated using spend data from invoices (relatively high uncertainty) and usage from rental cars from invoices and supplier reports (high data quality). Measurement has also commenced in 2024 for additional scope 3 emissions categories and will be reported next year including supplier spend data on goods, services and capital expenses (1 & 2), staff commute (7), and franchises (14).
- See more in table 4 Emissions calculation methods, data quality and sources.

Table 4: Emissions calculation methods, data quality and sources.

Scope 1: MCK's direct operational emissions					
GHG Category	Emissions Activity	Calculation method	Data source	Data uncertainty	Data quality rating ¹⁶
Transport Energy	Consumption of liquid fuels for transport purposes (diesel and petrol) by leased fleet vehicles.	Volume-based	Invoice records of fuel consumed provided by suppliers.	It is assumed that data is complete and accurate when received from suppliers.	***
Leakage of Refrigerants	Refrigerants used in hotels including air conditioning and refrigeration units.	Estimation-based	Hotel records of refrigerant liability inventory determined based on the appliance, refrigerant capacity and type.	Where inventory records are incomplete estimations for appliances and refrigerant types have been made. Estimations using an MfE default leakage rate have been applied.	*
Stationary energy – gas consumption	Natural gas used in hotels for water heating and cooking.	Volume-based	Invoice records provided by suppliers, and report from 3rd party supplier.	It is assumed that data is complete and accurate when received from suppliers. Conversion factors applied. Some estimation used.	**
	LPG used in hotels for water heating and cooking.	Volume-based	Invoice records provided by suppliers, and report from 3rd party supplier.	It is assumed that data is complete and accurate when received from suppliers. Conversion factors applied. Some estimation used.	**

16. Indicative data quality rating:

*** high quality (low uncertainty, usage data, complete records, no or minor estimation, verified, or direct calculation),
 **moderate quality (proxy data, conversion required with higher uncertainty, estimation for small proportion of total activity data),
 *low quality (high uncertainty, fully estimated activity data or for high proportion estimated).

17. The market-based emission factor consists of national grid factor from MfE and residual mix factor from BraveTrace, using the latest aligned 12-month period available (updates are released on different cycles).

Table 4: Emissions calculation methods, data quality and sources (continued).

Scope 2: MCK's indirect emissions from the consumption of purchased electricity					
GHG Category	Emissions Activity	Calculation method	Data source	Data uncertainty	Data quality rating ¹⁶
Electricity Consumption	Electricity used by hotels and MCK's portion of support office space.	Location-based (and market-based respectively) ¹⁷	Invoice records provided by electricity suppliers, and report from 3rd party supplier.	It is assumed that data is complete and accurate when received from suppliers. Most source data is derived from supplier's reports. December is estimated due to proximity to year end.	**
Scope 3: MCK's indirect supply chain emissions					
GHG Category	Emissions Activity	Calculation method	Data source	Data uncertainty	Data quality rating ¹⁶
Business Travel	Air travel, taxi and rental car, usage by MCK employees for business purposes.	Spend-based	Invoice records provided by airline and taxi company suppliers.	It is assumed the data sources are complete and accurate. Air travel and taxi data is sourced either from the GL code or booking records and invoices.	**
		Distance-based	Report and invoice records with distance travelled by fuel type used in vehicles, as provided by car rental company.	It is assumed the data sources are complete and accurate. Rental car data is sourced from supplier customer activity data.	***
Fuel and Energy Related Activities	Electricity losses that are attributable to the transmission and distribution ('T and D') of electricity and gas.	Location-based	Invoice records provided by electricity and gas suppliers, and report from 3rd party contractor.	It is assumed data is complete and accurate. All source data is derived from our supplier's reports. Where invoices have not been received, consumption is estimated based on historical usage.	***
Purchased Goods and Services	Potable water supply from hotels and MCK's portion of support office space.	Volume-based	Invoices and rates bills from utility providers based on water meters where available.	It is assumed data is complete and accurate. Most source data is derived from supplier records. Some estimation required due to billing frequency.	**
Waste Generated in Operations	Waste to landfill, recycling and compost diverted, from hotels and MCK's portion of support office space.	Weight-based	Based on waste collector supplier records based on bin weights or estimates of volume of bins collected.	It is assumed data is complete and accurate. Proportion of building and floor applied. All source data is derived from supplier records (some volume conversions applied).	**





APPENDIX C

KPMG ASSURANCE LIMITED OPINION

Independent Limited Assurance Report to Millenium & Copthorne Hotels New Zealand Limited

Conclusion

Our limited assurance conclusion has been formed on the basis of the matters outlined in this report.

Based on our limited assurance engagement, which is not a reasonable assurance engagement or an audit, nothing has come to our attention that would lead us to believe that, in all material respects, the scope 1, 2 and 3 gross greenhouse gas emissions, additional required disclosures of scope 1, 2 and 3 gross greenhouse gas emissions and scope 1, 2 and 3 gross greenhouse gas emissions methods, assumptions and estimation uncertainty disclosures included Appendix B of the FY24 Climate Statements on pages 56 to 63 (**GHG disclosures**) are not fairly presented and prepared in accordance with the Aotearoa New Zealand Climate Standards (NZ CSs) issued by the External Reporting Board (**the criteria**) for the period 1 January 2024 to 31 December 2024.

Information subject to assurance

We have performed an engagement to provide limited assurance in relation to Millenium & Copthorne Hotels New Zealand Limited's GHG disclosures for the period 1 January 2024 to 31 December 2024.

Our assurance engagement does not extend to the following:

- Climate-related disclosures on pages (pages 1-55, 64-72); and
- Any comparative GHG information, including the base year recalculation outlined on page 58, and GHG Emissions Intensity metrics (referenced throughout)

We have not performed any procedures with respect to the other information.

Criteria

The criteria used as the basis of reporting are the Aotearoa New Zealand Climate Standard (NZCS) 1 Climate Related Disclosures (NZCS1), NZCS 2 Adoption of Aotearoa New Zealand Climate Standards (NZCS2) and NZCS 3 General Requirements for Climate-related Disclosures (NZCS3), collectively the Aotearoa New Zealand Climate Standards' (NZ CSs) issued by the External Reporting Board (XRB).

As permitted by the NZCS1 para. 24(a), the standards that Millenium & Copthorne Hotels New Zealand Limited's greenhouse gas emissions are measured in accordance with are the World Resources Institute and World Business Council for Sustainable Development's Greenhouse Gas Protocol standards and guidance (collectively, the GHG Protocol):



- Scope 1 emissions have been measured in accordance with The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (revised edition)
- Scope 2 emissions have been measured in accordance with The Greenhouse Gas Protocol: GHG Protocol Scope 2 Guidance: An amendment to the GHG Protocol Corporate Standard
- Scope 3 emissions have been measured in accordance with The Greenhouse Gas Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard.

As a result, this report may not be suitable for another purpose.

Standards we followed

We conducted our limited assurance engagement in accordance with New Zealand Standard on Assurance Engagements 1 (**NZ SAE 1**) Assurance Engagements over Greenhouse Gas Emissions Disclosures and International Standard on Assurance Engagements (New Zealand) 3410 Assurance Engagements on Greenhouse Gas Statements (**ISAE (NZ) 3410**) issued by the New Zealand Auditing and Assurance Standards Board (**Standard**). We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Our responsibilities under the Standard are further described in the 'Our responsibility' section of our report.

Key Matters

Key matters are those matters that, in our professional judgement, were of most significance in undertaking our assurance engagement of the GHG disclosures for the period 1 January 2024 to 31 December 2024.

Our procedures were undertaken in the context of and solely for the purpose of our assurance conclusion on the GHG disclosures and we did not reach a separate conclusion on each individual key matter.

Key Matter

Procedures to address the Key Matter

Determination and selection of the organisational boundary

Refer to *Organisational boundary and Consolidation approach* section, page 57, within the accompanying GHG disclosures.

In establishing the organisational boundary, an approach for consolidating GHG emissions is selected. As included in the disclosure, the organisational boundary has been changed in 2024 to an operational control approach, the base year previously used an equity share approach.

We have focused on this area as a key audit matter as there is complexity and judgement on where to draw the organisational boundary, due to multiple approaches being allowed, and impacts of changing the boundary. The organisational boundary also provides a key frame for what is included within each emission category. Therefore, changes to the boundary

Our assurance procedures included:

- Inquiring with relevant staff, the legal VP and sustainability manager, to understand and assess the appropriateness of the change in organisational boundary against the requirements of the GHG protocol.
- Considering the reasonableness of managements inclusion of the two managed hotels and the Joint Venture against the GHG protocol, industry practice and the substance of the contractual agreements.
- Comparing the accompanying disclosures in respect of the change in boundary to the criteria.
- Assessing against the GHG protocol reporting standards whether the change in organisational boundary requires a base year recalculation, and the appropriateness of managements base year recalculation policy.

Key Matter

Procedures to address the Key Matter

can have a pervasive impact on the overall footprint.

In addition, we focussed on whether certain operations (two managed hotels and the Sofitel JV) are included in the footprint. There is judgement as to whether control exists over those operations, and they should be included in the footprint, when there is not legal ownership.

Other Matter – Prior year comparatives not assured

The GHG disclosures for the period 1 January 2023 to 31 December 2023 were not subject to our limited assurance engagement and, accordingly, we do not express a conclusion, or provide any assurance on such information.

We note that the prior period GHG emission inventory has been recalculated as a result of:

- Changes in organisational boundary;
- Changes in calculation methodology; and
- Discovery of significant errors.

Please refer to 'Base year recalculation' (page 58) which outlines the impact of the base year recalculation.

Our conclusion is not modified in respect of this matter.

How to interpret limited assurance and material misstatement

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

Misstatements, including omissions, within the GHG disclosures are considered material if, individually or in the aggregate, they could reasonably be expected to influence the relevant decisions of the intended users taken on the basis of the GHG disclosures.

Inherent limitations

GHG quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emission factors and the values needed to combine emissions of different gases.

Use of this assurance report

Our report is made solely for Millenium & Copthorne Hotels New Zealand Limited. Our assurance work has been undertaken so that we might state to Millenium & Copthorne Hotels New Zealand Limited those matters we are required to state to them in the assurance report and for no other purpose.

Our report is released to Millenium & Copthorne Hotels New Zealand Limited and its shareholders on the basis that it shall not be copied, referred to or disclosed, in whole or in part, without our prior written consent. No other third party is intended to receive our report.

Our report should not be regarded as suitable to be used or relied on by anyone other than Millenium & Copthorne Hotels New Zealand Limited for any purpose or in any context. Any other person who obtains access to our report or a copy thereof and chooses to rely on our report (or any part thereof) will do so at its own risk.

To the fullest extent permitted by law, none of KPMG, any entities directly or indirectly controlled by KPMG, or any of their respective members or employees accept or assume any responsibility and deny all liability to anyone other than Millenium & Copthorne Hotels New Zealand Limited for our work, for this independent assurance report, and/or for the opinions or conclusions we have reached.

Our conclusion is not modified in respect of this matter.

Millenium & Copthorne Hotels New Zealand Limited's responsibility for the GHG disclosures

The Management of Millenium & Copthorne Hotels New Zealand Limited are responsible for the preparation and fair presentation of the GHG disclosures in accordance with the criteria. This responsibility includes the design, implementation and maintenance of such internal control as Management determine is relevant to enable the preparation of the GHG disclosures that are free from material misstatement whether due to fraud or error.

The Management of Millenium & Copthorne Hotels New Zealand Limited are also responsible for selecting or developing suitable criteria for preparing the GHG disclosures and appropriately referring to or describing the criteria used.

Our responsibility

We have responsibility for:

- planning and performing the engagement to obtain limited assurance about whether the GHG disclosures are free from material misstatement, whether due to fraud or error;
- forming an independent conclusion based on the procedures we have performed and the evidence we have obtained; and
- reporting our conclusion to Millenium & Copthorne Hotels New Zealand Limited.

Summary of the work we performed as the basis for our conclusion

A limited assurance engagement performed in accordance with the Standard involves assessing the suitability in the circumstances of Millenium & Copthorne Hotels New Zealand Limited's use of NZ CSs as the basis for the preparation of the GHG disclosures, assessing the risks of material misstatement of the GHG disclosures whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the GHG disclosures.

We exercised professional judgment and maintained professional scepticism throughout the engagement. We designed and performed our procedures to obtain evidence about the GHG disclosures that is sufficient and appropriate to provide a basis for our conclusion.

Our procedures selected depended on the understanding of the GHG disclosures that are sufficient and appropriate to provide a basis for our conclusion. The procedures we performed were based on our professional judgment and included inquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records.

In undertaking limited assurance on the GHG disclosures the procedures we primarily performed were:

- obtaining, through inquiries, an understanding of Millenium & Copthorne Hotels New Zealand Limited's control environment, processes and information systems relevant to the preparation of the GHG

disclosures. We did not evaluate the design of particular control activities, or obtain evidence about their implementation;

- inquiring with relevant staff regarding any matters that arose in the application of the selected boundary in establishing the emissions inventory;
- performing walkthroughs of key processes and data sets;
- agreeing a selection of GHG emissions data to relevant underlying source documents and re-performing emission factor calculations for a limited number of items;
- considering the presentation and disclosures of the GHG emissions and explanatory notes against the requirements of the criteria

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our independence and quality management

This assurance engagement was undertaken in accordance with NZ SAE 1. NZ SAE 1 is founded on the fundamental principles of independence, integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

We have complied with the independence and other ethical requirements of Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards)* (New Zealand) (**PES 1**) 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* (**PES 3**), which requires the firm to design, implement and operate a system of quality control including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have also complied with Professional and Ethical Standard 4 *Engagement Quality Reviews* (**PES 4**) which deals with the appointment and eligibility of the engagement quality reviewer and the engagement quality reviewer's responsibilities relating to the performance and documentation of an engagement quality review.

Our firm has also provided other services to the group in relation to a statutory audit of the financial statements, taxation compliance and taxation advisory to Millenium & Copthorne Hotels New Zealand Limited. Subject to certain restrictions, partners and employees of our firm may also deal with Millenium & Copthorne Hotels New Zealand Limited on normal terms within the ordinary course of trading activities of the business of Millenium & Copthorne Hotels New Zealand Limited. These matters have not impaired our independence as assurance providers of Millenium & Copthorne Hotels New Zealand Limited for this engagement. The firm has no other relationship with, or interest in, Millenium & Copthorne Hotels New Zealand Limited.

As we are engaged to form an independent conclusion on the GHG disclosures prepared by Millenium & Copthorne Hotels New Zealand Limited, we are not permitted to be involved in the preparation of the GHG disclosures as doing so may compromise our independence.

The engagement partner on the assurance engagement resulting in this independent assurance report is Geoff Lewis.

KPMG

Auckland

28 April 2025



APPENDIX D

TOITŪ CERTIFICATION



This is to certify that

Millennium & Copthorne Hotels New Zealand Limited
(excluding emissions from Millennium Hotel & Resort Manuels Taupo and Copthorne Hotel & Resort Solway Park Wairarapa under operational control approach)

is Toitū carbonreduce organisation certified.

Toitū carbonreduce certified means measuring emissions to ISO 14064-1:2018 and Toitū requirements; and managing and reducing against Toitū requirements.

A handwritten signature in black ink, appearing to read "Billy Ziemann".

Billy Ziemann— Certifier

Date issued: 28 April 2025 | Valid until: 5 February 2027
Certificate Number: 2024029J | Certification Status: Certified Organisation
Company Address: Level 7, 23 Customs Street East, Auckland, 1010, New Zealand
Level of Assurance: Limited for all categories
Certification Year Auditor: Toitū Envirocare
Certification Year Assurer: KPMG

Please refer to the annual statement on www.toitu.co.nz for further details.
Toitū carbonreduce is an annual certification programme and this certificate only remains valid with an annual surveillance audit.



WWW.JAS-ANZ.ORG/REGISTER
Certified by Enviro-Mark Solutions Limited (Trading as Toitū Envirocare)

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