Climate Statements

Rabobank New Zealand Limited

For the reporting period 1 January 2025 to 31 December 2025

Rabobank

Report Navigation

Content Requirements	Section	Page
Governance		
Climate-related organisational structures	RNZL's Approach to Governance	14
Governance responsibilities, oversight, process and information frequency of Climate-Related Risks and Opportunities	Board Governance and Oversight of Climate-Related Risks and Opportunities, Governance and Management's Role	15–16
Governance skills and competencies	Board Skills and Competencies	15
Management's role, process, information frequency, assessment and management of Climate-Related Risks and Opportunities	Governance and Management's Role	16
Strategy development and implementation – Climate-Related Risks and Opportunities	Board Governance and Oversight of Climate-Related Risks and Opportunities, Governance of Targets, Metrics and KPIs Setting, Sustainability Expenditure	15, 17, 52
Setting and monitoring progress of Metrics and Targets for managing Climate-Related Risks and Opportunities	Governance of Targets, Metrics and KPIs Setting, Remuneration	17
Management remuneration linked to Climate-Related Risks and Opportunities	Remuneration	17
Strategy		
Current climate-related impacts – transitional and physical	Current Impacts	22–23
Financial Impacts of physical and transition impacts	Statement of Compliance, Use of Adoption Provisions	64–65
Scenario Analysis identification of Climate-Related Risks and Opportunities	Assessing Impacts and Developing Business Resilience Through Climate-Related Scenarios	25
Scenario Analysis process	Architecture of RNZL's Three Entity-Specific Scenarios, Conducting Scenario Analysis, Risk and Opportunity Identification and Integration into Strategy	26–31
Climate-Related Risks and Opportunities over the short, medium and long term.	Summary of Scenario Time Horizons and Risk Profiles	27
Climate-Related Risks and Opportunities – physical or transitional	Transition Risks, Transition Opportunities, Physical Risks, Physical Opportunities	32–37
Climate-Related Risks and Opportunities input into internal decision-making processes, capital deployment and funding	Risk and Opportunity Identification and Integration into Strategy	31
Anticipated impacts and Financial Impacts of Climate-Related Risks and Opportunities	Transition Risks, Transition Opportunities, Physical Risks, Physical Opportunities, Anticipated Financial Climate-Related Impacts	32–37
Anticipated Financial Impacts, time horizons and quantitative information of Climate-Related Risks and Opportunities	Statement of Compliance, Use of Adoption Provisions	64–65
Business model and strategy	About Rabobank New Zealand Limited, RNZL's Business Plan and Sustainability, How RNZL Helps to Grow a Better New Zealand Together, Risk and Opportunity Identification and Integration into Strategy	10–11, 20, 31
Transition plan strategy, progress, internal deployment and funding decision-making processes.	Transition Planning	21
Risk Management		
Identification, assessment, frequency and management of Climate-Related Risks	Processes for Identifying, Assessing and Managing Climate-Related Risks	41
Processes for prioritising Climate-Related Risks relative to other types of risks	Integration into Risk Management	40
Risk Management process for transition and physical risks	Assessing and Managing Risks	43–45
Metrics and Targets		
Scope 1, 2, 3 GHG emissions	Operational Emissions	49–50
GHG emissions description, consolidation, emissions factors, methods, assumptions, uncertainties, exclusions and intensity	GHG Emissions Methods, Assumptions and Estimation Uncertainty, Operational GHG Emissions	60 –61
Subset of its Scope 3 GHG emissions sources	Statement of Compliance, Use of Adoption Provisions	64–65
Transition risk vulnerabilities	Transition Risks	52
Physical risk vulnerabilities	Physical Risks, Assets Vulnerable to Physical Risks Methodology	52, 62–63
Business activities aligned with Climate-Related Opportunities	Climate-Related Opportunities	52
Capital deployment towards Climate-Related Risks and Opportunities	Capital Deployment	52
Internal Emissions Price	Internal Emissions Price	53
Industry-based Metrics used to measure and manage Climate-Related Risks and Opportunities	Industry-Based Metrics	53
Other Key Performance Indicators used to measure and manage Climate-Related Risks and Opportunities	Other (Non-Industry) Key Performance Indicators	53
Targets used to manage Climate-Related Risks and Opportunities – timeframe, progress, performance, Interim Targets, absolute or Intensity Targets, Targets contribution, methods and opinions, offsets	Overarching Target, Operational Emissions, Financed Emissions	49–51
Comparative reporting period information and trends	Statement of Compliance, Use of Adoption Provisions	64–65

About These Disclosures

In these Statements:

- RNZL refers to Rabobank New Zealand Limited
- Rabobank refers to Coöperatieve Rabobank U.A.

RNZL is a climate-reporting entity (CRE) under the Financial Markets Conduct Act 2013 (FMCA).

RNZL continues to integrate climate change considerations into governance, strategy and Risk Management processes and report in line with the requirements of Aotearoa New Zealand Climate Standards (NZ CS) issued by the New Zealand External Reporting Board (XRB). These Statements detail RNZL's material Climate-Related Risks and Opportunities as well as climate-related Metrics and Targets. Any forward-looking information and scenarios within these Statements should not be considered a guarantee of future-related climate outcomes. Instead, these Statements provide a view of RNZL's understanding as of today within the limitations, uncertainties and assumptions of future climate models and scenarios. These limitations and assumptions are detailed on pages 27 and 60 to 63.

Disclaimer

These Statements are published by RNZL for the climate-related disclosures reporting period of 1 January 2025 to 31 December 2025.

These Statements, including the figures within it, have not been assured by an external assurance provider with the exception of the limited assurance of GHG emissions Scope 1 and 2 (location based) and selected emissions within Scope 3 as defined on page 50.

RNZL has prepared these Statements based on its current knowledge, data currently available to RNZL and what in RNZL's current view are the most suitable methodologies and methodological choices for disclosed elements.

The frameworks, methodologies and standards used for measuring Climate-Related Risks and Opportunities and calculating climate-related metrics are not universally applied by different reporting entities, are rapidly evolving and are subject to change. Different frameworks, methodologies and standards can produce different outcomes.

The climate-related information in these Statements is subject to significant uncertainties, challenges and limitations:

- Data availability and reliability: Climate-related data, including from customers, may be incomplete, inconsistent, unreliable or unavailable. Where that is the case, RNZL may have instead relied on assumptions, estimates or proxies.
- Third-party data: For some areas of these Statements, RNZL has relied on external data and information from third parties. External data and information may be uncertain, change over time or rely on assumptions and methodologies outside RNZL's control.
- Methodologies and modelling: Climate models and scenarios relating to future events are inherently uncertain and based on assumptions. They are not reliable indicators of future outcomes.
- Complex calculations: Estimating emissions and climate impacts is complex and relies on assumptions and judgements particularly for longer time horizons.

Where these Statements contain forward-looking statements, these reflect the knowledge, views and intentions of RNZL at the date of publishing these Statements. Many of the statements contained in these Statements are not historical facts and depend on factors outside RNZL's control (including customer and third-party actions and data), including without limitation the forward-looking statements. Forward-looking statements are not forecasts or guarantees of future outcomes. They are based on the current views and assumptions of RNZL and may be subject to change. Such statements may involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in statements in these Statements.

Forward-looking statements, actual impact on transitions, future results, performance of RNZL and external events may be affected by a variety or combination of uncertainties and external factors, including but not limited to:

- changes in general economic or political conditions and customer behaviour globally or in the segments or regions that RNZL operates in
- geopolitical risks, political instabilities and policies and actions of any governmental or regulatory authorities
- changes in performance of financial markets
- changes in government policies, regulations and laws and the interpretation and application of those policies, regulations and laws
- the availability of reliable (emissions or customer) data
- uncertainties in and the use of (emissions) calculation methodologies and models
- new or changed scientific-based insights in relation to the content of these Statements and any changes arising out of these insights
- technological, energy and food system developments
- changes arising out of market practices and standards, including emerging and developing climate and Environmental, Social and Governance (ESG)-related standards
- operational, regulatory, reputational, transition and other risks in connection with ESG-related matters.

The actions contained in these Statements are developing and based on certain assumptions. RNZL gives no representation, warranty or assurance (express or implied) that the initiatives, targets, goals or forecasts set out in these Statements will be achieved in the manner outlined.

The Statements will be issued by RNZL each year as required by the FMCA. RNZL does not undertake to update or revise the information in these Statements if circumstances change or new information becomes available, except as required by law. Additionally, any changes to local laws, regulations, government policies or other relevant factors that may affect the statements or actions in these Statements will be incorporated into future reports as necessary.

These Statements are for information purposes only and are not and should not be construed as an offer or a commitment by RNZL or Rabobank to enter into a transaction. This information is general in nature only and does not take into account an individual's personal circumstances.

Primary Users should make their own assessments, not place undue reliance on these Statements and seek appropriate professional advice before making investment or lending decisions. These Statements do not take into account the individual circumstances of any Primary User.

Although RNZL believes the statements and Metrics have a reasonable basis and are stated to the best of RNZL's abilities and in good faith, they are not certain and involve various known and unknown risks and assumptions. Nothing that is stated or implied in these Statements is intended to or shall create or grant any right of or any cause of action to, by or for any person or legal entity other than RNZL.

The determination of materiality for climate-related disclosures involves the exercise of judgement, informed by qualitative and quantitative considerations, and reflect our current understanding of the common climate-related information needs of Primary Users as defined in NZ CS 1. As climate-related reporting practices, data availability and user expectations continue to develop in New Zealand and internationally, our materiality assessments and related judgements may evolve over time.

Introduction

Letter from the Chair and Chief Executive Officer

Supporting New Zealand's Transition to an Emissions-Efficient Future

We are pleased to present RNZL's third report of climate-related disclosures in New Zealand.

As New Zealand's only specialist food and agribusiness bank, we are proud to support the banking needs of this country's farmers and growers as the sector continues to step up to the challenge of transitioning to lower-intensity emissions production systems in a way that preserves their profitability.

New Zealand's food producers are regarded as among the most greenhouse gas efficient in the world. However, it's crucial for the sector to not become complacent at a time when the country needs every comparative advantage available to compete in the current unpredictable global geopolitical environment.

For its part, RNZL has continued to make progress towards its wider climate aspirations. This includes contributing to meeting New Zealand Government and industry goals and also Rabobank's global Road to Paris goals.

RNZL has a clear sustainability strategy and is committed to making a difference as a cooperative, client-driven, food and agribusiness bank.

Under our local mission of Growing a Better New Zealand Together, RNZL takes a long-term view of the food and agricultural sector. We work with the country's farmers and growers who bank with us to assist them to tackle the dual challenge of reducing carbon emissions and increasing production to help tackle global food security.

RNZL understands that ongoing action is required to ensure the food and agricultural sector stays on track to meet its goals and commitments. At the same time, New Zealand must ensure its agricultural industry continues to underpin its national economy and helps to feed and clothe a growing world population.

As highly efficient producers, New Zealand farmers and growers face both opportunities and risks in an ever-changing and volatile world.

Drawing on our cooperative heritage, RNZL continues to support the resilience of rural communities and championing the role of food producers. Our contribution to promoting transitions to lower emissions production is an important part of this work.

Chris Black
Rabobank New Zealand Limited
Chair

Todd Charteris
Rabobank New Zealand Limited
Chief Executive Officer

About Rabobank New Zealand Limited

RNZL is New Zealand's only specialist food and agribusiness bank and is headquartered in Hamilton, New Zealand. RNZL has been providing financial products and services to the New Zealand food and agribusiness sector since the 1990s.

Originally founded back in the 1890s in the Netherlands, its parent Rabobank was established as a small cooperative bank set up by farmers to serve local rural communities. Rabobank has now expanded to 36 countries and has become one of the world's leading food and agribusiness banks. Within this international network, RNZL along with Rabobank Australia represents over 21% of Rabobank group's international loan portfolio.

Today, RNZL is one of New Zealand's largest rural lenders, being a significant provider of financial products and services to the food and agribusiness sector in New Zealand. RNZL is wholly owned by Rabobank International Holding B.V., and its ultimate parent entity is Rabobank in the Netherlands.

RNZL delivers on two core banking services to support the New Zealand food and agricultural sectors:

1. Rural financial services and business banking.
2. Retail deposits.

RNZL at a Glance (as at December 2025)

100% of local profits have been retained in New Zealand to date

Employees: 543

Lending customers: Approximately 3,850

Online Savings customers: Approximately 54,000

Head office: Hamilton

Balance sheet: $16.8 billion

Offices: 27 offices from Whangārei to Invercargill

Market share: 22% of rural lending

RNZL's Business Plan and Sustainability

Sustainability is Embedded in RNZL's Strategy

'Leading on sustainability' (including climate) is part of RNZL's overarching business plan and a strategic priority that will help RNZL to achieve its mission of Growing a Better New Zealand Together. At Rabobank, sustainability has been identified as a strategic driver and is integrated into the optimisation and steering of business decisions.

RNZL's main priorities from a sustainability perspective include climate resilience and reducing climate impacts for both RNZL's operations and in conjunction with its customers, helping RNZL deliver balanced and sustainable growth.

Act on Climate

Climate change and nature loss undermine the resilience of our planet and its ability to recover. It affects everyone, everywhere. RNZL recognises the gravity of the situation and is committed to supporting Rabobank's goals of net-zero by 2050 (see Metrics and Targets). RNZL is working on climate Risk Management, which includes working towards meeting the commitments under New Zealand's Climate Change Response (Zero Carbon) Amendment Act 2019. It also includes working towards Rabobank's Paris-aligned goals.

Rabobank's climate aspirations:

- Net-zero CO_2 by 2050 (and to significantly reduce its non-CO_2-related emissions).*

RNZL's Targets:

- 12% reduction in Emissions Intensity in New Zealand dairy from the 2020 Base Year by 2030.
- 50% reduction in RNZL's operational emissions from the 2019 Base Year by 2030.

RNZL is determined to achieve these targets on a best-efforts basis, but RNZL will only achieve its targets if its customers and other stakeholders play their part. RNZL will do all it reasonably can to deliver its part by using industry knowledge, networks and financial solutions to help customers transition and steer RNZL's portfolio in a more sustainable direction.

* For a full definition, see page 48.

Mission

Growing a better New Zealand together

Purpose

To support our clients' contributions to a sustainable and prosperous agriculture sector and vibrant rural communities

Ambition

Be the food and agri bank of choice in New Zealand

Drivers

Excellent Customer focus | Meaningful Cooperative | Rock Solid Bank | Empowered Employees

Rabobank New Zealand 2028 strategic objectives and measures of success

Sustainable client business	Vibrant rural and regional communities
Sound and consistent return on capital	Prominent market share

RNZL 2024–2028 strategic priorities

Supporting our clients and food and agribusiness through:

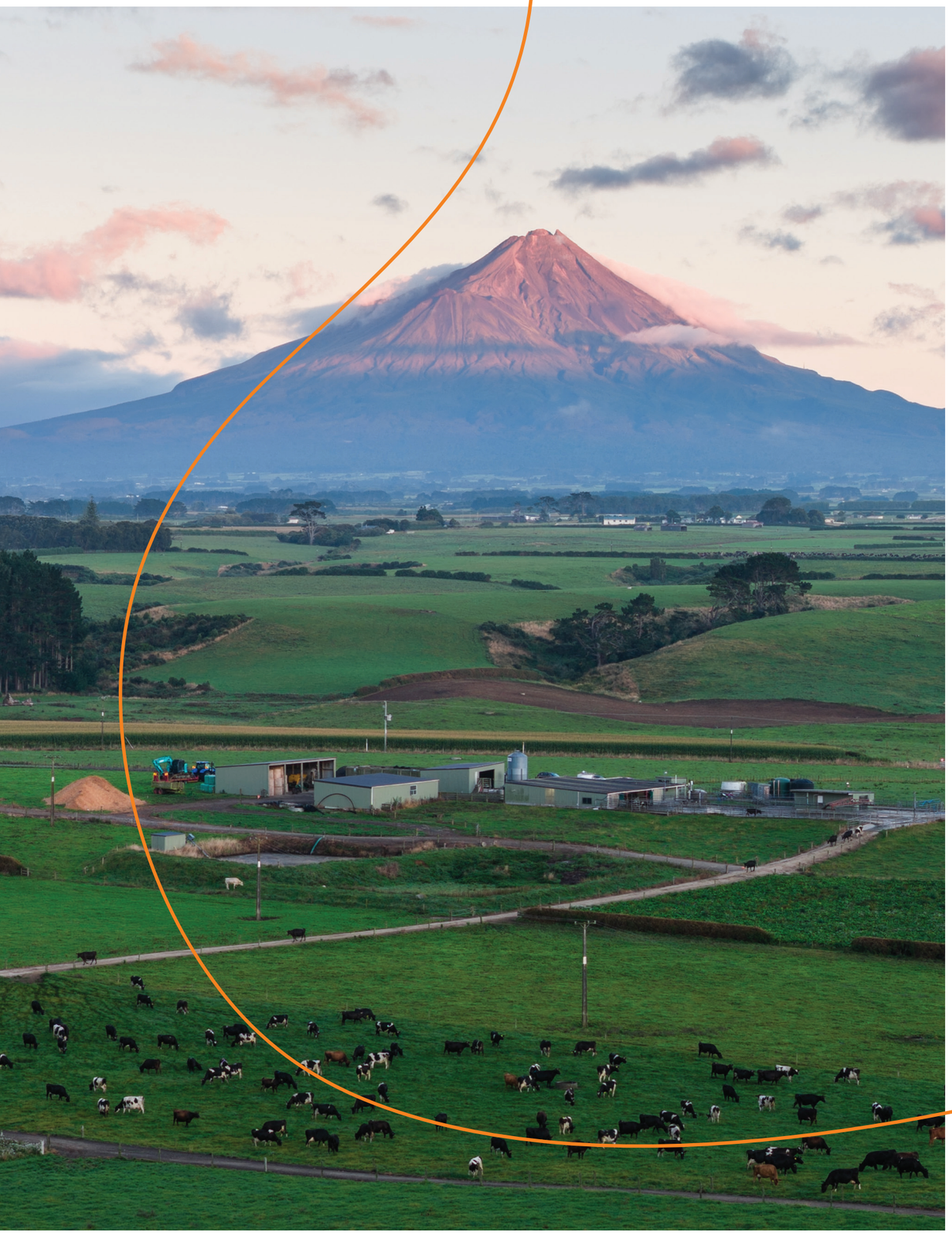
1. Refocusing on our differentiation
2. Leveraging our knowledge and networks
3. Supporting positive change in rural and regional communities

Enabled by:

4. Leading on sustainability
5. Efficient growth
6. Being easier to do business with
7. Engaged people and strong culture

Medium-Term Planning and KPIs

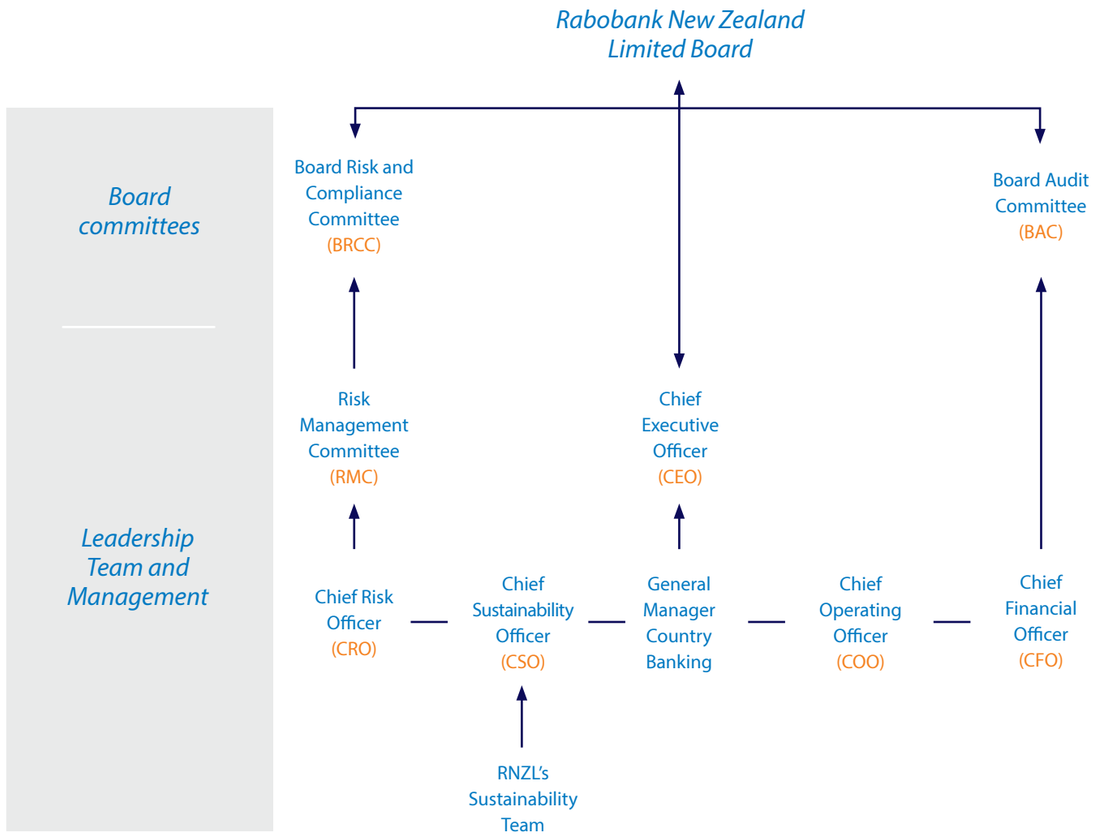
RNZL's business strategies, including the climate transition plans, are integrated in the annual Medium-Term Planning (MTP) process, the output of which is approved by the Board, with progress monitored by quarterly CFO reporting to the Board. ESG risk indicators are incorporated into the Risk Appetite Statement and integrated into the Risk Management Framework. ESG risk indicators are reported with early warning levels and risk appetite limits. Regular breach management processes are in place to determine what action to take when a risk indicator threshold is likely to be breached or has been breached.



Governance

RNZL's Approach to Governance

Organisational structure relevant for oversight of Climate-Related Risks and Opportunities



Board Governance and Oversight of Climate-Related Risks and Opportunities

The RNZL Board is responsible for providing input into and final approval of the organisational strategy and performance objectives for RNZL. The Board provides oversight of the operational and financial performance and is ultimately responsible for RNZL's Risk Management Framework in relation to its climate-related impacts (see page 40).

The Board oversees progress against Climate-Related Risks and Opportunities through the following functions:

- Reviewing and endorsing RNZL's transition plan (in 2024).
- Working with RNZL Management to set risk appetite for climate-related initiatives and risk settings such as emissions reductions and concentration risks (within the overall limits set by RNZL) to facilitate execution against RNZL's general strategic objectives and priorities. This risk appetite and the risk settings are based on various risk and impact tools including Rabobank Heatmaps, materiality assessments, scenario analysis and transition plans.
- Overseeing progress against risk appetite and climate-related Metrics and Targets through review of regular Management reports.
- Approving the Internal Capital Adequacy Assessment Process, Capital Management Plan and Risk Management Strategy, which considers Climate-Related Risks where relevant.
- Approving key risk policies and standards.
- Delegating the development and operation of climate-related functions to Management to ensure RNZL has sufficient resourcing.

To enable these functions, the Board is supported by the Board Risk and Compliance Committee (BRCC) and the Board Audit Committee (BAC).

Climate-Related Risks and Opportunities were discussed at RNZL's March, June, September and November Board meetings. These discussions were, in part, informed by a climate-related and ESG paper, which provided a status update on progress made in the preceding period and formed the basis for Board discussion of climate-related and ESG activities undertaken by RNZL. The Board, through the BRCC, also received quarterly reporting against key Climate-Related Risk appetite settings.

The BRCC has been purposefully established to assist the Board in fulfilling certain statutory, fiduciary and regulatory responsibilities and to provide an objective, non-executive review and oversight of the implementation, adoption and effectiveness of RNZL's Risk Management and compliance frameworks.

The BRCC received quarterly reporting on Climate-Related Risks and ESG risks and regulatory developments. These reports covered updates on the activities related to Climate-Related Risks and ESG risks both locally and globally that impact the delivery of RNZL's local strategy. The Board reviewed and acknowledged this report on a quarterly basis.

Additionally, the BRCC and the Board received quarterly reports on Risk Strategic Priorities, including those related specifically to climate, which were agreed and approved by the Board as part of the annual review of the Risk Management and Strategy Framework. The BRCC provided quarterly oversight as delegated by the Board to ensure that the Risk Management Framework has been effectively implemented and Risk Management practices were in place.

The BAC has the principal function of supervision, oversight and monitoring, which includes oversight of compliance with statutory and regulatory accounting requirements and prudential reporting requirements. The BAC provided input into RNZL's draft Statements at its meeting on 27 November 2025 and reviewed the draft Statements on 11 March 2026 at a specific BAC workshop and at its meeting on 23 March 2026. The Board formally approved the final Statements at its meeting on 24 March 2026.

Board Skills and Competencies

It is important that the Board possesses a wide range of skills, including ESG expertise, to ensure that the appropriate skills and competencies are available to provide the appropriate oversight of Climate-Related Risks and Opportunities. The Board maintains a Skills Matrix that outlines the various skills required for its directors, which is reviewed at least biennially by the Board and updated as required to ensure that the necessary skills are represented in the Board's composition.

The Board Skills Matrix includes a separate sustainability/ESG category to assess that experience with ESG in a business context can be demonstrated, with an understanding of international and local Road to Paris* obligations and current developments in the area of ESG in both a New Zealand and an international context.

ESG competencies are also incorporated into a variety of functional business categories. These include strategy, finance/audit, Risk Management, corporate governance, primary sector, and government policy and regulations. The integration of ESG skill competencies into these categories demonstrates that Climate-Related Risks and Opportunities oversight is an important element of RNZL's business functions at the Board level.

When a vacancy emerges on the Board, the Skills Matrix guides the formulation of the search criteria to ensure that it encompasses a diverse set of skills in terms of knowledge, experience and expertise. Furthermore, the Board conducts an annual review of its succession planning to ensure a well-balanced mix of skills, knowledge, independence, experience and diversity among its members is maintained.

To enhance its understanding of climate-related and ESG matters, the Board participated in five workshops and presentations in FY25 delivered by both internal and external subject matter experts in these fields. These were scheduled in the Board's quarterly meetings and interim meetings. Additionally, the Board leveraged the global knowledge and expertise of employees from Rabobank to further its knowledge and understanding in ESG matters by participating in ad hoc presentations from Rabobank when the Board met in June 2025.

**In March 2026, the Board Skills Matrix was amended to refer to 'international and local climate obligations'.*

Governance and Management's Role

RNZL's organisational structure is designed to effectively manage its operations and achieve its strategic objectives, including climate-related and ESG priorities. The table below maps key Management responsibilities.

Position/ Committee	Responsibilities
Risk Management Committee (RMC)	The RMC is mandated to oversee the implementation of the Risk Management Framework, which includes Climate-Related Risk Management, perform risk monitoring and reporting and perform oversight of new risk regulation, including Climate-Related Risks. The RMC is chaired by the CRO and includes members of senior Management. The RMC provides oversight of RNZL's Risk Appetite Statement, which describes the levels and types of risks that RNZL is willing to accept in order to achieve its strategic goals while remaining in compliance with regulatory requirements, including Climate-Related Risk guidance as agreed by the Board as part of the Risk Appetite Statement. As part of its oversight, the RMC receives updates on RNZL's Risk Management approach to climate risk, including its approaches to stress testing and integration into existing Risk Management processes. These updates are provided by [the CSO (as it relates to climate related matters) or] the CRO (where they relate to the impact of climate-related events or scheduled stress testing such as for capital adequacy or provisioning purposes). After review of papers, the RMC recommends papers to be submitted to the BRCC as is appropriate. The papers are presented to the BRCC by the CRO or by relevant senior Management.
Chief Executive Officer (CEO)	Has delegated authority from the Board for RNZL's day-to-day management of Climate-Related Risks and Opportunities. Management of these is then delegated to either the appropriate Management committee or specific Leadership Team members. Provides monthly reporting to the Board.
Chief Risk Officer (CRO)	Has responsibility for RNZL's Risk Management Framework and Climate-Related Risks as these interact across RNZL's material risk types. Has oversight of Climate-Related Risk assessments, including climate stress testing and climate event response (Business Continuity). Also has oversight and responsibility for the compliance function of RNZL, which includes management of compliance risk and regulatory engagement, including greenwashing risk management. Provides quarterly reports to both the RMC and BRCC (which includes Climate-Related Risks). These reports are noted by the Board at its quarterly meetings.
Chief Operating Officer (COO)	Has oversight and responsibility for RNZL's Operational Emissions strategy and ownership of participation and accreditation with Toitū to verify its accounting and progress. Provides quarterly updates to both the RMC and BRCC as appropriate, which include progress on RNZL's operational emissions Targets (as described on page 48). These updates are noted by the Board.
Chief Financial Officer (CFO)	Has oversight and responsibility in climate Risk Management by assessing and measuring the financial implications of Climate-Related Risks across the portfolio and ensuring that transparent disclosures are accounted for in financial reports. Provides quarterly reports to the Board. In FY25, four reports were provided.
Chief Sustainability Officer (CSO)	Responsible for developing and driving delivery of RNZL's sustainability strategy and objectives in alignment with Rabobank's global strategy and goal of net-zero by 2050. Leads a team focused on identifying and managing climate-related and other environmental and social impacts and risks to RNZL. Also responsible for conducting Scenario Analysis and developing responses and strategy, including the transition plan. Works with subject matter experts in the business to integrate climate into the way RNZL operates, from its internal policies, business strategies, plans and portfolio steering through to its customer conversations and the products and services RNZL offers. Provides quarterly reports to the Board. In FY25, four reports were provided.
General Manager Country Banking	Responsible for planning, developing, implementing, controlling and directing the strategic and operational delivery of Country Banking services in New Zealand, including delivery of Key Performance Indicators (KPIs) in the Performance Dashboard (as described on page 17).

Governance of Targets, Metrics and KPIs Setting

The Board approved RNZL's strategy and risk appetite, which includes its Targets, Metrics and KPIs (which can include climate components).

Climate-Related Risks and Opportunities Targets were developed by Management and approved by the Board in previous years, informed by Rabobank's global and local goals. This included the setting of RNZL's Target of reducing Emissions Intensity across its dairy sector loans by 12% by 2030 from the 2020 Base Year and RNZL's Target to reduce operational emissions by 50% by 2030 from the 2019 Base Year.

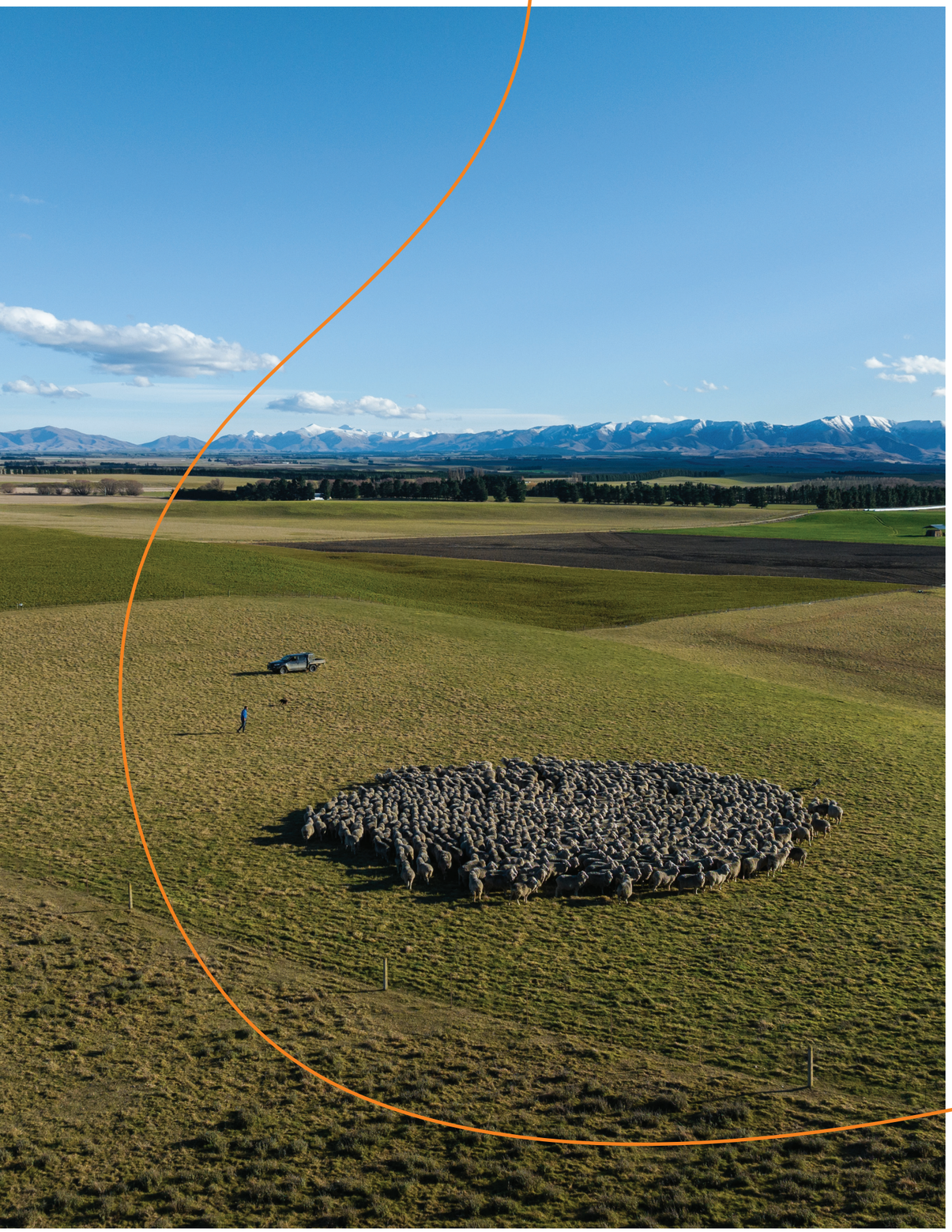
The Board received quarterly updates from the CEO, CRO, CFO and CSO that included reports on RNZL's progress against its Targets and Metrics.

The maturity of setting these Targets, Metrics and KPIs and accuracy of the reporting is evolving. This means there could be changes in the future, if comparing year on year, as the industry matures to understand measures and drivers to support the key objective of the movement. Refer to the Metrics and Targets section on page 48 to understand current measures.

Remuneration

RNZL's overall corporate performance was assessed on achievement of a balanced scorecard that included financial, customer, sustainability, operational, risk and people-related KPIs. These KPIs are determined on an annual basis and include measures aligned with RNZL's strategy (see page 11). Performance outcomes against these KPIs inform discretionary Variable Remuneration.

In 2025, under the Meaningful Cooperative Pillar, two sustainability KPIs incorporating some climate-related KPIs were approved for RNZL's Rural business by Rabobank in consultation with RNZL's Management team and the Board. These KPIs form part of RNZL's business plan, and the performance against these KPIs was reported to the Board on a quarterly basis. The discretionary Variable Remuneration pool (part of total remuneration) is determined by Rabobank for RNZL based on combined outcomes from RNZL, Rabobank Australia and New Zealand Region and Rabobank balanced scorecards. This pool is then further distributed to eligible employees, including Management, based on achievement of their individual performance objectives. The weighting of sustainability KPIs is modelled currently at 20% of the discretionary Variable Remuneration pool, but the specific weighting of climate-related KPIs is not able to be identified.



Strategy

How RNZL Helps to Grow a Better New Zealand Together

Rabobank is committed to supporting the goals of the Paris Agreement on climate change and has joined the Net-Zero Banking Alliance (NZBA) and the Dutch Financial Sector Climate Commitment.

Despite the transition of the NZBA in October 2025 from a membership "commitment" to a non-membership "framework," Rabobank's ambitions to set, disclose, and execute credible climate targets, and obligations under the Dutch Financial Sector Climate Commitment and UN Principles for Responsible Banking Commitment, remain.

Rabobank will continue to pursue its climate-related ambitions leveraging the best available science, pathways and frameworks.

From a sustainability perspective, RNZL is focusing on its impact within its own organisation, with customers and in the food and agricultural sector. RNZL aims to do this against three key sustainability themes:

1. Act on climate; 2. Value nature; and 3. Enable people.

RNZL aspires to act on climate and mitigate Climate-Related Risks by working on or below 1.5°C pathways.

To embed climate-related and wider ESG considerations into RNZL's activities and align to Rabobank's aspirations and goals, it utilises three levers:

Customer

Help customers transition to a sustainable future

RNZL does this by providing customers with knowledge and insights into how they can change their activities and use RNZL's financial products and services to support their transition and financing new innovations that will accelerate their efforts.

System

Help move the system in a sustainable direction

The transition to a sustainable economy requires systemic change. RNZL supports this by engaging with stakeholders at different levels in the economy and society.

Portfolio

Grow a sustainable portfolio

The composition of RNZL's portfolio means that most of the focus is on helping customers and their sectors transition to a sustainable future as well as making conscious choices in growing RNZL's portfolio in a sustainable manner.

Transition Planning

Under Rabobank's climate approach, RNZL's goal is to support the transition towards a net-zero economy by 2050, setting emissions reduction Targets that help limit global warming to 1.5°C (with a likely limited/no overshoot) by the end of the century. This includes emissions from RNZL's lending and investment portfolios (Financed Emissions) and operational emissions.

RNZL completed and approved its first transition plan in 2024, managing both the inside-out and outside-in impacts of climate change – GHG reduction and Risk Management. The plan details the objectives, actions, engagements, Metrics and governance RNZL has in place around climate change. Much of the material was not new, but housing this all together in one place holistically, along with the new elements developed, has enhanced RNZL's strategy on climate. The Glasgow Financial Alliance on Net-Zero guidance was used as a reference for its contents.

Dairy is RNZL's largest industry exposure for its loan portfolio, and RNZL has developed a focused sector plan that sets out short-term targets and actions to support reducing Emissions Intensity across its dairy sector loans by 12% by 2030 (from a 2020 Base Year). This plan principally focuses on education and the collection of farm-level emissions data to allow for more targeted initiatives in the future.

Overview of Transition Plan

RNZL recognises that gaps in its transition planning remain, it is an ongoing iterative process and good practice is still evolving, and the aim is to continue and increase efforts on this in the coming years. RNZL finalised the first iteration of the transition plan through executive review and endorsement by the Leadership Team, followed by endorsement by the Board in November 2024. Below is a summary of the transition plan, with example activities executed in 2025:

SECTION	*Ambition*	*Implementation*	*Engagement*	*Metrics and Targets*	*Governance*
ACTIVITY	In line with Rabobank's overall ambition on climate: • Help clients transition • Stimulate systems change • Optimise RNZL's portfolio	• Meet GHG Targets (including increased use of EVs in vehicle fleet) • Improve client performance and incentivisation (including collecting on-farm footprints and supporting mitigation actions by clients) • Transition operating model (including developing procedures and frameworks around sustainability governance) • Transition business model (including review of sector transition pathways) • Increase engagement, education and awareness (including developing engagement plan)	Finalise and begin delivery of sustainability engagement plan (including increasing internal awareness, alignment and capabilities)	See pages 48 and 51	• The Board monitors progress via Management updates for June and November meetings • Management reviews the Quarterly Risk Strategic Priorities report • The transition plan forms part of organisational strategy – the main decision-making compass for RNZL

Changes to RNZL's Business Model and Strategy

While the physical and transition risks from climate change are significant and the agricultural sector is vulnerable to these, the risks and opportunities for RNZL are not expected to have a material impact on the current business model in the next 5–10 years. Therefore, there are no immediate changes in strategy as a result of the current transition plan. There is uncertainty around where final policy and domestic and international targets on emissions reductions from agriculture and methane will land in the medium to long term, which limits RNZL's ability to take a long-term view in the current transition plan.

The transition plan also assumes external innovation and new technologies will play a key role. RNZL does not have control or, at most, has limited influence over whether and when those changes occur. Nonetheless, the actions and engagements stated in the transition plan do constitute a shift in effort from what the business would otherwise be undertaking without action on climate change. For example, RNZL is exploring and developing products and services that incentivise client sustainability performance (including physical and transition climate risk management) improvement and allow better asset classification. The transition plan is integrated into the MTP with resources allocated from budgets for sustainability and considered as part of capital planning processes.

Monitoring and reporting is now occurring for measurement of progress against plans, and the KPIs noted in the Metrics and Targets section.

In the short to medium term, the transition plan is aligned with capital deployment and funding decision making, which is contained in the Board-approved MTP. The actions within the transition plan also serve to gather further information to help assess and position RNZL for potential longer-term impacts to its business model and strategy from Climate-Related Risks and Opportunities. An example of this is the collection of emissions data at farm level.

How RNZL Categorises Risks

Climate-Related Risks fall into two main categories: physical and transition risk factors with the potential to affect all facets of the business's operations, including via those of customers.

RNZL's climate transition plan and wider Risk Management Framework are designed to capture and address these risks and enhance business resilience to them.

Physical Risk

Physical risk factors are those related to the impacts of the changing climate and can be further categorised as acute or chronic:

- Acute risk factors are those related to more frequent and intense extreme climate events such as heatwaves, droughts, bushfires, floods and storms.
- Chronic risk factors are those related to gradual changes in climatic conditions such as increasing temperatures, changes in precipitation patterns and sea-level rise.

Transition Risk

Transition risk factors are those related to the process of transitioning towards a climate-resilient and lower emissions society where transition pathways may be orderly or disorderly and can be further categorised as arising from these areas:

- Policy and legal risk, including policies and regulations impacting the real economy (our customers, markets and the economy more broadly) as well as the financial sector and litigation.
- Technological changes, including developments in farming practices and alternative proteins.
- Market changes such as shifts in consumer preferences.
- Reputational changes due to actions or performance on climate change.

Physical and transition risk factors interact closely with each other and may also trigger the emergence of liability risk if not managed (by RNZL or its counterparties).

Current Impacts

While the current impacts disclosed below are not financially material for RNZL, they have been disclosed as RNZL considers they may be of interest to Primary Users. Shown on the following page is a list of climate-related impacts that RNZL has experienced over the last financial year and an assessment of their physical or transition impact.

	2025 Event or Impact	*Description and Assessment of Impact*	*$ Quantification*
Physical	Ongoing impacts from 2023 extreme weather (Auckland Anniversary Day flood events in Auckland and Northland, Cyclone Gabrielle in the North Island) resulting in significant flooding and damage to residential, retail, food and agribusinesses, especially horticulture in the Gisborne and Hawke's Bay regions.	Rural customer impacts varied significantly depending on location and climate resiliency. However, RNZL's exposure to the affected areas, particularly Gisborne and Hawke's Bay, was relatively modest. Accordingly, at a portfolio level, the flow-on Financial Impacts from credit losses are considered immaterial due to the highly collateralised nature of RNZL's exposures even though some customers may have been materially impacted. That said, 105 customers elected to participate in the government-backed North Island Weather Events Loan Guarantee Scheme. This scheme allowed qualifying customers access to a discounted interest rate for a period of 5 years. The Reserve Bank of New Zealand reduced the risk weighting for regulatory capital purposes for these loans. However, commercially, RNZL's net income is negatively affected by the interest rate discount.	$3.3 million impact of rate discount.
Physical	Rabobank sets collective provisions for FY25 applicable to its subsidiaries, including RNZL.	Climate and environmental risk forms part of RNZL's collective provisioning. In accordance with the provisions set by Rabobank, RNZL increased its provisioning in part to allow for climate risk.	The amount is not financially material.
Transition	Investments in climate research.	Invested $4 million to date in AgriZero^{NZ} – the Centre for Climate Action Joint Venture with partners from business and government – to help farmers reduce emissions while maintaining productivity and profitability. The ambition of AgriZero^{NZ} is to reduce agricultural emissions by 30% by 2030 and to be near zero by 2040.	$1.5 million invested in 2025.

How RNZL Helps Customers Transition

RNZL engages with customers to discuss their plans for transitioning to low-carbon, climate-resilient businesses. RNZL account managers are provided with training and resources to help facilitate discussions with customers on the challenges and opportunities available to improve climate performance, continue to transition to a more sustainable farming future and identify any potential funding needs.

RNZL is also working directly with supply chain partners and the wider agricultural sector to connect customers with the most relevant and up-to-date information to help inform their decision making.

Implications of Climate Change for Agriculture and RNZL

Agriculture is linked to the drivers of and impacts from climate change. Increasing extreme weather events, including the higher risk of floods and droughts, along with reduced or changing water and ecosystem services are increasing costs to agriculture and presenting significant future risks. Likewise, agriculture production, particularly from livestock, contributes significantly to GHG emissions both nationally and globally. This presents material physical and transition risks to the sector and RNZL as an agriculture-focused bank.

Compounding these climate issues, food security and affordability remain major global issues. A growing global population means that demand for food is unlikely to reduce into the future. The global population is approximately 8.2 billion today and expected to peak at around 9.7 billion people by 2050. This creates a global challenge for agriculture and the food supply chain to reliably meet an increasing need for affordable calories and nutrients while also reducing GHG emissions.

As a bank focused on the food and agricultural sectors, almost the entire portfolio is exposed to Climate-Related Risks. RNZL's lending exposures are shown here.

Industry Sector	*Total Committed Exposure* ($000)*
Agriculture	
• **Dairy farming**	9,573,115
• **Sheep, beef cattle and grain farming**	4,187,237
• **Horticulture**	1,388,723
• **Other agriculture on farm**	393,094
Other industries	968,602
Total committed exposure	16,510,771

** Defined as total loan limits granted to customers (both drawn and undrawn).*

Assessing Impacts and Developing Business Resilience Through Climate-Related Scenarios

In order to explore Climate-Related Risks and Opportunities the future may hold and assess business resiliency, in 2023, RNZL synthesised three scenarios for use in Scenario Analysis. In order to track changes across time, fully distinguish between scenarios and help identify risks and opportunities, RNZL first identified five key drivers of change:

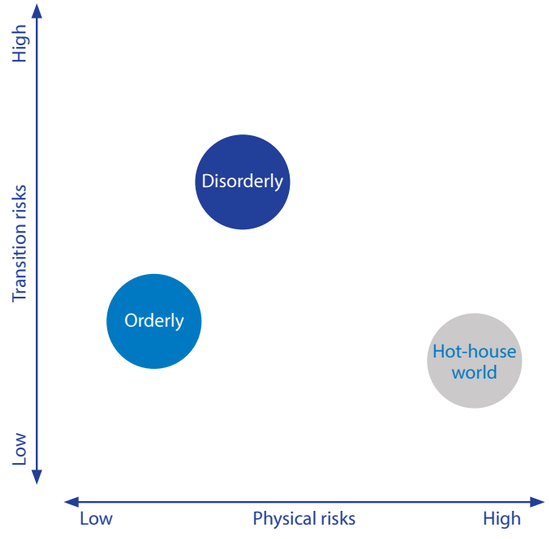
- Access to water, changes in biodiversity, ecosystems.
- New technology advances and a move towards more sustainable farming/nature-based solutions and practice.
- Changing global demand and consumer behaviour (demand/preferences/expectations).
- Severe acute and chronic weather events.
- Emissions pricing, trade barriers and financial incentives.

In developing scenarios, the XRB's recommendation to use sectoral scenarios where advisable was considered both for efficiency and to aid comparability. As the only specialised agribusiness-focused bank operating in New Zealand, two sets of sector scenarios were relevant to RNZL – the New Zealand Banking Association's climate scenario narratives and Aotearoa Circle's Agriculture Sector Climate Change Scenarios. Neither of these provided the scenarios that best described plausible futures or challenged RNZL's business sufficiently. Instead, the three scenarios that were developed speak more specifically to RNZL's circumstances as an agriculture-focused bank and create an appropriate level of challenge and plausibility as laid out in the rationale.

RNZL also sought to align – at a high level – its climate scenarios with Rabobank's to facilitate comparison and insights at a Rabobank-wide level. (While this was the case when Scenario Analysis was conducted in 2023, Rabobank introduced a Too Little, Too Late scenario in 2024.) Therefore, RNZL's own scenarios were developed to be relevant and appropriate for assessing the resilience of RNZL's business model and strategy, as described below, through blending recognised and coherent scenarios on physical and transition risks together, incorporating relevant datapoints and elements. Narrative detail has then been added based on those datapoints and relevant information for the business.

For physical data, the Intergovernmental Panel on Climate Change (IPCC) Shared Socioeconomic Pathway (SSP) scenarios were referenced. For transition data, the Network for Greening the Financial System (NGFS) scenarios were referenced.

NGFS Scenarios Adopted by RNZL



There are four broad categories of scenarios that vary in their stressing of transition and physical risk (names taken from the NGFS):

- Orderly scenarios assume climate policies are introduced early and become gradually more stringent. Both physical and transition risks are relatively subdued.
- Disorderly scenarios explore higher transition risk due to policies being delayed or divergent across countries and sectors. Carbon prices are typically higher for a given temperature outcome.
- Hot-house world scenarios assume that some climate policies are implemented in some jurisdictions but global efforts are insufficient to halt significant global warming. Critical temperature thresholds are exceeded, leading to severe physical risks and irreversible impacts like sea-level rise.
- Too little, too late scenarios assume that a late transition fails to limit physical risks. Here, a very delayed transition, possibly in response to strong physical impacts, results in high transition impacts hitting, alongside the still severe physical impacts.

RNZL's three scenarios detailed on the following pages are an orderly (1.5°C-aligned) scenario, which corresponds to Rabobank's Paris-aligned goals, along with two scenarios that challenge RNZL's resiliency to both transition risks (disorderly) and physical risks (hot-house world). It should be noted that, due to the limited number of scenarios available and the nature of temperature projections being based on probabilities and ranges, this has led to RNZL's 1.5°C scenario having a projected temperature in 2100 of 1.4°C (which is the closest available IPCC scenario to 1.5°C).

Architecture of RNZL's Three Entity-Specific Scenarios

	Orderly (1.5°C-aligned)	***Disorderly (other-aligned)***	***Hot-house world (>3°C-aligned)***
	Central government develops a coherent climate change response, supported by consistent policy commitments and early investment into infrastructure resilience. **Policy reaction** Immediate and smooth **Technology change** Fast change **CDR** Medium - high use **Regional policy variation** Medium variation	Leadership is divided on the climate change response. A delayed and variable policy response results in uncertainty, lack of investment in both adaptation and mitigation and ultimately cliff-edge policies, with a focus on methane given its ability to have a significant impact over the short term. **Policy reaction** Delayed **Technology change** Slow/Fast change **CDR** Low - medium use **Regional policy variation** High variation	Government ultimately prioritises free-market growth and climate adaptation measures over reducing emissions. The result is a persistent absence of robust policies to drive decarbonisation, leading to extreme climate change and subsequent economic contraction globally. **Policy reaction** None – current policies **Technology change** Slow change **CDR** Low use **Regional policy variation** Low variation
Approximate warming at 2100	~1.4°C	~1.8°C	~4.4°C
Global physical and socioeconomic parameters	IPCC SSP1-1.9	IPCC SSP1-2.6	IPCC SSP5-8.5
New Zealand physical parameters	NIWA RCP 2.6	NIWA RCP 2.6	NIWA RCP 8.5
Global transition and energy use	NGFS orderly Net Zero 2050" scenario	NGFS disorderly "Delayed 2°C"	NGFS hot-house "Current Policies"
New Zealand transition pathways	Climate Change Commission (CCC) "Tailwinds"	CCC "Headwinds"	CCC current policies
Rationale	Poses transition risk challenges in the speed and extent of policy changes in the near term along with challenges to the composition of RNZL's portfolio in the transition away from meat and dairy to a more vegetarian and plant-based diet. Physical risks are also still very much present, primarily for our customers.	Presents significant challenges to the business in an uncertain policy landscape and increased transitional and physical risks compared to the orderly scenario. The delayed transition results in stronger policies aimed at the agriculture sector in the medium term along with increased physical impacts of climate change in the longer term.	Shows very limited transitional risks but a very high set of physical risks, including a heightened change of breaching global climate tipping points and an economy both globally and locally that is in very bad shape.

* It should be noted that, due to the limited number of scenarios available and the nature of temperature projections being based on probabilities and ranges, this has led to our 1.5°C scenario having a projected temperature in 2100 of 1.4°C (which is the closest available IPCC scenario to 1.5°C).

Summary of Scenario Time Horizons and Risk Profiles

	Orderly	***Disorderly***	***Hot-house world***
To 2030	Early implementation of policies.	Delayed policies.	No policies.
	Physical: Low Transition: Medium	Physical: Low Transition: Low	Physical: Low Transition: Low
2030–2050	Early start means policies do not ramp up so drastically.	Delay leads to cliff-edge policies and shifting consumer demand. More extreme weather.	No policies. Impacts being strongly felt.
	Physical: Low–Medium Transition: Medium	Physical: Low–Medium Transition: High	Physical: Medium Transition: Low
2050–2100	Net-zero achieved. Relatively low weather physical impacts.	Extended period of policies due to delayed/disorderly transition. Higher physical impact felt.	Impacts are creating large GDP destruction. Still no policies.
	Physical: Low Transition: Low	Physical: Low–Medium Transition: Medium	Physical: Very High Transition: Low

In conducting Scenario Analysis and climate risk and opportunity assessment, RNZL used the following time horizons:

- Short term: now–2030 – to align with the existing 5-year horizons in strategic planning, MTP, Internal Capital Adequacy Assessment Process (ICAAP) and Funding Plan. During 2023, MTP horizon was extended to 2030 for asset growth by sector to align with Sector x Country Plans.
- Medium term: 2030–2050 – to reflect the contractual maturity profile of RNZL's loan book.
- Long term: 2050–2100 – to recognise the intergenerational nature of farming and growing in New Zealand, ensure understanding of the longer-term implications of climate impacts and guard against the historical trend of improved science leading to impacts being brought forward. Time horizons of this length are not considered as part of RNZL's strategic planning horizons and capital deployment plans.

The short-term and medium-term timeframes support alignment with Rabobank time horizons (2020–2030, 2030–2040 and 2040–2050) as used in the stress tests (see page 42).

A Note on Uncertainty

It should be noted that climate science is complex and constantly evolving – there remains significant uncertainty in climate models, especially around climate sensitivity, tipping points, feedback loops and socioeconomic responses. While the uncertainty could be around both underestimates and overestimates, it has been proposed that models are currently significantly underestimating the economic damages associated with climate impacts, which can lead to an overly optimistic assessment of business resilience and performance in higher physical risk scenario narratives.

Orderly Scenario Narrative

Net-zero by 2050

Central government develops a coherent climate change response, supported by consistent policy commitments and early investment into infrastructure resilience.

Overall physical risk exposure: Low

Overall transition risk exposure: Medium

Short term – present day–2030

Physical risk exposure: Low
Transition risk exposure: Medium

The current physical climate in New Zealand is similar to the present day, with the impact of climate change becoming increasingly evident in terms of impacts on the agricultural sector.

International and domestic governments adopt a coherent climate change response, supported by consistent policy commitments and early investment into infrastructure resilience.

Robust regulation of global financial markets requires banks to disclose Financed Emissions and their exposure to Climate-Related Risk. RNZL introduces more low-cost lending incentives to encourage farmers to invest in emissions mitigation and climate-resilient technologies and farming practices.

Emissions pricing captures methane-caused changes to the economy as the government emphasises a fast and inclusive transition. While agricultural practices remain the same, there is a growing social push to decarbonise natural fibre and protein. Consumer preferences drive a shift towards low-carbon natural protein and fibre as well as natural protein and fibre alternatives, which incentivises sustainable farming practices and investment into emissions abatement technologies. As farmers embed new sustainable methods, their profit margins contract over the short period but increase over the longer term as they become more climate resilient and market responsive.

Medium term – 2030–2050

Physical risk exposure: Low–Medium
Transition risk exposure: Medium

Climate-related impacts globally and in New Zealand have increased notably from present-day levels and then largely stabilised. Weather events occur with increased frequency and intensity, causing damage to critical infrastructure and businesses, including farms. Ecosystems services and water availability is degraded from present day but stabilised. International leaders and local leadership have taken significant steps to implement a strategic climate change response that balances both mitigation and resilience building.

Biodiversity and carbon credit markets are robust, providing additional revenue streams for farmers adopting sustainable and regenerative farming practices that boost biodiversity and natural capital on their farms. Growing consumer demand for sustainable agricultural produce reinforces the need for early investment into emissions abatement technologies and practices.

This confers a competitive advantage on New Zealand farmers, enabling them to access more markets and sell product at a premium. As their margins begin to increase, more farmers enter the sector. This results in overall growth of RNZL's portfolio. Improved margins for farmers reduce the probability of default.

Long term – 2050–2100

Physical risk exposure: Low
Transition risk exposure: Low

New Zealand has achieved strong momentum in the transition towards plant-based and low-carbon products. Horticulture and cropping industries have experienced substantial growth. Technology advancements in sustainable agriculture have accelerated with capital tied to strong emissions performance.

New Zealand and the global community have successfully transitioned to a low-emissions economy. As a result, the economy has transformed, making way for more sustainable industries. The New Zealand agriculture sector exemplifies this shift towards low-carbon natural protein and fibre. Consequently, communities and businesses have become more resilient to the physical impacts of climate change through effective climate adaptation efforts.

RNZL's balance sheet is robust as commodities prices are stable and as New Zealand farmers continue to enjoy access to markets and command premiums in export markets for low-carbon natural fibre and protein.

Note: Relevant global and New Zealand economic and climatic datapoints such as number of hot days and agricultural demand can be found on page 58.

Disorderly Scenario Narrative

Delayed transition

Leadership is divided on the climate change response. A delayed and variable policy response results in uncertainty, lack of investment in both adaptation and mitigation and ultimately cliff-edge policies, with a focus on methane given its ability to have a significant impact over the short term.

Overall physical risk exposure: Medium

Overall transition risk exposure: High

Short term – present day–2030

Physical risk exposure: Low
Transition risk exposure: Low

The combination of an increase in weather events and government's underinvestment in infrastructure resilience leaves road logistics networks, stop banks and bridges exposed and vulnerable to climate impact. This results in increasing damage remediation costs for farmers and a slightly higher incidence of loan defaults.

The government delays inclusion of agriculture in any emissions pricing, against advice provided by He Pou a Rangi Climate Change Commission. Frequent policy change and government intervention creates market volatility and investor uncertainty.

Regulation of financial markets requires banks to disclose Financed Emissions and their exposure to Climate-Related Risk. However, little to no monitoring and compliance results in opaque and incomplete reporting. Fewer adequately discounted loans are made available to farmers, providing little incentive for them to invest in low-carbon farming technologies and practices. Voluntary markets for carbon and biodiversity credits are less robust as farmers are slower to adopt sustainable farming techniques that enable them to generate carbon and biodiversity credits.

The introduction of emissions border adjustment mechanisms is fragmented and delayed. Persistent global inflation and spiralling food prices result in a softening of ESG requirements on imports and exports, reducing the incentive for farmers to adopt low-emissions farming practices.

Economic instability results in frequent recessions and boom/bust cycles. Increasing global temperatures increase the incidence of supply chain shocks. Farmers prioritise short-term investments as they lack confidence to take a long-term view. Emissions reductions are tied to economic performance rather than to a specific emissions reduction plan. Consequently, emissions reductions are non-linear, making it difficult to attribute emissions abatement to any given policy initiative.

Medium term – 2030–2050

Physical risk exposure: Low–Medium
Transition risk exposure: High

International and domestic governments belatedly introduce a stronger climate change response and policy commitments, albeit with fluctuations over time extending uncertainty. The need to catch up on lost years of action results in cliff-edge policies, with a strong focus on methane globally as the most effective way to rapidly reduce emissions. Emissions pricing is strongly introduced , creating short-term shocks to farmers but also financial incentives for decarbonising natural fibre and protein.

Increased climate impacts alongside delayed investment into infrastructure resilience have resulted in an increase in exposure to supply chain shocks and higher input prices due to a global spike in demand for emissions abatement technologies and solutions. Higher on-farm costs along with reduced productivity and yields (including from reduced water and ecosystem services) present increased credit risk for Rabobank.

Delayed regulation of global financial markets requires banks to disclose Financed Emissions and their exposure to Climate-Related Risk. RNZL is forced to introduce more competitive low-cost lending incentives to ensure farmers are able to balance emissions abatement investments with higher overheads. Farmers' margins are reduced as are Rabobank's profits. As the impacts of climate change are felt increasingly strongly and consumers make the connection between agriculture and climate change, consumer preferences drive a more rapid shift towards low-carbon natural protein and fibre as well as natural protein and fibre alternatives, which incentivises sustainable farming practices. As farmers embed new sustainable methods, their profit margins contract over the short period but increase over the longer term as they become more climate resilient and market responsive

Long term – 2050–2100

Physical risk exposure: Low–Medium
Transition risk exposure: Medium

New Zealand and the global community have transitioned to a low-emissions economy. A disruptive transition has heavily impacted the agriculture sector due to the relatively sudden nature of reducing intensive high-emitting livestock practices combined with the lingering climate, ecosystem service and water impacts, which are significantly higher than present day.

A delayed transition has resulted in higher economic and social costs. As a result, there is a greater wealth divide and the agricultural sector has contracted slightly in terms of the number of farmers, with farming being dominated by fewer, larger farming entities, resulting in a contracted portfolio for RNZL.

Note: Relevant global and New Zealand economic and climatic datapoints such as number of hot days and agricultural demand can be found on page 59.

Hot-House World Scenario Narrative

Current policies

Governments prioritise free-market growth and climate adaptation measures over reducing emissions. The result is a persistent absence of robust policies to drive decarbonisation, leading to extreme climate change and subsequent economic contraction globally.

Overall physical risk exposure: High

Overall transition risk exposure: Low

Short term – present day–2030	***Medium term – 2030–2050***	***Long term – 2050–2100***
Physical risk exposure: Low *Transition risk exposure: Low*	*Physical risk exposure: Medium* *Transition risk exposure: Low*	*Physical risk exposure: Very High* *Transition risk exposure: Low*
Governments are divided on the climate change response. The combination of an increase in weather events and government's underinvestment in infrastructure resilience leaves road logistics networks, stop banks and bridges exposed and vulnerable to climate impact. This results in increasing damage remediation costs for farmers and a slightly higher incidence of loan defaults. The government dismantles the Emissions Trading Scheme, against advice provided by He Pou a Rangi Climate Change Commission. Climate regulation of financial markets is also dismantled. Fewer adequately discounted loans are made available to farmers, providing little incentive for them to invest in low-carbon farming technologies and practices. Voluntary markets for carbon and biodiversity credits are less robust, and farmers have fewer incentives to adopt sustainable farming techniques. The introduction of emissions border adjustment mechanisms is fragmented and limited. Persistent global inflation and increasing food prices result in a softening of sustainability requirements on imports and exports, further reducing GHG emissions reductions. Emissions reductions are tied to economic performance rather than to a specific emissions reduction plan. Consequently, emissions reductions are non-linear, making it difficult to attribute emissions abatement to any given policy initiative.	Governments are increasingly focused on climate change resilience as the impact of extreme weather events, flooding and coastal hazards cause widespread damage to infrastructure. Farmers are heavily impacted by asset damage and loss, and the probability of default becomes more widespread. Economic instability results in frequent recessions and boom/bust cycles. Carbon and biodiversity markets have failed to gain traction and the introduction of carbon border taxes is absent in New Zealand's key export markets, providing little incentive for farmers to decarbonise farming practices. The market for sustainable lending is diminished as farmers become more focused on damage remediation and asset replacement. Physical impact-related disruptions on farm systems and supply chains throughout the world and to a lesser extent New Zealand render some farming systems unviable. Prioritisation of food supply and security has undermined sustainability concerns, creating unfettered demand for livestock-based products. Globally, communities with low adaptive capacity have been ravaged by extreme weather events, and climate migrants are beginning to have a destabilising effect on economies.	Governments' top economic priority is climate change resilience. In the absence of robust global carbon policies, pricing and border adjustment mechanisms, emissions have risen unchecked. Extreme weather events occur frequently, causing supply chain shocks and numerous other impacts to the economy and society such as lifeline utilities. This backdrop creates frequent incidents of geopolitical unrest. Faced with high cost and disrupted global markets, government spending is channelled into damage remediation, with little funding available for investment into infrastructure resilience. A lack of consensus on who bears responsibility for climate-related damage remediation and retreat costs leaves farmers to fend for themselves. Degraded ecosystem services, frequent storms and on-farm damage and asset loss result in widespread default and presents liquidity risk, making agriculture a high-risk lending sector. There is no demand for discounted lending for decarbonisation as farmers seek loans to cover losses. Globally, communities with low adaptive capacity have been ravaged by extreme weather events, with richer countries also experiencing drops in GDP with much national spending now on resilience and repair. Famine is rife and consequently New Zealand incurs an influx of climate migrants, with a destabilising effect on the economy. Increases in the cost of living along with increased animal protein prices due to reduced supply reduce demand. Farming input costs increase but there are high export opportunities for low-cost food due to a global shortage. The export price for farmers' products increases, but the benefit is limited to a diminished pool of farmers.

Note: Relevant global and New Zealand economic and climatic datapoints such as number of hot days and agricultural demand can be found on page 59.

Conducting Scenario Analysis

Scenario Analysis is a process to systematically explore the potential impacts on an organisation across the range of plausible futures described under the Climate-Related Scenarios. In 2023, RNZL's three scenarios were used to conduct a climate risk and opportunity assessment as well as an assessment of RNZL's business model resiliency. The scenarios and associated risk and opportunity identification will be revisited approximately every 3 years or as appropriate (such as with change of business strategy or material change in scenario assumptions), with a new analysis expected to be undertaken in 2026. Management and the Board reviewed the Scenario Analysis work and determined that it was still appropriate for 2025 but will be revised for 2026.

The 2023 scenario development analysis and results involved engagement and governance at a number of levels of the business:

- Project Leads (CSO and Senior Risk Advisor) – led and coordinated work and material creation.
- Subject matter experts – provided specialist input as required.
- A steering committee consisting of the CRO, CFO, General Manager Country Banking and Project Leads – provided direction input and oversight.
- Executive committee approvals (via the RMC or Leadership Team meetings) – challenged and provided feedback and recommended approvals to the Board.
- Board – reviewed, discussed and approved scenario architecture.

The process used to conduct Scenario Analysis and quantify risks and opportunities is detailed further on page 54. RNZL worked with consultancy Deloitte to assist with scenario development and assess the Climate-Related Risks and Opportunities.

Risk and Opportunity Identification and Integration into Strategy

RNZL's Scenario Analysis process was used to help identify and measure the physical and transition risks and opportunities that RNZL is facing from climate change. This analysis process was qualitative rather than quantitative. This has the advantage of removing the need for complicated quantitative modelling and some of the limitations that approach presents such as a failure to accurately measure all impacts, especially those from acute events.

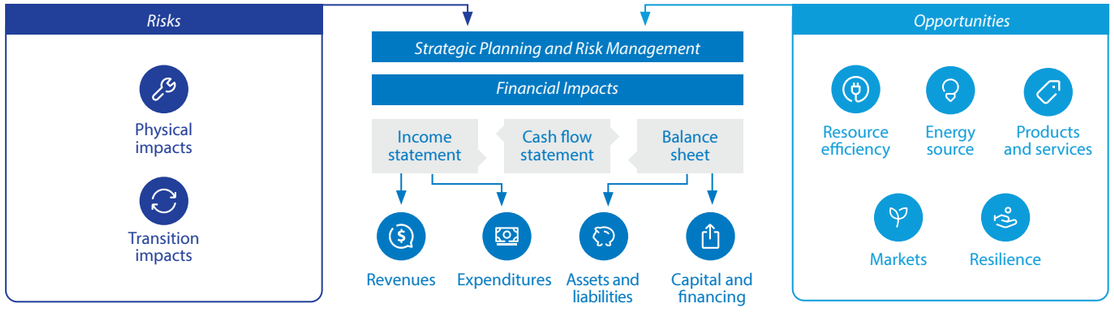
As an output of the Scenario Analysis, the time horizons of these risk quantifications match those stated above for scenarios. The notations for time horizons against the specific risks and opportunities below are based on Management judgement. While a simple methodology was used to ascribe time horizons for the physical risks, a lack of sufficient data and analysis around transition risks and opportunities and physical opportunities means these are more subjective assessments. As emissions data is gathered, policy decisions become clearer and more established and technological innovation emerges, estimation uncertainty is expected to ease, allowing for a better quantification of time horizons and potential impacts.

In 2024, RNZL's Scenario Analysis and resulting risks and opportunities from 2023 were captured and integrated into RNZL's strategy and MTP processes. As noted above, RNZL now has an initial transition plan, which was also used as input to these processes and capital allocation, along with RNZL's broader Sustainability Plan. The processes resulted in an MTP that includes a dedicated budget to execute actions and initiatives in the transition plan (see 'Sustainability Expenditure' on page 52) and also includes asset growth by subsector out to 2030.

Risks and Opportunities Assessment

In terms of timing, broadly speaking, transition risks are expected to play out most sharply in the short and medium terms as society makes the necessary changes to the economy to align with policy outcomes. Because of the high degree of estimation uncertainty, time horizons have been estimated using subjective judgement.

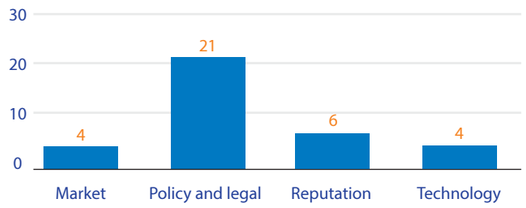
By comparison, physical risks unfold over a slower, longer time horizon, beginning with the impacts already being felt. Opportunities tend to match these patterns. RNZL's portfolio manifests these risks and opportunities differently between smaller family farm customers and large commercial and wholesale customers.



Transition Risks

Through Scenario Analysis, 35 transition risks were identified as relevant to RNZL. These can be summarised under four main themes, with most falling into the policy and legal area.

Transition Risks: Number of Risks Identified by Risk Category (Driver)



A high-level summary of the key transition risks to RNZL is provided below. These transition risks will likely occur most sharply in the short and medium term, especially given the science around the need for early and rapid transition.

Policy and legal – short and medium term
Compliance with legislation may increase the operating costs of customers, leading to increased credit defaults. The agricultural sector may be perceived as less attractive, resulting in a reduction in new customers to RNZL. Compliance with legislation may also increase the operating costs of RNZL. Non-compliance may result in fines and penalties.

Reputation – short, medium and long term
A mismatch between stakeholder expectations and RNZL's performance may negatively impact RNZL's reputation. For example, some stakeholders may expect the de-banking of some customers.

Market – medium and long term
Increases in key input costs such as fertiliser and fossil fuels could reduce the profit margins of RNZL's customers, increasing the risk of default and loss of the customer.

In Detail: Top Transition Risks

The table below discloses the eight highest-ranked transition risks, ranked for urgency and impact that are considered the most likely material to RNZL.

Urgency Impact Total

Risk Category (Driver)	Risk Type	Material Risk	Receptor	Risk Description	Time Horizon	Aggregated Risk Score
Policy and legal	Compliance with legislation increases costs to clients, leading to credit defaults and reduction in new clients.	Credit risk	Dairy	Disorderly/inconsistent or abrupt changes to policy to maladaptation on policy, leading to either stranded assets or difficulty to comply with legislation, increasing operating costs, leading to loss of clients and increased credit default rates.	Short and medium term	10 3 13
Policy and legal	Compliance with legislation increases costs to clients, leading to credit defaults and reduction in new clients.	Credit risk	Sheep and beef	Disorderly/inconsistent or abrupt changes to policy to maladaptation on policy, leading to either stranded assets or difficulty to comply with legislation, increasing operating costs, leading to loss of clients and increased credit default rates.	Short and medium term	10 3 13
Policy and legal	Compliance with legislation increases costs to clients, leading to credit defaults and reduction in new clients.	Credit risk	Sheep and beef	Delayed or lack of investment to meet new/emerging regulations results in farmers having to incur higher operating costs within a shorter time, leading to increased credit default rates.	Short and medium term	10 3 13
Reputation	Mismatch between stakeholder expectations and RNZL performance leads to lost reputation.	Business risk	RNZL	Stakeholder-driven requirements to meet voluntary commitments on financed emissions requires de-banking of full underperformers at odds with or beyond RNZL strategy.	Short, medium and long term	10 3 13
Market	Increased input costs lead to reduced profits for clients, leading to increased credit defaults and reduction in new clients.	Credit risk	Horticulture	Volatility in input costs for fertiliser and fossil fuel-based inputs places increased financial pressure on farmers, reducing their operating margins. This increases the potential for loan defaults, presenting credit risk for RNZL.	Medium and long term	10 2 12
Policy and legal	Compliance with legislation increases costs to clients, leading to credit defaults and reduction in new clients.	Credit risk	Dairy	Delayed or lack of investment to meet new/emerging regulations results in farmers having to incur higher operating costs within a shorter time, leading to increased default rates.	Short and medium term	10 2 12
Policy and legal	Compliance with legislation increases costs to clients, leading to credit defaults and reduction in new clients.	Credit risk	Horticulture	Delayed or lack of investment to meet new/emerging regulations results in farmers having to incur higher operating costs within a shorter time, leading to increased credit default rates.	Short and medium term	10 2 12
Market	Increased input costs lead to reduced profits for clients, leading to increased credit defaults and reduction in new clients.	Credit risk	Dairy	Volatility in input costs for fertiliser and fossil fuel-based inputs places increased financial pressure on farmers, reducing their operating margins. This increases the potential for loan defaults, presenting credit risk for RNZL.	Medium and long term	10 2 12

Methodology for ranking by weighted score is provided on pages 55–58.

Mitigating Transition Risks

RNZL's approach to managing and mitigating transition risks centres around:

- increasing the measurement of customer GHGs
- researching climate policy, technologies and markets such as through AgriZero[NZ]
- enhancing Risk Management and climate transition strategy
- stakeholder engagement with customers, the food and agriculture industry and others on emissions reduction and wider transition issues.

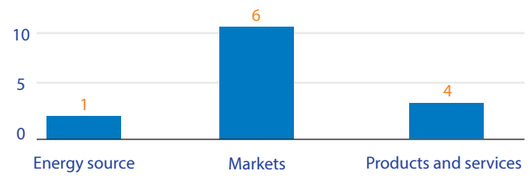
To manage transition risk, RNZL is working to structurally embed these risks in the credit risk framework. This includes the business strategy, risk identification, stress testing and the determination of provisioning and capital (see page 40).

Transition Opportunities

There are opportunities for RNZL based around financing the transition to a low-carbon, climate-resilient future. RNZL can leverage its agricultural sector expertise to provide information to help customers make decisions on the Climate-Related Risks and Opportunities they are facing. In turn, this will allow RNZL to reduce the credit risks RNZL is exposed to and creates room for additional lending to address both risks and opportunities.

RNZL identified 11 opportunities, which are summarised in themes below. In general, these opportunities are expected to play out in the short and medium term, as with transition risks.

Transition Opportunities: Number of Opportunities Identified by Opportunities Category



Key transition themes for RNZL:

Energy source – short and medium term
Switching away from fossil fuels in operations leads to improved Greenhouse Gas performance and additional client value/ reputational benefits. It creates potential funding opportunities, which are emerging now, to participate in new energy transition projects (such as solar, thermal, electricity and wind).

Markets – short, medium and long term
The number of customers may increase, especially in the horticulture sector as the trend towards plant-based diets grows. Farmers may be able to access additional revenue streams such as biodiversity credit markets, which increases their financial resilience. New farmers may be attracted to New Zealand on the grounds of comparatively lower carbon intensity and higher premium/margin. With a larger portfolio of financially resilient farmers and growers, RNZL's market share may increase. Potential new markets could develop in areas such as:

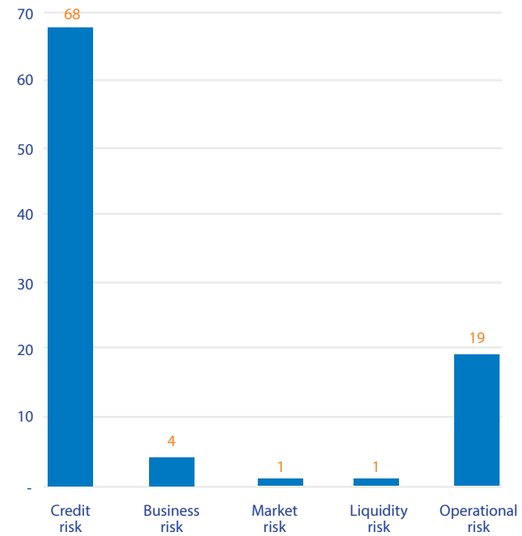
- land conversion (medium and long term) – production systems transition to new products as land use suitability changes
- development at scale for new production methods (medium and long term) such as vertical farming, creating new, viable sectors
- carbon farming (short and medium term)
- transition and adaptation farming for new equipment/ investments to support more resilient and climate efficient production (short and medium term).

Products and services – short and medium term
Customer loyalty may increase if RNZL supports its clients with identifying and mitigating transition risks to their business. As an agriculture specialist bank, there is an opportunity to provide more targeted, specific support than other banks and therefore gain market share from other financial services providers. Offering sustainability-linked loans and performing strongly on climate-related issues (for example, decarbonising its portfolio) may also boost RNZL's reputation and increase client retention.

In Detail: Top Transition Opportunities

The table below discloses 11 highest-ranked transition opportunities, ranked for urgency and impact that are considered the most likely material to RNZL.

		Aggregated Opportunity Score (Urgency / Impact / Total)
1	Expansion of RNZL into energy transition, combined with large increases in demand for renewable energy generating capacity opens up new business opportunities.	5 / 3 / 8
2	Provision of support to clients to help them be aware of, understand and mitigate the transition risks to their business. Leads to enhanced reputation, new customers and reduced loan defaults.	5 / 3 / 8
3	ETS and biodiversity credit markets present an opportunity for new product markets such as carbon banking, for both new customers as well as additional revenue streams for existing livestock and agricultural farmers, increasing their financial resilience and reducing the probability of default.	5 / 3 / 8
4	A shift in consumer demand towards plant-based diets presents an opportunity for new and expanded horticulture customers and reduced credit defaults in that commodity.	5 / 3 / 8
5	Wider implementation of sustainability-linked loans to meet increased demand leads to increase in new customers and increased brand reputation.	5 / 2 / 7
6	Implementation of on-farm GHG mitigation technologies and practices increases competitiveness domestically and internationally and leads to an increased product premium, leading to an increase in clients and reduction in credit defaults.	5 / 2 / 7
7	As an agricultural specialist bank, there is opportunity to understand transition risks better than our peers and thus gain market share from banks withdrawing or that are less sophisticated in understanding agricultural climate risks.	5 / 2 / 7
8	If RNZL outperforms on climate action, this could enhance its reputation with the regulator, existing and future employees and customers. This could reduce the likelihood of regulator investigations and increase employee and customer retention.	4 / 2 / 6
9	Implementation of other sustainable finance tools such as green loans to meet increased demand could lead to higher profits, new customers and increased brand reputation.	5 / 1 / 6
10	Enhancing and improving the operational GHG reduction plan to cut fossil fuel use could lead to an increase in reputation on climate action and an increase in new customers.	3 / 1 / 4
11	New Zealand attracts farmers on the grounds of comparatively lower carbon intensity and higher premium and margin. This could increase RNZL's customer base.	3 / 1 / 4



Methodology for ranking by weighted score is provided on pages 55–58.

Physical Risks

RNZL classified its risks across five material risk types. In total, 93 physical risks were identified, which are summarised via RNZL's material risk types below. Credit risk accounts for 73% of all risks identified and faces the highest exposure to the physical impacts of climate change. All physical risks are more likely to manifest more in the medium to long term.

Credit risk – medium and long term
The impacts of climate change may cause RNZL's customers to experience supply chain disruptions, impacting their ability to operate and generate revenue. Crop yields may reduce and the costs of ensuring the welfare of animals may increase. Weather events may result in asset damage and/or loss for customers. This increases the risk of customer loan default.

Business risk – medium and long term
The impact of climate-related events may compound to create economic volatility and financial instability, reducing overall demand for lending. Extreme climate impacts may result in a loss of productive land, causing a contraction of the forestry and agricultural sectors. RNZL's current business model may no longer be sustainable, and RNZL may not be able to achieve its growth strategy.

Market risk – medium and long term
Increasing occurrences of physical climate-related events may result in unfavourable movements in production volumes and commodity markets, leading to financial losses for RNZL.

Liquidity risk – medium and long term
RNZL may experience extreme credit losses because of the increasing occurrence of physical climate-related events. This may reduce contractual cash inflows, impacting mismatch ratios and leading to a lack of available funds to meet financial commitments.

Operational risk – medium and long term
Climate-related events may disrupt business operations and increase the incidence of customer service disruptions. Employee productivity may decrease, for example, if staff cannot work due to damage or loss of personal assets and major upheavals in local communities along with a decline in physical and mental wellbeing.

In Detail: Top Physical Risks

The table below discloses the 10 risk themes considered more likely to become material, all for credit risk, and are a synthesis of the 68 underlying credit risks shown above. These each have the same impact in that they increase the probability of customer loan default, which in turn could impact RNZL's profitability. The 10 risks are most likely to materialise over the medium and long term.

Rank	*Risks by Theme*	*Weighted Score*
1	Extreme weather events result in asset damage and loss, increasing the probability of default credit losses.	341
2	Climatic changes reduce pasture quality and freshwater availability, negatively impacting yields. This may result in credit losses.	341
3	Extreme weather events result in supply chain disruptions, with negative impacts on farmers' revenue. This may increase the probability of default.	262
4	Sea-level rise, coastal flooding and saltwater intrusion cause asset damage and loss, negatively impacting borrowers' cash flow and increasing the probability of default.	226
5	Drought may negatively impact on crop yield and pasture availability, negatively impacting borrowers' revenue, which increases the probability of default and credit losses.	186
6	Extreme heat and heat stress negatively impact crop yields and animal welfare, increasing the likelihood of default and credit losses.	127
7	Reduced ecosystem services (such as soil function, shade and shelter, pollination and pest control) increases probability of default.	112
8	Riverine and flash flooding damages farm assets and negatively impacts borrowers' cash flow, increasing the probability of default.	107
9	Invasive pest incursion and disease negatively impacts borrowers' assets and cash flow, increasing the probability of a default.	75
10	Farmers' health and wellbeing is negatively impacted by the compounding effect of climate-related events. This has a negative impact on farm management, reducing income and cash flow and increasing the probability of default.	73

Methodology for ranking by weighted score is provided on pages 55–58.

Mitigating Physical Risks

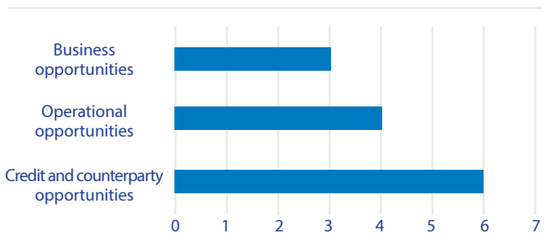
RNZL has embarked on a path to mitigate and offset the anticipated impacts of these physical risks, which will primarily be achieved by providing information to customers to help them identify and address their Climate-Related Risks along with changes to operational Risk Management. The following is a summary of the types of actions RNZL is beginning to undertake:

- Fostering staff and customer understanding and awareness of the potential physical impacts.
- Ongoing revision of RNZL's procedures for climate Risk Management.
- Providing targeted support to customers such as information on how to mitigate physical risks.
- Engaging food and agriculture industry stakeholders on key climate issues.

Physical Opportunities

RNZL identified 13 physical opportunities, summarised against RNZL's material risk types. In general, these opportunities will play out, like physical risks, in the medium and long-term horizons.

Physical Opportunities: Number of Opportunities Identified by Opportunity Area



Credit and counterparty opportunities – short, medium and long term

There is an opportunity to provide customers with services designed to enhance their business resilience to climate change, which can strengthen RNZL's long-term portfolio. Additional revenue streams presented by carbon and biodiversity credits linked to regenerative farming practices may strengthen customers' resilience, reducing the risk of customer defaults.

Business opportunities – medium and long term

There is also an opportunity to develop new or revised products and services that enhance RNZL's competitiveness. This can lead to growth in the customer base and market share.

Operational opportunities – medium and long term

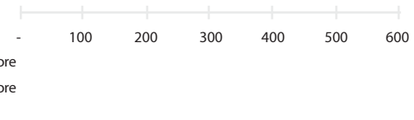
RNZL's niche of lending to the agricultural sector may enable it to flex more quickly and adapt to changing economic conditions (because of climate change), presenting an opportunity for RNZL to increase its market share, customer base and profits. Without exposure to the residential mortgage sector, RNZL may be able to increase its financial strength rating and attract new/more deposits as a result. Temperature changes may enable RNZL to finance crops in areas they are not traditionally grown, again increasing its market share.

In Detail: Top 10 Physical Opportunities

13 physical opportunities were identified. The opportunities were rated across the different scenarios. The chart below depicts the top 10 opportunities statements by score.

Rank	*Risks by Theme*	*Aggregated Client Opportunity Score*
1	Extreme weather events occur with increasing frequency and intensity. RNZL's niche in the agricultural sector may enable it to flex more quickly and adapt to changing economic conditions, presenting an opportunity for RNZL to outperform financially when compared to similar organisations internationally. This may result in increased revenue, profit margins and customer base.	
2	Extreme weather events occur with increasing frequency and intensity, providing RNZL with the opportunity to offer new services, supporting clients to adapt their businesses to the impact of climate change. This may result in a new advice-based service offering for RNZL and a new revenue stream or increased customers and loyalty.	
3	Climate change events occur with increasing frequency and intensity, making it necessary to identify risks sooner and creating opportunities to assist customers with becoming more resilient. This may result in changes within farming systems to improve climate change adaptation, strengthening RNZL's long-term portfolio.	
4	Climate change events occur with increasing frequency and intensity, providing RNZL with the opportunity to build a stronger financial strength rating than its competitors (as they are not exposed to residential mortgage risks such as landslide). This may attract new depositors to RNZL.	
5	Climate change events occur with increasing frequency and intensity, providing Rabobank with the opportunity to offer a new adaptation financing product to clients. This may increase loans and customers, also increasing RNZL's reputation with clients and stakeholders.	
6	Climate change events occur with increasing frequency and intensity, presenting opportunities for forestry and carbon farming to replace land that becomes non-viable, which may lead to reduced loan defaults and new customers.	
7	Climate change events occur with increasing frequency and intensity, resulting in an increased demand for resilience. This provides an opportunity to structure lending in a manner that ensures asset replacement and/or asset remediation through existing finance/all-in-one product is carried out in a way that fosters resilience building/ building back better and increases the size of loans provided.	
8	Climate change events occur with increasing frequency and intensity, resulting in responsible lending practices that will bolster RNZL's resilience and foster greater trust and loyalty among its customers.	
9	Managing physical risks, including through geospatial solutions, enhances RNZL's ability to identify risks at an earlier stage. This may lead to refinements in RNZL's risk tolerance across different industries, enabling it to pursue future opportunities effectively.	
10	An increasing number of hot days may provide more business opportunities to finance crops in areas they are not traditionally grown such as kiwi fruit in the South Island. This may result in an increased number of clients and revenue.	

Methodology for ranking by weighted score is provided on pages 55–58.



Anticipated Financial Climate-Related Impacts

RNZL has not calculated the anticipated Financial Impacts of the Climate-Related Risks and Opportunities identified in 2025. RNZL has elected to use the adoption provision.

Risk Management

Integration into Risk Management

RNZL has a Board-approved Risk Management Strategy Framework (RMSF). This document combines a description of RNZL's material risks, including climate risk, and how these are identified and assessed (referred to below as 'informed by') and how they are managed (the Risk Management Framework).

The document also includes key strategic risk initiatives that are intended to be taken to evolve the framework (collectively the RMSF).

RNZL Risk Management Framework

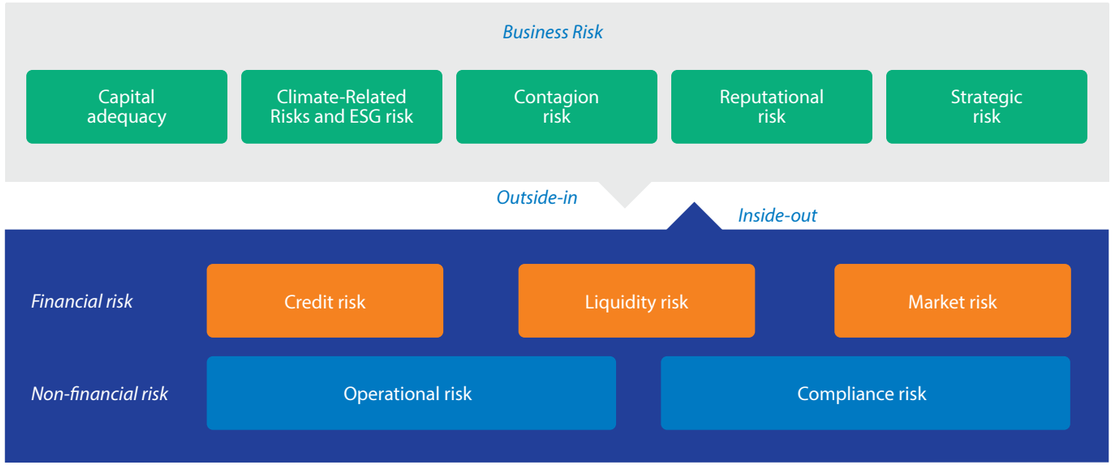
Informed By	Material Risks	Managed By
Business Vision and Strategy	Business Risks	Board and Management Risk Governance
Risk Appetite Statements	Financial Risks • Credit Risk • Market Risk • Liquidity Risk	Framework, Policies, Standards and Procedures
Risk Management Strategy	Non-Financial Risks • Operational Risk • Compliance Risk	Risk Systems and Processes
Capital Adequacy		Risk Accountabilities and Skills
Emerging Risks		
Obligations		

Underpinned by

Three Lines of Responsibility | Independent Advice and Assurance | Risk Culture

Emerging risks include external strategic drivers that can impact the main risk types (so-called outside-in impact). These could also result in opportunities.

Rabobank assesses the strategic drivers annually. ESG has been identified as a strategic driver and forms an important part of the assessment. In addition to the outside-in impact, Rabobank (directly or through its suppliers or clients) also impacts social, environmental and economic issues (the so-called inside-out impact), which in turn can also result in risks and opportunities. The following overview describes the integration of climate (through ESG) in the strategic drivers and risk assessment.



Transmission and Management of Climate Risk

Climate-Related Risks and ESG risks and opportunities can arise through either direct or indirect transmission channels. Direct transmission channels refer to climate risks (such as flooding of an office building) that directly affect RNZL's financial risks (operational risk), whereas indirect transmission channels refer to climate risks to customers or the wider economy (such as environmental regulations on agriculture) that then transmit indirectly to RNZL's financial risks (credit risk).

Processes for Identifying, Assessing and Managing Climate-Related Risks

RNZL uses a wide range of tools to identify and assess material risks. The following tables set out those used to specifically identify and assess Climate-Related Risks.

	Time Horizons	*Value Chain*	*Frequency*	*Description*
Scenario Analysis	Now–2030 (short term) 2030–2050 (medium term) 2050–2100 (long term)	Includes two tiers upstream (customers and their inputs/ suppliers) and one downstream (depositors), with no material exclusions.	See 'Strategy' on page 31. Prior Scenario Analysis will be reviewed annually for ongoing appropriateness and will be updated as necessary.	See 'Strategy' on pages 25–37.
Climate and Environment (C&E) Risk Heatmaps	The heatmap concludes on the risk in the short term (5 years), medium term (10 years) and long term (30 years) for each specific risk event	The scope of the C&E risk heatmaps and stress tests are all RNZL's sectors and thereby cover the full Value Chain.	Annual	Rabobank performs ongoing heatmap analysis to assess physical and transition risks. This includes the risk of extreme weather conditions based on weather models. Multiple extreme conditions are included, such as drought, hailstorms, wildfires and floods. The C&E risk heatmaps also include transition risk events (such as policy change on nitrogen limits). The outcome provides an indication of the impact of a physical risk event (such as extreme weather) and/or transition risk events (such as policy changes, consumer behaviour or new technology). The heatmap identifies risks through a qualitative risk classification of geographic location, sector and time horizon – short (5 years), medium (10 years) and long (30 years) – for specific risk events. The outcomes of these C&E risk heatmaps are used for the following purposes: • Input for the sector sensitivity/vulnerability assessments. • Determining IFRS9 provisions through management adjustments if appropriate. • Input for stress testing/Scenario Analysis. • Input for transitional planning, which continues to evolve.
Stress Test	2024 stress test: periods used: June 2024–2030 (~10yr) 2030–2040 (~20yr) 2040–2050 (~30yr)	The scope of the stress tests are all RNZL's sectors and thereby cover the full Value Chain. For probability of default (PD) and loss-given default (LGD) multipliers, five sectors globally were covered.	FY24 It is intended that this process will continue to evolve with Rabobank's ambition to conduct climate stress testing activities or scenario analyses on a yearly basis.	In 2024, Rabobank conducted a global climate scenario stress test on three NGFS scenarios (Net Zero 2050, Fragmented World and Current Policies). The deliverables of this stress test are a Dynamic Balance Sheet forecast, PD and LGD multipliers as well as a forecast on Rabobank's Financed Emissions at a global level. In line with the long horizon of the NGFS scenarios, the multipliers and Financed Emissions are calculated for the years 2030, 2040 and 2050. This stress test provided key insights: • The impact of the scenarios on the Financed Emissions and decarbonisation success. The analysis shows a range of uncertainty in the expected Financed Emissions. • When combining the impact of transition risk and physical risk (drought), impact on PD and LGD is observed in all scenarios and across all time horizons. Pockets of risk exist with severe increases in PD and LGD. The impact is most significant in the Fragmented World scenario. Both transition risk and physical risk are relevant here. Supporting RNZL's stress testing, RNZL has a proprietary Scenario Analysis Tool (SAT) that can be used in a similar manner as a typical enterprise stress test. However RNZL's SAT is portfolio specific and allows RNZL to drill down to an individual customer level. This tool can be used pre-emptively or deployed to assess physical or transitional risk events as they occur by manipulating independent or collective factors of production (such as volume, price and costs) to assess impact. This allows RNZL to assess potential portfolio impacts and provide input to provisioning and capital considerations, enabling RNZL to identify at-risk clients for relationship managers to quickly engage with.

Assessing and Managing Risks

Credit risk is the main risk transmission channel or RNZL's risk type most impacted by climate risk. It should be noted that Climate-Related Risks are given no greater priority than any other risk type considered in the assessment of risk. Rather, they are considered as a pervasive risk type that manifests across the entire credit journey as detailed below.

Climate and ESG in the Credit Journey

ESG in Deal Selection

Provide insights into customer and product alignment with the risk strategy of RNZL to enable the transition to net-zero.

ESG Customer Assessment

Assess, measure and quantify the impact of sustainability/ESG on customer creditworthiness to ensure well-informed risk-taking decisions.

ESG Monitoring

Embed ESG factors into the administration and monitoring processes to provide accurate and timely information on exposures.

1. ESG in Deal Selection

	Time Horizons	*Value Chain*	*Frequency*	*Description*
Deal Selection	Short and medium term	Full value chain.	Annually through business strategy, risk appetite and subsequent underwriting criteria.	RNZL's deal selection criteria is structured to meet the risk appetite settings approved by the Board. This is translated into RNZL's climate-related policies and underwriting criteria. These encompass customer selection, prohibited financing classes and sector concentration limits, guided by materiality principles and risk exposure. Climate sector analysis informs risk appetite, aiding the identification of areas exposed to risks. An initial dairy sector plan outlining high-level Climate-Related Risk assessments and actions has been developed given the lending concentration RNZL has to this sector. RNZL has been manually collecting GHG data since 2023 and had achieved 60% coverage of customer base. However, the manual effort required and the non-standardised capture of this information limited its effectiveness. Accordingly, RNZL have enhanced data collection methodology by creating a data portal where customers can directly share their data into the portal. This enhancement facilitates all data being captured in a standardised format and can be more readily accessed and utilised for the purpose of calculating financed emissions. To date, 13% of clients are sharing data through this portal. Ongoing efforts include obtaining more customer-level data, refining C&E risk heatmaps and advancing policies in line with RNZL's commitment to climate-related and ESG and sector Risk Management. Heat maps will assist with longer-term climate risk assessment and portfolio steering.

2. ESG Customer Assessment

	Time Horizons	Value Chain	Frequency	Description
Climate Sustainability Performance of RNZL Customers	Short and medium term	Assessed principally at the customer level. Upstream and downstream value chain consideration is subject to materiality to customer performance.	At onboarding and reassessed at least annually or earlier if a credit event occurs.	RNZL uses a number of tools and approaches to gather data on the climate and wider sustainability profile of business customers. This is to improve customer engagement and business development and is used to discuss, among other things, climate-related resiliency and on-farm transition plans. The profile assists during the onboarding credit process and subsequent credit assessments of the customer during the lifetime of the lending relationship. RNZL creates a profile through assessing a customer's climate and broader sustainability farm management practices and impacts. A score is assigned that forms only part of the overall customer assessment process. (RNZL acknowledges that there are several limitations to the assessment scores because of the continuous development of these tools, limited availability of reliable sustainability-related data and methodologies and the need to use professional judgement. Nevertheless, and notwithstanding these limitations, it is still a useful tool in facilitating assessment of the sustainability of RNZL's customers.)
Collateral	Short, medium and long term	Customer level only (security property).	At onboarding and reassessed at least 3-yearly or earlier if a credit event occurs.	RNZL has an internal Collateral Valuations Team (CVT) that considers climate risk in its valuation assessments of real estate securities among other factors. Specific guidance is provided to the CVT to consider: • soil type, land use, topography, drainage, soil origin and texture • production capacity having regard to factors such as farming system and irrigation • historical and projected rainfall • access to water and relative licences • environmental Risk Management such as strategies or practices that contribute to a property's ongoing Climate-Related Risk and ESG risk profile • soil carbon considerations • long-term macro changes in climatic considerations to rainfall, temperature, drought, flood and frost that could impact on productivity. The above factors are reflected in the end value ascribed to the collateral. RNZL is currently developing geospatial mapping to support the macro heatmaps by providing detail down to farm level. This will allow a visual representation of physical risks over time and enable biomass calculators to assist with monitoring on-farm sequestration and assessing carbon footprint. RNZL had intended to use geospatial analysis in risk assessments in 2025. However, due to limitations in getting data down to a specific property level, the analysis is limited to broader portfolio and regional level assessments when undertaken.
Loan Assessment and Relationship	Short and medium term (aligned to loan term sought)	Customer level only.	At onboarding and reassessed at least annually or earlier if a credit event occurs.	The principal criteria used for loan assessment is the ability to repay. In this regard, RNZL looks to historical performance as an indicator of a customer's ability to repay and potential future performance. Typically, RNZL requires 3 years of historical financial accounts to establish a baseline of performance. As most borrowers will have experienced at least one physical climate risk event over this period, this provides a high-level test of the resilience and adaptability of physical business operations and the resultant cash flow impacts, both factors considered in assessing a customer's ability to repay. RNZL also includes formalised credit assessment criteria to include discussion of material sector physical and transition risks and customer mitigants that align with these sector risk assessments. Going forward, RNZL is considering a number of climate Risk Management enhancements, including: • inclusion of sector physical and transition risk probability into PD modelling – under consideration by Rabobank and will be developed as part of a global update to PD models by 2026. • customer-level emissions being benchmarked against other sector participants at a local level subject to customer-level data collection initiatives. RNZL continues to encounter challenges in data collection at this level and is continuing to work on potential capture solutions. At this juncture, no definite date for customer-level emissions data capture and analysis can be determined. RNZL is aware that the process of implementing on-farm sustainable management standards and practices within the food and agricultural sectors offers a unique set of challenges and takes time. RNZL accepts that some customers or business partners are more advanced than others in their ability to show significant progress in implementing environmentally and socially responsible management practices leading to greater mitigation of Climate-Related Risks and a reduced Emissions Intensity profile.

3. ESG Monitoring and Reporting

In addition, Climate-Related Risks and ESG risks are included in the provisioning assessments for RNZL's financial reporting through:

- the impact of Climate-Related Risks and ESG risks on the macroeconomic scenario outcomes (quarterly)
- the impact of Climate-Related Risks and ESG risks in individual customer assessments (as needed)
- the sectors that have been set at vulnerable due to Climate-Related Risks and ESG risks (annually)
- what RNZL calls the backstop process, which can manifest itself through top-level provision adjustments for acute climate events (such as cyclones) and chronic climate events. The latter is based on a forward-looking approach to capture the chronical increase in environmental risk based on the available information (quarterly).

The impact of Climate-Related Risks is also a consideration in the assessment of required capital in RNZL's annual Internal Capital Adequacy Assessment Process through the use of scenario stress testing. In 2025, RNZL continued to include a drought-based climate risk scenario over a medium-term horizon in the stress-testing exercise to quantify potential Climate-Related Risks.

Metrics and Targets

Targets

This section considers an overview of the Metrics and Targets (to the extent they are climate related) that are embedded in the strategy, governance and operations of RNZL for 2025.

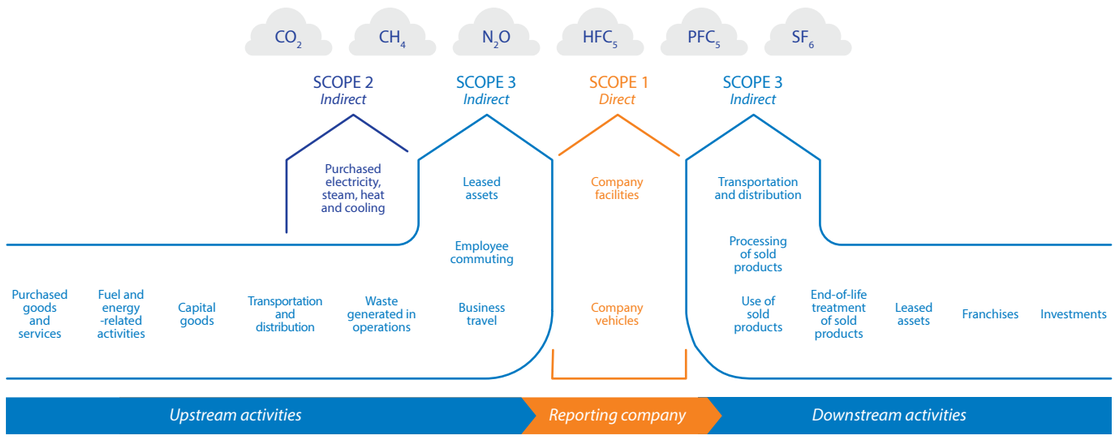
This section includes Rabobank's and RNZL's Targets.

Name/Description	*Metric*	*Target/Goal*	*Owner*	*Reference in Climate Statements*
Financed GHG Emissions	tCO_2e	Net-zero CO_2 by 2050 ~CH_4 45%; N_2O 20%	Rabobank	49
Dairy Portfolio GHG Emissions Intensity	tCO_2e/t FPCM (fat and protein corrected milk)	~12% of the portfolio by 2030 from 2020 Base Year	RNZL	51
Operational GHG emissions	tCO_2e	50% by 2030 from 2019 Base Year; net-zero 2050	RNZL	50–51

GHG Emissions

The GHG Protocol distinguishes between Scope 1, 2 and 3 Greenhouse Gas emissions. In this section, RNZL discloses the emissions that are directly (Scope 1) and indirectly associated with RNZL's business operations through purchased energy (Scope 2) and some material sources of Value Chain emissions (Scope 3).

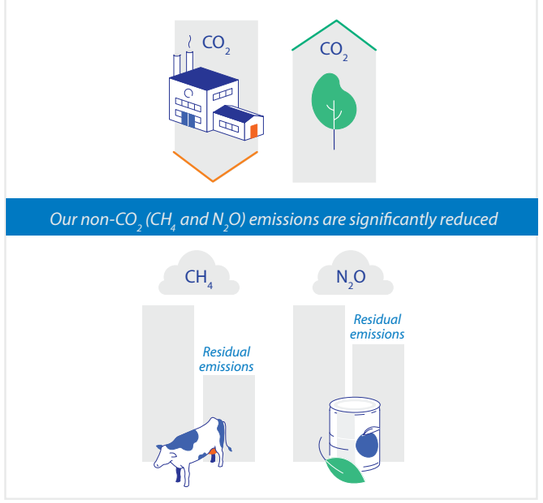
GHG Protocol Scopes and Categories of Emissions



Overarching Target

RNZL does not have a long-term Greenhouse Gas reduction target of its own. However, RNZL is committed to supporting the delivery by Rabobank of its net-zero by 2050 goal. Rabobank's climate approach and goals define its 2050 climate ambition to have net-zero CO_2 emissions by 2050 and significantly reduce its non-CO_2 emissions (which are in line with the Paris Agreement on climate change aims to limit warming of the Earth's surface temperature to 1.5°C by the end of the century).[1] Net-zero CO_2 by 2050 means Rabobank's residual CO_2 emissions equal the CO_2 removals, in line with the latest report of the climate experts of the IPCC. The IPCC also states that global non-CO_2 emissions, methane (CH_4) and nitrous oxide (N_2O), are to be significantly reduced towards 2050, methane more than nitrous oxide. RNZL's global non-CO_2 emissions do not have to be net-zero in 2050, as these emissions are impossible to fully abate, for example, there will always be residual emissions from livestock activities. Only by the end of this century are global non-CO_2 emissions expected to be fully compensated by CO_2 removals. An exact Rabobank Target on non-CO_2 is to be defined in future.[2]

Rabobank Definition of Long-term 2050 Alignment



In achieving these goals, first and foremost, Rabobank focuses its efforts on reducing emissions – both emissions from operations and those resulting from lending and investment portfolios. Further details around these targets, uncertainties and how they are expected to be achieved, along with updates on progress, can be accessed in the Sustainability Statements from the Rabobank website.[3] Nonetheless, Rabobank acknowledges the fact that residual GHG emissions remain and are unlikely to be reduced to absolute zero in the near future. Therefore, Rabobank will have to rely to some extent on offsetting to neutralise these residual emissions. Rabobank's approach towards offsetting follows guidance (such as from the Net-Zero Banking Alliance) addressing key elements such as the mitigation hierarchy (elimination and reduction first), additionality, certification and high-quality and high-integrity criteria.

Operational Emissions

RNZL has set an Absolute Target of reducing market based operational emissions from RNZL's business by 50% by 31 December 2030 compared with 31 December 2019 Base Year, referred to as the Operational Emissions Reduction Target (OERT), with no other Interim Targets in place.

The OERT was developed and approved by the New Zealand Leadership Team and subsequently noted by the Board in 2023. Opportunities for reduction were highlighted at the time the Target was set, and include reductions in air and fleet travel. The progress against this Target (see below) was reported to the Board (see page 17).

RNZL defines operational emissions as all sources of Scope 1 and Scope 2 and selected sources from Scope 3 (electricity distributed T&D losses, accommodation, waste and recycling, business travel) as set out in the performance table below.

Note that Financed Emissions are excluded from RNZL's operational emissions. RNZL's OERT is based on reducing rather than offsetting emissions. An overall target of 50% was selected because it aligns with the SBTi approach and with New Zealand's Nationally Determined Contributions, as per the Paris Agreement goal of limiting global warming to 1.5°C. The table below gives an overview of RNZL's operational emissions over the last 3 years.

[1] *The baseline for this net-zero pledge is 2018 for Non-Financed Emissions and 2020 for Financed Emissions.*

[2] *No specific 2050 non-CO_2 emissions (CH_4 and N_4O) targets are included in Rabobank signed goals. On a global level, IPCC indicates a needed reduction (median) of 45% CH_4 and 20% N_2O by 2050 compared to 2019. An exact Rabobank target on non-CO_2 is to be defined in future and will need to take the expected size of Rabobank's 2050 agriculture portfolio into account. Rabobank does not separately account for the remaining four Kyoto gases as they cannot be separately identified and are not considered material for the Rabobank portfolio at this stage.*

[3] *See https://www.rabobank.com/about-us/sustainability/planet for Rabobank's Road to Paris and Addendum 2024 reports.*

	*31/12/2025 location based (tCO_2e) (assured by PwC)***	*31/12/2024 location based (tCO_2e) (assured by PwC)***	*31/12/2023 location based (tCO_2e) (not assured by PwC)*
Scope 1	1,071.97	1,115.21	1,037.78
Transport fuels (diesel and petrol)	1,071.97	1,115.21	1,037.78
Scope 2	88.79	66.92	63.83
Electricity	78.21	58.53	55.03
Heating and cooling***	10.58	8.39	8.80
Scope 3 (selected)	546.65	500.42	947.25*
Electricity distributed T&D losses	5.70	4.16	6.38*
Accommodation	59.61	62.18	41.54*
Waste and recycling	6.72	8.98	6.38
Business travel	474.62	425.10	892.95
Total	1,707.41	1,682.55	2,048.86

	31/12/2025 location based (tCO_2e) (not assured by PwC)	*31/12/2024 location based (tCO_2e) (not assured by PwC)*	*31/12/2023 location based (tCO_2e) (not assured by PwC)*
FTE	543	533	522.6
Intensity measure (tCO_2/FTE)	3.144	3.141	3.904

In prior year, all purchased and generated electricity emissions were dual reported using the location based method and market based method. A location-based method reflects the average emissions intensity of grids on which energy consumption occurs (using mostly grid average emission factor data). A location-based method is required to be disclosed NZ CS 1. RNZL uses a market-based method for Target setting. A market-based method reflects emissions from electricity that companies have purposefully chosen (or their lack of choice). It derives emission factors from contractual instruments, which include any type of contract between two parties for the sale and purchase of energy bundled with attributes about the energy generation, or for unbundled attribute claims. This includes renewable energy certificates which RNZL entered into in 2022 with the main electricity supplier.

In the 2025 Climate Statements, the market based approach disclosures were streamlined and moved to the Performance Against OERT section on page 51. This change was made to simplify the content and enhance readability for Primary Users.

** This total does not include Financed Emissions, which are a subset of RNZL's Scope 3 emissions. It also does not include other Value Chain Scope 3 emissions for RNZL, which have either poor data quality or have been assessed as immaterial (freight/couriers; advertising and marketing; IT costs; office supplies; telecommunications; audit fees; consultant fees; legal, tax and compliance fees; E-waste; staff commuting; air travel – overseas directors; staff working from home; shared services fees; and capital goods). These exclusions are covered by RNZL's election to use NZCS 2 Adoption provision 4.*

*** In FY25 and FY24, PwC issued a limited assurance report over Scope 1, Scope 2 (location based) and selected Scope 3 operational emissions as detailed in this table. PwC's limited assurance report for FY25 is set out on pages 73–75.*

**** In FY23 and FY24, electricity consumed through landlord-controlled HVAC systems to generate heating and cooling for assets within RNZL operational control was previously excluded from the GHG emissions metrics. In FY25, RNZL determined that it should be included. To allow comparison, RNZL has estimated the electricity used for the generation of heating and cooling for the periods of FY24–FY23. This resulted in an adjustment of +8.39 tCO_2e in FY24 and +8.80 tCO_2e in FY23.*

Performance Against OERT

Target Name	Operational Emissions Reduction Target
Baseline Period	1/01/2019-31/12/2019
2019 Base Year tCO_2e	2,398.54
Target Date	31/12/2030
Type of Target	Absolute
2030 Target (tCO_2e)	1,199.27 (50% reduction in total market based emissions from Base Year
Current Performance (tCO_2e)*	1,630.84[4]
Current Performance (%)	32.01% reduction (2024: 32.27% reduction, 2023: 16.97%)

** Performance calculations are benchmarked by RNZL's Base Year's emissions (2019). 2019 was elected by RNZL to be the Base Year for operational emissions as this was considered to be a standard year. This was decided in 2021, and the most recent non-Covid impacted year was applied. This choice was made by RNZL prior to Rabobank's additional goals under the Net-Zero Banking Alliance, including from Financed Emissions (see page 49 for baseline).*

Emissions generated from RNZL's vehicle fleet and flights make up over 90% of the total operational emissions. During 2025, there has been a slight decrease in Scope 1 fuel emissions offset by an increase in Scope 2 emissions for electricity and an increase in Scope 3 emissions for business travel. RNZL continues to invest in its people by facilitating workshops in different regions for the Agri-business teams, which may require staff to travel to their closest hub to attend the course. Due to the needs of the business, several Operational teams were regionalised in Q2 2025, and as a result, there was an increase in trans-Tasman air travel to attend team offsites and leadership development courses. Nonetheless, RNZL is continuing to make progress towards delivery of the OERT.

Uncertainties include that achievement of the target is now largely dependent on the feasibility of deploying sufficient numbers of alternative (electric) vehicles to the fleet. RNZL's business is built on strong relationships with customers and international stakeholders, which presents a challenge in making deep cuts to operational emissions in the absence of viable low-carbon technologies. RNZL expects that, to a limited extent, achievement of the OERT will be dependent on the availability of electric vehicles that meet business and safety requirements and a fast-charging network.

Financed Emissions

GHG Protocol Scope 3 Category 15 emissions are indirect emissions related to investments and financing. They are often referred to as Financed Emissions and constitute the vast majority of a financial institution's GHG emissions. RNZL has elected to use Adoption provision 4 and has chosen not to disclose its Financed Emissions for 2025.

Dairy Portfolio Production Intensity

RNZL has set a production Intensity Target for its dairy portfolio (the highest-emitting sector of the loan portfolio). This sector accounts for approximately 60% of the balance sheet loans and more than half of RNZL's overall Financed Emissions. Rabobank prioritised the dairy cattle and milk production sector following the guidelines set by the Net-Zero Banking Alliance, which requires that banks focus their efforts on the high-emitting sectors where they have the most exposure and/or influence.

Sector	*Performance*		*Road to Paris*	
	Physical Intensity Metric	Baseline FY20*	Reduction Target**	Reference Scenario
Dairy cattle and milk production	tCO_2e/t FCPM	1.18	-12%	SBTi FLAG

** Rabobank officially adopted 2020 as the baseline for Financed Emissions Targets across its all-global portfolios in line with Rabobank's Net-Zero Banking Alliance goals (signed in October 2021) and the emissions data availability. The baseline Emissions Intensity Metric is SBTi FLAG's default value.*

*** Reduction in Emissions Intensity in dairy (on-farm + feed) 2020–2030. There are no further Interim Targets. The Target does not rely on offsets.*

The 12% production intensity target for dairy cattle and milk production was set based on the SBTi Food, Land and Agriculture (FLAG) target-setting methodology for dairy, which is aligned with the science underpinning the SBTi approach for reducing non-CO_2 gases to limit heating to 1.5°C.

Initial bottom-up measurements of RNZL's dairy portfolio production intensity, weighted by proportion of investment, have estimated this at 0.8 tCO_2e/t FPCM* for FY 2023 (the most recent data available[4]), noting however that it represents only 15% of the portfolio (see page 60 for methodology). RNZL is continuing to work to obtain the data for FY24 and FY25 farm-level emissions and production data to accurately determine the baseline production intensity of RNZL's dairy portfolio and reliably measure the performance against the Target. However, based on the information currently available, RNZL considers that it is on track to meet this 2030 target, owing to a combination of market forces and the national methane reduction targets already in place and to a lesser extent RNZL's efforts to 2030.

[4] The OERT excludes Scope 2 heating and cooling emissions from its Base Year, 2030 Target and Current Performance disclosures.

Metrics

This section includes RNZL's Metrics.

Assets Vulnerable to Climate Risk

Transition Risks

GHG emissions are a good proxy for transition risk, signalling the amount of exposure to legislative, market, technology and reputational risks. The transition risk exposure for RNZL's activities is correlated to RNZL's Financed Emissions, with all client sectors having some associated emissions.

RNZL has identified high emissions-intensive industries to better indicate which sectors are most vulnerable to transition risk. It is noted that, while exposure and vulnerability are different measures, there is again a good correlation.[5] The categorisation of high emissions-intensive industries is sourced from Ministry of Business, Innovation and Employment (MBIE) analysis.[6]

Quantitative analysis indicates that 94% of RNZL loans are to sub-sectors most vulnerable to transition risk (2024: 94%; 2023: 94%). RNZL exposure to transition risk has remained stable over the last three years.

Uncertainties include the use of the MIBE methodology as an accurate measure of sectors exposed to transition risk.

Physical Risks

The percentage of RNZL's assets vulnerable to physical risk is calculated as 1.14% (over the lifetime of the asset, under an IPCC RCP 8.5 scenario) (2024: 0.25%; 2023: 41%). This percentage has been calculated using the Rabobank methodology for Pillar 3 reporting (see page 62 for methodology). RNZL exposure to physical risk remained stable and the increase between 2024 and 2025 is principally due to improved data integrity. The increase is immaterial to these Statements. The decreased observed between 2024 and 2023 was solely attributable to improvements in Rabobank's C&E risk heatmaps methodology, which features greater granularity and better assessment of extreme weather risks. The improved methodology was applied consistently in 2025 and 2024.

Uncertainties include lack of high level resolution and sophistication of future extreme weather projections.

Climate-Related Opportunities

RNZL's existing loan products can be used to support customers' climate change and sustainability initiatives. However, RNZL's current systems and processes are not able to reliably identify the portion of the loans directly supporting customers' sustainability initiatives. RNZL has a limited number of sustainability-linked loans (aligned with the Loan Market Association Sustainability-Linked Loan Principles) for which RNZL is able to clearly identify and report. These loans incorporate climate-related performance targets. As of 31 December 2025, $36.8 million had been provided under sustainability-linked loan products (2024: $93.9 million; 2023: $99.1 million).

Uncertainties include that there is currently no perceived pathway to broad uptake of sustainability-linked loans within RNZL's non-wholesale customer base. Opportunities can be even harder to identify and quantify than risks.

RNZL also supports customers affected by extreme weather events by participating in the government's North Island Weather Events Loan Guarantee Scheme (see page 23). The Scheme supports the provision of Scheme loans to viable businesses. It encourages banks, non-bank deposit takers and non-deposit-taking lenders to lend with favourable terms, including reduced interest rates, by the government taking up to 80% of the loan's default risk.

Capital Deployment

Sustainability Expenditure

RNZL's expenditure towards climate initiatives is managed as part of transition planning and the annual MTP process. The actual and currently proposed annual sustainability expenditure for 2024 through to 2029 is shown below, which primarily relates to climate-related initiatives such as provision of training to staff and customers on how the impacts of climate change could affect RNZL customers. RNZL investment in sustainability expenditure has increased over the last three years.

	2023 Actual	2024 Actual	2025 Actual	2026 Budget	2027 MTP	2028 MTP	2029 MTP	2030 MTP
Total cost (rounded to NZ$m)	1.1	2.2	2.1	3.5	3.7	4.0	4.2	4.2

Centre for Climate Action Joint Venture

In helping customers and the wider food and agricultural sector meet challenges around climate change and sustainable food production, RNZL was a founding shareholder in the Centre for Climate Action Joint Venture – now in the market as AgriZero[NZ]. The joint venture between the government and an initial six agribusiness partners focuses on reducing GHG emissions through accelerating research, development and commercialisation of tools and technology for the food and agricultural sector. RNZL has made an indicative funding commitment that raised to an aggregate $4 million by 2025. RNZL invested a further $1.5 million in 2025 (2024: $0.82 million; 2023: $1.7 million). RNZL investment has increased over the last three years.

Internal Emissions Price

RNZL acknowledges that sustainable forestry and afforestation can enhance environmental outcomes and mitigate the effects of climate change. The planting of trees on farms provides landowners with the opportunity to generate revenue from the carbon sequestered by trees, and as a result, customers may use marginal land or convert parts of the land on their farms to forestry to enable the trading of carbon units in addition to the eventual sale of harvested timber. RNZL currently applies a price of $60 (2024: $60; 2023: $40) per unit of New Zealand carbon in lending to customers who engage in carbon farming. The internal Emissions Price has remained stable since last year after an initial increase in 2024.

Industry-Based Metrics

No commonly used New Zealand industry-wide Metrics have been identified in 2025 and 2024 beyond the Net-Zero Banking Alliance and other GHG-related Metrics referenced on page 55.

Other (Non-Industry) Key Performance Indicators

As disclosed in the 'Remuneration' section on page 17, the embedding of KPIs is maturing and they will be reviewed each year and subject to change so they remain relevant and aligned to the delivery of RNZL's strategy over time.

In 2025, the RNZL Risk Appetite Statement contained two key risk indicators around the OERT and dairy intensity target, along with one risk indicator that focused on customers aligning to RNZL's sustainability policy. There were also two KPIs in the balanced scorecard that focused on the collection of bottom-up farm-level emissions data, execution on defined actions of Sector x Country Plans and approval of new sustainability-linked loans.

These KPIs in isolation are considered immaterial to Primary Users, and over time, the significance and accuracy of the KPIs will align with industry knowledge and expertise as it matures.

[5] *Nonetheless, there will be individual clients within high (and low) emitting sectors whose emissions profile and/or vulnerability looks different.*
[6] *MBIE (2021) Emissions exposure of workers, firms and regions.*

Scenario Analysis and Risk and Opportunity Processes (performed in 2023)

Initially, a scenarios scope and boundary workshop was held to agree the scope and boundaries of the Scenario Analysis and scenarios. This included time horizons and also identified key drivers of change. From this, RNZL's scenarios were built out using datapoints from the chosen scenario datasets to develop qualitative narratives.

Physical risk and opportunity identification workshops were then held where participants followed the hazard-impact-consequence model to determine risks to RNZL, which were also then assigned as either impacting RNZL or RNZL's key sub-sector customers (dairy or sheep and beef). To facilitate risk analysis, RNZL defined sub-risk categories in order to tag risks against specific parts of its portfolio such as horticulture, dairy, sheep and beef. Workshop participants were asked to:

- identify the risk that may arise as a result of a given climate hazard
- define the material risk type
- define the impact of the hazard on a specific sub-risk category
- define the consequence (material risk type) for RNZL (liquidity risk or credit risk).

Ratings for both physical and transition opportunities and risks were then estimated (again by the above attendees), referring to the scenario information provided and using the formulas below.

These ratings were used to rank and aggregate physical and transition risks and opportunities into shorter, prioritised, actionable lists. Finally, actions and mitigations in response were identified, including through a business resiliency workshop with members of the executive leadership (including the CEO, CRO, CSO, CFO and General Managers of Rural and Wholesale divisions) and subject matter experts.

Physical Risks

$$\textbf{Risk Rating} = \text{Exposure} \times \frac{\textbf{Vulnerability}}{(\text{Sensitivity} + \text{Adaptive Capacity})}$$

Exposure	*Scoring*	*Definition*
High	**5**	Receptors have high exposure to the presenting hazard
Medium High	**4**	Receptors have medium high exposure to the presenting hazard
Medium	**3**	Receptors have medium exposure to the presenting hazard
Medium Low	**2**	Receptors have medium low exposure to the presenting hazard
Low	**1**	Receptors have low exposure to the presenting hazard

Sensitivity	*Scoring*	*Definition*
High	**5**	Receptors have high sensitivity to the presenting hazard
Medium High	**4**	Receptors have medium high sensitivity to the presenting hazard
Medium	**3**	Receptors have medium sensitivity to the presenting hazard
Medium Low	**2**	Receptors have medium low sensitivity to the presenting hazard
Low	**1**	Receptors have low sensitivity to the presenting hazard

Adaptive Capacity	*Scoring*	*Definition*
Low	**5**	Receptors have low sensitivity to adapt
Medium Low	**4**	Receptors have medium low sensitivity to adapt
Medium	**3**	Receptors have medium sensitivity to adapt
Medium High	**2**	Receptors have medium high sensitivity to adapt
High	**1**	Receptors have high sensitivity to adapt

RISK STATEMENT	*Present Day*	*Orderly – Medium Term*	*Disorderly – Medium Term*	*Hot-house World – Medium Term*	*Orderly – Long Term*	*Disorderly – Long Term*	*Hot-house World – Long Term*
Exposure							
Sensitivity							
Adaptive Capacity							
Risk Rating							

Physical Opportunities

Opportunity Rating = **Ease of Harnessing** (Complexity + Investment) X **Benefit** (Operational Resilience + Gains)

Ease of Harnessing = Complexity + Investment Required
Overall Benefit Derived = Operational Resilience + Marker, Brand and/or Stakeholder Gains

Ease of Harnessing					
Rating Scale	*Complexity*		*Rating Scale*	*Investment Requirement*	
	Level	*Criteria*		*Level*	*Criteria*
1	**High**	Consider any/all of these factors: • High level of technology solution required • High level of supply chain dependency • High scarce resources required • High specialised skillset required • Long-term time to implement (5 years)	1	**High**	High investment required (EBIT)
2	**Medium High**	Consider any/all of these factors: • Medium high level of technology solution required • Medium high level of supply chain dependency • Medium high scarce resources required • Medium high specialised skillset required • Medium to long-term time to implement (2.5 years)	2	**Medium High**	Medium high investment required (EBIT)
3	**Medium**	Consider any/all of these factors: • Medium level of technology solution required • Medium level of supply chain dependency • Medium scarce resources required • Medium specialised skillset required • Medium-term time to implement (1 year)	3	**Medium**	Medium investment required (EBIT)
4	**Medium Low**	Consider any/all of these factors: • Medium low level of technology solution required • Medium low level of supply chain dependency • Medium low scarce resources required • Specialised skillset not required • Short to medium-term time to implement (6 months)	4	**Medium Low**	Medium low investment required (EBIT)
5	**Low**	Consider any/all of these factors: • Negligible level of technology solution required • Low level of supply chain dependency • Resources are readily available • No specialised skillset required • Short-term time to implement (1 month)	5	**Low**	No investment required (EBIT)

Benefit					
Rating Scale	*Operational Resilience*		*Rating Scale*	*Market, Brand and/or Stakeholder Gains*	
	Level	*Criteria*		*Level*	*Criteria*
1	**High**	Consider any/all of these factors: • Enhancement of infrastructure • Operational resilience over the long term • Cost-efficiency potential (+10% change) • Carbon reduction potential relative to GHG inventory	1	**High**	High revenue-generating potential (10%) and/or highly significant positive impact shared across key stakeholders
2	**Medium High**	Consider any/all of these factors: • Enhancement of infrastructure • Operational resilience over the medium to long term • Cost efficiency potential (+7.5% change) • Carbon reduction potential relative to GHG inventory	2	**Medium High**	Medium high revenue-generating potential (7.5%) and/or positive impact shared across key stakeholders
3	**Medium**	Consider any/all of these factors: • Enhancement of infrastructure • Operational resilience over the medium term • Cost-efficiency potential (+5% change) • Carbon reduction potential relative to GHG inventory	3	**Medium**	Medium revenue-generating potential (5%) and/or positive impact shared across key stakeholders
4	**Medium Low**	Consider any/all of these factors: • Enhancement of infrastructure • Operational resilience over the short to medium term • Cost-efficiency potential (+2.5% change) • Carbon reduction potential relative to GHG inventory	4	**Medium Low**	Medium low revenue-generating potential (2.5%) and/or positive impact shared across key stakeholders
5	**Low**	Consider any/all of these factors: • Enhancement of infrastructure • Operational resilience over the short term • Cost-efficiency potential (0% change) • Carbon reduction potential relative to GHG inventory	5	**Low**	Low revenue-generating potential (0%) and/or positive impact shared across key stakeholders

OPPORTUNITY STATEMENT	*Present Day*	*Orderly – Medium Term*	*Disorderly – Medium Term*	*Hot-house World – Medium Term*	*Orderly – Long Term*	*Disorderly – Long Term*	*Hot-house World – Long Term*
Complexity							
Investment Requirement							
Operational Resilience							
Gains							
Opportunity Rating							

Transition Risks

Transition Risk = Urgency (of Action) x Impact

URGENCY	
Action needed now – impact in 2–5 years	New, stronger or different actions or implementation activities – over and above those already planned – are needed now to reduce long-term vulnerability to climate change
Action needed now – impact in 5–10 years	New, stronger or different actions or implementation activities – over and above those already planned – are needed in the next 5 years to reduce long-term vulnerability to climate change
Action needed now – impact in 10–15 years	Investigation is required to fill significant evidence gaps and reduce uncertainty in the current level of understanding to assess viable options
Action needed now – impact in 15–20 years	Current or planned regime and/or action is appropriate but must be sustained to ensure that risks are contained, which may include plans to scale up or change course of action in the future
Action needed now – impact in 20–30years	Continue to monitor risk levels and assess adaptation option to ensure appropriate action is taken when required

IMPACT	
1	High
2	Medium
3	Low

Transition Opportunities

Transition Opportunity = Urgency x Opportunity Benefit

URGENCY	
Opportunity presents itself now – impact in 2–5 years	New, stronger or different actions or implementation activities – over and above those already planned – are needed now to reduce long-term vulnerability to climate change
Preparation needed to maximise opportunity – impact in 5–10 years	New, stronger or different actions or implementation activities – over and above those already planned – are needed in the next 5 years to reduce long-term vulnerability to climate change
Research needed to understand potential opportunity – impact in 10–15 years	Investigation is required to fill significant evidence gaps and reduce uncertainty in the current level of understanding to assess viable options
Research needed to understand potential opportunity – impact in 15–20 years	Current or planned regime and/or action is appropriate but must be sustained to ensure that risks are contained, which may include plans to scale up or change course of action in the future
Sustain current action – impact in 20–30 years	Continue to monitor risk levels and assess adaptation option to ensure appropriate action is taken when required

BENEFIT	
1	High
2	Medium
3	Low

Scenario Analysis Datapoints

Orderly Scenario

New Zealand (unless stipulated below)	*Physical/ Transition*	*2050 (average)*
Global temperature	Physical	~1.4°C
Intense rainfall days	Physical	Down-scaled data not available under scenario
Hot days	Physical	Down-scaled data not available under scenario
Frost days	Physical	Down-scaled data not available under scenario
Sea-level rise (with vertical land move)	Physical	Down-scaled data not available under scenario
Global GHG emissions	Transition	3.61 $GtCO_2$/yr
Global GDP	Transition	137,833 US$bn/annum
Global population	Transition	8,397 million
Global oil price	Transition	15 US$2010/GJ
Global agricultural demand	Transition	6,136 million tDM/yr
Global CCS use	Transition	1,136 $MtCO_2$/yr

Data source: GCAM 5.3+ NGFS World Downscaled and GCAM 6.0 NGFS (GDP only).

Disorderly Scenario

New Zealand (unless stipulated below)	*Physical / Transition*	*2050 (average)*
Global temperature	Physical	~1.8°C warming
Intense rainfall days	Physical	15.9–60.4 average recurrence interval (1h)
Hot days	Physical	25.4 days
Frost days	Physical	53–54 days
Sea-level rise (with vertical land move)	Physical	0.33–0.41m
Global GHG emissions	Transition	7.42 $GtCO_2$/yr
Global GDP	Transition	451,750 US$bn/annum
Global population	Transition	9,305 million
Global oil price	Transition	16 US$2010/GJ
Global agricultural demand	Transition	7,340 million tDM/yr
Global CCS use	Transition	8,934 $MtCO_2$/yr
Global carbon price	Transition	627 US$2010/$tCO_2$

Data sources: Physical: NIWA regional, high-intensity rainfall and sea-level rise projections and IPCC WGI Interactive atlas regional synthesis. Economic: GCAM 5.3+ NGFS World Downscaled and GCAM 6.0 NGFS (GDP only).

Hot-House World Scenario

New Zealand (unless stipulated below)	*Physical / Transition*	*2050 (average)*
Global temperature	Physical	~1.8°C warming
Intense rainfall days	Physical	16.3–62.4 average recurrence interval (1h)
Hot days	Physical	29.6 days
Frost days	Physical	29–44 days
Sea-level rise (with vertical land move)	Physical	0.38–0.47m
Global GHG emissions	Transition	32.79 $GtCO_2$/yr
Global GDP	Transition	209,769 US$bn/annum
Global population	Transition	9,130 million
Global oil price	Transition	16 US$2010/GJ
Global agricultural demand	Transition	6,492 million tDM/yr
Global CCS Use	Transition	11,508 $MtCO_2$/yr
Global carbon price	Transition	1,472 US$2010/$tCO_2$

Data sources: Physical: NIWA regional, high-intensity rainfall and sea-level rise projections and IPCC WGI Interactive atlas regional synthesis. Economic: GCAM 5.3+ NGFS World Downscaled and GCAM 6.0 NGFS (GDP only).

GHG Emissions Methods, Assumptions and Estimation Uncertainty

Dairy Portfolio Production Intensity (Not Assured by PwC)

RNZL calculates dairy portfolio production intensity using bottom-up emissions data from carbon calculators, where primary activity data was used from clients. The carbon calculator tool from the Bioeconomy Science Institute calculates carbon emissions from activities at dairy farms in New Zealand.

To determine emissions at portfolio level, not only the size of the farm (in terms of production) of the client is relevant but also RNZL's investment in the client, as the emissions intensities from clients are weighted by the loan-to-value ratio of the loan. For the portfolio intensity calculation for the dairy portfolio in New Zealand, this means:

New Zealand dairy emissions intensity portfolio = sum over clients (client loan-to-value ratio x SBTi FLAG emissions) / sum over clients (client loan-to-value ratio x client production value (kg FPCM)).

Currently, only 15% of RNZL's dairy portfolio is covered by farm-level carbon calculations from Rabobank-approved tools (at PCAF data quality 2, i.e. emissions calculated using primary activity data following the GHG Protocol guidelines).

Operational GHG Emissions (Assured by PwC)

The disclosures in these Statements comply with Aotearoa New Zealand Climate Standards issued by the XRB. The adoption provisions RNZL has elected to use are referenced in the Statement of Compliance on page 64.

RNZL quantifies emissions in line with the GHG Protocol Corporate Accounting and Reporting Standard.

An operational control consolidation approach was used to account for emissions. Organisational boundaries were set with reference to the methodology described in the GHG Protocol. RNZL has accounted for emissions from all business units where RNZL has operational control over output and therefore can influence resource intensity.

The standard calculation methodology has been used for quantifying the emissions inventory unless otherwise stated below:

emissions = activity data x emissions factor

All emissions were calculated using the Toitū emanage tool with emissions factors and Global Warming Potential (GWP) provided by the Toitū programme. GWP from the IPCC Fifth Assessment Report (AR5) is the preferred GWP conversion. The main source of emissions factors is New Zealand Ministry for the Environment (MfE). *Measuring Emissions: A Guide for Organisations: 2025 detailed guide.* Wellington, New Zealand, 2025.

No business units have been excluded from RNZL inventory.

GHG Operational Emissions Exclusions (Assured by PwC)

Consistent with last year, some GHG emissions sources are excluded from reporting as RNZL transitions to meet the NZ CS reporting requirements. For the purpose of these Climate Statements, RNZL applied NZ CS 2 Adoption provision 4 for disclosure.

Scope 3 Category	*GHG Emissions Source*
Purchased goods and services	Freight/courier Advertising and marketing IT costs Office supplies Telecommunications Audit fees Consultant fees Legal, tax and compliance fees Shared activities and services that are controlled by the regional Sydney office and the global Utrecht office, including vendor management (management fees)
Waste	E-waste
Business travel	Travel booked by staff on personal credit Air travel – overseas directors
Employee commuting	Staff commuting Staff working from home
Capital goods	Purchases of capital goods

Data Sources Used to Calculate GHG Emissions (Assured by PwC)

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

Activity (Data Source)	*Uncertainty*	*Assumptions*	*Methods and Any Limitations*
Transport fuels: Fleet (service provider)	Low, reports are provided by service provider.	Relying on reports correctly produced by service provider.	Service provider data is litres based and is broken down by diesel, petrol premium, petrol regular type of fuel. Utilised emissions factors from MfE.
Electricity (service provider)	Low, reports are provided by service provider.	Relying on reports correctly produced by service provider.	Service provider data is kWh used per branch location. Utilised emissions factors from MfE.
Electricity (other provider)	Low, reports are provided by landlords (Auckland, Blenheim and Christchurch offices).	Relying on reports correctly produced by service provider. Electricity usage is in electricity report and for one site is allocated using floor space.	Service provider data is kWh used per branch location. Utilised emissions factors from MfE.
Business travel: Flights (service provider)	Low, reports are provided by service provider.	Assume all flights are booked within policy, thus through service provider.	Service provider data is km based and is broken down by air travel domestic (average), air travel long haul (business, economy) and air travel short haul (economy). The service provider uses the Haversine methodology (based on longitude/latitude) to calculate the distance for air and the driving distance for rail. The Haversine method calculates the distance between one coordinate with another in a straight line and ignores hills or valleys on the surface. The input of this method is latitude and longitude. It is the coordinates of the Earth. The output is the value of the distance between the two locations. Utilised emissions factors from MfE.
Accommodation (service provider)	Low, reports are provided by service provider.	Recognise that some accommodation is booked on ad hoc basis due to travel needs, therefore risk of double counting when also using credit card data.	Service provider data is number of nights per country. Utilised emissions factors from MfE.
Electricity: Purchased for heating and cooling (other provider)	Low kWh usage taken from head office monthly invoices.	Assumptions have been based on RNZL head office consumption and are used as a proxy for locations where actual consumption is not available. Branches are assumed to not have centralised heating and cooling.	Emissions arise when RNZL occupies premises within a multi-tenanted building and where heating and cooling are generated from landlord-operated centralised assets. Using the kWh usage provided in the invoice by landlord, the t/NLA unit (tCO_2e per m^2) was calculated applied to two other offices.

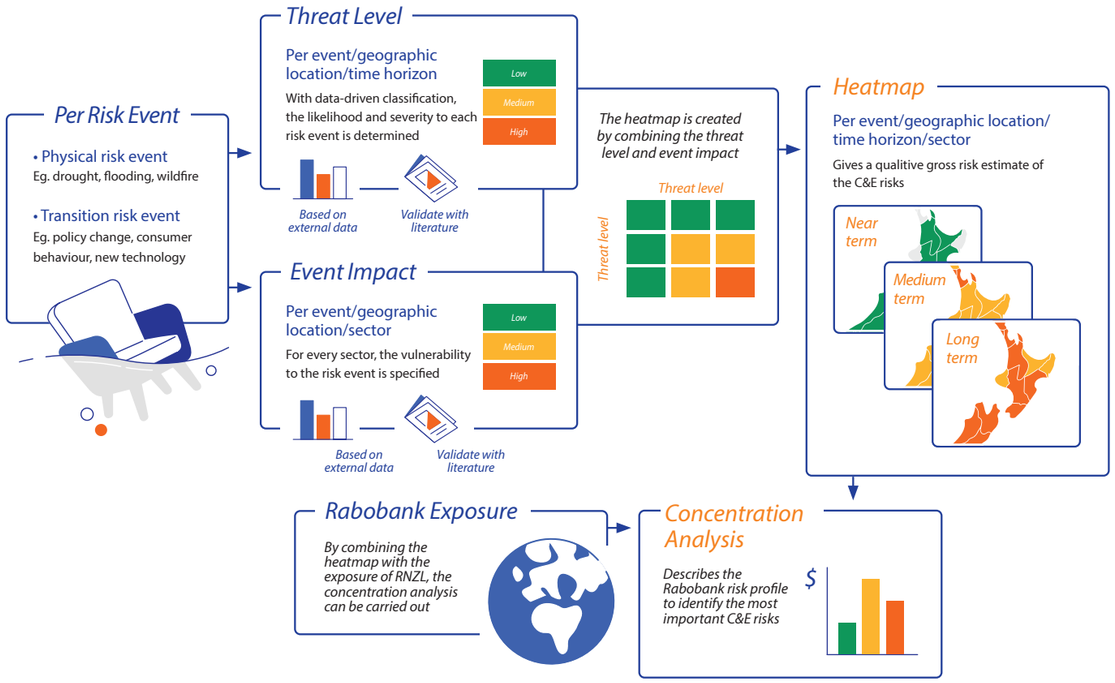
** RNZL has determined that the data source information for transport fuels purchased by credit card, electricity distributed, T&D losses, waste and recycling and, within business travel, taxis, ferries, rental cars, rail and buses, is immaterial and as a result is not included in this table.*

Assets Vulnerable to Physical Risks Methodology

The percentage of assets vulnerable to physical risks has been calculated using the Rabobank methodology for Pillar 3 reporting.

In order to identify these exposures, RNZL uses Rabobank-developed C&E heatmaps for acute physical risks (including cyclones, windstorms, riverine flooding, coastal flooding, heavy precipitation (or pluvial flooding), drought, wildfires, extreme heat) and one chronic physical risk – water scarcity.

Combining the C&E risk heatmaps with RNZL credit exposure enables us to identify the most relevant Climate-Related Risks before mitigations and adaptations as shown in the image below.



Rabobank's C&E risk heatmaps use the following definitions:

- **Threat level:** likelihood of a climate-related event above a specific severity. For example, the recurrence of a riverine flooding with a water depth above 0.5 metres.
- **Impact level:** relative vulnerability (or predisposition to be adversely affected) of a sector-country combination towards a climate-related event. It is a relative Metric since the benchmark is not an absolute financial estimate, rather a comparison across sector-country combinations. For instance, a low outcome does not imply low vulnerability in absolute terms but low compared to all the other sector-country combinations used in the calibration.

Assumptions

To identify exposures, Rabobank has chosen to rely on a worst-case scenario for climate change using various trajectories for Greenhouse Gas concentrations spanning a period up to 2100. From a physical risk perspective, using a worst-case scenario better serves discussions on mitigating actions to be taken than more favourable assumptions. A credit exposure is flagged as sensitive when there is a high likelihood of a severe event in combination with a high impact level for at least one climate-related event. When identifying physical risk, it is assumed that at least one severe event will occur during the maturity of the loan and that the loan belongs to a sector-country combination that is more vulnerable than the rest.

Limitations

Rabobank's C&E risk heatmaps capture both acute and chronic events. Currently, only one chronic event is covered due to the complexity to characterise them, but Rabobank plans to progressively include more events in later stages. The temporal granularity when drawing up the C&E risk heatmaps is three time horizons (less than 5 years, up to 10 years and more than 10 years).

Rabobank analysed non-financial corporations using the best available location of the exposures. Using a waterfall approach, Rabobank used the location of the collateral where available and otherwise proceeded to the location of the activity and finally the address of the direct counterparty. The latter most likely corresponds to the headquarters. This is the case mostly for non-EU countries and for Retail small-medium enterprise customers that are not households.

Sources of Information

Rabobank's assets-vulnerable analysis is data-driven and forward-looking up to a 2050 time horizon. The frequency and severity of an event is based on datasets that are a result of a thorough vetting process and literature review. For the event impact of a sector, Rabobank developed an indicator approach following the work of the TCFD Banking Pilot Project Phase II. This method considers how events can impact the Value Chain components (assets and expenses) of a sector, supported by literature, proxies and internal expert input. Datasets for this purpose include EU KLEMS, Eurostat, International Energy Agency, OECD Statistics and the Notre Dame Global Adaptation Initiative.

Note that physical risk identification with regard to RNZL exposures keeps evolving within the industry as a whole, which requires continuous improvement of methodology.

Statement of Compliance

RNZL is a climate-reporting entity under the Financial Markets Conduct Act 2013. The disclosures in these Statements comply with Aotearoa New Zealand Climate Standards issued by XRB. In preparing its climate-related disclosures, RNZL has elected to use the following adoption provisions:

Adoption provision 2: Anticipated Financial Impacts. This adoption provision exempts RNZL from disclosing the anticipated Financial Impacts of Climate-Related Risks and Opportunities reasonably expected by an entity.

Adoption provision 4: Scope 3 GHG emissions. This adoption provision exempts RNZL from disclosing all of its Scope 3 GHG emissions or a selected subset of its Scope 3 GHG emissions sources. Adopted in relation to a selection of RNZL's Scope 3 emissions.

For and on behalf of the Board, who authorised the issue of these Climate Statements on 24 March 2026.

Christopher Black
Chair
24 March 2026

Brent Goldsack
Director
24 March 2026

Use of Adoption Provisions

NZ CS 2 provides a number of optional first-time adoption provisions that apply to specific disclosure requirements in NZ CS 1 and 3. These provisions and RNZL's position are summarised below.

Theme	*First-time adoption provisions in NZ CS2*	*RNZL's approach*
Strategy	Adoption provision 2: 3-year exemption for disclosing anticipated Financial Impacts.	Adopted.
Metrics and Targets	Adoption provision 4: 3-year exemption for disclosing Scope 3 GHG emissions.	Adopted in relation to RNZL's Scope 3 operational and Financed Emissions. Selected Scope 3 for operational emissions are disclosed on page 50.
Comparative Information	Adoption provision 5: In the third year of reporting, no GHG Scope 3 Emissions comparative information is required.	Adoption provision 5 does not apply to RNZL as it has elected to use Adoption provision 4 for its third reporting period.
Assurance	Adoption provision 8: For accounting periods ending before 31 December 2025, this adoption provision allows an entity to exclude its Scope 3 GHG emissions disclosures from the scope of the assurance engagement.	Adoption provision 8 does not apply to RNZL as it has elected to assure all disclosed Scope 3 GHG emissions.

Defined Terms

Glossary of Defined Terms

Absolute Target	A Target defined by a change in absolute GHG emissions over time. For example, reducing scope 1 GHG emissions by 50% by 2030 from a 2019 Base Year.
AgriZero^{NZ}	The Centre for Climate Action Joint Venture with partners from business and Government.
Aotearoa Circle's Agriculture Sector Climate Change Scenarios	Climate change scenarios for the agriculture sector.
BAC	Board Audit Committee.
Base Year	A historical datum (a specific year or an average over multiple years) against which an entity's Metric is tracked over time.
Board	The Rabobank New Zealand Limited Board.
Board Skills Matrix	Hiring matrix that guides the formulation of search criteria to ensure a diverse set of skills in terms of knowledge, experience and expertise.
BRCC	Board Risk and Compliance Committee.
Business Continuity	The processes, procedures, decisions and activities to ensure that an organisation can continue to function through an operational interruption.
C&E risk heatmaps	Climate and Environmental (C&E) risk heatmaps quantify the physical impacts to RNZL's portfolio from key acute climate and environmental events.
Carbon Dioxide Equivalent	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.
CCC	Climate Change Commission.
CCS	Carbon capture and storage.
CEO	Chief Executive Officer.
CFO	Chief Financial Officer.
Climate-Related Disclosure Framework	Climate-Related Disclosure Framework has the same meaning set out in section 9AA of the Financial Reporting Act 2013.
Climate-Related Opportunities	The potential positive value relating to climate change implications, to be taken up, if acted upon.
Climate-Related Risks	The potential negative impacts of climate change (both physical and transition).
Climate-Related 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 Statements (Statements)	Climate Statements has the meaning set out in section 5 of the Financial Reporting Act 2013.
CO_2e	Carbon Dioxide Equivalent.
COO	Chief Operating Officer.
Coöperatieve Rabobank U.A. – Rabobank	Coöperatieve Rabobank U.A., incorporated in the Netherlands and trading as Rabobank. This entity is the ultimate parent of RNZL.
CRE	Climate-reporting entity.
CRO	Chief Risk Officer.
CSO	Chief Sustainability Officer.
CVT	Collateral Valuations Team.
Dairy Sector x Country Plans	Initial plan to set Targets and plans (both initial and future focused) principally on Emissions Intensity in RNZL's dairy portfolio. Reviewed annually.
Economic Emissions Intensity	Absolute emissions divided the loan or investment volume.
Emissions Intensity	Intensity ratios express GHG emissions impact per unit of physical activity or unit of economic output. A physical intensity ratio is suitable when aggregating or comparing across entities that have similar products. An economic intensity ratio is suitable when aggregating or comparing across entities that produce different products. A declining intensity ratio reflects a positive performance improvement. Intensity ratios are also often called normalised environmental impact data.

ESG	Environmental, Social and Governance.
Financed Emissions	Lending and investment portfolio emissions as more extensively described on page 48.
Financial Impacts	The translation of impacts into current or anticipated impacts on financial performance, financial position and cash flows.
FMCA	Financial Markets Conduct Act 2013.
FPCM	Fat and protein corrected milk.
FTE	Full-time equivalent.
GDP	Gross domestic product.
GHG	Greenhouse Gas.
Global Warming Potential	A factor describing the radiative forcing impact (degree of harm to the atmosphere) of one unit of a given GHG relative to one unit of carbon dioxide (CO_2).
Governance Body	A board, investment committee or equivalent body charged with governance.
Greenhouse Gas	The Greenhouse Gases listed in the Kyoto Protocol.
Gross Emissions	Emissions are the release of GHGs into the atmosphere. Gross Emissions are total GHG emissions excluding any removals and excluding any purchase, sale or transfer of GHG emissions offsets or allowances. Gross Scope 2 emissions must be calculated using the location-based method.
Group Climate Statements	Group financial statements has the meaning set out in section 5 of the Financial Reporting Act 2013.
GTAP	Global Trade Analysis Project.
GWP	Global Warming Potential.
He Waka Eka Noa	Primary Sector Climate Action Partnership.

ICAAP	Internal Capital Adequacy Assessment Process.
IFRS 9	International Financial Reporting Standard (IFRS) published by the International Accounting Standards Board (IASB). It addresses the accounting for financial instruments.
impacts	The effects (also referred to as consequences or outcomes) of climate change occurring for an entity.
Intensity Target	A Target defined by a change in the ratio of emissions to a Metric over time.
Interim Period	A financial reporting period shorter than a full financial year.
Interim Target	A short-term milestone between an entity's medium-term or long-term Target and the current period.
Internal Emissions Price	A monetary value on GHG emissions that an entity uses internally to guide its decision-making process in relation to climate-related impacts, risks and opportunities.
IPCC	Intergovernmental Panel on Climate Change.
ISO	International Organization for Standardization.
IT	Information technology.
KPI	Key Performance Indicator.
LIC	Livestock Improvement Corporation.
Leadership Team	Dedicated Management team for RNZL and consists of CEO, CFO, CRO, CSO, General Manager HR, General Manager Products and Deposits, Executive Directors Corporate Lending, General Manager Country Banking.
Loan Assessment	The process of assessing new lending applications.
LULUCF	Land Use, Land Use Change & Forestry.
Management	Executive or senior Management positions that are generally separate from the Governance Body.

MBIE	Ministry of Business, Innovation and Employment.
Metric	A quantity indicative of the level of historical, current and forward-looking Climate-Related Risks and Opportunities for a given entity.
MfE	Ministry for the Environment.
MTP	Medium Term Planning.
net-zero	Describes the state where emissions of carbon dioxide due to human activities and removals of these gases are in balance over a given period.
Net-Zero Banking Alliance	A group of global banks committed to financing ambitious climate action to transition the real economy to net-zero Greenhouse Gas emissions by 2050.
New Zealand Banking Association	New Zealand banking advocacy group.
NGFS	Network for Greening the Financial System.
NIR	National Inventory Report.
NIWA	NIWA, the National Institute of Water and Atmospheric Research, is a Crown Research Institute. NIWA's mission is to conduct leading environmental science to enable the sustainable management of natural resources for New Zealand and the planet.
NZ CS	Aotearoa New Zealand Climate Standards.
OECD	Organisation for Economic Cooperation and Development.
OERT	Operational Emissions Reduction Target.
Paris Climate Agreement	International treaty on climate change.
PCAF	Partnership for Carbon Accounting Financials.
PD	Probability of default.
Performance Dashboard	Set of KPIs aligned with RNZL's strategy.
physical risks	Risks related to the physical impacts of climate change.
Primary Users	Existing and potential investors, lenders, and other creditors.
Rabobank	Coöperatieve Rabobank U.A. – Rabobank.
Rabobank International Holding B.V.	Holdings company that owns RNZL.
Risk Appetite Statement	Describes the levels and types of risks that RNZL is willing to accept in order to achieve its strategic goals while remaining in compliance with regulatory requirements.
Risk Management	A set of processes that are carried out by an entity's Governance Body and management to support the achievement of an entity's objectives by addressing its risks and managing the combined potential impact of those risks.
Risk Management Committee (RMC)	Mandated to oversee the implementation of the Risk Management Framework, which includes Climate-Related Risk Management, perform risk monitoring and reporting, and perform oversight of new risk regulation including Climate-Related Risks.
Risk Strategic Priorities	The list of strategic risk initiatives, which include Climate-Related Risk initiatives, that underpin RNZL's MTP.
RNZL	Rabobank New Zealand Limited.
Road to Paris	Climate plan to achieve Rabobank's Paris Targets and pathways.
Rural Client Photo	Tool that enables RNZL to gather data on the ESG performance of business customers in RNZL's portfolio.
SBTi	Science Based Targets initiative.
Scenario Analysis	A process for systematically exploring the effects of a range of plausible future events under conditions of uncertainty.

Scope 1	Direct GHG emissions from sources owned or controlled by the entity.
Scope 2	Indirect GHG emissions from consumption of purchased electricity, heat or steam.
Scope 3	Other indirect GHG emissions not covered in Scope 2 that occur in the Value Chain of the reporting entity.
SME	Subject matter expert.
Statements	Rabobank New Zealand Limited Climate Statements 2025.
Target	A specific level, threshold or quantity of a Metric that an entity wishes to meet over a defined time horizon in order to achieve an entity's overall climate-related ambition and strategy.
TCFD	Task Force on Climate-related Financial Disclosures.
tCO_2e	Tonnes of carbon dioxide equivalent – a standardised measurement of the amount of Greenhouse Gases emitted.
Toitū	Toitū Envirocare conducts external audits of operational emissions for organisations. These audits validate Greenhouse Gas emissions data, ensuring accuracy and compliance with international standards.
transition plan	An aspect of an entity's overall strategy that describes an entity's Targets, including any Interim Targets, and actions for its transition towards a low-emissions, climate-resilient future.
transition risks	Risks related to the transition to a low-emissions, climate-resilient global and domestic economy.
Value Chain	The full range of activities, resources and relationships related to an entity's business model and the external environment in which it operates.
Variable Remuneration	Remuneration in the form of additional payments or benefits, dependent on performance or the achievement of other objectives, including but not limited to Variable Incentives, Retention Bonuses, Sign-On Bonuses and/or Buy-Outs. All remuneration elements that cannot be classified as Fixed Remuneration qualify as Variable Remuneration. Fixed Remuneration is a regular remuneration that is periodically paid, including Base Salary and fixed allowances such as, but not limited to, Higher Duties Allowances.
XRB	New Zealand External Reporting Board.

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Independent Assurance Report

To the Directors of Rabobank New Zealand Limited

Limited Assurance Report on Rabobank New Zealand Limited's Greenhouse Gas (GHG) Disclosures

Our conclusion

We have undertaken a limited assurance engagement on the gross GHG emissions, additional required disclosures of gross GHG emissions, and gross GHG emissions methods, assumptions and estimation uncertainty (the GHG Disclosures), as outlined within the *Scope of our limited assurance engagement* section below, included in the Climate Statements of Rabobank New Zealand Limited (the Bank) for the year ended 31 December 2025.

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the GHG Disclosures are not fairly presented and are not prepared, in all material respects, in accordance with the Aotearoa New Zealand Climate Standards (NZ CSs) issued by the External Reporting Board (XRB), as explained on page 60 of the Climate Statements.

Scope of our limited assurance engagement

We have undertaken a limited assurance engagement over the following GHG Disclosures on pages 50, 60 and 61 of the Climate Statements for the year ended 31 December 2025:

- gross GHG emissions:
  - Scope 1 emissions of 1,071.97 tCO2e on page 50;
  - Scope 2 (location based) emissions of 88.79 tCO2e on page 50;
  - Selected Scope 3 emissions of 546.65 tCO2e on page 50; and
- additional required disclosures of gross GHG emissions on page 60; and
- gross GHG emissions methods, assumptions and estimation uncertainty on page 61.

Our assurance engagement does not extend to any other information included, or referred to, in the Climate Statements on pages 4 to 60 and 62 to 72. We have not performed any procedures with respect to the excluded information and, therefore, no conclusion is expressed on it. The comparative information for the years ended 31 December 2024 and 31 December 2023 disclosed in the Bank's Climate Statements are not covered by the assurance conclusion expressed in this report.

Other matter – comparative information

Certain comparative GHG Disclosures (that is, GHG Disclosures for the year ended 31 December 2023) have not been subject to assurance.

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Directors' responsibilities

The Directors of the Bank are responsible on behalf of the Bank for the preparation and fair presentation of the GHG Disclosures in accordance with NZ CSs. This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation of GHG Disclosures that are free from material misstatement whether due to fraud or error.

Inherent Uncertainty in preparing GHG Disclosures

As discussed on page 61 of the Climate Statements, the GHG quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases.

Our independence and quality management

This assurance engagement was undertaken in accordance with New Zealand Standard on Assurance Engagements 1 *Assurance Engagements over Greenhouse Gas Emissions Disclosures*, issued by the External Reporting Board (XRB) (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 also complied with the following professional and ethical standards and accreditation body requirements:

- Professional and Ethical Standard 1: *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand);*
- Professional and Ethical Standard 3: *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*; and
- Professional and Ethical Standard 4: *Engagement Quality Reviews.*

In our capacity as auditor and assurance practitioner, our firm also provides audit services relating to the audit of the financial statements and other assurance services. In addition, certain partners and employees of our firm may deal with the Bank on normal terms within the ordinary course of trading activities of the business. The firm has no other relationship with, or interests in, the Bank.

Assurance practitioner's responsibilities

Our responsibility is to express a conclusion on the GHG Disclosures based on the procedures we have performed and the evidence we have obtained. NZ SAE 1 requires us to plan and perform the engagement to obtain the intended level of assurance about whether anything has come to our attention that causes us to believe that the GHG Disclosures are not fairly presented and are not prepared, in all material respects, in accordance with NZ CSs, whether due to fraud or error, and to report our conclusion to the Directors of the Bank.

As we are engaged to form an independent conclusion on the GHG Disclosures prepared by management, we are not permitted to be involved in the preparation of the GHG information as doing so may compromise our independence.

Summary of work performed

Our limited assurance engagement was performed in accordance with NZ SAE 1, and ISAE (NZ) 3410 *Assurance Engagements on Greenhouse Gas Statements*. This involves assessing the suitability in the circumstances of the Bank'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.

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

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

- Obtained, through enquiries, an understanding of the Bank'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;
- Evaluated the Bank's assessment of organisational and operational boundaries to assess completeness of GHG sources;
- Evaluated whether the Bank's methods for developing estimates are appropriate and recalculated a limited number of estimates from data provided. We sampled a limited number of data inputs used in calculating certain estimates to source. Our procedures did not include testing the data on which the estimates are based or separately developing our own estimates against which to evaluate the Bank's estimates;
- Performed analytical procedures on all in scope emission categories by comparing the actual activity data on a quarterly basis to the corresponding quarter in the prior period;
- Assessed a sample of emission factor sources and reperformed a sample of emissions calculations for mathematical accuracy;
- Enquired with management on the nature of the restatements to the comparative GHG Disclosures and inspected the supporting documentation and reperformed calculations that we were provided with; and
- Considered the presentation and disclosure of the GHG Disclosures.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement and does not enable us to obtain assurance that we would become aware of all significant matters that we otherwise might identify. Accordingly, we do not express a reasonable assurance opinion on these GHG Disclosures.

Inherent limitations

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

Who we report to

This report is made solely to the Bank's Directors, as a body. Our work has been undertaken so that we might state those matters which we are required to state to them in our assurance report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Bank and the Bank's Directors, as a body, for our procedures, for this report, or for the conclusions we have formed.

The engagement partner on the engagement resulting in this independent assurance report is Victoria Ashplant.

For and on behalf of:

PricewaterhouseCoopers Auckland
24 March 2026