



Climate Statements

Rabobank New Zealand Limited

For the reporting period 1 January 2024 to 31 December 2024



Report Navigation

Content Requirements	Section	Page
Governance		
Climate-related organisational structures	RNZL's Approach to Governance	16
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	17, 18
Governance skills and competencies	Board Skills and Competencies	17
Management's role, process, information frequency, assessment and management of Climate-Related Risks and Opportunities	Governance and Management's Role	18
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	17, 19, 53
Setting and monitoring progress of Metrics and Targets for managing Climate-Related Risks and Opportunities	Governance of Targets and KPIs Setting, Remuneration	19
Management remuneration linked to Climate-Related Risks and Opportunities	Remuneration	19
Strategy		
Current climate-related impacts – transitional and physical	Current Impacts	24, 25
Scenario Analysis identification of Climate-Related Risks and Opportunities	Assessing Impacts and Developing Business Resilience Through Climate-Related Scenarios	27
Scenario Analysis process	Architecture of RNZL's three Entity-Specific Scenarios, Conducting Scenario Analysis, Risk and Opportunity Identification and Integration into Strategy	28–33
Climate-Related Risks and Opportunities over the short, medium and long term – physical or transitional	Summary of Scenario Time Horizons and Risk Profiles, Transition Risks, Transition Opportunities, Physical Risks, Physical Opportunities	29, 34–37
Climate-Related Risks and Opportunities input into internal decision-making processes, capital deployment and funding	Risk and Opportunity Identification and Integration into Strategy	33
Anticipated impacts and Financial Impacts of Climate-Related Risks and Opportunities	Anticipated Climate-Related Impacts	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	10–12, 22, 33
Transition plan strategy, progress, internal deployment and funding decision-making processes	Transition Planning, Overview of work on Transition Plan, Changes to RNZL Business Model and Strategy	23, 24

Risk Management		
Identification, assessment, frequency and management of Climate-Related Risks	Processes for Identifying, Assessing and Managing Climate-Related Risks	41–42
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
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	53
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, Dairy Portfolio Production Intensity	49–51
Comparative reporting period information and trends	Metrics and Targets, Statement of Compliance, Use of Adoption Provisions	50–53, 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 in line with the requirements of Aotearoa New Zealand Climate Standards (NZ CS) issued by the External Reporting Board (XRB). These Statements detail the 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 29 and 60 to 63.

Disclaimer

These Statements are published by RNZL for the climate-related disclosures reporting period of 1 January 2024 to 31 December 2024.

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 view are the most suitable methodologies and methodological choices for disclosed elements.

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, including without limitation the forward-looking statements, which 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 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 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. No assurance can be given that the initiatives, 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. 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.

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.

Introduction



Our Ambition Regarding Climate Change

Letter from the Chair and Chief Executive Officer Supporting New Zealand's Transition to an Emissions-Efficient Future

We are pleased to present Rabobank New Zealand Limited's (RNZL) second report of climate-related disclosures in New Zealand.

Approximately 80% of New Zealand's exports are destined for countries with similar mandatory climate-related disclosures. This reinforces the need for New Zealand to continue reducing its Emissions Intensity and adhere to international sustainability targets and commitments.

New Zealand's food producers are already among the most Greenhouse Gas efficient in the world. However, despite the temporary regulatory respite the agriculture sector is experiencing, it's crucial for the sector to not become complacent. The need to increase New Zealand emissions efficiency remains imperative to protect New Zealand's leadership in global food production and to meet Rabobank's international obligations.

For its part, RNZL has continued to make progress towards its wider sustainability 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.

RNZL takes a long-term view of the food and agricultural sector, partnering with the country's farmers and growers as the food and agriculture sector collectively face the dual challenge of reducing carbon emissions at the same time as increasing production to help tackle global food security.

New Zealand needs to meet its climate goals and commitments and 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, it 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, there are opportunities as well as risks for New Zealand farmers and growers.

Being New Zealand's only specialist food and agribusiness bank, RNZL continues to support the resilience of rural communities, championing the role of food producers and promoting equitable transitions to lower emissions production.



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, 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'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 2024)

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

Employees: 533

Lending customers: Approximately 4,000

Online Savings customers: Approximately 55,000

Head office: Hamilton

Balance sheet: \$16.6 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' is part of RNZL's overarching business plan and a strategic priority that will help RNZL to achieve its mission and ambition 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.

Reducing climate impacts is one of RNZL's main priorities from a sustainability perspective, for both RNZL's operations and in conjunction with its customers, helping RNZL deliver balanced and sustainable growth.

Acting on Climate

Limiting the warming of the Earth's surface temperature to 1.5°C is critical if society is to have a reasonable chance of managing the worst impacts of climate change. Efforts to reduce Greenhouse Gas emissions are generally called mitigation actions, but even at 1.5°C of heating, the world will still likely face more extreme weather and climate change impacts (such as hurricanes, droughts, flooding and forest fires). Efforts to deal with these impacts are referred to as adaptation actions.

Reducing Greenhouse Gas emissions is a challenge for everyone, and governments, businesses of all sizes, farmers, consumers and financial institutions all have a role to play. As a food and agribusiness bank, RNZL sees climate and nature-smart agricultural practices as a critical component of building a resilient food system. RNZL therefore tries to help customers transition to climate-smart practices in an economically viable manner. Rabobank's ultimate goal is to support the transition towards a net-zero economy by 2050 and to set emissions reduction targets that help limit global warming (with a likely limited/no overshoot) to 1.5°C by the end of the century.

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 goal:

1. Net-zero CO₂ by 2050 (with other GHGs aligned with pathways to net-zero by 2050).*

RNZL's Targets:

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

RNZL is committed to helping Rabobank meet its global climate-related and ESG goals and its own in New Zealand. RNZL's aim is to ensure this commitment aligns with the need to assist RNZL's customers to prepare for a future where both domestic and international markets, along with regulatory frameworks and legislative obligations, require farmers and growers to produce (and demonstrate the production of) more sustainable food and fibre.

* For a full definition, see page 49.

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:

Enabled by:



Medium-Term Planning and KPIs

RNZL's business strategies, including the climate transition plans, are integrated in the annual Medium-Term Plan (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. Further limits will be set in the future.

RNZL is working on broadening its scope to include emissions attributes into its Risk Appetite Statement and risk reporting frameworks and to drive business delivery through the execution of the transition plan.

RNZL's Approach to Climate-Related Reporting

RNZL's approach to climate change aligns with its broader approach to ESG issues. These interrelate to different drivers of risks and opportunities that either impact on or result from climate change.

Impacts, Risks and Opportunities

Climate change is potentially material for RNZL from two perspectives:

- **The impacts of RNZL on the climate** (inside-out perspective).
- **The risks and opportunities that climate change presents to RNZL** (outside-in perspective) where materiality is meant in the broad sense of affecting the development, performance and position of RNZL, including regulatory and reputational consequences.

From either perspective, impacts, risks and opportunities result primarily from the activities of customers that are financed by RNZL and may be positive or negative.

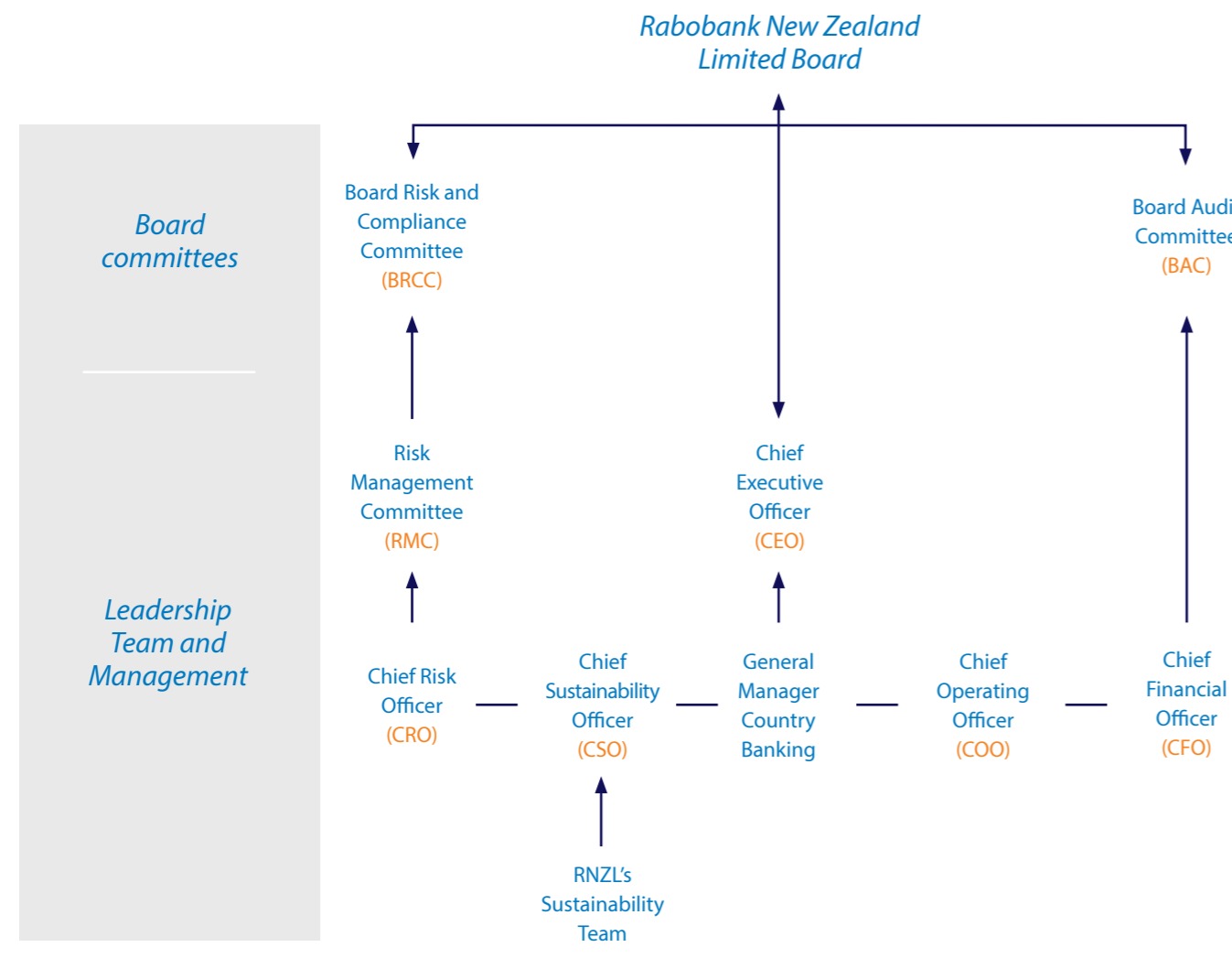
These Statements focus on the risks and opportunities climate change presents to RNZL and the specific requirements of the XRB standards and are aimed at the intended Primary Users of these disclosures.

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 Rabobank New Zealand Limited 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, beginning in 2024.
- Working with RNZL's 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.
- 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 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 and ESG risk and regulatory developments. These reports covered updates on the activities related to climate-related 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 to the Board to ensure that the Risk Management Framework has been effectively implemented and Risk Management practices were in place.

In November 2024, the Board undertook a review of its Board Charter to include specific reference to reviewing and approving RNZL's annual Climate Statements with guidance of the BAC.

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 18 November 2024, reviewed the draft Statements on 12 March 2025 BAC workshop and at its meeting on 18 March 2025. The Board formally approved the final Statements at its meeting on 20 March 2025.

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 ensure that experience with sustainability and ESG in a business context can be demonstrated with an understanding of international and local Road to Paris obligations and current developments in the areas of sustainability and 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 workshops and presentations 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.

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)	<ul style="list-style-type: none"> 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 Chief Risk Officer 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 either the CSO as it relates to progress against the development of RNZL's climate objectives or by the CRO as it relates to the impact of climate-related events or scheduled stress testing (such as for capital adequacy 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 Chief Risk Officer.
Chief Executive Officer	<ul style="list-style-type: none"> 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. The CEO provides monthly reporting to the Board.
Chief Risk Officer	<ul style="list-style-type: none"> Has responsibility for RNZL's Risk Management Framework and Climate-Related Risk as it interacts across RNZL's material risk types. Has oversight of Climate-Related Risk assessment, including, among other things, climate stress testing and climate event response (Business Continuity). The CRO provides quarterly reports to both the RMC and BRCC (which includes Climate-Related Risk). The CRO report is noted by the Board at its quarterly meetings.
Chief Operating Officer	<ul style="list-style-type: none"> Has oversight and responsibility for RNZL's direct Scope 1, 2 and 3 emissions strategy and ownership of participation and accreditation with Toitū and provides quarterly updates to both the RMC and BRCC as appropriate. The COO provides updates to the BRCC, which include progress on RNZL's operational emissions Targets (as described on page 49). These updates are noted by the Board.
Chief Financial Officer	<ul style="list-style-type: none"> 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. The CFO provides a report to the Board at its quarterly meetings.
Chief Sustainability Officer	<ul style="list-style-type: none"> 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. The CSO works with subject matter experts in the business to integrate sustainability 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. The CSO provides reporting to the Board every 6 months.
Chief Compliance Officer	<ul style="list-style-type: none"> Has oversight and responsibility for the compliance function of RNZL, which includes management of compliance risk and regulatory engagement as it relates to conduct. The CCO is responsible for prudential oversight and directly engages with the Reserve Bank of New Zealand in this regard. The CCO produces quarterly reports to the RMC and BRCC on compliance risks and is responsible for greenwashing risk management.
Sustainability Team	<ul style="list-style-type: none"> 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. This team is lead by the CSO.
General Manager, Country Banking	<ul style="list-style-type: none"> 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 19).

Governance of Targets, Metrics and KPIs Setting

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

Climate-Related Risks and Opportunities Targets were developed by Management, approved by the Board and are informed by Rabobank's global or local goals. Part of this was the setting of RNZL's Targets of reducing Emissions Intensity across its dairy sector loans by 12% by 2030 from the 2020 Base Year or 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 and CFO and 6-monthly updates from the 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 year to year. 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 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 13). Performance outcomes against these KPIs inform discretionary Variable Remuneration.

In 2024, under the Meaningful Cooperative Pillar, three 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 KPI 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 Climate Agreement and has signed the Net-Zero Banking Alliance and the Dutch Financial Sector Climate Commitment.

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

1. Act on climate – on or below 1.5°C pathways.
2. Value nature – return to Planetary Boundaries.
3. Enable people – a more inclusive society for customers, communities and workforce.

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

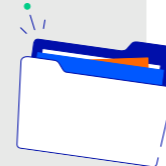
Help move the system in a sustainable direction

The transition to a sustainable economy requires systemic change. RNZL support 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 Paris Alignment strategy and goals under the Net-Zero Banking Alliance, 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 this year, 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 have 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. Absent any New Zealand guidance, the Glasgow Financial Alliance on Net-Zero guidance was used as a reference.

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 the 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 Work on 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. Below is a summary of the work in 2024. RNZL finalised the first iteration of the transition plan through executive review and endorsement by the Leadership Team, followed by endorsement of the Board in November 2024.

SECTION	Objectives	Implementation	Engagement	Metrics and Targets	Governance
ACTIVITY	Agreed alignment to Rabobank's three levers:	Created plan and grouped into nine overarching action areas:	Created detailed sustainability engagement plan.	Collated together all climate Metrics across the business.	Agreed ongoing Board and executive governance of the transition plan, with implementation overseen by the executive team.
	<ul style="list-style-type: none"> Helping clients transition. Stimulate systems change. Optimise RNZL portfolio. 	<p><i>Helping clients transition</i></p> <ol style="list-style-type: none"> Align clients' GHG reduction with Road to Paris. Increase farmers' resilience. Research impacts and solutions. <p><i>Stimulate system change</i></p> <ol style="list-style-type: none"> Engage on climate leadership (through advocacy and knowledge). <p><i>Optimise portfolio</i></p> <ol style="list-style-type: none"> Grow in low-carbon markets and clients. Align operating model with the transition (including increasingly active portfolio steering). Strategic approach to transition with Metrics, Targets and risk appetite settings. Review RNZL facilities and physical assets for transition risks and opportunities. Review portfolio policies to support climate transition. 	Key stakeholder groups: Wholesale clients, Rural clients, employees, industry partners, regulators.	The final list builds on those found on pages 48 and 53.	
	Engagement is with the aim to lead on sustainability through leading constructive conversations based on RNZL's knowledge and networks and what RNZL can do to support the transition.				

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 3–5 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, in many cases, 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. The transition plan is integrated into 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 referred to above serve to gather further information to 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. Additionally, RNZL applies the same physical and transition risk framework when assessing other environmental risks.

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

Not all climate impacts experienced in New Zealand to date translate into material impacts for RNZL. 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.

	2024 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 of customers elected to participate in the government-backed North Island Weather Event Scheme. This scheme allowed qualifying customers access to a discounted interest rate for a period of 5 years. The RBNZ 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.	\$3.1 million impact of rate discount. \$48,000 impact of external audit.
	Changes to government policy on farm emissions calculation and pricing.	The changes to legislation removing the upcoming requirement for farms to report their GHG numbers, along with paying for agricultural emissions, have made it more difficult to achieve RNZL timelines around obtaining on-farm GHG numbers, and meeting RNZL dairy intensity reduction Target. Additional resources are likely to be required to fill the data gap.	No \$ impact on current year.
Transitional	Managing operational emissions.	RNZL's reporting of operational CO ₂ emissions according to the GHG Protocol and continuing efforts to reduce these in line with the 50% reduction Target by 2030.	\$42,000 of external consultant costs.
	Transition planning.	RNZL has developed a transition plan and integrated this into MTP and capital planning processes.	Delivered as part of sustainability budget disclosed on page 53.
	Investments in climate research.	Invested \$2.5 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.	\$800,000 invested in 2024.
	Maturity uplift on carbon farming.	Time and resource directed towards understanding the risks/opportunities that carbon farming represents for customers and RNZL and development of fit-for-purpose carbon farming lending policies/standards.	Delivered as part of sustainability budget disclosed on page 53.
	Climate change training.	Provision of training (both staff and customers) on how the physical and transitional impacts of climate change could affect RNZL customers' businesses.	Delivered as part of sustainability budget disclosed on page 53.
	Legislation: New Zealand climate-related disclosure standard.	Resources deployed to increase maturity, undertake analysis and prepare first and second Statements.	\$116,000 of external professional costs delivered as part of sustainability budget disclosed on page 53.

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 sustainability 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. 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. Global supply and demand for food products are very sensitive systems, and even a marginal undersupply can result in significant price increases. High prices force reduced consumption to balance supply and demand – often the poorest of the world's population are forced to cut back, increasing instances of malnutrition. The global population is approximately 8 billion today and expected to peak at around 10 billion people in a few decades. This creates a global challenge for agriculture and the food supply chain to 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 could be exposed to climate risks. RNZL's lending exposures to key industries subject to Climate-Related Risks are shown below.

Industry Sector	Total Committed Loan Exposure* (\$000)
Agriculture	
• Dairy farming	9,031,876
• Sheep, beef cattle and grain farming	4,174,767
• Horticulture	1,385,170
• Other agriculture on farm	388,018
Other industries	873,618
Total committed exposure	15,853,449

* 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 as well as 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.

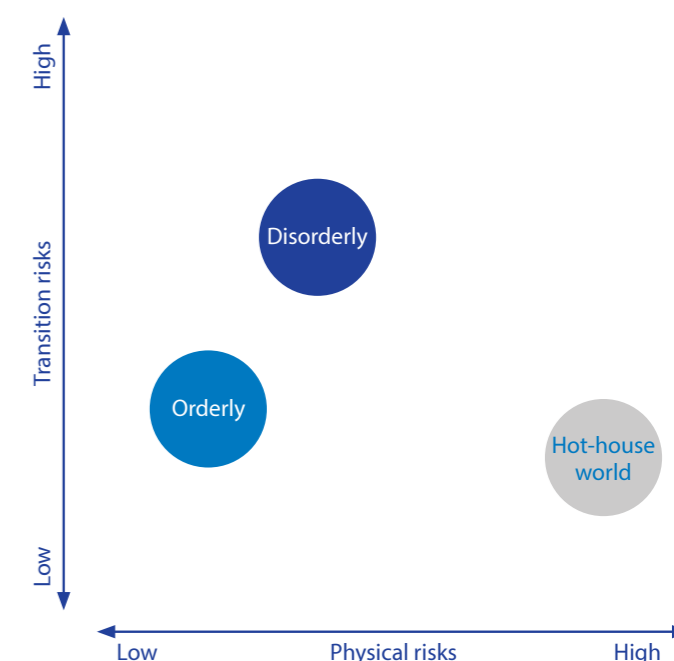
For physical data, the Intergovernmental Panel on Climate Change (IPCC) Shared Socioeconomic Pathway (SSP) scenarios were referenced. For transition data, the Network for Greening the Financial System (NGFS) scenarios were referenced.

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).

NGFS Scenarios Synthesised by RNZL



Architecture of RNZL's Three Entity-Specific Scenarios

	Orderly (1.5°C-aligned)	Disorderly (other-aligned)	Hot-house world (>3°C-aligned)
	<p>Central government develops a coherent climate change response, supported by consistent policy commitments and early investment into infrastructure resilience.</p> <p>Policy reaction: Immediate and smooth Technology change: Fast change CDR: Medium-high use Regional policy variation: Medium variation</p>	<p>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.</p> <p>Policy reaction: Delayed Technology change: Slow/Fast change CDR: Low-medium use Regional policy variation: High variation</p>	<p>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.</p> <p>Policy reaction: None – current policies Technology change: Slow change CDR: Low use Regional policy variation: Low variation</p>
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	eg. 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 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).

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, Medium Term 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.

These timeframes also ensure alignment with Rabobank time horizons (2020–2030, 2030–2040 and 2040–2050) as used in the stress tests (see ‘Risk Management’ on 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

Medium term – 2030–2050

Long term – 2050–2100

Physical risk exposure: Low
Transition risk exposure: Medium

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

Physical risk exposure: Low
Transition risk exposure: Low

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.

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 reduces the probability of default.

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.

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

Medium term – 2030–2050

Long term – 2050–2100

Physical risk exposure: Low
Transition risk exposure: Low

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

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

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.

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 has 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.

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 58.

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

Physical risk exposure: Low
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 Rangī 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 reduction.

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: Medium
Transition risk exposure: Low

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.

Long term – 2050–2100

Physical risk exposure: Very High
Transition risk exposure: Low

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. Management and the Board reviewed the scenario analysis work and determined that it was still relevant for 2024. 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).

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 Chief Risk Officer, Chief Financial Officer, General Manager Country Banking and Project Leads – provided direction input and oversight.
- Executive committee approvals (via the Risk Management Committee 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.

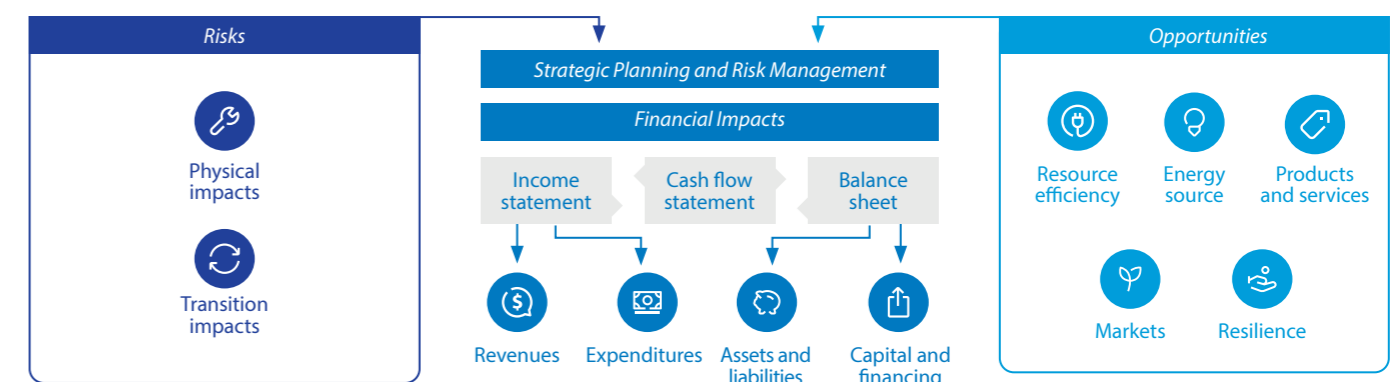
Risk and Opportunity Identification and Integration into Strategy

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. Whilst 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 a 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 a Medium Term Plan that includes a dedicated budget to execute actions and initiatives in the transition plan (see 'Sustainability Expenditure' on page 53) and also includes asset growth by subsector out to 2030.

Risk and Opportunities Assessment



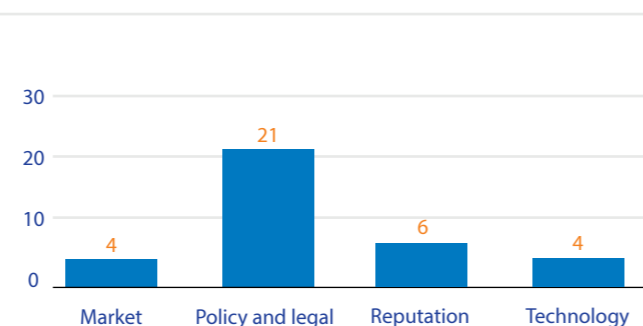
Climate change presents both risks and opportunities. Broadly speaking, transition risks are expected to play out in the short and medium terms as society makes the necessary changes to the economy to align with policy outcomes. Because of the high degree of estimation uncertainty, time horizons have 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. For example, 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 terms, 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, 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.



Technology – short, 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.

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.

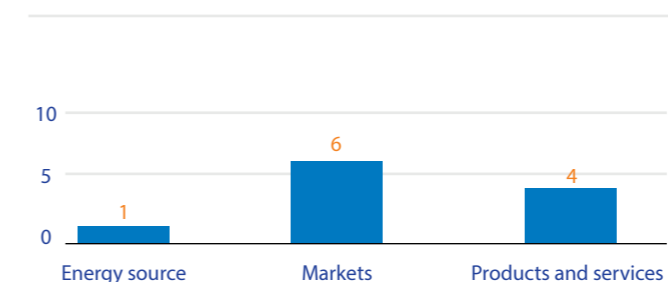
To manage transition risk, RNZL is working to structurally embed these risks in the credit risk framework. This includes the business strategy, risk identification, stress testing and the determination of provisioning and capital (see page 42).

Transition Opportunities

There are substantial 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 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 opportunities 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.

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. These physical risks are 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

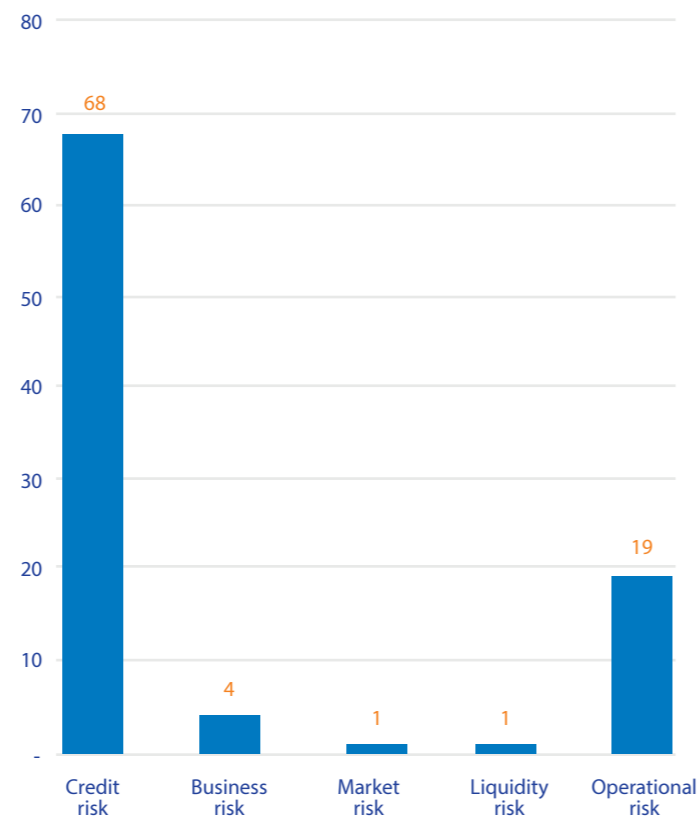
Increasing occurrences of physical climate-related events may result in unfavourable movements in production volumes and commodity markets, leading to financial losses for RNZL.

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, 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.



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

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

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.

Anticipated Climate-Related Impacts

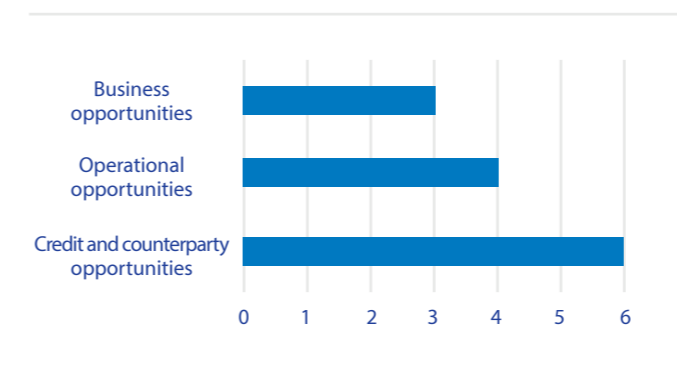
RNZL has assessed the proportion of the portfolio expected to be impacted by physical and transition risks, which is discussed on page 52.

RNZL expects the greatest impact of physical and transition climate risks will be on RNZL's credit risk profile and ultimately the business strategy rather than on the physical infrastructure of RNZL. There will also be limited impact through operational and compliance transmission channels. The impacts are expected to be very limited for market risk, liquidity risk and interest rate and credit spread risk in the banking book.

These risks have the potential to play out across the three scenarios and three time horizons, with those two parameters defining the expected magnitude (see 'Summary of Scenario Time Horizons and Risk Profiles' on page 29).

RNZL has not calculated the anticipated Financial Impacts of the Climate-Related Risks and Opportunities identified in 2024. RNZL has elected to use the adoption provision. Planning is under way to calculate and disclose anticipated Financial Impacts in respect of 2025.

Physical opportunities: Number of opportunities identified by opportunity area





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's Risk Management Framework

Informed By	Material Risks	Managed By
<ul style="list-style-type: none"> Business Vision and Strategy Risk Appetite Statements Risk Management Strategy Capital Adequacy Emerging Risks 	<p>Business Risks</p> <hr/> <p>Financial Risks</p> <ul style="list-style-type: none"> Credit Risk Market Risk Liquidity Risk <hr/> <p>Non-Financial Risks</p> <ul style="list-style-type: none"> Operational Risks Compliance Risks 	<ul style="list-style-type: none"> Board and Management Risk Governance Policies, Standards and Procedures Risk Systems and Processes <ul style="list-style-type: none"> Risk and Control Library Risk Control Activities (Profile) Risk System (inc. Data Quality) Data (Transformation) and Analytics (Insights) Stress Testing Reporting, Monitoring and Assurance Risk Accountabilities and Skills

Underpinned by the Risk Management Function



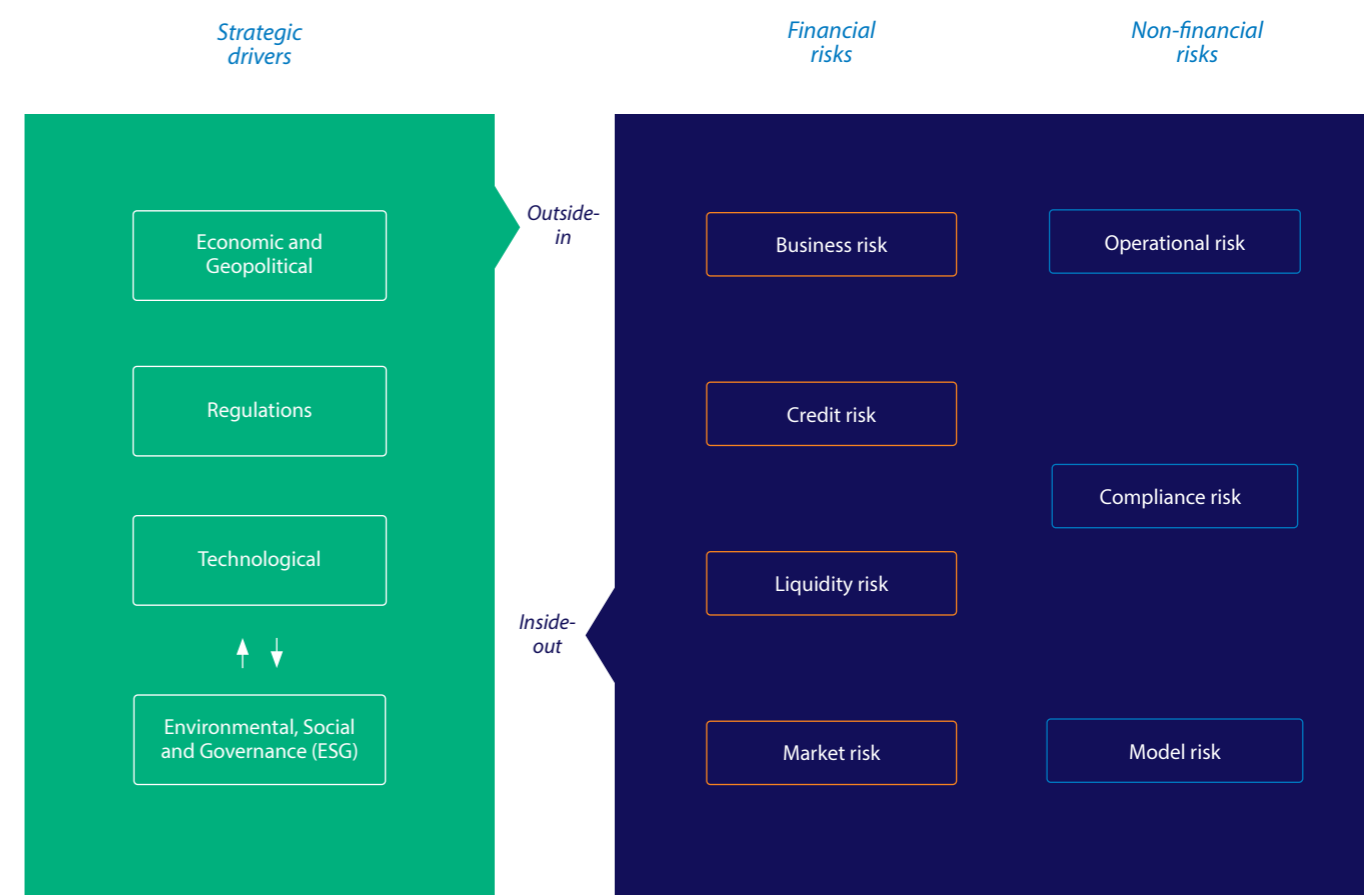
Three Lines of Responsibility



Our People and 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 demonstrates the integration of sustainability in the strategic drivers and risk assessment.



Transmission and Management of Climate Risk

Climate-related and ESG risks and opportunities from can arise through either direct or indirect transmission channels. Direct transmission channels refer to risks that impact RNZL, and indirect transmission channels refer to risks that impact the economy or customers (see page 13).

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)	Includes two tiers upstream (customers and their inputs/suppliers) and one downstream (depositors), with no material exclusions.	See 'Strategy' on page 33.	See 'Strategy' on page 27–37.
	2030–2050 (medium term)			
	2050–2100 (long term)			
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	<p>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.</p> <p>The outcomes of these C&E risk heatmaps are used for the following purposes:</p> <ul style="list-style-type: none"> 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.
	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.	FY 2024

Assessing and Managing Risks

Credit risk is the main risk transmission channel or RNZL's risk type most impacted by climate risk as detailed below. 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 and Climate 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	<p>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.</p> <p>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. Further customer-level data collection and enhanced granularity in C&E risk heatmaps is planned for 2025 to assist with this analysis, and other sectors are being reviewed.</p> <p>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.</p>

2. ESG and Climate 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.	<p>RNZL uses tools that enable it to gather data on the climate performance of business customers in RNZL's portfolio – the Rural Client Photo (renamed as Planet from November 2024). The purpose of creating climate sustainability profiles with these tools is to improve customer engagement and business development and is used as a management tool to discuss, among other things, climate-related resiliency and on-farm transitional plans.</p> <p>The climate sustainability 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 by assigning categories through a process in which a customer's climate and broader sustainability farm management practices and impacts are assessed. 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 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.</p> <p>Due to the rapidly evolving dynamics in sustainability, RNZL is continuing to develop this tooling.</p>
	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.	<p>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:</p> <ul style="list-style-type: none"> 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. <p>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 expects to be able to start using geospatial analysis in risk assessments in 2025.</p>

	Time Horizons	Value Chain	Frequency	Description
Loan Assessment and Relationship Management	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.	<p>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 climate physical 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.</p> <p>Going forward, RNZL is considering a number of climate Risk Management enhancements, including:</p> <ul style="list-style-type: none"> 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 formalising credit assessment criteria to include discussion of material sector physical and transition risks and customer mitigants that align with these sector risk assessments – solution being developed locally and expected to be adopted late 2025 customer-level emissions being benchmarked against other sector participants at a local level subject to customer-level data collection initiatives in 2024 proving effective and likely to be delivered 2025. <p>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.</p>

3. ESG and Climate 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 chronic increase in environmental risk based on the available information (quarterly).

As of December 2024, RNZL holds \$3.5 million provisions via top-level adjustments for chronic climatic events. The previously held Cyclone Gabrielle top-level adjustment has been released following completion of all affected customer impact assessments.

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 2024, RNZL included 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



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 2024.

Targets

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

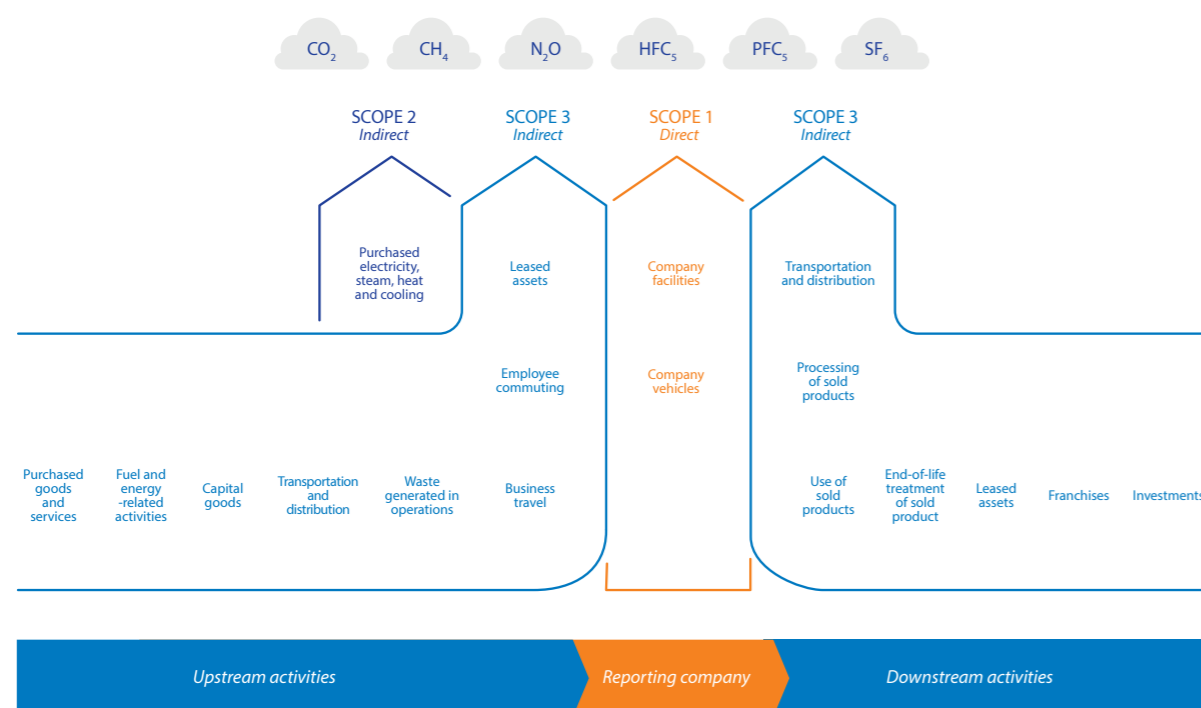
Name/Description	Metric	Target/Goal	Owner	Reference in Climate Statements
Financed GHG Emissions*	t CO ₂ e	Net-zero CO ₂ by 2050 ~CH ₄ 45%; N ₂ O 20%	Rabobank	Page 49
Dairy Portfolio GHG Emissions Intensity	t CO ₂ e/ t FPCM (fat and protein corrected milk)	-12% of the portfolio by 2030 from 2020 Base Year	RNZL	Page 51
Operational GHG emissions	t CO ₂ e	50% by 2030 from 2019 Base Year; net-zero 2050	RNZL	Page 49

* Please note, this is a Rabobank Target, not an RNZL Target.

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).

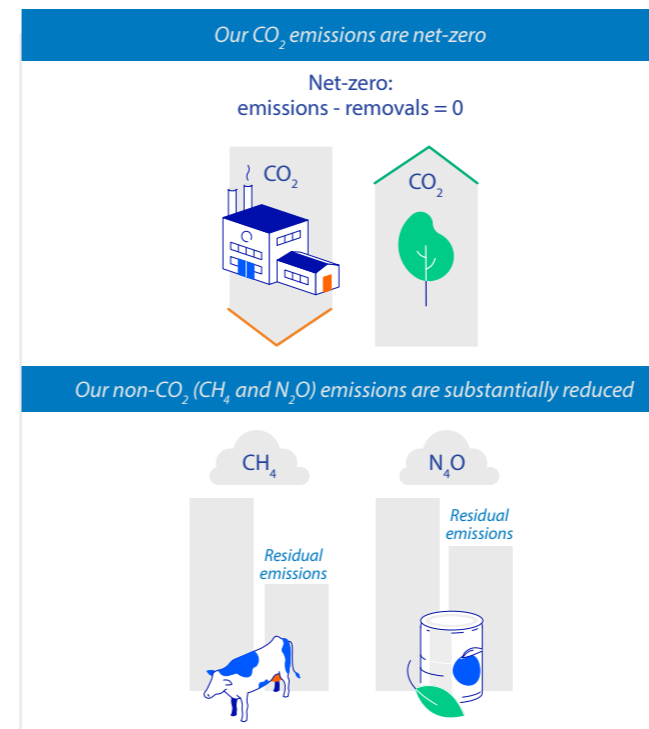
GHG Protocol scopes and categories of emissions



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. Under Rabobank's Paris Alignment strategy and goals under the Net-Zero Banking Alliance, Rabobank defined its 2050 climate ambition to have net-zero CO₂ emissions by 2050 and substantially reduce its non-CO₂ emissions.¹ Net-zero CO₂ by 2050 means Rabobank's residual CO₂ emissions equal the CO₂ removals, in line with the latest report of the climate experts of IPCC. IPCC also states that global non-CO₂ emissions – methane (CH₄) and nitrous oxide (N₂O) – are to be substantially reduced towards 2050, methane more than nitrous oxide. Rabobank's global non-CO₂ 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-CO₂ emissions expected to be fully compensated by CO₂ removals. An exact Rabobank Target on non-CO₂ 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 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 Reductions 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 was reported to the Board (see page 19).

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 table below.

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°. The table below gives an overview of RNZL's operational emissions over the last 2 years as well as Base Year (2019).

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

² No specific 2050 non-CO₂ emissions (CH₄ and N₂O) targets are included in Rabobank signed goals. On a global level, IPCC indicates a needed reduction (median) of 45% CH₄ and 20% N₂O by 2050 compared to 2019. An exact Rabobank target on non-CO₂ 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.

	31/12/2024 location**** based (tCO ₂ e) (assured by PwC)***	31/12/2024 market**** based (tCO ₂ e) (not assured by PwC)	31/12/2023 location**** based (tCO ₂ e) (not assured by PwC)	31/12/2023 market**** based (tCO ₂ e) (not assured by PwC)	31/12/2019 market and location**** based (tCO ₂ e) (not assured by PwC)
Scope 1	1,115.21	1,115.21	1,037.78	1,037.78	1,173.55
Transport fuels (diesel and petrol)	1,115.21	1,115.21	1,037.78	1,037.78	1,173.55
Scope 2	58.53	6.48	55.03	5.04	107.43
Electricity	58.53	6.48	55.03	5.04	107.43
Scope 3 (selected)	500.42	500.42	947.25*	947.25*	1,117.56
Electricity distributed T&D losses	4.16	4.16	6.38*	6.38*	11.59
Accommodation	62.18	62.18	41.54*	41.54*	105.00
Waste and recycling	8.98	8.98	6.38	6.38	28.41
Business travel	425.10	425.10	892.95	892.95	972.55
Total **	1,674.16	1,622.11	2,040.06	1,990.07*	2,398.54

* These prior year numbers have been restated to correct calculations. Recalculations of 2023 were conducted in 2024 as a result of the identification of an error (i.e. discrepancies in data sources). These have been adjusted for consistency and to enable comparability year on year. Specifically, Electricity distributed T&D losses was adjusted from 40.38 tCO₂e to 6.38 tCO₂e and Accommodation was adjusted from 9.24 tCO₂e to 41.54 tCO₂e. These two adjustments resulted in a decrease of 1.7 tCO₂e to previously reported Operational Emissions in Scope 3 and Total.

** 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 service fees and capital goods). These exclusions are covered by RNZL election to use NZCS 2 adoption provision 4.

*** In FY24, PwC issued limited assurance report over Scope 1, Scope 2 (location based) and selected Scope 3 operational emissions as detailed in this table. RNZL choose to use Adoption provision 8 to defer assurance over Scope 3 Financed Emissions and Scope 3 operational emissions not included in this table. PwC's limited assurance report is set out on pages 72-74.

****All purchased and generated electricity emissions are 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 market-based method, which RNZL uses for Target setting, 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 FY23 only the market-based method of Scope 2 emissions was included. The FY23 comparatives have been restated to include disclosure of both location and market based methods.

	31/12/2024 location based (tCO ₂ e) (not assured by PwC)	31/12/2024 market based (tCO ₂ e) (not assured by PwC)	31/12/2023 location based (tCO ₂ e) (not assured by PwC)	31/12/2023 market based (tCO ₂ e) (not assured by PwC)	31/12/2019 market and location based (tCO ₂ e) (not assured by PwC)
FTE	533	533	522.6	522.6	392.1
Intensity measure (tCO ₂ /FTE)	3.141	3.043	3.904	3.809*	6.117

* Intensity measure has been recalculated based on adjustments noted above.

Performance Against OERT

Target Name	Operational Emissions Reduction Target
Baseline Period	1/01/2019 – 31/12/2019
Target Date	31/12/2030
Type of Target	Absolute
2030 Target (tCO ₂ e)	1,199.27 (50% reduction in Total market based emissions from Base Year)
Current Performance* (tCO ₂ e)	1,622.11
Current Performance* (%)	32.27% reduction (2023:16.96% reduction)

* 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 48 for baseline).

Emissions generated from RNZL's vehicle fleet and flights make up over 90% of the total operational emissions. RNZL's business is built on the 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. Nonetheless, RNZL is advancing an operational emissions reduction plan. During 2024, reduction was mainly achieved due to reduction in travel as there was increase in travel in 2023 due to an extraordinary cross-Tasman Rabobank meeting.

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 2024.

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 FY2020*	Reduction Target**	Reference Scenario
Dairy cattle and milk production	tCO ₂ e/t fat and protein corrected milk	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 for reducing non-CO₂ 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 tCO₂e/t FPCM* for FY 2023 (the most recent data available⁴), noting however that it represents only 15% of the portfolio (see page 60 for methodology). RNZL is continuing to work to obtain more bottom-up 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, RNZL is considered to be 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 Note that the pathway and portfolio intensity numbers are aligned in emissions boundaries, but the values in the SBTi FLAG pathways are derived in a methodologically different way (the FLAG sector-region default value comes from a top-down model, while our portfolio intensity value comes from a bottom-up calculator, with carbon footprints calculated based on primary data collected from a subset of our clients). This makes direct comparison difficult.

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.

In 2024, 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 (2023: 94%).

Physical Risks

The percentage of RNZL's assets vulnerable to physical risk is calculated as 0.25% (over the lifetime of the asset, under an IPCC RCP 8.5 scenario) (2023: 41%). This percentage has been calculated using the Rabobank methodology for Pillar 3 reporting (see page 62 for methodology). There has been significant improvements in Rabobank's C&E risk heatmaps, which now feature greater granularity and also better assessment of extreme weather risks.

Compared to the prior year, this has resulted in a significant decrease in the percentage of exposures sensitive to acute climate change events. This is due to the greater granularity leading to more accurate results, including fewer assets identified as exposed to the assessed risks.

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 is currently implementing sustainability-linked loans (aligned with the Loan Market Association Sustainability-Linked Loan Principles) for which RNZL is able to clearly identify and report. As of 31 December 2024, \$93.9 million had been provided under sustainability-linked loan products (2023: \$99.1 million)

RNZL also supports customers affected by extreme weather events by participating in the government's North Island Weather Events Loan Guarantee Scheme (see page 25). 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 sustainability initiatives is managed as part of transition planning and the annual MTP process. The actual and currently proposed annual expenditure for 2024 through to 2029 is shown below.

	Total Cost (NZ\$m)						
	2023	2024	2025	2026	2027	2028	2029
	Actual	Actual	Proj	Proj	Proj	Proj	Proj
Total	1.1	2.2	4.3	5.49	5.53	5.56	4.59

Employee Sustainability Contribution

As part of RNZL's efforts to promote sustainable behaviour, an employee sustainability contribution was announced in October 2023. Eligible employees have the opportunity to claim reimbursement of up to the equivalent of NZ\$2,200 net for specific sustainability-related products and services to encourage sustainable living and green choices in and around the home. Employees can claim this contribution until 31 October 2026. RNZL recognised the \$1.6 million cost in 2023 with the \$0.8 million remaining accrued as at 31 December 2024 (2023: \$1.6 million).

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 will rise to an aggregate \$4 million by 2025. RNZL invested a further \$0.82 million in 2024 (2023: \$1.7 million).

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 (2023: \$40) per unit of New Zealand carbon in lending to customers who engage in carbon farming.

Industry-Based Metrics

No commonly used New Zealand industry-wide Metrics have been identified in 2024 and 2023 beyond the Net-Zero Banking Alliance and other GHG-related Metrics referenced on the next page.

Other (Non-Industry) Key Performance Indicators

As disclosed in the "Remuneration" section on page 19, the embedding of the 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 2024, there was one Risk Indicator included in the RNZL Risk Appetite Statement, which focused on customers aligning to RNZL's sustainability policy. There were also three 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 the Primary User 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

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.

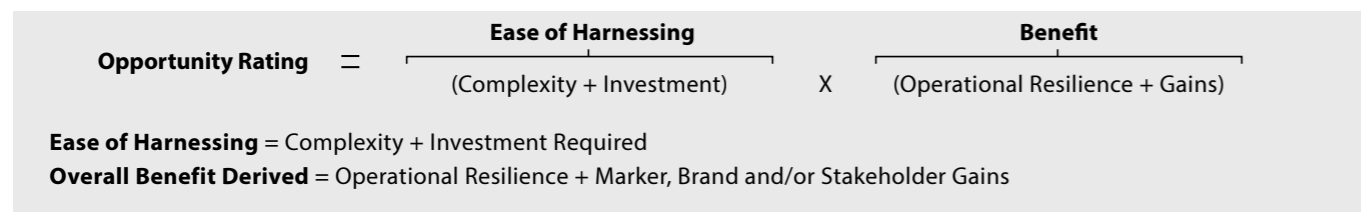
These ratings were used to rank and aggregate physical and transition risks and opportunities into shorter, prioritised, actionable lists. Finally, actions and mitigations in response were identified, including through a business resiliency workshop with members of the executive leadership (including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

Physical Risks

Risk Rating = Exposure X Vulnerability		(Sensitivity + 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	

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

Physical Opportunities



Ease of Harnessing					
Rating Scale	Complexity		Rating Scale	Investment Requirement	
	Level	Criteria		Level	Criteria
1	High	Consider any/all of these factors: <ul style="list-style-type: none"> 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: <ul style="list-style-type: none"> 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: <ul style="list-style-type: none"> 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: <ul style="list-style-type: none"> 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: <ul style="list-style-type: none"> 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: <ul style="list-style-type: none"> 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: <ul style="list-style-type: none"> 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: <ul style="list-style-type: none"> 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: <ul style="list-style-type: none"> 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: <ul style="list-style-type: none"> 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

	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) * 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 20–30 years	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 * 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 AgResearch 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:

$$\text{New Zealand dairy emissions intensity portfolio} = \frac{\text{sum over clients (client loan-to-value ratio * SBTi FLAG emissions)}}{\text{sum over clients (client loan-to-value ratio * client production value (kg FPCM))}}$$

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 External Reporting Board. 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:

$$\text{emissions} = \text{activity data} \times \text{emissions factor}$$

All emissions were calculated using the Toitū emanage tool with emissions factors and Global Warming Potentials provided by the Toitū programme. GWP from the IPCC Fifth Assessment Report (AR5) are the preferred GWP conversion. The main source of emission factors is New Zealand Ministry for the Environment. *Measuring emissions: A guide for organisations: 2024 detailed guide.* Wellington, New Zealand, 2024.

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
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)

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.
Transport fuels: Fleet (credit card)	Moderate, report data can only be used where information related to business travel is identifiable, which hinders the accuracy.	Have assumed proxies for each fuel type as there are cases of lack of data availability. Petrol – have had to create a proxy based off normal usage patterns to calculate X% premium petrol and Y% regular petrol. Using the same methods for fuel. Data is presented in dollar terms so an average (mean) price per litre (from MBIE's report) is used to calculate the total litres.	Credit card report is \$ based and is converted in litres by taking proxies from fuel report and price per litre from New Zealand figures. Once converted to litre, utilised emission 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.

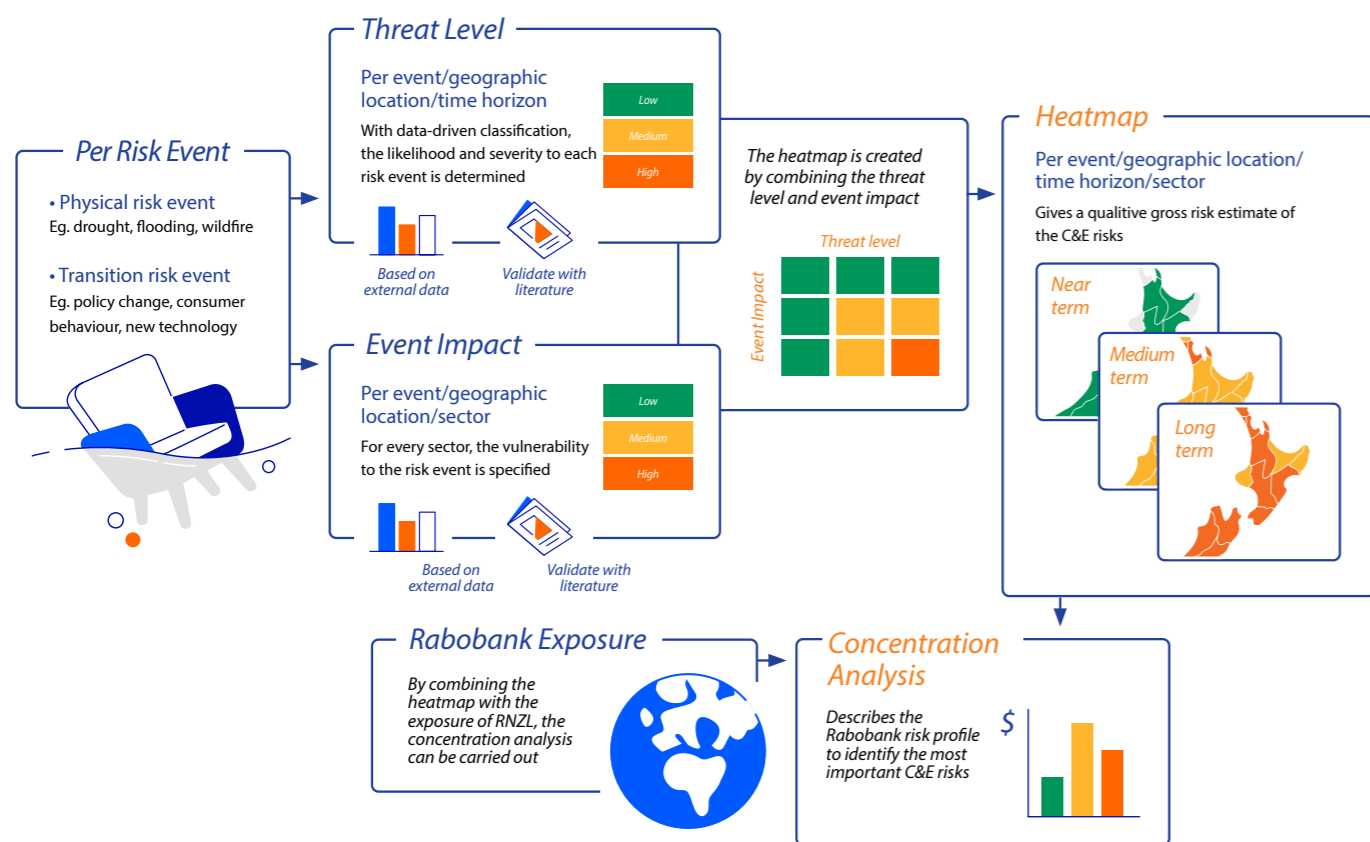
* RNZL has determined that the data source information for electricity distributed, T&D losses, waste and recycling, and within business travel, the taxis, ferries, rental cars, rail and buses, is immaterial, and as a result, is not included in this table.

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 (ND-GAIN).

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 the External Reporting Board. 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.

Adoption provision 6: Comparatives for Metrics. This adoption provision permits RNZL to provide 1 year of comparative information for each Metric disclosed.

Adoption provision 7: Analysis of trends. This adoption provision exempts RNZL from disclosing an analysis of the main trends evidence from a comparison of each Metric from previous reporting periods to the current reporting period.

For and on behalf of the Board, who authorised the issue of these Climate Statements on 20 March 2025.



Chris Black
Chair
20 March 2025



Brent Goldsack
Director
20 March 2025

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: 2-year exemption for disclosing anticipated Financial Impacts	Adopted
Metrics and Targets	Adoption provision 4: 2-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 second year of reporting, no GHG Scope 3 Emissions comparative information is required. Adoption provision 6: In the second reporting period, only 1 year comparative is required for each Metric.	Adoption provision 5 does not apply to RNZL as it has elected to use Adoption provision 4 for its second reporting period. Adoption provision 6 is adopted.
Analysis of Trends	Adoption provision 7: In the first 2 years of reporting, no analysis of the main trends from comparisons of each Metric is required	Adopted
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	Quantify the physical impacts to RNZL's portfolio from key acute 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.
CCO	Chief Compliance Officer.
CCS	Carbon capture and storage.
CEO	Chief Executive Officer.
CFO	Chief Financial Officer.
Climate-Related Opportunities	The potentially positive climate-related outcomes for an entity.
Climate-Related Risks	The potential negative impacts of climate change on an entity.

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.
CO₂e	See 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 Plan	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 by 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 issues or risks.
Financed Emissions	Lending and investment portfolio emissions as more extensively described on page 51.
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.

FTE	Full-time equivalent.
GDP	Gross domestic product.
GHG	See 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.
GWP	See Global Warming Potential.
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 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.
IT	Information technology.
KPI	Key Performance Indicator.
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 and CCO.

Loan Assessment	The process of assessing new lending applications.
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.
MTP	Medium-Term Planning/Plan.
ND-GAIN	Notre Dame Global Adaptation Initiative.
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.
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	New Zealand.
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.

PD	Probability of default.
Performance Dashboard	Set of KPIs aligned with RNZL's strategy.
PCAF	Partnership for Carbon Accounting Financials.
physical risks	Risks related to the physical impacts of climate change.
Planetary Boundaries	A concept that identifies a set of critical environmental limits beyond which human activities could disrupt the stability and functioning of the Earth's systems.
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 that defines and sets out steps 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.

Scheme	North Island Weather Events Loan Guarantee Scheme.
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.
Statements	Rabobank New Zealand Limited Climate Statements 2024.
Sustainability Plan	A roadmap of actions to be completed by 2025 across all sustainability topics.
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.
tCO₂e	Tonnes of CO ₂ 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.



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), within the *Scope of our Limited Assurance Engagement* section below, included in the Climate Statements of Rabobank New Zealand Limited (the Company) for the year ended 31 December 2024.

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 2024:

- gross GHG emissions:
 - Scope 1 emissions on page 50
 - Scope 2 (location based) emissions on page 50
 - Selected Scope 3 emissions on page 50, comprising:
 - Electricity distributed T&D losses;
 - Accommodation;
 - Waste and recycling; and
 - Business travel.
- additional required disclosures of gross GHG emissions on pages 60; and
- gross GHG emissions methods, assumptions and estimation uncertainty on pages 60 to 61.

Our assurance engagement does not extend to any other information included, or referred to, in the Climate Statements on pages 1 to 60, and 62 to 71. The comparative information for the years ended 31 December 2023 and 31 December 2019 (base year) disclosed in the Company's Climate Statements are not covered by the assurance conclusion expressed in this report. We have not performed any procedures with respect to the excluded information and, therefore, no conclusion is expressed on it.

Other matter - comparative information

The comparative GHG Disclosures (that is GHG Disclosures for the years ended 31 December 2023 and 31 December 2019 (base year)) have not been subject to assurance. As such, these disclosures are not covered by our assurance conclusion.

Directors' responsibilities

The Directors of the Company are responsible on behalf of the Company 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 pages 4 to 5 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 NZ SAE 1 *Assurance Engagements over Greenhouse Gas Emissions Disclosures*, issued by the External Reporting Board (XRB). 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. Our firm carries out other assignments in the area of generic training. In addition, certain partners and employees of our firm may deal with the Company on normal terms within the ordinary course of trading activities of the business. The firm has no other relationship with, or interests in, the Company.

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 NZ CSs, whether due to fraud or error, and to report our conclusion to the Directors of the Company.

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 Emissions*. This involves assessing the suitability in the circumstances of the Company'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 Company'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 whether the Company's methods for developing estimates are appropriate and had been consistently applied. 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 Company's estimates;
- Tested a limited number of items to, or from, supporting records, as appropriate;
- Assessed a limited number of emission factor sources and reperformed a limited number of emissions calculations for mathematical accuracy;
- Performed analytical procedures on particular emission categories by comparing the expected GHGs emitted to actual GHGs emitted and made inquiries of management to obtain explanations for any significant differences we identified; 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 Company'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 Company and the Company'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
20 March 2025

Auckland

