



# Contents

This document comprises the FY24 Sustainability Report and Climate-Related Disclosures for each of Stride Investment Management Limited (SIML) and Stride Property Limited (SPL), which are members of Stride Property Group (Stride). Each of SPL, SIML and Stride has been designated as “Non-Standard” (NS) by NZX. For more information see the 2024 Annual Report for Stride, which is available at [www.strideproperty.co.nz](http://www.strideproperty.co.nz).

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# Overview

Stride continues to advance its sustainability strategy and targets, including preparing for the risks and opportunities resulting from a changing climate.

## Reduction in energy consumption and greenhouse gas emissions

Scope 1 and 2 emissions reduced 26.4% from FY23 and 18.7% from Stride's FY20 baseline year<sup>1</sup>

Energy consumption reduced 7.1% from FY23

## Commitment to sustainability in building

82% of waste by weight diverted from landfill on average for new developments completed during FY24

Reduction in whole-of-life embodied carbon<sup>2</sup> across two new developments completed by SIML in FY24:

- Industrial property completed for Industre Property Joint Venture achieved 48% reduction
- Woolworths Waimakariri Junction developed for Investore Property Limited achieved 58% reduction

## Social contribution

\$245,000 worth of space<sup>3</sup> provided for free to charities and community groups across shopping centres owned and managed by SIML

Stride supports the Graeme Dingle Foundation. Every dollar invested in the Foundation yields a \$10.50 return to New Zealand's economy<sup>4</sup>

1. Stride's FY20 baseline year has been recalculated during FY24 in line with Stride's Baseline Recalculation policy which requires the baseline to be recalculated when there is a movement of more than 10% of total portfolio net lettable area.
2. Based on assessments completed, by the sustainability consultant for each project and by comparison to a reference building. See also page 10.
3. Based on square metres of space provided to charities and community groups, multiplied by the rate Stride charges for space for short term licences.
4. According to a report prepared by Infometrics for the Graeme Dingle Foundation on "Updating the contribution of the Foundation's work to the New Zealand economy" dated February 2024.

# Letter from Sustainability Committee

Dear Investors,

Stride Property Group (Stride) is pleased to present its Sustainability Report for FY24. This report includes our first mandatory climate reporting. Stride's Sustainability Committee is pleased with the progress that has been made by Stride during FY24, both in our transition to a low carbon future as well as furthering our understanding of how climate change is currently impacting and may in the future impact our business, to ensure that our strategy is resilient to the effects of climate change.

During FY23 Stride set a number of ambitious climate-related targets, including reducing our greenhouse gas emissions by 42% by 2030. We are pleased with the progress that has been made in relation to these targets during FY24, with our scope 1 and 2 greenhouse gas emissions declining by 26.4% from FY23 and by 18.7% from our FY20 baseline year<sup>1</sup>. Progress has also been made on refining and developing our carbon transition plan, which will provide us with a roadmap to transition the existing office and shopping centre properties owned and managed by Stride to a low carbon future, consistent with Stride's strategy.

In addition to the strategy for our existing assets, Stride targets a 5 Green Star rating for new developments and will seek to acquire properties that have or can, over time, achieve a 5 Green Star or 4 star NABERSNZ rating where appropriate. During FY24, SPL completed the acquisition of the 6 Green Star Design rated office building at 110 Carlton Gore Road, Auckland, which has been an important part of our strategy to transition our office portfolio to a high quality, relatively new portfolio with strong sustainability credentials. This strategy not only benefits the environment, but we believe will result in higher demand for our assets, contributing to their value over time.

According to a survey conducted by the Green Building Council of Australia in 2022, green star certified buildings in Australia delivered up to 13.5% higher total annual returns compared to non-rated buildings, with 16.5% higher market value and 23% longer leases. While these figures relate to the Australian market, which has had a green rating

system for longer than New Zealand, a similar outcome could apply to New Zealand property over time, based on the Australian experience.

FY24 also saw SIML complete two new developments on behalf of the Stride Products<sup>2</sup> – a new Woolworths supermarket at Waimakariri Junction on behalf of Investore, and a new industrial property at 34 Airpark Drive, Auckland, on behalf of Industre. Both properties incorporate a number of sustainability initiatives, including solar panels, rainwater harvesting, electric vehicle parking and active transport facilities, and energy and water metering systems enabling monitoring of consumption. Woolworths Waimakariri Junction has achieved a 5 Green Star Design rating and both properties are targeting a 5 Green Star As Built rating.

As can be seen in our climate-related disclosures for FY24, a great deal of work has been invested in further developing and understanding our climate-related risks and opportunities, including integrating these into Stride's overall enterprise risk management process. While we acknowledge that there is further work to do, the Sustainability Committee and the Stride Boards are pleased with progress to date, which provides a strong platform for integrating climate risk into our business strategy and processes.

1. Stride's FY20 baseline year has been recalculated during FY24 in line with Stride's Baseline Recalculation policy which requires the baseline to be recalculated when there is a movement of more than 10% of total portfolio net lettable area.

2. The Stride Products are the property owning entities managed by SIML and comprise Investore Property Limited (Investore), Industre Property Joint Venture (Industre), and Diversified NZ Property Trust (Diversified). Further information can be found on page 6.

# Letter from Sustainability Committee<sub>(cont.)</sub>

While there has been a significant focus on improving the sustainability performance of our owned and managed portfolio during FY24, as well as understanding and planning for the potential impacts of climate change, Stride is also committed to supporting its people and the communities in which it operates. This year the Board resolved to increase the parental leave benefits available to SIML employees, further strengthening the benefits provided to our people. SIML and the Stride Products also provide significant benefits to our local communities through the provision of facilities at our shopping centres – during FY24, the value of space provided to charities and community groups was over \$245,000<sup>1</sup>.

We use the Global Real Estate Sustainability Benchmark (GRESB) assessment to assess our environmental, social and governance activities and initiatives, and we are pleased to report that for the 2023 reporting year we achieved 68%, an improvement from 62% in 2022. Stride will complete the GRESB assessment again in 2024. The 2023 improvement reflects our continued commitment to sustainability across Stride and the Stride Products, and we are targeting being in the upper quartile of our peer group over time.

We look forward to continuing to progress our sustainability practices as we commit to a low carbon and climate resilient future for Stride and the Stride Products of Investore, Industrie and Diversified.



**Jacqueline Cheyne**

Chair of Sustainability Committee  
and Independent Director

Stride Property Limited and Stride  
Investment Management Limited



**Tim Storey**

Chair of the Boards and  
Sustainability Committee Member

Stride Property Limited and Stride  
Investment Management Limited

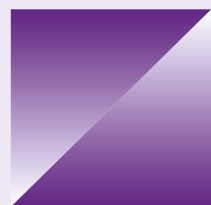


1. See note 3 on page 2.

# About Stride Property Group

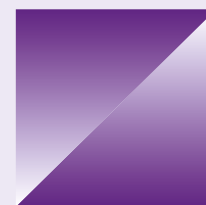
Stride Property Group (Stride) is listed on the NZX and is a real estate owner and manager. Stride Property Group consists of Stride Property Limited (SPL) which invests in commercial property, and Stride Investment Management Limited (SIML) which is a real estate investment manager.

## Key metrics as at 31 March 2024



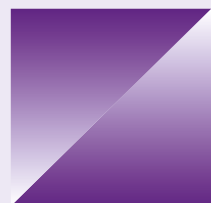
**\$1.2bn**

Value of SPL directly held portfolio<sup>1</sup>



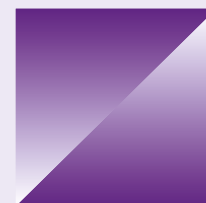
**11**

Number of properties owned by SPL<sup>2</sup>



**\$3.2bn**

SIML assets under management including commitments<sup>3</sup>



**82**

Number of properties managed by SIML

## Diverse portfolio

SIML manages 7 office properties, 6 shopping centre assets, 47 large format retail properties and 22 industrial properties.



1. Excludes lease liabilities. Includes: (1) SPL's 51.7% interest in the joint operation component of the Industrie Property Joint Venture as at 31 March 2024 (for more information, see note 3.2 to the consolidated financial statements); (2) the value of Stride's office at 34 Shortland Street, Auckland, which is shown in the consolidated financial statements as 'Property, plant and equipment'; and (3) the value of the rental guarantee receivable in relation to 110 Carlton Gore Road, Auckland.
2. Excludes SPL's 51.7% interest in the joint operation component of the Industrie Property Joint Venture as at 31 March 2024 (for more information, see note 3.2 to the consolidated financial statements).
3. Commitments include: (1) SPL: building upgrades at 34 Shortland Street, Auckland, and 215 Lambton Quay, Wellington (committed post balance date), and various capital expenditure commitments contracted for (refer note 3.4 to the consolidated financial statements); (2) IPL: various capital expenditure commitments; and (3) Industrie: development of the property at 16A Wickham Street, Hamilton, and the purchase price of the property at 160 Higgins Road, Hamilton, which was committed to and settled post balance date.

# SIML Managed Portfolio

SIML is a real estate investment manager and manages the assets and businesses of:

## STRIDE

SPL directly owns office and town centre property and has an interest in the Stride Products<sup>1</sup>

## INDUSTRE

Industre Property Joint Venture (Industre) is a joint arrangement between SPL and JPMAM<sup>2</sup> which invests in industrial property, primarily located in Auckland

SIML applies an operational control approach to identify and determine the boundary of SIML's greenhouse gas (GHG) inventory. SIML's organisational boundary for GHG reporting encompasses SIML, SPL, Investore, Industre and Diversified, on the basis that SIML is the property and fund manager and therefore has "operational control". This approach allows Stride to focus on those emission sources over which it has operational control and can therefore implement management actions consistent with SIML's sustainability strategy.

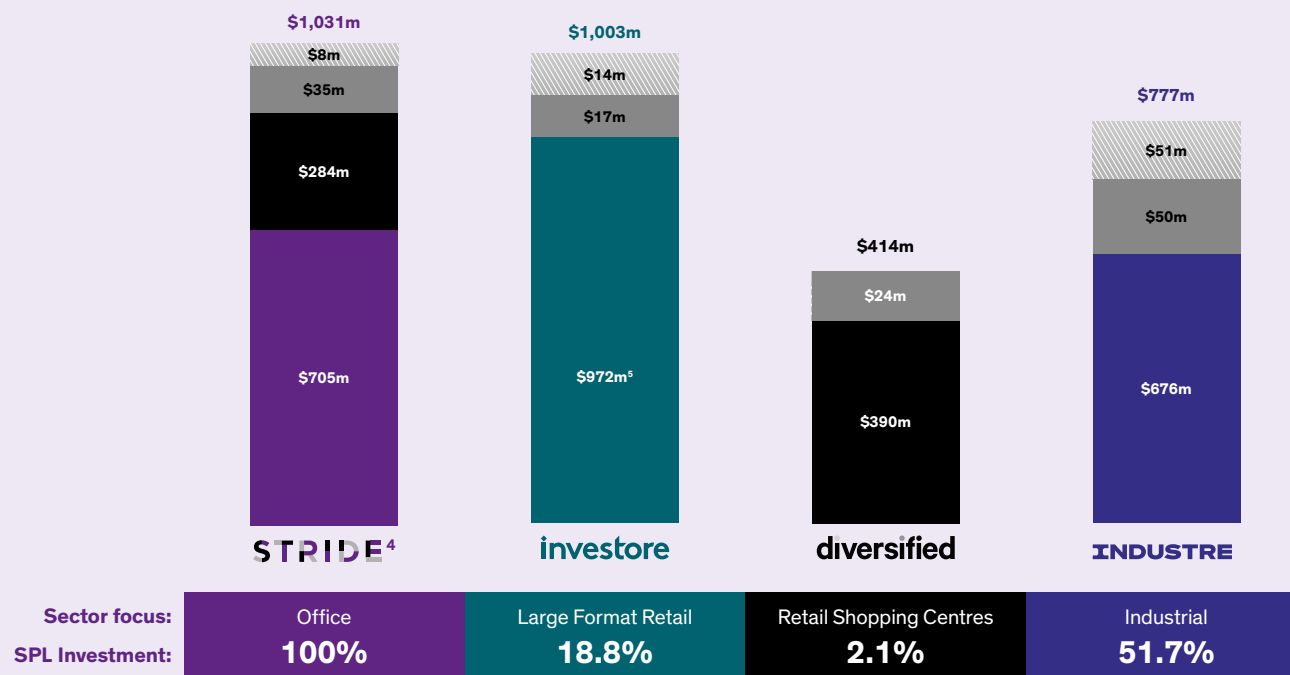
## investore

Investore Property Limited (Investore) is an NZX listed entity which owns a portfolio of large format retail property

## diversified

Diversified NZ Property Trust (Diversified) is an Australian trust which invests in shopping centre assets in New Zealand

Portfolio composition by value as at 31 March 2024



Numbers may not sum due to rounding.

1. See footnote 2 on page 3.

2. A group of international institutional investors, through a special purpose vehicle, and advised by J.P. Morgan Asset Management.

3. See footnote 3 on page 5.

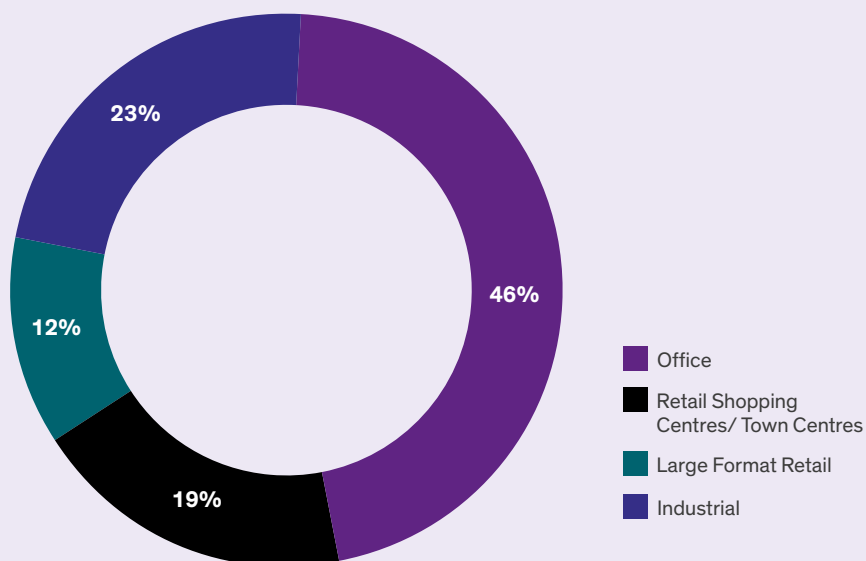
4. Includes: (1) the value of Stride's office at 34 Shortland Street, Auckland, which is shown in the consolidated financial statements as 'Property, plant and equipment'; and (2) the value of the rental guarantee receivable in relation to 110 Carlton Gore Road, Auckland; and excludes: (1) SPL's interest in the Industre joint operation which is reported as part of the assets of SPL (see note 3.2 to the consolidated financial statements for further information); and (2) lease liabilities..

5. Excludes lease liabilities.

# SPL Owned Portfolio

SPL owns a portfolio of town centre and office assets directly<sup>1</sup>, as well as having an interest in each of the entities managed by SIML (which are known as Stride Products). This ensures alignment of interests between Stride and each of the Stride Products and provides SPL with a diversified look-through portfolio with an interest in each of the core property sectors.

## SPL's weighted look-through portfolio as at 31 March 2024<sup>2</sup>



## SPL's directly-held office and town centre portfolio<sup>1</sup> overview as at 31 March 2024 (excluding development properties)

|                                         | Office | Town Centre | Total   |
|-----------------------------------------|--------|-------------|---------|
| Number of properties                    | 6      | 3           | 9       |
| Value <sup>3</sup> (\$m)                | 705    | 284         | 988     |
| Number of tenants                       | 72     | 158         | 230     |
| Weighted average lease term             | 6.9    | 3.9         | 5.9     |
| Occupancy rate <sup>4</sup> (% by area) | 94.6   | 97.9        | 96.0    |
| Net contract rental <sup>5</sup> (\$m)  | 41.1   | 20.7        | 61.9    |
| Net lettable area (sqm)                 | 72,538 | 58,675      | 131,213 |

Note: Numbers in chart may not sum due to rounding.

1. Excludes: (1) SPL's 51.7% interest in the joint operation component of the Industrie portfolio which is reported as part of the assets of SPL in the Stride FY24 consolidated financial statements; (2) properties categorised as 'Development and Other' in Stride's FY24 consolidated financial statements.
2. Excludes: (1) properties categorised as 'Development and Other' in the respective financial statements; (2) committed acquisitions and developments; and (3) lease liabilities.
3. Excludes lease liabilities. Includes: (1) the value of Stride's office at 34 Shortland Street, Auckland, which is shown in the consolidated financial statements as 'Property plant and equipment'; (2) the value of the rental guarantee receivable in relation to 110 Carlton Gore Road, Auckland.
4. Occupancy has been calculated including casual licences with an initial term greater than three months, and excluding units held for committed redevelopment or remix works.
5. Contract rental is the amount of rent payable by each tenant, plus other amounts payable to SPL by that tenant under the terms of the relevant lease as at the relevant date, annualised for the 12-month period on the basis of the occupancy level for the relevant property as at the relevant date, and assuming no default by the tenant.

# Sustainability Strategy and Targets

| Purpose     | Create enduring shared value                                                                                                         |  |                                                                                                                                             |  |                                                                                                                                                                                                                                               |  |
|-------------|--------------------------------------------------------------------------------------------------------------------------------------|--|---------------------------------------------------------------------------------------------------------------------------------------------|--|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|
| Goals       | <b>Protect the planet</b><br>Create efficient, climate resilient places that deliver long term value and support a low carbon future |  | <b>Contribute to a resilient community</b><br>Provide leading health and safety performance and support a connected and inclusive community |  | <b>Develop shared prosperity</b><br>Invest in and manage outstanding places that reward everyone connected with them                                                                                                                          |  |
| Focus Areas | Reduce environmental impacts<br>Take action on climate change                                                                        |  | Ensure health, safety and wellbeing<br>Promote inclusivity and connectivity                                                                 |  | Drive a prosperous economy<br>Create sustainable products and places                                                                                                                                                                          |  |
| Targets     | Reduce scope 1 and 2 emissions by 42% by 2030<br><br>Achieve carbon net zero for scope 1 and 2 by 2030                               |  | Reduce waste to landfill by 10% year on year from FY20, our baseline year<br><br>10% reduction in embodied carbon in developments           |  | Target 90% diversion of waste from landfill for development activities, with minimum 75%<br><br>Remove gas from all properties (excluding shopping centres) by 2027 and from shopping centres by 2032, other than gas for tenant process load |  |

# Targets

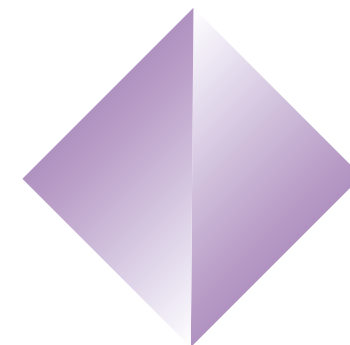
Stride has set a number of challenging climate-related targets. We have seen progress in achievement of these targets during FY24, with further work to be completed.

| Target                                                                                   | FY24 Achievement                                                                                                              | Commentary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Reduce scope 1 and 2 GHG emissions by 42% from FY20 baseline year by 2030                | 18.7% decrease from FY20 baseline year                                                                                        | See pages 64 and 65 for an overview of Stride's greenhouse gas emissions for FY24.<br><br>As described on pages 15 and 16, Stride has undertaken work with Beca during FY24 to prepare a carbon transition plan which identifies steps for reducing carbon at each office and shopping centre property owned and managed by Stride.                                                                                                                                                                        |
| Achieve carbon net zero for scope 1 and 2 emissions by 2030                              | Plan in progress                                                                                                              | Stride considers that carbon net zero will be achieved through a reduction in scope 1 and 2 emissions, as described above, together with appropriate offsets for remaining carbon emissions as at 2030. Stride is currently exploring appropriate and reliable offsets, and plans to develop a strategy for offsets during FY25.                                                                                                                                                                           |
| Improve energy and water efficiency                                                      | Gas and electricity usage down 7.1% from FY23                                                                                 | Gas and electricity usage has reduced, with FY24 electricity and gas consumption down 7.1% from FY23. We are unable to assess water efficiency for FY24 as consumption data is not available from all local authorities at the date of this report. The new developments completed during FY24 and the recently purchased 110 Carlton Gore Road include rainwater capture and reuse, thereby reducing the water taken from the town supply.                                                                |
| Target 90% diversion of waste from landfill for development activities, with minimum 75% | 82% diversion of waste from landfill by weight achieved in construction projects                                              | Stride has exceeded its minimum diversion of waste from landfill metric for construction activities during FY24, and will continue to seek opportunities to improve performance. Diversion of waste from landfill for construction activity will continue to be a focus for all future construction projects.                                                                                                                                                                                              |
| Reduce waste to landfill by 10% year on year from FY20                                   | Tenant waste to landfill has increased for FY24, from 43% waste to landfill in FY23 compared to 71% waste to landfill in FY24 | Total waste collected across properties (all tenant waste) for FY24 has reduced from FY23, although the proportion of waste that was disposed to landfill has increased from FY23, with waste to landfill being 71% of total waste in FY24 compared to 43% in FY23. While our target for diverting waste to landfill has not been achieved, we are pleased that overall waste has reduced during FY24. Stride will focus on working with tenants to improve the diversion of waste from landfill for FY25. |

# Targets<sub>(cont.)</sub>

|                                                                                                                                               |                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|-----------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 10% reduction in embodied carbon in developments                                                                                              | Reduction in whole-of-life embodied carbon <sup>1</sup> across two projects completed during FY24 | <p>SIML has completed two new developments over the last 12 months:</p> <ul style="list-style-type: none"> <li>New industrial property development completed at 34 Airpark Drive, Auckland, for Indusre, achieved 48% reduction in whole-of-life embodied carbon compared with an international industrial comparator building.</li> <li>Woolworths Waimakariri Junction developed for Investore achieved 58% reduction in whole-of-life embodied carbon compared with a reference building.</li> </ul> |
| Remove gas from all properties (excluding shopping centres) by 2027 and from shopping centres by 2032, other than gas for tenant process load | Plan in progress                                                                                  | Stride has progressed its carbon transition plan with Beca during FY24. This plan includes specific steps to reduce carbon at each office and shopping centre property owned and managed by Stride, including the removal of gas from office and shopping centre properties. See also pages 15 and 16.                                                                                                                                                                                                  |
| Develop plan to remove harmful refrigerants                                                                                                   | Work is under way to remove R22 refrigerant from Stride owned and managed properties              | During FY24 Stride completed an audit of all large format retail and industrial properties managed by it to identify sites where R22 refrigerant gas is being used. The replacement of R22 refrigerant at these sites with a refrigerant with a lower global warming potential continued during FY24. A limited number of office and shopping centre sites require further work, and we are targeting removal of the remaining R22 refrigerant at these sites within the next three years.              |

1. A building's whole-of-life embodied carbon is the sum of the embodied carbon of the constituent materials and products in the building, to the extent that it includes those elements that make the most significant contribution to the total embodied carbon of the building; includes all the emissions associated with these materials and products that occur across their lifecycle, namely production and manufacture, transportation and construction processes, maintenance activities, and what happens when the building is no longer used (end-of-life); and excludes emissions associated with the operation of the building. For further information see: [www.building.govt.nz/assets/Uploads/getting-started/building-for-climate-change/whole-of-life-embodied-carbon-assessment-technical-methodology.pdf](http://www.building.govt.nz/assets/Uploads/getting-started/building-for-climate-change/whole-of-life-embodied-carbon-assessment-technical-methodology.pdf). The percentage reductions stated are based on assessments completed by the sustainability consultant for each project.



# Targets<sub>(cont.)</sub>

Complete physical risk assessments to understand potential value that may be at risk

Initial physical risk assessment completed

An initial physical risk assessment of all sites owned and managed by Stride was completed during FY24 using the S&P Global Climonomics software modelling tool, and an assessment of the risk of sea level rise was also completed using the NZSeaRise and NIWA Sea Level maps. See page 45 for further information.

Target 5 Green Star rating for developments and acquisitions where appropriate; continue to progress green ratings across all Stride Products where practicable

Acquisition and development activity consistent with target; some progress on green ratings

During FY24 Stride completed the acquisition of the office property at 110 Carlton Gore Road, Auckland, which has a 6 Green Star Design rating. SIML completed two developments on behalf of Investore and Industrie during FY24<sup>1</sup>. One of these developments achieved a 5 Green Star Design rating and both are targeting a 5 Green Star As Built rating. Further information can be found on pages 32 and 33.

Stride has refined its approach to green ratings during FY24, and is focussed on those ratings that are valued by tenants and the market. See pages 19 and 20 for a description of the current green ratings across our portfolio and our future green rating strategy.

1. These properties comprise: Woolworths Waimakariri Junction, on behalf of Investore; and the industrial property at 34 Airpark Drive, Auckland, on behalf of Industrie.



# Protect the planet

Stride's objective is to create efficient, climate resilient places that deliver long term value and support a low carbon future.

Stride has set ambitious climate-related targets, including the reduction of scope 1 and 2 greenhouse gas emissions by 42% from its FY20 baseline year by 2030. During FY24 Stride has undertaken further work towards achievement of these targets, including establishing a carbon transition plan which identifies how our emissions reduction target will be achieved.

# Protect the Planet

## Our transition plan

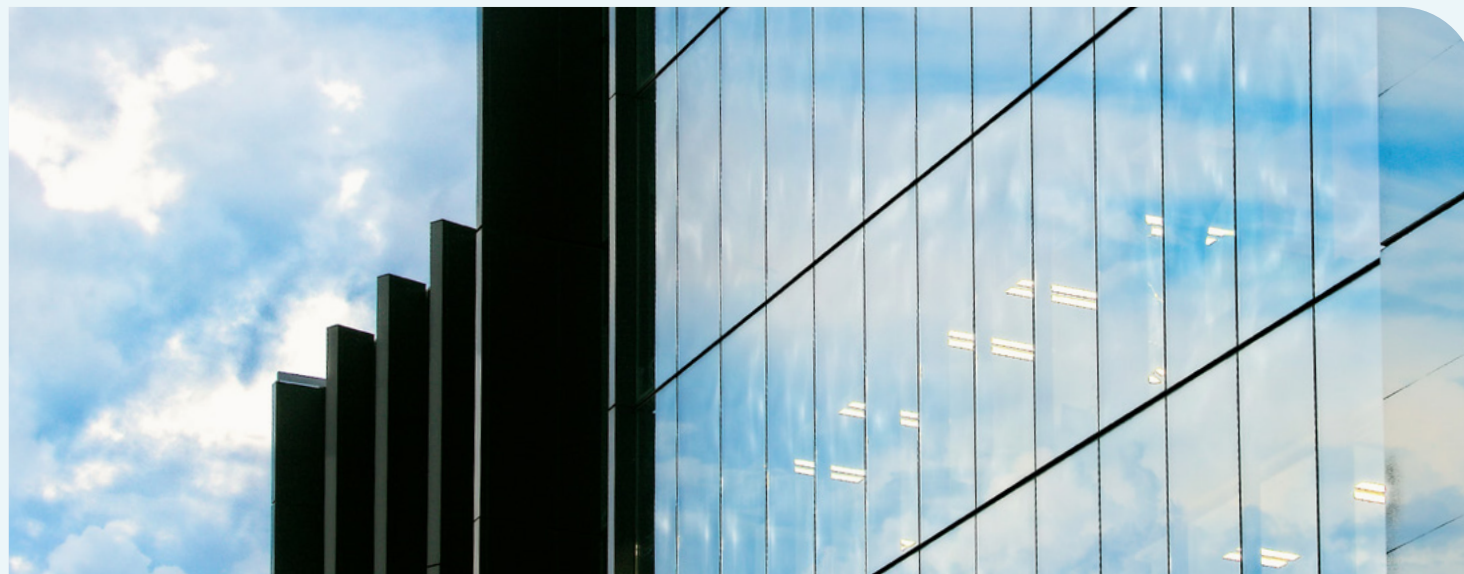
Stride's strategy is to create a group of property-owning entities (which we call Products) in specific commercial property sectors to grow its investment management business. SIML will manage each of the Products and SPL will continue to own an interest in each of the Products. The key elements of Stride's strategy are developing and owning (directly and indirectly) buildings that exhibit enduring demand, and using these quality assets to grow its real estate investment management business. This has formed the basis for Stride's transition plan.

Stride's transition plan is aligned with its strategy of owning and managing properties that have enduring demand.

In developing its transition plan, Stride considered the climate-related risks and opportunities it has identified (which are described in more detail on pages 51 to 59 of this report), and believes that its overall strategy does not need to change materially. Stride will continue to develop and own properties that exhibit enduring demand and grow its real estate investment management business. However, in order to achieve this strategy, the properties that are owned and managed by Stride need to be resilient to the physical risks of climate change, be well positioned to take advantage of climate-related opportunities, and be consistent with New Zealand's and the world's transition to a low carbon future. This will be important to ensure that these properties have enduring demand over the long term.

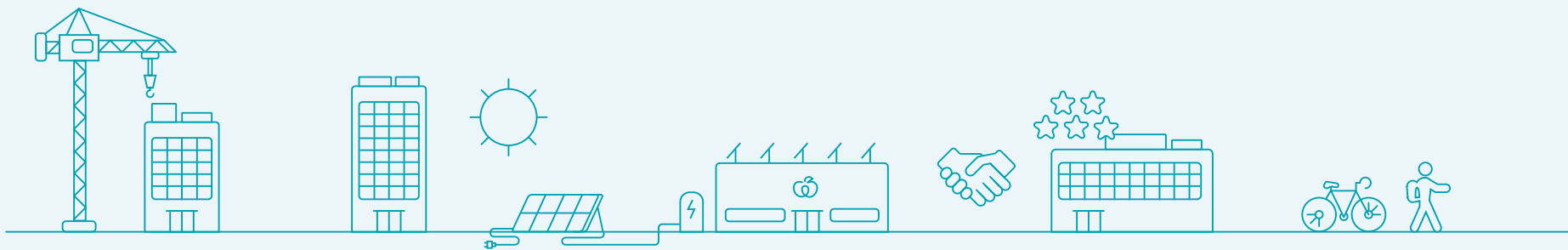
To date, our transition plan has focussed on the need to reduce our greenhouse gas emissions, and has been targeted at those emissions that Stride can control. We appreciate that our area of influence is wider, and when appropriate we plan to work with tenants to assist them to reduce their emissions (Stride's scope 3 emissions) where possible. Tenant emissions are one of the most material components of Stride's overall scope 1, 2 and 3 greenhouse gas emissions.

Stride appreciates the need to also ensure that its assets are resilient to the physical impacts of climate change. This is considered as part of the development of new or refurbished assets, when undertaking acquisitions, and when we undertake repair and maintenance activities at our properties.



# Protect the Planet

| Upgrades to existing buildings                                                                                                                                                                                                                                                  | Developments                                                                                                                                                         | Acquisitions                                                                                                                                                                                                                                                                                                                                  | SIML and employee emissions                                                                                                                                                                                                                                      |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Stride has progressed its carbon transition plan with the help of Beca which sets out a roadmap to transition current office and shopping centre assets to low carbon, energy efficient assets. See pages 15 and 16 for further information on Stride's carbon transition plan. | Sustainability initiatives are incorporated into assets that are developed by Stride, with new developments or major refurbishments targeting a 5 Green Star rating. | When Stride acquires a new asset, it considers physical and transition climate-related risks associated with the asset, and will target assets that are 5 Green Star rated, or can achieve this rating, where appropriate, taking into account the type and age of the asset, noting that limited ratings exist for some categories of asset. | SIML employee commuting and business travel emissions are contributors to Stride's emissions. We will seek to reduce these emissions where practicable, following which we will focus on other operational level emissions for our property management business. |



# Protect the Planet

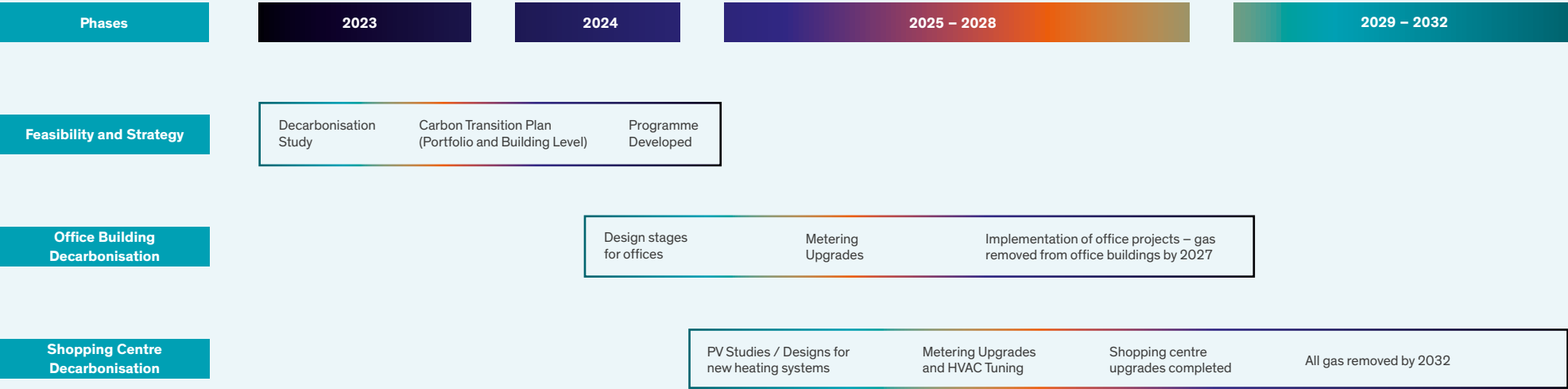
## Carbon transition plan

During FY23 Stride worked with Beca to develop a draft decarbonisation plan, which demonstrated that a viable pathway existed to achieve Stride’s stated emissions reduction target of reducing scope 1 and 2 greenhouse gas emissions by 42% by 2030 from the FY20 baseline year. During FY24 we have progressed this plan with the assistance of Beca, and have developed a carbon transition plan for the existing office and shopping centre assets owned and managed by Stride. The carbon transition plan sets out a high level series of actions for each office and shopping centre asset to improve energy efficiency and reduce emissions. As the projects have yet to be fully scoped and designed, it is possible that not all projects may be feasible or follow the timeline proposed. However, based on the work completed to date, Stride is confident in the work required to achieve its emissions reduction target.

An overview of the plan is shown below, and a depiction of the potential greenhouse gas savings that can be achieved at each site from the identified actions is set out on page 16. The plan identifies that the most beneficial activities to reduce greenhouse gas emissions are the removal of gas from the office properties owned by SPL and transition to electricity-based systems, which will result in a material reduction in emissions, given New Zealand's target of 100% renewable electricity by 2030. Stride is in the process of designing some of the gas boiler replacement projects and taking steps to progress the carbon transition plan so as to enable Stride to achieve its emissions reduction targets.

The carbon transition plan focusses on the office and shopping centre assets because these are the properties owned and managed by Stride that have the highest scope 1 and 2 greenhouse gas emissions.

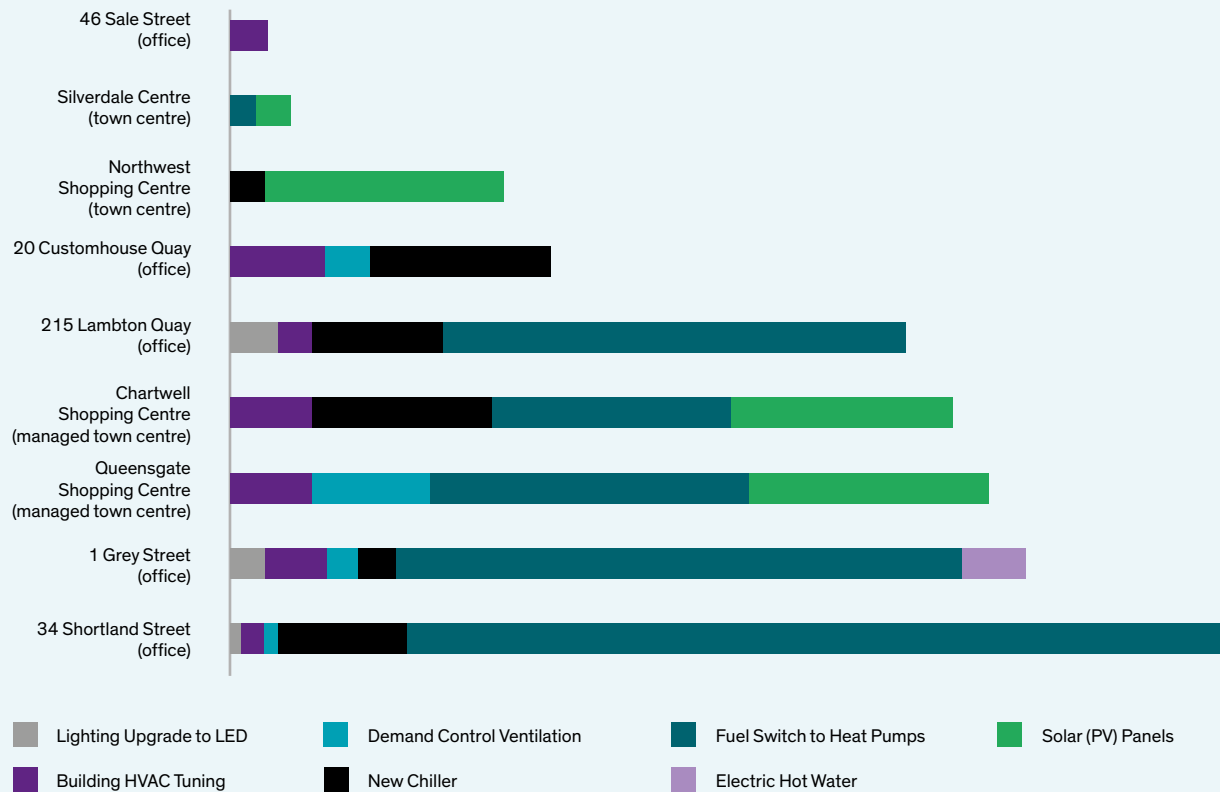
### High level carbon transition plan



# Protect the Planet

## Carbon transition plan (cont.)

### Potential Carbon Emissions Reduction per Site



# Protect the Planet

## Progress on transition plan

During FY24 Stride progressed each of the pillars of its transition plan, which will assist with its strategy to transition to a low carbon future.

### Upgrades to existing buildings

During FY24 Stride's office property at 34 Shortland Street, Auckland, has undergone a transformation. Stride has completed construction of end of trip facilities, which encourage occupants of the property (including Stride's head office employees) to take active forms of transport to work. More of Stride's own employees take active forms of transport to work since these facilities were completed in January 2024.

In addition to the completion of the new end of trip facilities, Stride has also refurbished the lobby to improve the visitor amenities and overall quality of the building. Alongside these amenity improvements, Stride is currently upgrading the mechanical services to improve the energy efficiency of the building, which is expected to enable the building to achieve a minimum 4 star NABERSNZ rating. This property still has gas boilers, and Stride has a plan to upgrade these boilers over the coming years.

When the gas boilers have been replaced, this will transform this property to a quality, energy efficient property, demonstrating the improvements that can be made to an older building while still retaining the structure. Upgrading older buildings in this way is consistent with the 1.5°C orderly climate scenario, which refers to a preference for existing building reuse and adaptive reuse over new construction over time.

Stride's capital expenditure invested in upgrading the energy efficiency of 34 Shortland Street has been identified as part of its transition expenditure, and is reported in the Metrics and Targets section of Stride's climate disclosures, on page 68 of this report.



Stride's office property at 215 Lambton Quay in Wellington also contains gas boilers and has been identified for energy efficiency upgrades. Stride is in the process of scoping and planning for these upgrades, with the assistance of Beca, who prepared Stride's carbon transition plan.

Stride is also in the process of replacing one of the chillers at 20 Customhouse Quay, Wellington, which is identified as part of the carbon transition plan for this property.

Stride's shopping centre assets, comprising NorthWest Shopping Centre and Silverdale Centre<sup>1</sup>, are relatively new assets, and accordingly there is limited ability for Stride to improve the energy efficiency of these properties. Stride has completed a financial feasibility assessment for the installation of solar generation at NorthWest Shopping Centre during FY24 as this is identified as one of the potential projects having the greatest emissions reduction impact for this property as part of Stride's carbon transition plan. During FY25 Stride plans to complete an engineering assessment and consider further the practicality of installing solar panels at this site.

1. Stride also owns 50% of Johnsonville Shopping Centre, which is categorised as a development asset.

# Protect the Planet



## Developments

During FY24 SIML completed two new developments on behalf of the Stride Products – a new Woolworths supermarket at Waimakariri Junction on behalf of Investore, and a new industrial property at 34 Airpark Drive, Auckland, on behalf of Industrie. Both properties incorporate a number of sustainability initiatives, including solar panels, rainwater harvesting, electric vehicle parking, active transport facilities, and energy and water metering systems. Both developments were designed and built to 5 Green Star requirements. Woolworths Waimakariri Junction achieved a 5 Green Star Design rating and both properties are targeting a 5 Green Star As Built rating, currently in progress.



## Acquisitions

SPL completed the acquisition of the office property at 110 Carlton Gore Road, Auckland, during FY24. This building, which was completed shortly prior to the acquisition settling, is a brand new, Premium grade office property with a 6 Green Star Design rating. SPL intends to obtain a NABERSNZ rating for the property once we have 12 months' worth of operational data to support the rating. 110 Carlton Gore Road's sustainability features include solar panels for on-site renewable electricity generation, rainwater harvesting, end of trip facilities, and highly efficient energy and water systems.

SPL also completed the sale of the office property at 22 The Terrace, Wellington, during FY24. This property had recently been redeveloped by Stride, including the implementation of a number of sustainability initiatives which resulted in a significant reduction in the operational emissions of the building, as well as positioning the building for a resilient, sustainable future. This building received an Excellence in Green Building Award at the 2022 Property Industry Awards and an Excellence in Sustainability Award at the 2021 Wellington Property People Awards.

Stride's experience in upgrading this building proves that upgrades of older, less efficient buildings are feasible and practical. Stride is building on this experience through the upgrade of 34 Shortland Street.



## SIML and employee emissions

During FY24 SIML conducted surveys of its employees to identify commuting and travel habits. At Stride's head office at 34 Shortland Street, end of trip facilities were completed in early 2024 and this has resulted in an increase in active commuting for the first quarter of the 2024 calendar year. Other projects are underway to identify ways to further reduce our employee commuting and business travel emissions, including exploring low carbon travel alternatives for employees when visiting tenants and development sites.

# Protect the Planet

## Green ratings

Green ratings can help to demonstrate the energy efficiency and sustainability features of a building. For existing buildings, a green rating or improvement in a green rating is often an outcome of the carbon transition work that is underway across the portfolio. While Stride is focussed on improving the sustainability of its portfolio, it will not always seek to obtain green ratings for all properties,

as green ratings can be difficult to obtain for some categories of existing property. Stride focusses on obtaining green ratings for those properties where a rating is valued by tenants, given the work and resource involved. Our strategy for targeting green ratings is described below.

| Property type                                                                | Current ratings                                                                                                                                                                                                                                                                                                                                                                                                              | Strategy                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| New developments and acquisitions                                            | Two new developments managed by SIML for Industrie and Investore during FY24 have achieved or are targeting a 5 Green Star rating. The office property at 110 Carlton Gore Road, Auckland, acquired by SPL during FY24, has a 6 Green Star Design rating.                                                                                                                                                                    | Stride targets a 5 Green Star rating for all new developments. When SPL looks to acquire a property, it targets a 5 Green Star rating (or equivalent) for acquisitions, where appropriate, taking into account the type and age of the building and acknowledging that there are limited ratings for some categories of existing buildings. If a property to be acquired does not meet Stride's expected level of sustainability, Stride will consider the costs of upgrading the property as part of due diligence. SPL may acquire properties that do not meet its required level of sustainability if the property is acquired for the purposes of redevelopment. |
| Offices (owned by SPL)                                                       | <p>5 out of 6 buildings<sup>1</sup> have green ratings (NABERSNZ or Green Star). Of those, 3 are rated 5 Green Star or higher. Works are underway at 34 Shortland Street, Auckland, to improve performance and target a green rating.</p> <p>In total, 92% of the office portfolio<sup>1</sup> by value is green rated as at 31 March 2024, with 73% by value having a 4 star NABERSNZ or 5 Green Star rating or higher.</p> | SPL is targeting 3 buildings to have minimum 4 star NABERSNZ rating during FY25, and 4 buildings to have minimum 4 star NABERSNZ rating by the end of FY26. Obtaining a NABERSNZ rating requires 12 months of complete energy consumption data, which adds to the time taken to obtain a rating following building upgrades.                                                                                                                                                                                                                                                                                                                                         |
| Shopping Centres (owned by SPL and also by Diversified, and managed by SIML) | None currently rated.                                                                                                                                                                                                                                                                                                                                                                                                        | During FY24 Stride considered participating in a trial of the Australian NABERS shopping centre rating tool for New Zealand. However, we elected not to participate due to the costs and resource requirements, and because to date our retail tenants have not valued a green rating. We will continue to monitor the rating tools available and if a suitable tool is introduced for New Zealand then we would consider obtaining green ratings where there is a clear rationale. Stride continues to progress other sustainability initiatives at the shopping centres, including as outlined in the carbon transition plan.                                      |

1. Excluding 55 Lady Elizabeth Lane, Wellington, which is categorised as a development property.

# Protect the Planet

## Green ratings

| Property type                                                | Current ratings                                                                                                                                                                                                                                                                                                                                                                                                          | Strategy                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|--------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Large Format Retail (owned by Investore and managed by SIML) | <p>16 out of 45 properties<sup>1</sup> (standalone supermarkets and hardware stores) currently have Green Star Performance ratings, with an overall portfolio rating of 1 star.</p> <p>Woolworths Waimakariri Junction has a 5 Green Star Design rating, targeting a 5 Green Star As Built rating.</p> <p>In total 43% of the large format retail portfolio<sup>1</sup> by value is green rated as at 31 March 2024.</p> | <p>Investore has obtained Green Star Performance ratings for 16 standalone supermarkets and hardware stores. Investore will consider obtaining ratings for additional existing standalone supermarkets and other sites if tenants are supportive of this process, as the rating process requires three years of monthly energy consumption data, which must be obtained from the tenants. Investore notes that to date tenants have not demonstrated demand for green ratings for existing buildings across its portfolio.</p> <p>Investore targets a 5 Green Star rating for newly developed properties.</p>                                                                                        |
| Industrial (owned by Industrie and managed by SIML)          | <p>4 out of 19 properties<sup>1</sup> currently have Green Star Performance ratings. In addition, one property has a 5 Green Star As Built rating. In total, 32% of the industrial portfolio<sup>1</sup> by value has a green rating as at 31 March 2024.</p>                                                                                                                                                            | <p>The New Zealand Green Building Council has recently completed a benchmarking exercise for warehouse/distribution spaces, which simplifies the process for obtaining Green Star Performance ratings for this type of property. Industrie intends to seek ratings for those properties that fit this category of property, currently anticipated to be 4 properties.</p> <p>Industrie does not propose to obtain further green ratings for existing properties that do not have a benchmark, as tenants have not demonstrated demand and the rating process poses data challenges where no benchmark exists.</p> <p>Industrie will target a 5 Green Star rating for newly developed properties.</p> |

1. Excludes properties categorised as 'Development and Other' in the respective financial statements.

# Protect the Planet

## Green ratings

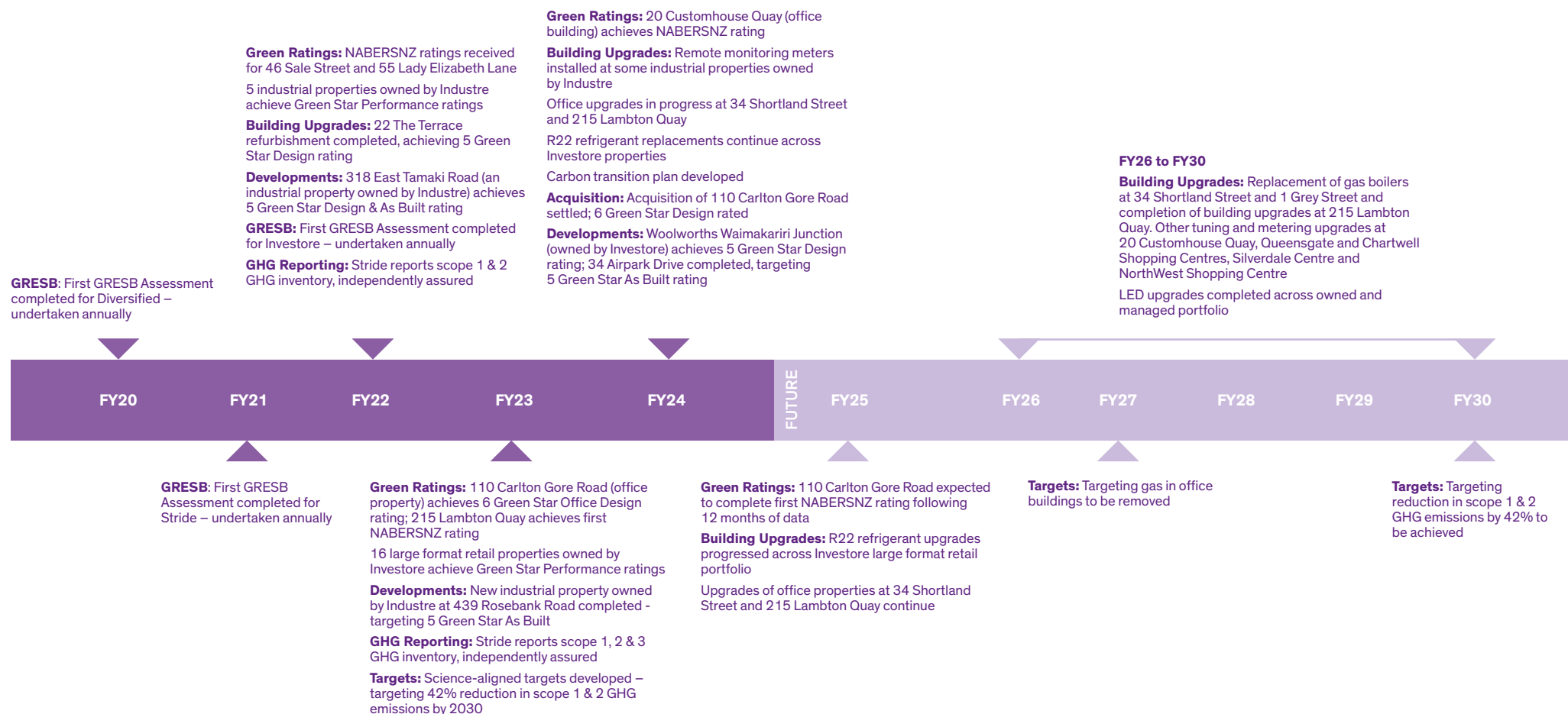
Set out is a description of the green ratings that are available.

|              |                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|--------------|-------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Construction | Green Star Design and Green Star As Built | Helps to guide the sustainable design and construction of new commercial buildings or major refurbishments. Areas assessed include management, indoor environmental quality, energy, transport, water, materials, land use and ecology, emissions, and innovation. The criteria for assessment includes categories that must be met to achieve a rating and those that are optional, depending on the type of building being constructed. The Design and As Built certification confirms that the building has been constructed in accordance with the Green Star requirements. The level of rating that can be achieved is between 4 and 6 stars and is awarded by a trained, independent assessor. 4 stars equates to best practice; 5 stars to New Zealand excellence; and 6 stars to world leadership.                                                                                                                                                                                                                                    |
| Operational  | NABERSNZ                                  | The NABERSNZ assessment tool is used in New Zealand to assess the operational energy performance of commercial office buildings, with assessments undertaken on an annual basis. Assessments can be completed for the base building (common areas only) or the whole building (tenanted areas and common areas). The performance of a building is rated between 1 star and 6 stars. At this stage, NABERSNZ ratings are only available in New Zealand for commercial office properties. However, ratings are available in other categories in Australia, and accordingly, these could be made available in New Zealand in the future.                                                                                                                                                                                                                                                                                                                                                                                                         |
|              | Green Star Performance                    | Used to assess the operational performance of existing buildings and to assist building owners to measure and continually improve their buildings' operational performance. A Green Star Performance rating lasts for three years with annual energy and water data submitted to support the rating. The areas assessed include emissions, energy, indoor environmental quality, innovation, land use and ecology, management, materials, transport and water. It is possible to obtain a rating using energy and water usage only, but this limits the number of stars that can be achieved. Benchmarks have been created for some building types for Green Star Performance ratings, including hardware stores and the recently developed benchmark for warehouses and distribution centres. Having a benchmark means that less historical data is required to be provided for the purposes of achieving a rating, making the process easier and more efficient, particularly given that most data is required to be obtained from tenants. |

# Protect the Planet

## Timeline of progress

Stride has been progressing its sustainability strategy and has made considerable progress to date, as set out in this timeline which also includes planned future actions.



# Contribute to a resilient community

Stride's objective is to provide leading health and safety performance and support a connected and inclusive community.

In contributing to a resilient community, Stride focusses on supporting its employees, the local community in which it operates, and supporting charities that embody its goal of addressing social issues which generate shared value for both Stride and the community at national and local level.

# Contribute to a Resilient Community

## Caring for our people

This year, the SIML Board reviewed its parental leave benefits and determined to provide further support to our people when they become parents, including full pay for primary carers for 14 weeks.

## Promoting inclusivity and connectivity

Stride values the benefit that different experiences can bring to our business. Stride continues to advance its diversity objectives, including the provision of training and the collection of diversity data.

## Supporting a connected and inclusive community

Stride's community involvement is focussed on maximising the positive impacts of Stride's business activities on the community through actively engaging in partnerships that address social issues at national and local level. Stride supports the Graeme Dingle Foundation, a New Zealand charity dedicated to inspiring young people across New Zealand to realise their potential.

## Contributing to our communities

Our centres are committed to being an engaging and active part of our community, raising and collecting funds to support their communities, while also providing space for community groups and charities.



# Contribute to a Resilient Community



## Supporting our people

Stride's people are essential to its success, and we seek to demonstrate the value that we place on employees through our collaborative and open culture and the benefits that we provide to our employees.

SIML offers a number of benefits to our people, focussed on wellbeing, recognition and reward, social benefits, and learning and development. Stride regularly reviews these benefits to ensure that we are supporting our employees in areas that matter to them. This year, the Stride Board reviewed its parental leave benefits and determined to provide further support to our people when they become parents.

SIML supports the health and wellbeing (including financial wellbeing) of its people with the following benefits:

All permanent employees receive **5 weeks' annual leave** every year subject to certain requirements

Free **annual flu vaccinations** to help keep employees healthy

We're committed to **developing our people**, and encourage ongoing learning and development through internal and external learning opportunities, ability to work on projects outside an employee's normal team, and coaching and mentoring

**Full pay for primary carers for 14 weeks following birth of a child**, as a top up to the Government-provided parental leave financial contribution

SIML contributes **5% to KiwiSaver** for any employee contributing at or above 4% of earnings, enabling our people to save a greater amount for their future

SIML believes that **stronger teams are created through social interaction**, and we regularly offer a number of sporting and other social activities for our people during the year

**One week's paid parental leave for secondary carers**

**Employer KiwiSaver contributions for 14 weeks** for primary carers following birth of a child

**Annual leave** taken in the 12 months after returning from parental leave paid at the higher of average weekly earnings or ordinary weekly pay

**Employee Assistance Programme** available to all staff and their families, providing access to free, confidential and professional counselling

SIML supports its people in their ongoing learning efforts through **study support**, including assistance with study fees and/or paid time off for study or exams

# Contribute to a Resilient Community

## Promote inclusivity and connectivity

Stride has a Diversity Policy, which underpins Stride's commitment to valuing the benefit that different experiences can bring to our business. Stride considers that diversity and inclusion embodies a wide range of individual attributes, including gender, experiences, capabilities, ethnicity, age, national origin, sexual orientation, disability, race, family status, cultural heritage, and religious belief.

### Stride's Diversity Policy embraces four key principles:

#### Merit

Individuals are evaluated based on their individual skills, performance and capabilities

#### Fairness & Equity

Stride does not tolerate any discrimination or harassment in the workplace of any kind, including, but not limited to, in recruitment, promotion and remuneration

#### Culture

Stride believes that diversity is a strong contributor to a rich workplace culture, where individuals are free to be themselves and thrive within Stride

#### Promotion of Diverse Ideas

Stride values diversity in skills, backgrounds, and ideas which come from a diverse workforce

SIML has established an employee Diversity, Equity and Inclusion Committee, which helps to guide diversity and inclusion initiatives at Stride. The Committee is supported by the resources and advice of Diversity Works. During FY24, and with the guidance of the Diversity Committee, SIML provided diversity training and unconscious bias training for all staff, and has established a programme for assessing diversity metrics among Stride employees. For FY24, metrics related to average age and gender composition have been monitored. The implementation of SIML's new human resources software during FY24 will enable a wider range of diversity metrics to be assessed and monitored during FY25.

As it will be voluntary for employees to provide diversity metrics, during FY25 the Diversity, Equity and Inclusion Committee will implement a communication strategy for employees to increase awareness on why the data is being collected, how it will be used, and how it will be protected, to encourage employees to provide their data to enable a richer and more complete picture of diversity at Stride.

### Diversity metrics as at 31 March 2024

50:50

gender representation at Board level

62.5% male  
37.5% female

gender representation at executive level

38% male  
62% female

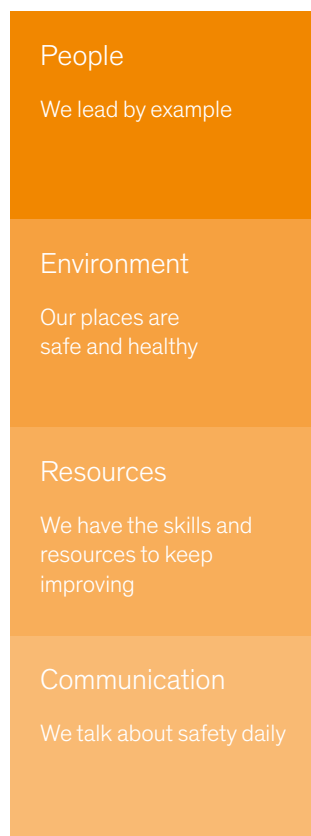
gender representation across all employees

# Contribute to a Resilient Community

## Ensure health, safety and wellbeing

Stride acknowledges that a commitment to health and safety for SIML's people and for others who occupy or visit properties that are owned or managed by Stride is essential for the continued success of Stride and its operations. To achieve this goal, we have four pillars that guide our actions, and for each pillar we have established a series of key performance indicators and action plans.

1. Covers all incidents resulting in injury across all properties owned and managed by Stride in the 12 months to 31 March 2024, including SIML employees, contractors, tenants and their staff, and the public.



Health and safety, including a consideration of key metrics and achievement against the health and safety strategic plan, is considered by the Stride Boards at every Board meeting. Metrics reported to the Boards cover both lead and lag indicators, including training, risk reviews completed, the number and type of incidents occurring since the last report, and the hazards linked to incidents.

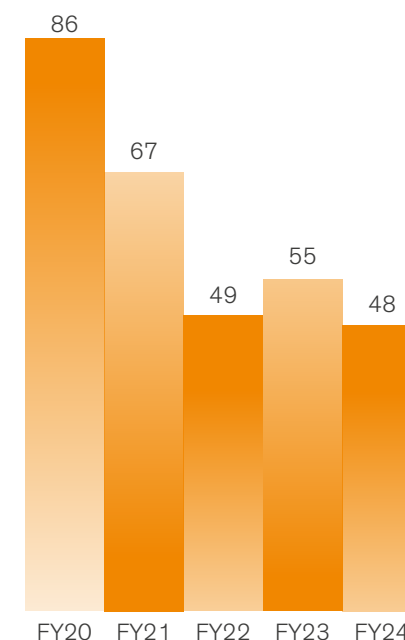
Contractor management remains a key health and safety risk faced by Stride. Stride has implemented a comprehensive contractor management framework that seeks to embed the principles of consultation, cooperation and coordination in the management of risks related to works on SIML-managed sites. SIML continues to work with contractors to ensure that appropriate health and safety practices are employed, and that contractors are minimising risk to staff, public and tenants in undertaking their activities. For major developments SIML will engage an external firm to audit health and safety practices on site on a monthly basis, with the results of that review reported to the Boards.

As an owner and manager of properties, Stride strives to ensure that its properties do not cause a health and safety risk to those persons occupying or visiting them. To support this objective, Stride has a policy of regularly undertaking external risk assessments of its properties, with any recommendations promptly closed out, starting with the highest priority recommendations.

Stride has experienced a reduction in thefts at its owned and managed shopping centres during FY24, but continues to take a proactive and prudent approach to prevention and management of these type of incidents, including maintaining close relationships with the local police and liaising with the New Zealand Retail Forum to ensure we continue to implement best practice procedures. SIML employees and security contractor personnel continue to receive refresher training on a regular basis to support them in responding safely when incidents do occur.

### Incidents resulting in injury<sup>1</sup>

Stride's continued attention to eliminating risks and keeping people safe has resulted in a reduced number of injury incidents since FY20.



# Contribute to a Resilient Community

## Supporting a connected and inclusive community

Stride seeks to actively engage with the communities in which it operates to create mutually beneficial outcomes.

Stride's Community Engagement Framework governs Stride's community investment activities. Stride aims to maximise the positive impacts of its business activities on the community through actively engaging in partnerships that address social issues which generate shared value for both Stride and the community at national and local level, and actively engaging with the communities in which Stride operates to create mutually beneficial outcomes.

At a national level, Stride will focus on organisations, programmes and initiatives that provide opportunities for youth to access experiences that would not otherwise have been available to them and encourage continuing education. At the local level Stride will focus on helping build the capacity of the communities in which we operate. We seek to provide spaces that facilitate social connection and cohesion and work with those organisations seeking to create equality in the community.

1. According to a report prepared by Infometrics for the Graeme Dingle Foundation on "Updating the contribution of the Foundation's work to the New Zealand economy" dated February 2024.

### Support of the Graeme Dingle Foundation

Stride supports the Graeme Dingle Foundation through sponsorship targeted towards activities in the areas in which Stride has operations, and therefore links with our objective of engaging in partnerships that address social issues which generate shared value for Stride and the community. We partner with the Graeme Dingle Foundation to build stronger, more resilient communities in Auckland, Waikato and Wellington, areas where Stride has operations.

Established in 1995, the Graeme Dingle Foundation programmes are proven to reduce truancy, bullying, antisocial behaviours and youth offending; and increase self-belief, behaviours, and academic outcomes. For every dollar invested in the Graeme Dingle Foundation, \$10.50 is returned to the New Zealand economy<sup>1</sup>.

In addition to supporting the Graeme Dingle Foundation through a financial contribution, Stride is also proud to support the local community initiatives of the Graeme Dingle Foundation. During FY24

SIML staff participated in a volunteer day with the Graeme Dingle Foundation at Te Hōnonga a Iwi restoration site at Rosedale Park, Auckland, to help build a fence for the chicken enclosure and clear pest plants. The day included opportunities to understand how the Graeme Dingle Foundation lives by the values it teaches young people throughout New Zealand, and to learn more about the Te Hōnonga a Iwi restoration site. We would like to take this opportunity to thank both the Graeme Dingle Foundation and the Te Hōnonga a Iwi restoration site for hosting us.

### Other Community Support

Stride also supports other charities and organisations that are committed to making a difference to the lives of young people in New Zealand, including Keystone Trust, which provides scholarships to young people facing hardship to support them in their studies in the fields of property or construction, and the Tania Dalton Foundation, which provides young New Zealanders, particularly women, with support and personal development opportunities.

# Contribute to a Resilient Community

## Contributing to our communities

Stride owns and manages a number of retail shopping centres, which regularly support and engage with their local communities. During FY24, the shopping centres owned and managed by Stride provided space at no charge to local and national charities and community groups, to a total value<sup>1</sup> of \$245,000. Some of the groups benefiting from the provision of space, enabling them to fulfil their objectives, included:

|                         |                           |                    |
|-------------------------|---------------------------|--------------------|
| New Zealand Red Cross   | Hutt Valley Womens Refuge | Wheel Blacks       |
| Stroke Foundation       | Heart Foundation          | Assistance Dogs NZ |
| Child Cancer Foundation | Pink Ribbon Appeal        | World Vision       |
| Guide Dog Foundation    | SPCA                      | RSA                |

1. Based on square metres of space provided to charities and community groups, multiplied by the rate Stride charges for space for short term licences.



In addition to supporting community groups through the provision of space and amenities, our shopping centres also provide entertainment and activities for the local community, providing opportunities for communities to come together. These activities include regular free school holiday entertainment, supporting local parents to keep children entertained and happy during the school holidays, as well as Santa events, Christmas carols, and Movies in the Square at NorthWest Shopping Centre.



# Develop shared prosperity

Stride invests in and manages outstanding places that reward everyone connected with them.

# Develop Shared Prosperity

## Drive a prosperous economy

Macroeconomic conditions have continued to be challenging during FY24, with inflation remaining higher than the New Zealand Reserve Bank's target range, which is leading to a sustained period of higher interest rates. These challenging macroeconomic conditions are impacting property companies, including Stride, through higher interest rates and resulting higher capitalisation rates impacting portfolio valuations. Lower portfolio valuations impact SPL's directly held property, and impact SIML's asset management fees which are based on portfolio valuations of the Stride Products. While property valuations have stabilised over the second half of FY24, elevated interest rates and a softer economy are expected to persist for the remainder of this year.

The higher inflationary environment has contributed to improved rentals across the properties owned and managed by Stride. Market rentals for Stride's owned portfolio<sup>1</sup> have increased 1.6% over the 12 months to 31 March 2024, while SPL's look-through portfolio<sup>2</sup> (which includes Stride's interests in the Stride Products) is up 3.0% over the same period. Stride is an active portfolio manager and seeks to maximise the value of its owned and managed properties, including through benefiting from rent review and renewal opportunities to improve rent. Rent reviews and renewals across the SPL owned portfolio<sup>1</sup> have resulted in an increase in rentals of 4.9% over the 12 months to 31 March 2024.

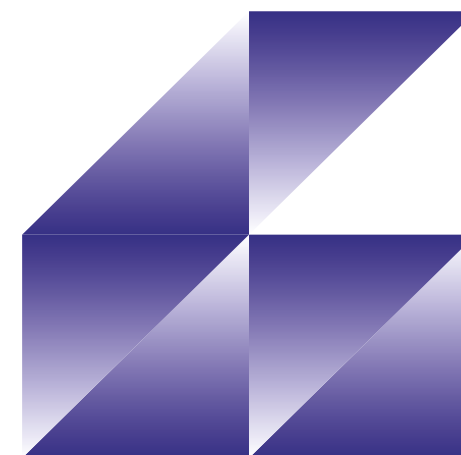
Stride's active approach to portfolio management is also reflected in the projects it delivers across its owned and managed portfolios, which continue to drive improvements to these portfolios. Some examples of projects completed during FY24 can be found on the following pages.

The new developments owned and managed by Stride contribute to job creation. For example, the new Woolworths Waimakariri Junction, delivered by SIML for Investore during FY24, is expected to create 84 new jobs in the region, supporting the economic development of this area. Over the past two financial years SIML has also developed two new industrial facilities for Industre, including a factory and distribution centre, both of which support the creation of new job opportunities.

Stride's focus for FY24 has been on proactively managing its own capital position and that of the Stride Products, to ensure a sustainable future for Stride and the Stride Products. Stride's focus on managing capital has resulted in SPL having a loan to value ratio (LVR) of 36.7% as at 31 March 2024, largely in line with the LVR as at 31 March 2023 (36.4%), despite lower portfolio values as at 31 March 2024. This has been achieved through a combination of the sale of an asset (22 The Terrace, Wellington), a

refined dividend policy which has resulted in Stride retaining more income to lower its debt, the implementation of a dividend reinvestment plan where shareholders can choose to reinvest their dividend in additional shares in the company, cost management initiatives, and the receipt of a distribution from Industre following asset disposals.

Further information on Stride's financial performance for FY24 can be found in Stride's FY24 Annual Report, available on Stride's website: [www.strideproperty.co.nz/investor-centre/](https://www.strideproperty.co.nz/investor-centre/).



1. Excludes: (1) SPL's 51.7% interest in the joint operation component of the Industre Property Joint Venture portfolio which is reported as part of the assets of SPL in the Stride FY24 consolidated financial statements; (2) properties categorised as 'Development and Other' in the Stride FY24 consolidated financial statements.

2. Excludes properties categorised as 'Development and Other' in the respective financial statements.

# Develop Shared Prosperity

## Create sustainable products and places

The Stride Boards have set a strategy of targeting a 5 Green Star rating for all new developments. During FY24, SIML developed two new properties – a supermarket at Waimakariri Junction, on behalf of Investore, and a new industrial property at 34 Airpark Drive, Auckland, on behalf of Industrie. In addition, Stride is in the process of implementing a number of sustainability upgrades at its office property at 34 Shortland Street. These initiatives support the people associated with the properties as well as benefiting the environment.

## New supermarket development managed by SIML – Woolworths Waimakariri Junction, owned by Investore



This property was developed in conjunction with Woolworths, and includes a number of sustainability features:

- Solar panels installed
- Initiatives implemented to improve health and wellness of people working in and using the supermarket, including increased outdoor air supply, flicker-free lighting, good thermal and acoustic environments and low VOC products
- Heating and cooling provided by energy efficient units, together with heating and cooling reclaim from refrigeration
- Low global warming and energy efficient CO2 refrigeration system installed
- 100% use of LED lighting
- Dedicated parking spaces for fuel-efficient and electric vehicles
- End of trip facilities, including secure bicycle parking for staff and customers
- Low water use plumbing fittings installed
- Low carbon concrete mix
- 5 Green Star Design rating achieved, targeting 5 Green Star As Built rating (in progress)

# Develop Shared Prosperity

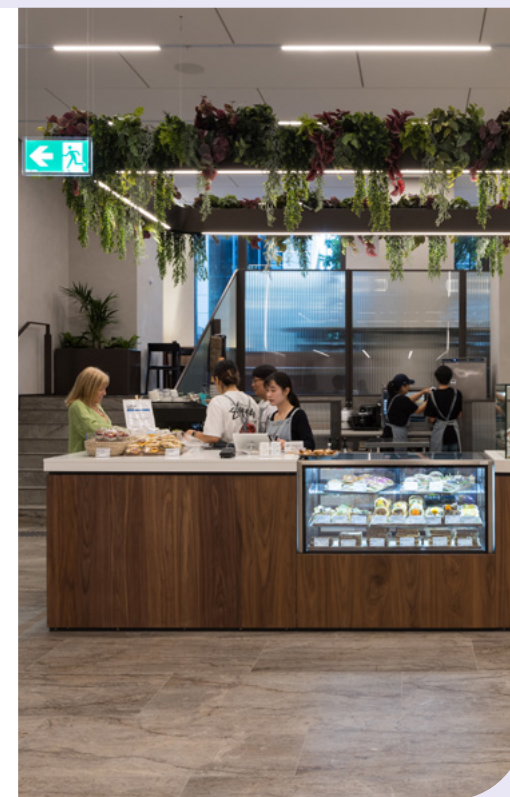
New industrial property development managed by SIML - 34 Airpark Drive, Auckland, owned by Industrie

- Solar panel array installed, delivering on-site renewable generation
- Rainwater harvesting facilities provide a water reuse system for toilets and irrigation
- Energy, water metering and building management system installed to enable accurate monitoring of energy efficiency
- Dedicated carparks provided for electric vehicles and low emission vehicles, together with electric vehicle chargers
- End of trip amenities installed, encouraging active forms of transport
- Targeting 5 Green Star As Built rating (in progress)



Refurbished office property - 34 Shortland Street, Auckland, owned by SPL

- Redevelopment of the lobby, including LED lighting
- End of trip facilities installed to encourage building occupants to take active forms of transport for commuting to work
- Installation of new, more energy efficient escalators
- Building efficiency upgrades in progress, including upgrading the heating and ventilation system, targeting a minimum 4 star NABERSNZ rating



# Climate-Related Disclosures

This section of the Sustainability Report contains Stride's climate-related disclosures for the year ended 31 March 2024.

# Climate-related Disclosures

## Statement of Compliance

Stride Property Limited (SPL) and Stride Investment Management Limited (SIML) are both climate reporting entities (CREs) under the Financial Markets Conduct Act 2013 (FMCA). SPL and SIML have been granted an exemption from the FMCA, the Financial Markets Conduct (Climate Statements – Stride Property Group) Exemption Notice 2023 (Exemption Notice), which permits SPL and SIML, subject to conditions set out in the exemption notice, to prepare climate statements in respect of Stride, while they remain stapled (in place of separate climate statements for each company).

Stride's climate-related disclosures set out in this part of the Sustainability Report comply with the New Zealand Climate Standards issued by the External Reporting Board, subject to the Exemption Notice.

In preparing the climate-related disclosures, Stride has elected to rely on the following adoption provisions:

- Adoption provisions 1 and 2, which exempt Stride from disclosing current and anticipated financial impacts of climate-related risks and opportunities reasonably expected by Stride;
- Adoption provision 4 for certain subsets of scope 3 emissions as set out on page 95;
- Adoption provision 5 which exempts Stride from reporting comparative information for two prior periods for scope 3 GHG emissions, as Stride is reporting comparative information for only one prior reporting period;
- Adoption provision 6 which exempts Stride from disclosing comparative information of each reported metric for two prior periods. Stride is including comparative information for each metric for one prior reporting period only;
- Adoption provision 7 which exempts Stride from reporting an analysis of trends for each disclosed metric, as Stride is only reporting one comparative period for each metric.

## Disclaimer

This report sets out Stride's current understanding of and response to climate-related risks and opportunities as they impact Stride, and the current and anticipated impacts of climate change, which may evolve over time. This report contains forward looking statements, including climate scenarios, targets, assumptions, climate projections, forecasts, statements of future intentions, estimates and judgements.

Forward looking statements involve assumptions, forecasts and projections which are inherently uncertain and subject to limitations. While Stride has taken all reasonable care in making these forward-looking statements, these statements, together with the risks and opportunities described in this report, and our strategies to achieve our targets, may not eventuate or may be more or less significant than anticipated.

There are many factors that could cause actual results, performance or achievement of climate-related metrics and targets to differ materially from that described, many of which are outside of Stride's control. Nothing in this report should be interpreted as legal, financial, tax or other advice or guidance.



# Climate-related Disclosures

## Introduction

This section of Stride's Sustainability Report contains its climate-related disclosures for the year ended 31 March 2024 in accordance with the Aotearoa New Zealand Climate Standards. The climate-related disclosures relate to Stride Property Group as a whole, which comprises SPL, together with its subsidiaries, and SIML. The shares of SPL and SIML are stapled together and listed on the NZX. Stride Property Group prepares consolidated financial statements for SPL and SIML, and accordingly Stride considers that a combined climate report is most useful for primary users as the disclosures relate to Stride Property Group, the same consolidated group for which financial statements are prepared.

In preparing these disclosures, Stride considers its primary users to be its current or prospective shareholders, lenders and other creditors. Stride has also considered insurance companies and tenants, in preparing these disclosures, but does not consider these stakeholders to be its primary users for the purposes of these climate-related disclosures.

In accordance with the Aotearoa New Zealand Climate Standards, these disclosures are divided into four sections – Governance, Strategy, Risk Management, and Metrics and Targets. Also attached is Stride's greenhouse gas inventory report.

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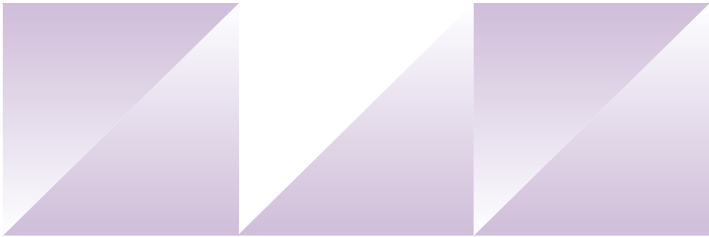
For and on behalf of the Boards of Directors of Stride Property Limited and Stride Investment Management Limited, dated 28 May 2024:



**Tim Storey**  
Chair of the Boards



**Jacqueline Cheyne**  
Chair of the  
Sustainability Committee



# Governance

This section enables users to understand both the role the Stride Boards play in overseeing climate-related risks and climate-related opportunities, and the role management plays in assessing and managing those climate-related risks and opportunities.

The Stride Boards are ultimately responsible for the oversight of climate-related risks and opportunities within the Stride business. To assist them in fulfilling their duties, the Boards have established a Board Sustainability Committee. The Sustainability Committee has a formal charter that governs its operations and sets out its purpose and responsibilities. This charter is available on Stride's website: [www.strideproperty.co.nz/investor-centre/](http://www.strideproperty.co.nz/investor-centre/). The members of the Sustainability Committee are Jacqueline Cheyne (Independent Director and Chair of the Committee), Tim Storey (Independent Director and Chair of the Boards) and Michelle Tierney (Independent Director).

|                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|--------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Boards                   | <ul style="list-style-type: none"> <li>• Approve Stride's Sustainability Strategic Plan, including objectives, targets and performance indicators</li> <li>• Approve resourcing for climate-related activities and investments</li> <li>• Approve sustainability policies and charters</li> <li>• Approve Stride's overall strategy and strategic objectives and ensure sustainability and climate risk are considered as part of the strategy and business plan</li> <li>• Review and approve climate scenarios and consider impact of scenarios on Stride's strategy</li> </ul>                                                                                                                                                                                                                                                                                  |
| Sustainability Committee | <ul style="list-style-type: none"> <li>• Review and recommend to the Boards for approval Stride's sustainability objectives, targets, and performance indicators and monitor achievement against determined sustainability initiatives and outcomes</li> <li>• Review resourcing required and recommend resources and activities to the Boards in connection with the Sustainability Strategic Plan</li> <li>• Oversee adoption and implementation of a climate risk assessment process</li> <li>• Provide strategic guidance and feedback to the Boards and SIML Management on Stride's sustainability related policies, frameworks, initiatives and performance</li> <li>• Ensure environmental and social concerns are incorporated into Stride's business model and decision-making</li> <li>• Review and recommend climate scenarios to the Boards</li> </ul> |
| Management               | <ul style="list-style-type: none"> <li>• Propose sustainability objectives and targets for approval by the Boards</li> <li>• Prepare business plans and budgets that include allocations for sustainability objectives and propose these to the Boards for approval</li> <li>• Implement the Board-approved Sustainability Strategic Plan</li> <li>• Assess climate-related risks and opportunities for consideration by the Sustainability Committee and the Boards</li> <li>• Develop climate-related scenarios for consideration by the Sustainability Committee and the Boards</li> </ul>                                                                                                                                                                                                                                                                      |

# Governance

## Process and frequency of meetings

The Sustainability Committee meets a minimum of two times per year and met four times in FY24. The SIML Chief Executive Officer, General Manager Corporate Services, and Safety & Sustainability Manager have a standing invitation to attend Committee meetings. At each Sustainability Committee meeting, reports are provided in relation to progress against Stride's Sustainability Strategic Plan, including progress against Stride's sustainability targets, and the assessment and impact of climate-related risks. The Committee regularly reports to the Boards on matters under consideration and recommendations for approval. Further information on the role and responsibility of the Sustainability Committee can be found in the Corporate Governance section of Stride's FY24 Annual Report, available on Stride's website: [www.strideproperty.co.nz/investor-centre/](http://www.strideproperty.co.nz/investor-centre/).

The Stride Sustainability Committee has, to date, considered climate-related risks and opportunities on an annual basis, since Stride's climate risk assessment was first developed in 2021.

The Stride Boards, together with the Board of Directors of Investore, held a Sustainability Workshop in December 2023, where the Boards:

- considered the climate scenarios that are being utilised by Stride for the purposes of considering the resilience of its strategy, and discussed potential risks and opportunities arising from those scenarios;
- reviewed Stride's climate-related risks and considered the integration of climate risks into Stride's overall enterprise risks; and
- considered progress against sustainability targets.

## Skills and competencies

Knowledge regarding the potential impact of climate change is constantly evolving. Accordingly, while the Stride Sustainability Committee has experience in sustainability and climate change, the Directors appreciate and understand the need for continuing education in this area to ensure that they continue to have the appropriate skills and competencies to provide oversight of climate-related risks and opportunities.

Jacqueline Cheyne, Chair of the Committee, is well qualified to lead this Committee, given her role as Chair of the External Reporting Board Steering Committee responsible for the development of climate reporting standards, her role as a director of New Zealand Green Investment Finance Limited, and her experience with sustainability matters during her time as a partner of Deloitte, where she led the Corporate Responsibility and Sustainability Services function for Deloitte New Zealand for nine years. Jacqueline has recently completed the New Zealand Institute of Directors' Advanced Climate Governance Programme, providing further development regarding the governance of climate-related risks and opportunities within a listed company, and has recently been appointed to the Sustainability Standards Board of the External Reporting Board.

Director Michelle Tierney also has considerable experience in sustainability matters, primarily related to property in Australia. She was previously the Chair of the Region Property Group (formerly SCA Property Group) Executive Sustainability Committee and a member of the GPT Executive Sustainability Committee during her time in executive roles with those organisations. Michelle regularly undertakes further training and development through online webinars hosted by the Australian Institute of Company Directors.

Director Tim Storey has sustainability experience through his involvement in the New Zealand property industry, and also through his ongoing professional development activities.

# Governance

## Consideration of climate-related risks and opportunities as part of strategy

Climate-related risks and opportunities and sustainability objectives are becoming integrated into the business operation of Stride and the management of its portfolio. The Stride Boards have set sustainability targets which incorporate climate-related outcomes, such as emissions reduction targets. Supporting the achievement of these targets, Stride has a Sustainability Strategic Plan which sets a number of specific objectives and actions designed to assist in achieving the sustainability targets. Actions and objectives are incorporated into Stride's business, including consideration of business strategy, operating and maintaining buildings, developing buildings, and considering acquisitions and divestments.

### Consideration of business strategy

The Stride Boards consider sustainability as part of their overall focus on business strategy. The Boards expect that sustainability objectives, together with climate-related risks and opportunities, will become further integrated into strategic discussions and considerations over time.

### Operating and maintaining buildings

As part of the budgeting and business planning process, Stride plans a number of sustainability upgrade projects for existing buildings, including LED lighting upgrades, installation of metering, as well as larger projects such as replacement of chillers and air conditioning upgrades. These projects are designed to align with Stride's carbon transition plan.

### Developing buildings

The Stride Boards consider sustainable improvements as part of all major upgrade or refurbishment decisions, and have a strategy of targeting a 5 Green Star rating for all newly developed buildings.

### Acquisitions and divestments

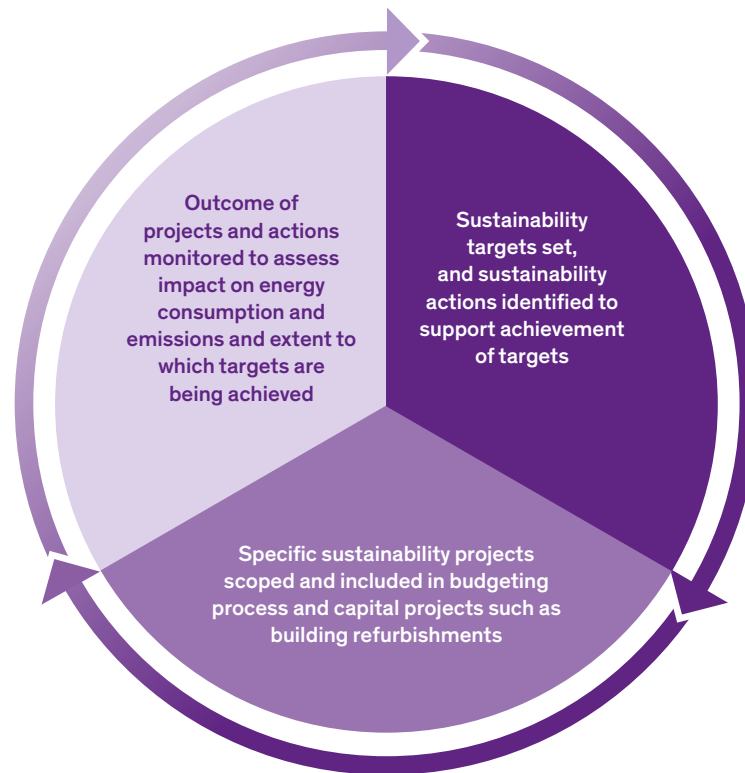
Climate risks are considered as part of due diligence for the acquisition of a property, including both physical climate risks and transition climate risks. The Stride Boards target a 5 Green Star rating for acquisitions where appropriate, taking into account the type and age of the asset, and acknowledging that limited ratings exist for some categories of asset. Where a property does not meet Stride's sustainability objectives, then as part of the acquisition the Boards will consider the feasibility of upgrading the property to meet Stride's expectations. Stride may also acquire properties that do not meet its required level of sustainability if the property is acquired for the purposes of redevelopment.

# Governance

## Monitoring of progress against metrics and targets

During FY23 the Stride Boards set a number of sustainability targets. Stride has developed a Sustainability Strategic Plan which sets out actions and objectives designed to support achievement of the sustainability targets. The Sustainability Strategic Plan was approved by the Sustainability Committee and the Stride Boards. Performance against the sustainability targets is described on pages 9 to 11 of this report.

The Sustainability Committee considers progress against Stride's sustainability targets and strategic objectives on a quarterly basis, with relevant metrics also regularly reported to the Boards and the Sustainability Committee.



# Governance

## The role of Management

Sustainability is becoming incorporated into “how we work” at Stride, which means that everyone is responsible for achieving Stride’s sustainability objectives. The SIML Chief Executive Officer is ultimately responsible for meeting the expectations of the Boards in relation to sustainability, but we recognise the organisation as a whole must incorporate sustainability considerations into their actions in order for Stride to be successful. SIML’s General Manager Corporate Services, who reports to the Chief Executive Officer, has executive responsibility for sustainability and climate reporting, and is also responsible for Stride’s risk management framework and compliance. The SIML Safety & Sustainability Manager reports to the General Manager Corporate Services and is responsible for providing expertise in relation to climate-related risks and sustainability, including developing and implementing specific actions to assist in achieving Stride’s overall sustainability objectives.

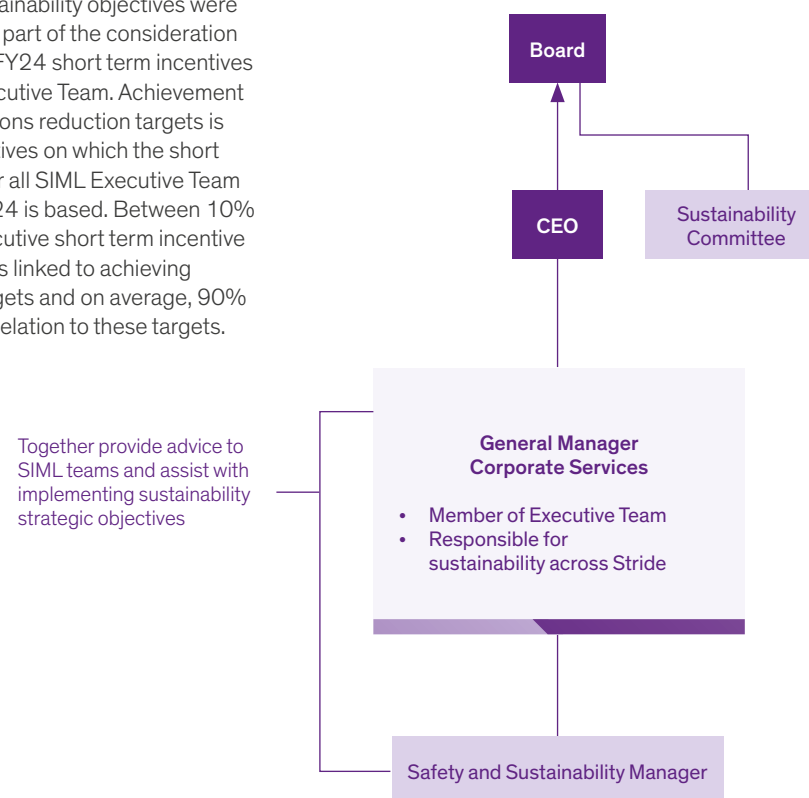
While the General Manager Corporate Services and the Safety & Sustainability Manager are primarily responsible for guiding Stride’s sustainability actions, all SIML Executives are involved in ensuring sustainability is considered as part of all key strategic decision-making at management level within the organisation.

SIML Management has not established a formal sustainability committee at employee level, but there are a number of ways that management and staff consider and are kept informed of progress on sustainability initiatives and climate-related targets. These include regular communication between Executives, including at weekly meetings, individual team meetings, and presentations at company-wide town hall events.

Stride Management consider Stride’s climate-related targets (which have been set to address Stride’s climate-related risks) as part of their decision-making for asset planning purposes, for example planning upgrades of buildings or development of new buildings.

Following the establishment of sustainability targets in FY23, Stride has developed a Sustainability Strategic Plan which sets a number of specific objectives and actions designed to assist in achieving the sustainability targets. Each Stride Executive Team member was allocated responsibility for achieving certain sustainability objectives and actions related to their area of responsibility for FY24. Progress against achievement of these actions and objectives was reported on a regular basis to the Sustainability Committee.

At the end of the financial year, the extent to which the sustainability objectives were achieved formed part of the consideration for the award of FY24 short term incentives for the SIML Executive Team. Achievement of Stride’s emissions reduction targets is part of the objectives on which the short term incentive for all SIML Executive Team members for FY24 is based. Between 10% and 35% of Executive short term incentive remuneration was linked to achieving sustainability targets and on average, 90% was achieved in relation to these targets.



# Strategy

This section is intended to enable users to understand how climate change is currently impacting Stride and how it may do so in the future

## Stride's strategy

Stride's strategy is to create a group of entities (or Products) in core commercial property sectors to grow its investment management business. SIML will manage each of the Stride Products, and SPL will own an interest in each of the Stride Products. The current Stride Products are:

### Investore

an NZX listed entity which invests solely in large format retail property

### Industre

a joint venture between Stride and JPMAM<sup>1</sup>. Industre owns a portfolio of industrial assets primarily located in the Auckland region

### Diversified

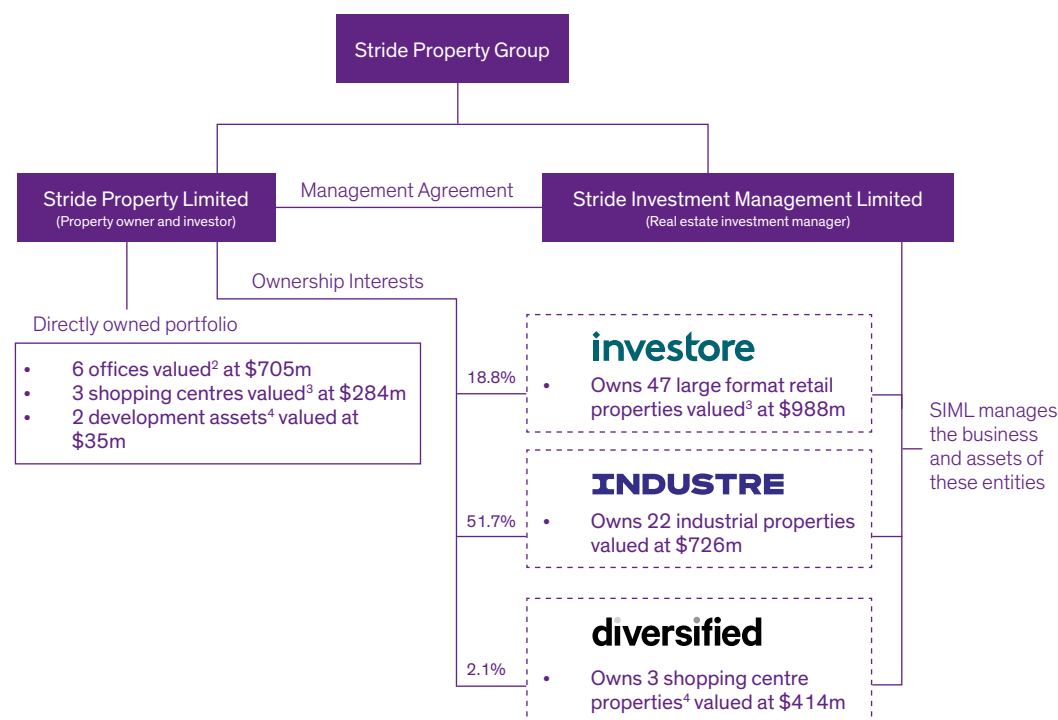
an Australian trust that invests in New Zealand shopping centre assets, and is owned primarily by two Australian superannuation entities, with Stride owning 2.1%

In addition, SIML manages the portfolio of SPL, which comprises office and town centre properties. The shares of SIML and SPL are stapled and listed as a single stapled security on the NZX. SIML and SPL together form Stride Property Group.

Stride will continue to build portfolios of assets within SPL that could be used for the establishment of future Products, when market and economic conditions are conducive. Further information on the Stride business and Stride's strategy can be found on pages 5 to 7. An overview of Stride's Sustainability Strategy, including goals, focus areas and targets, is set out on page 8.

1. A group of international institutional investors, through a special purpose vehicle, and advised by J.P. Morgan Asset Management.
2. Includes the value of Stride's office at 34 Shortland Street, Auckland, which is shown in the consolidated financial statements as 'Property, plant, and equipment', and the value of the rental guarantee receivable in relation to 110 Carlton Gore Road, Auckland.
3. Excludes lease liabilities.
4. Includes Johnsonville Shopping Centre, which is owned 50:50 by SPL and Diversified.

Stride structure as at 31 March 2024



# Strategy

## Stride's transition plan

Stride has developed an asset strategy intended to assist it to transition to a low carbon, climate resilient future. In developing the plan, Stride has considered the specific characteristics of each type of property that it owns and manages, which drives a different strategy for each asset type. Stride has also established targets and strategies for new acquisitions and developments, to ensure that it is future proofing these assets.

Further detail on Stride's transition plan can be found on pages 13 to 16 of this report.

Stride has progressed its carbon transition plan with the help of Beca which sets out a roadmap to transition current office and shopping centre assets to low carbon, energy efficient assets.

When Stride acquires a new asset, it considers physical and transition climate risks associated with the asset, and has a strategy of targeting a 5 Green Star rating for acquisitions where appropriate, taking into account the type and age of the asset.

Sustainability initiatives are incorporated into assets developed by Stride, with new developments targeting a 5 Green Star rating.

Intended to assist Stride to achieve its sustainability targets, including reducing scope 1 and 2 emissions by 42% by 2030 from the FY20 baseline



# Strategy

## Current physical impacts of climate change

The physical impacts of climate change can cause financial loss as a result of damage to properties. We have continued to experience extreme weather events during FY24, following the flooding experienced in Auckland in January 2023 and Cyclone Gabrielle in March 2023. In December 2023, Queensgate and Johnsonville Shopping Centres were impacted by a local severe weather event that resembled a tornado. Johnsonville Shopping Centre (which is 50% owned by SPL) experienced flooding only, while the Queensgate Shopping Centre (which is owned by Diversified and managed by SIML) suffered damage due to broken windows, flooding and canopy damage. The damage is covered by insurance, with a small deductible, and we are currently still working through the repair process. The cost to Stride from this event is minimal and limited to the flooding impact at Johnsonville Shopping Centre, and expected to be less than \$5,000.

The independent valuers that value the investment properties owned and managed by Stride consider climate risk and environmental factors and the associated impact on the value of a property as part of their external, independent valuation. Market transactional data is also considered as part of their valuation assessment, and market values may be impacted by climate risk factors, for example, higher green rated properties or properties with sustainable features or which are less vulnerable to climate risk potentially have higher market values than an equivalent property without such features. Valuations can take these factors into account as part of the overall assessment of a property's market value. Apart from a consideration of the factors described, the valuers have made no explicit adjustment in respect of climate risks as part of their independent valuations of the properties owned and managed by Stride for FY24.

Stride's assessment of the current impacts of each identified climate-related risk are set out in the risk table on pages 52 to 58.

## Current transition impacts of climate change

As part of Stride's transition plan, Stride has established a strategy to transition its assets to a low carbon, energy efficient future. Stride has progressed its carbon transition plan, with the assistance of Beca, which sets out the steps to be taken to upgrade existing office and shopping centre assets to reduce greenhouse gas emissions. Further information on Stride's transition plan can be found on pages 13 to 16 of this report. Stride considers that the current transition impacts of climate change comprise the expenditure by Stride in transitioning its assets to a low carbon, energy efficient future, described on page 68.



# Strategy

## Physical risk assessment

During FY24 Stride undertook an initial assessment of the potential physical impacts of climate change across all properties owned and managed by Stride using the S&P Global Climonomics software modelling tool, and also undertook an assessment of the risk of sea level rise using the NZSeaRise and NIWA Sea Level maps. The S&P Global Climonomics tool assesses risk associated with the physical effects of flooding (fluvial and pluvial), temperature extremes, tropical cyclones, drought and wildfire, and reflects the climate-related change in the level of hazard exposure of an asset over time, relative to an historical baseline. The tool provides a risk assessment (expressed as a percentage of loss relative to total asset value) across different climate outcomes, based on the Shared Socioeconomic Pathways of SSP1-2.6, SSP2-4.5, SSP3-7.0 and SSP5-8.5.

As the S&P Global Climonomics Software models averages, it cannot accurately predict impacts or costs for particular properties but can provide a general understanding of the expected impact of physical risks on properties, which can then be further investigated with specific engineering advice where this is considered appropriate.

The risk of sea level rise in the S&P Global Climonomics system is calculated in a different way to the accepted practice in New Zealand, resulting in zero impact from this risk in the S&P Global Climonomics System. To ensure that the sea level rise risk is appropriately assessed, Stride has considered this risk based on the NZSeaRise and NIWA Sea Level maps.

Based on the S&P Global Climonomics modelling, the most material climate risks impacting assets are fluvial and pluvial flooding across all portfolios managed by SIML, although Stride considers that the impacts remain minor out to 2050.

Based on the sea level rise assessment undertaken, no property owned by SPL is impacted by sea level rise until at least 2050 and in many cases 2100. Those properties which may be impacted after 2050 are:

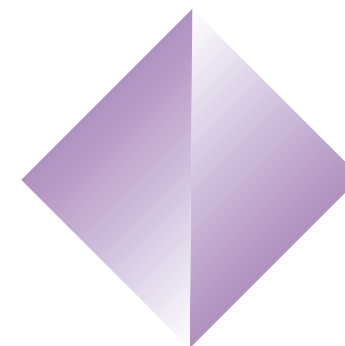
- 55 Lady Elizabeth Lane, Wellington
- 1 Grey Street, Wellington

There are two assets managed by SIML and owned by Industrie which are forecast, based on the modelling, to be impacted by sea level rise from 2030. These are located in Auckland and Gisborne, near the sea. If the value of these properties declines, then this will impact SPL

given its ownership interest in Industrie (51.7% as at 31 March 2024), and will also impact SIML through lower asset management fees which are based on the value of the managed portfolio.

In addition, based on the S&P Global Climonomics modelling, the Industrie portfolio may be impacted by temperature extremes, however most properties are not expected to be impacted until the long term (2050 or beyond). The main impact is expected to be degradation of heating and ventilation performance, where the heating and cooling system may not be sufficient to meet the needs of tenants and is likely to require replacement earlier than budgeted. This is not expected to have a material impact on Industrie given that its assets are industrial assets, many of which do not currently have air conditioning systems. If tenants do require air conditioning systems, this could be something that Industrie implements and receives a rental benefit from due to the capital expenditure committed by Industrie. There is not expected to be a material impact on SIML as a result of this risk. If additional capital is required, or Industrie receives a benefit from the capital committed to upgrade air conditioning systems, SPL would participate to the extent of its ownership interest in Industrie.

While we have considered the overall potential impact of physical risks to properties owned and managed by Stride based on the modelling undertaken during FY24, we have not at this stage quantified those risks. During FY25, Stride will consider whether further assessment of specific risks at individual properties is required based on the work completed to date.



# Strategy

## Climate scenarios

### Scenario analysis

Stride was an active participant in the development of the sector scenarios for the construction and property sector, including being involved in both the leadership group and the technical working group. The sector scenario analysis for the construction and property sector was led by the New Zealand Green Building Council, with involvement from entities across the value chain within the sector. Beca facilitated the development of the scenarios, through workshops involving the technical working group. The scenarios were then approved by the leadership group, on recommendation from the technical working group.

There were 45 organisations involved in the development of the sector scenarios, including listed property companies, retirement village and aged care operators, property developers and materials suppliers. A number of workshops were held over a period of approximately 9 months, with the draft scenarios being reviewed by the working group as well as interested stakeholders such as major investors.

The three scenarios developed by the construction and property sector are:

- An orderly 1.5°C scenario where decarbonisation policies are enacted immediately and smoothly
- A disorderly scenario where significant decarbonisation is delayed until 2030, which leads to global warming being limited to <2°C by 2100
- A hot house scenario where global warming reaches >3°C above pre-industrial levels by 2100, due to no further decarbonisation policies being enacted and emissions continuing to rise

These scenarios were selected as they were considered to provide the greatest test of the strategy and approach of the participants in the sector.

### Applicability of scenarios to Stride

Stride has undertaken a review of the scenarios to test the applicability of the scenarios to Stride's business and to customise the scenarios as required to focus on those aspects that are likely to challenge the Stride business strategy. A management working group considered the scenarios and any specific changes required to reflect Stride's business, and the Stride Boards considered the development of the scenarios as part of a sustainability workshop held in December 2023. The process undertaken by Stride, which builds on the process adopted for the development of the sector scenarios, is described in the chart on the right.

Stride considers that the construction and property sector scenarios, as customised by Stride and described in this report, are relevant and appropriate for assessing the resilience of Stride's business model and strategy to climate-related risks and opportunities, as the scenarios consider the factors that are most relevant to Stride's business and have the most potential impact on shaping Stride's strategy and business model, as reflected in the driving forces.

Stride has undertaken preliminary work to understand the implications of each of the scenarios for its business strategy. However, Stride acknowledges that the scenario analysis is not yet fully integrated within its strategic processes, and this is an area for further development.

**Define the problem - set the focal question that provides the purpose for the scenario analysis, and consider the value chain and system boundaries**

**Define a time horizon**

**Identify driving forces and critical uncertainties - to enable Stride to understand which driving forces will have the greatest influence in shaping outcomes**

**Select temperature outcomes and emissions pathways**

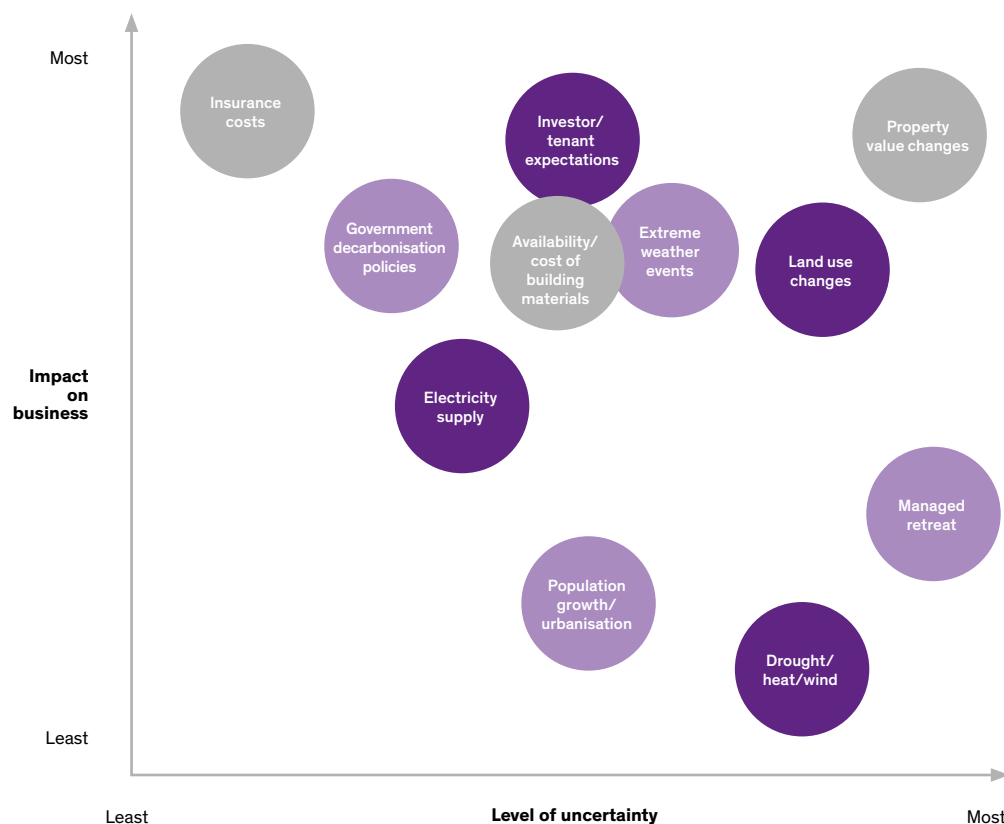
**Draft narratives so that they are cohesive and contain a consistent narrative**

# Strategy

## Climate scenarios

### Stride driving forces

In considering driving forces, Stride sought to identify the factors having the most impact on the business. These factors shape not only our climate scenarios, but also our business strategy, and are important elements for us in developing our transition plan.



### Time horizons

In developing the sector scenarios, longer term time horizons were used, out to 2100, as the physical impacts of climate change are most extreme at these longer timeframes. The time horizons considered in development of the scenarios are:

- Short term: present – 2030
- Medium term: 2031 – 2050
- Long term: 2050 -2100

While impacts beyond 2050 have been included in the scenarios and underlying data sources, the scenario narratives themselves have predominantly focussed on the short to medium term timeframes (i.e. present-2050) as these are the predominant focus for business strategy planning within both Stride and the sector as a whole.

While Stride has considered the scenarios in its climate risk assessment process, it has utilised time frames out to 2050 in that process, as Stride considers this to be more applicable to its longest time frame for consideration of strategy and decision-making.

### Scenario narratives

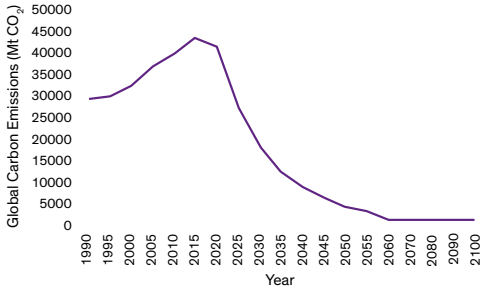
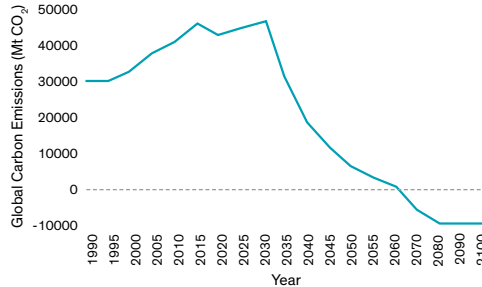
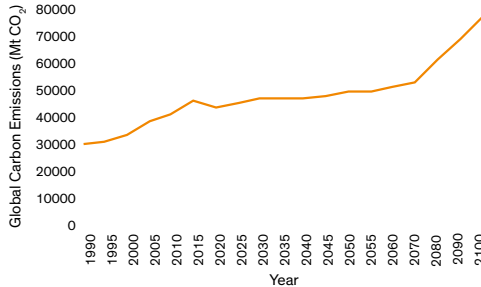
Set out on the following pages is a brief description of the scenarios adopted by Stride. More detailed descriptions of each scenario are set out in the Appendix to this report.

Further information on each scenario, as well as the sources of data used to construct each scenario, are available on the New Zealand Green Building Council's website: [www.nzgbc.org.nz/](http://www.nzgbc.org.nz/).

# Strategy

## Scenario description

Set out below is a high level summary of the scenarios that Stride has utilised in its consideration of the strategic impact of climate-related risks and opportunities.

|                                                       | Orderly 1.5°C                                                                                                                | Disorderly                                                                                                                                                                                                                                                                                       | Hot House World 3.0°C                                                                                                                                                                                                             |
|-------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Climate Change                                        | The world succeeds in limiting warming to 1.5°C above pre-industrial levels by 2100                                          | Global emissions continue to rise in the short term. The increasing frequency of climate-related physical events drives a sudden shift in global policy around 2030, leading to limiting global warming to below 2°C above pre-industrial levels by 2100                                         | No further effective climate policy is enacted; global emissions continue to grow, which leads to greater than 3°C of physical warming above pre-industrial levels by 2100                                                        |
| Emissions pathway                                     | <p><b>Global Emissions Trajectory</b></p>  | <p><b>Global Emissions Trajectory</b></p>                                                                                                                                                                     | <p><b>Global Emissions Trajectory</b></p>                                                                                                     |
| Policy implementation and socio-political instability | Regulatory changes are well-signalled and broadly supported, leading to low/moderate socio-political instability             | New Zealand follows the majority of the world in implementing abrupt policy and market changes post-2030. Whilst rapid policy, technology, and behaviour change does occur, it is disordered and inconsistent across sectors and sub-sectors. This leads to moderate socio-political instability | New Zealand does not enact any additional climate policy. Regulatory changes are slow and focus on adaptation and managing climate-driven immigration/refugees. Extreme physical impacts lead to high socio-political instability |

# Strategy

## Scenario description (cont.)

|                                 | Orderly 1.5°C                                                                                                                                                                                                                                                                                                                                        | Disorderly                                                                                                                                                                                                                                                                                                                                            | Hot House World 3.0°C                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|---------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Energy transition               | The global energy grid shifts uniformly and quickly away from fossil fuel use to increased use of renewables, which make up near 100% of electricity production in New Zealand by 2050                                                                                                                                                               | The relative affordability of low carbon generation in New Zealand means the grid is already steadily decarbonising through the short term. A slow increase in demand for electricity doesn't provide sufficient signals for the necessary upgrades, leading to supply constraints, as well as the risk of price shocks and blackouts                 | New Zealand follows global trends in not introducing additional policies focussed on renewable energy, and both technology and behavioural change remain slow across all sectors. New Zealand's electricity grid is gradually decarbonised but does not reach 100% renewable generation in the long term. Increasing frequency and severity of weather events such as storms result in more frequent and severe damage to electricity assets and more frequent and longer blackouts |
| Building regulations            | Energy and carbon limits for new buildings are phased in rapidly. The scale of retrofit activities is significant, with most properties built prior to 2020 needing upgrades (if not already completed). This results in increased operational expenses and the need for large capital expenditure                                                   | At 2030, significant regulatory changes demand an immediate step change in building energy and carbon requirements. New technologies haven't been developed in time, leading to disruption of the building and materials market that impacts new buildings and retrofit development, leading to significant price escalations and construction delays | There is more demand for buildings that are resilient to direct climate-related physical events and infrastructure failures                                                                                                                                                                                                                                                                                                                                                         |
| Technology and behaviour change | As the carbon price and waste levies increase, a shift to a more circular economy occurs. This, together with the need to decarbonise buildings, results in significant demand for low carbon building products, materials, and technologies, which puts pressure on supply chains for these products and leads to increased costs in the short term | There is little change until 2030, at which point there is rapid, but inconsistent change. The pace of change after 2030 generates significant financial incentives for innovation, especially for carbon sequestration, capture and storage, which must play a large role in greenhouse gas emissions reduction by 2050                              | Changes to building codes are focussed on the response to physical impacts from climate change, increasing the cost of development. Resilience requirements capture existing buildings which need to be upgraded to be considered safe                                                                                                                                                                                                                                              |

# Strategy

## Scenario description (cont.)

|                         | Orderly 1.5°C                                                                                                                                                                                                                                                                                                 | Disorderly                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Hot House World 3.0°C                                                                                                                                                                                                                                                                                          |
|-------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Social impacts          | Social changes start to occur in the short term as a result of market behaviour, working habits, required knowledge/skills, purchasing and investment behaviours. Globally aligned efforts to reduce warming results in manageable levels of climate-related refugees and modest net migration to New Zealand | Minimal social changes occur prior to 2030, however the pace of change around 2030 results in carbon intensive industries being rapidly decarbonised, divested from, or progressively regulated out of existence. The rapid change results in parts of society being “left behind”, leading to unrest, crime and an overall reduction in safety and security for both individuals and organisations. Rapid decarbonisation requires increasing urbanisation | Increasing severity and frequency of weather events causes disruptions to global food supplies in the medium term. Social cohesion starts to degrade and conflict and unrest become increasingly common. Increases in temperature around the world results in a large increase in net migration to New Zealand |
| Physical risk level     | Temperature change is limited to 1.5°C above pre-industrial levels. By 2050, New Zealand is still dealing with moderately severe climate-related events, but the outlook for 2100 is more positive. A combination of managed retreat and infrastructure investment has mitigated long term physical risks     | New Zealand faces moderately severe physical impacts of climate change with an increase in extreme wind speeds (up to +5%), rainfall intensity (+6%), and number of hot days (+40%) by 2050                                                                                                                                                                                                                                                                 | New Zealand faces severe physical impacts of climate change with increased extreme wind speeds (+5 to 10%), increase in rainfall intensity (+8.6%), and a significant increase in the number of hot days (+100%)                                                                                               |
| Transitional risk level | While change occurs to transition to a low carbon economy, this change is well-signalled and uniform, although there is some disruption, including due to supply chain shortages for low carbon products                                                                                                      | There is no change until 2030, at which point rapid policy, technology, and behaviour change occurs, but this is disordered and inconsistent                                                                                                                                                                                                                                                                                                                | Decarbonisation is not a priority and there is no significant behaviour change. Policy shifts towards addressing national and regional security and resource scarcity                                                                                                                                          |

# Strategy

## Climate-related risks and opportunities

Stride has considered physical and transition risks to its business under each of the three scenarios described on the previous pages – orderly 1.5°C scenario, disorderly scenario, and hot house world 3°C scenario, and across three time horizons:

- Short – present to 2030
- Medium – 2030 to 2040
- Long – 2040 to 2050

While Stride has considered the longer term implications of the scenarios on its assets, it has elected to focus more on the timeframe out to 2050, as this is the longest timeframe for planning that is considered by the Stride Boards. The time horizons selected are consistent with the Stride strategic planning horizons as Stride plans in 10 year cycles for capital and maintenance expenditure on the buildings it owns and manages.

While the life of a building can last beyond 2050, Stride considers this to be the long term horizon for its planning purposes, and accordingly has set 2050 as the longest timeframe considered for each of the risks assessed.

In determining the risk rating for each risk described in this report, the rating has been assessed after application of controls or mitigation measures. The rating of the risks has been assessed against the Stride business risks to ensure relativity.

Stride's risk ratings cover five gradients – minimal, minor, moderate, high, extreme.

The risks described in this report, and their risk rating, are Stride's current understanding and expectations. However, there may be risks that eventuate that Stride is not aware of, and risks that have been considered may have impacts that Stride does not currently anticipate.

Stride also acknowledges that further work is required to quantify the impact of climate-related risks, and this quantification exercise, when completed, may inform the risk rating.



# Strategy

## Climate-related risks

| Risk description                                                                 | Time horizon and risk rating                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Future / potential impacts                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Current impacts                                                                                                                                                                                        | Strategy to monitor and manage risk                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|----------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Transition risk: Regulations requiring improved energy efficiency of properties. | <p>This risk is most likely to arise under the orderly and disorderly scenarios. Under the orderly scenario, it is expected to occur over the short term and have a minor/moderate risk rating due to the upgrades that Stride is already planning over the short/medium term. With the disorderly scenario, the impact is expected to occur over the medium time frame, and will be more sudden and severe, and accordingly have a high risk rating, due to capital expenditure expected to be incurred in a more accelerated time frame.</p> <div> <div> <b>ORDERLY</b><br/> <br/> <b>MINOR/MODERATE</b> </div> <div> <b>DISORDERLY</b><br/> <br/> <b>HIGH</b> </div> </div> | <ul style="list-style-type: none"> <li>Increased capital expenditure will be incurred to retrofit existing buildings which may not be recoverable from tenants, impacting profitability, and potentially also impacting the value of properties. The costs of developing new buildings may also increase due to increased performance specifications, which would require either more rent to achieve an acceptable yield, or reduce profitability. There is potential for stranded assets if the cost of upgrading assets is not financially viable.</li> <li>There may be challenges with obtaining low carbon materials to meet requirements and shortages of expert or consultant resource with the required knowledge if regulations are introduced suddenly.</li> <li>Potential negative impacts on SIML's asset management fees if the value of managed properties declines, although there may be some benefit to SIML from increased development fees to manage the upgrade of properties under management.</li> </ul> | <ul style="list-style-type: none"> <li>There are currently no regulations requiring disclosure of the energy efficiency performance of properties, or specific levels of energy efficiency.</li> </ul> | <ul style="list-style-type: none"> <li>Monitor the introduction of legislation.</li> <li>Continue to improve the performance of existing properties – the Stride transition plan is intended to achieve this, as further described on pages 13 to 16 of this report.</li> <li>Stride has a policy to target a 5 Green Star rating for new developments or major refurbishments. Stride will also target a 5 Green Star rating for acquisitions, where appropriate, taking into account the age and type of the asset, acknowledging that limited ratings exist for some categories of asset. This strategy has been developed to assist with meeting any future energy efficiency requirements.</li> </ul> |

### KEY

Short (present - 2030)
 Medium (2030 - 2040)
 Long (2040 - 2050)

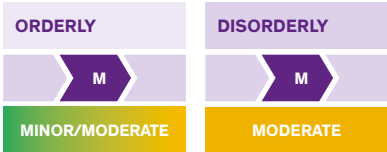
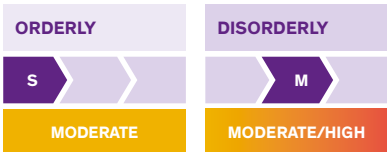
# Strategy

## Climate-related risks (cont.)

| Risk description                                                                                                                                          | Time horizon and risk rating                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Future / potential impacts                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Current impacts                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Strategy to monitor and manage risk                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Physical risk: Increased frequency and severity of weather events results in higher costs through repairs to buildings, higher insurance costs and rates. | <p>This risk arises primarily under the disorderly and hot house scenarios, where weather impacts are greatest.</p> <div> <div> <b>DISORDERLY</b>  </div> <div> <b>HOT HOUSE</b>  </div> </div> <div> <b>MODERATE/HIGH</b> </div> <div> <b>HIGH</b> </div>                                                                                                                                                                                                                        | <ul style="list-style-type: none"> <li>An increase in frequency and severity of extreme weather events may lead to increased capital expenditure to retrofit buildings to improve their resilience to weather events, as well as increased operational costs from repairing damage.</li> <li>There may also be increased costs of insurance and potentially the inability to obtain insurance coverage in certain areas or for specific risks.</li> <li>Extreme events may also cause disruption to supply chains and tenant businesses, potentially resulting in inability to pay rent.</li> </ul> | <ul style="list-style-type: none"> <li>There has been only one severe weather event during FY24 that has impacted property owned by Stride, although the financial impact was very minor (less than \$5,000). In December 2023 a tornado-like event impacted Wellington. Johnsonville Shopping Centre (which is 50% owned by SPL) experienced flooding only, while the Queensgate Shopping Centre (which is owned by Diversified and managed by SIML) suffered damage due to broken windows, flooding and canopy damage.</li> <li>We have seen significant increases in insurance premiums over the last two financial years, due at least in part to costs incurred by insurers from extreme weather events around New Zealand and overseas.</li> </ul> | <ul style="list-style-type: none"> <li>Stride seeks to ensure that its properties are resilient to the impacts of extreme weather events, particularly when considering upgrade or maintenance works, and considers physical resilience and level of physical risk given the location of an asset as part of its due diligence investigations for new acquisitions.</li> <li>Stride maintains a close working relationship with insurance brokers and insurers, and develops strategies to ensure that its insurances are resilient in the long term.</li> </ul> |
| Transition risk: Introduction of mandatory disclosure of energy and carbon performance for all properties.                                                | <p>Under the orderly scenario, this risk is likely to occur over the medium timeframe, and to have a minor/moderate impact. Under the disorderly scenario, this risk will also occur over the medium timeframe but is expected to have a more significant impact as the introduction is likely to be more immediate and severe.</p> <div> <div> <b>ORDERLY</b>  </div> <div> <b>DISORDERLY</b>  </div> </div> <div> <b>MINOR/MODERATE</b> </div> <div> <b>MODERATE</b> </div> | <ul style="list-style-type: none"> <li>Buildings which do not have attractive performance ratings may suffer from reduced tenant demand, impacting rent, occupancy and value.</li> <li>May result in lower fees for SIML if buildings managed by SIML have lower ratings and therefore can command only lower rents, which results in lower asset values and accordingly reduces SIML's asset management fees which are based on portfolio valuations.</li> </ul>                                                                                                                                   | <ul style="list-style-type: none"> <li>Legislation has not yet been introduced, but has been discussed and promoted by the New Zealand Green Building Council. While there is no obligation to have energy and carbon performance data disclosed, we do see tenants, particularly in office properties, seek more efficient and green rated buildings.</li> <li>The New Zealand Government has a policy that all offices it occupies have a minimum 4 star NABERSNZ rating (subject to minimum size limits). We have seen Government Departments citing this requirement as one factor in their leasing decisions.</li> </ul>                                                                                                                            | <ul style="list-style-type: none"> <li>Monitor introduction of legislation; to assist with this, Stride is a member of the New Zealand Green Building Council and the Property Council of New Zealand.</li> <li>Prepare buildings by transitioning to low carbon, energy efficient buildings – consistent with Stride's carbon transition plan as described on pages 13 to 16 of this report.</li> <li>Consider energy performance of properties as part of acquisition due diligence.</li> </ul>                                                                |

# Strategy

## Climate-related risks (cont.)

| Risk description                                                                                                                                      | Time horizon and risk rating                                                                                                                                                                                                                                                                                                                                  | Future / potential impacts                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Current impacts                                                                                                                                                                                                                                                     | Strategy to monitor and manage risk                                                                                                                                                                                                                                                                                                                                                                                                   |
|-------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Transition risk: Regulatory or litigation action due to not meeting climate obligations.                                                              | <p>This risk is more likely to arise under the orderly and disorderly scenarios, and likely across the medium term. The risk could be more sudden and have a greater impact under the disorderly scenario.</p>                                                               | <ul style="list-style-type: none"> <li>Financial impacts from defending the action and /or potential fines or damages being awarded. There is also likely to be reputational impact from not being seen as a responsible corporate citizen, which could impact Stride's ability to attract tenants or to raise future capital to pursue its strategy.</li> <li>SIML may also suffer reputational impact as a real estate investment manager, which could impact its real estate investment management business.</li> </ul>                                                                                                                                                            | <ul style="list-style-type: none"> <li>Stride has not currently experienced any indication of this risk arising, although we continue to monitor the situation faced by other companies.</li> </ul>                                                                 | <ul style="list-style-type: none"> <li>Monitor legal obligations and market trends, as well as expectations of investors and tenants.</li> <li>Continue to pursue sustainability strategy.</li> <li>Continue to undertake external sustainability benchmarking assessments, to understand where we rate compared to peers. This will also help us to set actions for future improvement in our sustainability performance.</li> </ul> |
| Transition risk: Failure to keep up with technology advances and expectations of tenants for energy efficiency, renewables and low carbon technology. | <p>This risk is expected to have the most impact under the orderly and disorderly scenarios and across the short / medium timeframes. The risk is expected to be more severe under the disorderly scenario due to the likely sudden and rapid change in expectations.</p>  | <ul style="list-style-type: none"> <li>Increased capital or operating expenditure due to upgrading buildings to be more energy efficient and meet changing market requirements, such as installation of electric vehicle infrastructure; potential reduced rental from property that fails to meet tenant expectations and therefore is less desirable to tenants; risk of stranded assets if they do not meet tenant expectations.</li> <li>May result in lower fees for SIML if buildings managed by SIML do not meet expectations and therefore can command only lower rents, which results in lower asset values and accordingly reduces SIML's asset management fees.</li> </ul> | <ul style="list-style-type: none"> <li>Stride continues to work to improve its properties to meet tenant expectations. A description of the investment by Stride during FY24 in upgrading its existing buildings can be found on page 68 of this report.</li> </ul> | <ul style="list-style-type: none"> <li>Continue to pursue sustainability strategy, including upgrading existing buildings in accordance with Stride's carbon transition plan.</li> <li>Monitor market trends, including expectations of tenants.</li> </ul>                                                                                                                                                                           |

# Strategy

## Climate-related risks (cont.)

| Risk description                                                                                                                                | Time horizon and risk rating                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Future / potential impacts                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Current impacts                                                                                                                                                                                                                                                                                                                                | Strategy to monitor and manage risk                                                                                                                                                                                                                                                                                                                                                        |
|-------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Transition risk: Investors seek to exit as a result of not meeting expectations or mandates; high debt costs due to lender requirements.</p> | <p>This risk arises under the orderly and disorderly scenarios, over the medium timeframe. The risk is expected to have a moderate impact under the orderly scenario and a moderate/high impact under the disorderly scenario.</p> <div> <div> <p>ORDERLY</p> <p>S &gt; M</p> <p>MODERATE</p> </div> <div> <p>DISORDERLY</p> <p>M</p> <p>MODERATE/HIGH</p> </div> </div>                                                                                                                                                                | <ul style="list-style-type: none"> <li>If Stride does not meet investor expectations regarding transitioning to a low carbon future, investors could seek to exit their investment, thus impacting Stride's share price and making growth difficult.</li> <li>Banks may also impose higher debt funding costs if there is a failure to meet lender expectations regarding transitioning to a low carbon future.</li> <li>SIML's business as asset manager may be impacted through negative reputational impacts, affecting the ability of SIML to maintain or grow its assets under management.</li> </ul> | <ul style="list-style-type: none"> <li>Investors, particularly institutional investors, are becoming more focussed on ensuring that companies they invest in are meeting their expectations regarding the transition to a low carbon future. To date, Stride has not experienced any notable impact on its share price as a result.</li> </ul> | <ul style="list-style-type: none"> <li>Monitor market trends and expectations of investors.</li> <li>Continue to pursue sustainability strategy, including upgrading existing buildings in accordance with Stride's carbon transition plan.</li> <li>Focus on meeting sustainability targets, to demonstrate a commitment to a low carbon, sustainable future for the business.</li> </ul> |
| <p>Transition risk: Carbon price increases impact cost of materials and building operations.</p>                                                | <p>We expect this risk to arise primarily under the orderly and disorderly scenarios. Under the orderly scenario we would expect a steady increase in the carbon price, which is likely to have a minor/moderate impact on Stride. However, under the disorderly scenario, the increase in carbon pricing would be expected to be more sudden and have a potentially greater impact.</p> <div> <div> <p>ORDERLY</p> <p>S &gt; &gt;</p> <p>MINOR/MODERATE</p> </div> <div> <p>DISORDERLY</p> <p>M</p> <p>MODERATE/HIGH</p> </div> </div> | <ul style="list-style-type: none"> <li>Increasing carbon price impacts cost of materials and increases costs of upgrading existing buildings to meet energy efficiency targets and maintain buildings. If tenants do not agree to increased rent, this can impact profitability and the value of properties over time.</li> <li>The increased costs of construction may also result in projects not being feasible and therefore reduce construction activity across the Stride Products, which could negatively impact SIML's activity-based fees.</li> </ul>                                             | <ul style="list-style-type: none"> <li>To date we have not seen any significant increase in carbon costs.</li> </ul>                                                                                                                                                                                                                           | <ul style="list-style-type: none"> <li>Stride monitors the carbon price, while at the same time seeking to "get ahead of the curve" by upgrading and improving the energy efficiency of buildings in the short term, so that if the carbon price does impact the cost of materials in the future, this impact is minimised to the extent practicable.</li> </ul>                           |

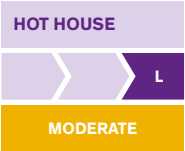
# Strategy

## Climate-related risks (cont.)

| Risk description                                                                                                                                                            | Time horizon and risk rating                                                                                                                                                                                                                                                                                                                                                                                                    | Future / potential impacts                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Current impacts                                                                                                                                                                                                                                                                                                               | Strategy to monitor and manage risk                                                                                                                                                                                                                  |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Transition risk: Move to more renewable energy, coupled with increasing demands for electricity, results in increased cost and uncertainty of supply of electricity.</p> | <p>This risk is expected to arise over the short term under the orderly scenario, although the risk is expected to only have a minor/moderate impact. Under the disorderly scenario the impact of electricity demands are likely to be more severe, although over the medium term.</p> <div> <div> <b>ORDERLY</b><br/> <br/> <b>MINOR/MODERATE</b> </div> <div> <b>DISORDERLY</b><br/> <br/> <b>MODERATE/HIGH</b> </div> </div> | <ul style="list-style-type: none"> <li>Increased costs of operation of assets, impacting profitability.</li> <li>More uncertainty of electricity supply for tenant operations impacts profitability of tenant businesses, resulting in tenants seeking to reduce rent, or alternatively increased demand for on-site generation ability.</li> </ul>                                                                                                                                | <ul style="list-style-type: none"> <li>To date we have not seen any material impacts from the increasing demands for electricity. As noted on page 17, Stride has completed a feasibility assessment for the installation of solar panels at NorthWest Shopping Centre, which will assist with security of supply.</li> </ul> | <ul style="list-style-type: none"> <li>Seek to make buildings more energy efficient, to reduce impact on the grid.</li> <li>Explore potential for on-site generation, such as solar.</li> </ul>                                                      |
| <p>Physical risk: High temperatures result in increased demand for cooling, increasing operating costs and imposing greater load on plant.</p>                              | <p>This risk is expected to arise under the hot house scenario and the disorderly scenario over the long term.</p> <div> <div> <b>DISORDERLY</b><br/> <br/> <b>MODERATE</b> </div> <div> <b>HOT HOUSE</b><br/> <br/> <b>MODERATE</b> </div> </div>                                                                                                                                                                              | <ul style="list-style-type: none"> <li>Increased operating costs due to greater load on plant and equipment, which also increases repair and maintenance costs.</li> <li>Greater load on air conditioning plant may result in a lack of performance, leading to poor tenant experience. Performance requirements in leases are becoming more common, particularly for high quality office assets, and a lack of performance could result in reduced revenue for Stride.</li> </ul> | <ul style="list-style-type: none"> <li>We have not yet experienced sufficiently hot temperatures to impact air conditioning systems.</li> </ul>                                                                                                                                                                               | <ul style="list-style-type: none"> <li>Monitor changing temperatures and ensure that any newly installed air conditioning equipment is fit for purpose over the longer term given the relatively long life of air conditioning equipment.</li> </ul> |

# Strategy

## Climate-related risks (cont.)

| Risk description                                                          | Time horizon and risk rating                                                                                                                                                                                                                                                                                                                                          | Future / potential impacts                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Current impacts                                                                                                                                                                                                                                                                             | Strategy to monitor and manage risk                                                                                                                                                                                                                                                                                                                                          |
|---------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Physical risk: Risk to assets due to sea level rise and sea surge events. | <p>This risk is expected to have some impact under the disorderly scenario over the very long term (out to 2100), although it will be most severe under the hot house scenario, where it is expected to have a moderate impact based on the risk modelling completed by Stride.</p>  | <ul style="list-style-type: none"> <li>Two properties owned by Stride may be impacted from 2050 (at or beyond Stride's longest time frame for the risk assessment) based on the assessment undertaken by Stride using the NZSeaRise and NIWA Sea Level maps. See page 45 for more information.</li> <li>There could be damage to properties in exposed areas due to sea level rise and the likelihood of larger sea surges and inundation, leading to increased costs of maintenance and repair. In addition, there could be increased capital costs due to the need to make properties more robust.</li> <li>Insurance costs are expected to increase due to higher risk, and in some cases there may be insurance retreat.</li> <li>Property rates may increase as Councils incur higher costs to maintain and repair infrastructure that may be impacted by sea level rise or sea surge events, as well as costs associated with making infrastructure more resilient.</li> <li>Assets owned by the Stride Products which are or may be impacted may reduce in value, impacting the SIML asset management fees which are based on portfolio value.</li> </ul> | <ul style="list-style-type: none"> <li>We have seen material increases in insurance costs over the last two financial years due to increasing costs to insurers from extreme weather events. To date no Stride property has been impacted by sea level rise or sea surge events.</li> </ul> | <ul style="list-style-type: none"> <li>Stride has undertaken an analysis of the impacts of sea level rise across the portfolio using the NZSeaRise and NIWA Sea Level maps, which has informed the risk rating (see also page 45 for more information).</li> <li>Stride considers climate-related risks as part of its due diligence assessment for acquisitions.</li> </ul> |

# Strategy

## Climate-related risks (cont.)

| Risk description                                                                                                                           | Time horizon and risk rating                                                                                                                                                                                                                                                                                                                                                                                                | Future / potential impacts                                                                                                                                                                                                                                                                                                         | Current impacts                                                                                        | Strategy to monitor and manage risk                                                                                                                                                                                                                                                                                                                                                                       |
|--------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Physical risk: Increase in rainfall intensity changing ground conditions and undermining stability of assets and connected infrastructure. | <p>This risk is expected to arise primarily under the hot house scenario, and also the disorderly scenario, over the longer time frame and to have a moderate impact.</p> <div> <div> DISORDERLY  MODERATE </div> <div> HOT HOUSE  MODERATE </div> </div> | <ul style="list-style-type: none"> <li>Assets may become stranded if ground instability occurs.</li> <li>Damaged infrastructure may mean assets are unable to be utilised by tenants.</li> <li>If assets managed by SIML are impacted, this could affect their values, which could impact SIML's asset management fees.</li> </ul> | <ul style="list-style-type: none"> <li>To date we have not seen any impacts from this risk.</li> </ul> | <ul style="list-style-type: none"> <li>Stride has undertaken modelling using the S&amp;P Global Climonomics software which has indicated that the risk of pluvial and fluvial flooding is not material to the Stride portfolio over the timeframe to 2050.</li> <li>Seek to ensure that any new acquisitions are located in areas where they are least at risk of pluvial and fluvial impacts.</li> </ul> |



# Strategy

## Climate-related opportunities

| Opportunity                                                                                                                                         | Time horizon        | Future / potential impacts                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Current impacts                                                                                                                                                                                                                                                                                                                                          | Strategy                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|-----------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Transition opportunity:<br>Acquire properties that may be “stranded” and improve them to realise value.                                             | Medium term         | Stride may be able to acquire buildings at a lower price where those buildings need sustainability upgrades and the owners are not willing to invest to improve the property or do not have the skills or financial resources to do so, and transition these buildings to sustainable, efficient, low carbon buildings, thus driving higher demand for the building and increasing its value.                                                                                                                                                                                                                                                                                 | The current value of less sustainable buildings is not materially lower than the value of green rated buildings. However, as demands for sustainable buildings increase, or as regulations requiring disclosure of energy efficiency are introduced, this could impact the value of existing older buildings that have not had a sustainability upgrade. | Continue to monitor the market and seek opportunities where they arise. In the meantime, continue to work on upgrading existing owned and managed buildings to increase experience.                                                                                                                                                                                                                                                                                                                  |
| Transition opportunity:<br>Increased urbanisation raises value of well-located urban assets.                                                        | Medium to long term | As demographics change due to climate change, there will be a need for more urbanisation to lower greenhouse gas emissions. This could result in increased demand for well-located urban assets, thus driving higher property values.                                                                                                                                                                                                                                                                                                                                                                                                                                         | To date we have not yet seen any specific increased values for urban assets as a result of climate change driving higher demand for city centres.                                                                                                                                                                                                        | Stride's owned assets are located in urban areas within Auckland and Wellington. The office assets are primarily located in the central business districts while the shopping centre assets are located in fast growing suburbs of Auckland.                                                                                                                                                                                                                                                         |
| Transition opportunity:<br>Benefits from being a “first mover” to a low carbon world.                                                               | Short term          | Stride benefits from increasing tenant demand for sustainable properties, which may enable it to charge higher rents, increasing the value of the building (all other things being equal). Having more sustainable buildings which are attractive to tenants also reduces occupancy risk. According to a CBRE worldwide survey, buildings that contain a range of sustainable features are of increasing value to owners and occupiers. The CBRE study showed that almost half of respondents would pay a premium for green-certified buildings, and 79% of respondents cited green building certifications as having an impact on their real estate decisions <sup>1</sup> . | Stride is seeing increased demand for high quality offices, including those with sustainable features.                                                                                                                                                                                                                                                   | Stride has a strategy of transitioning its office and shopping centre properties to reduce carbon, in accordance with its carbon transition policy. Stride values upgrading existing properties to improve them, which is more sustainable than demolishing and rebuilding. Stride has demonstrated expertise in this area with its previous refurbishment of 22 The Terrace, Wellington (subsequently sold), as the refurbishment of this property significantly reduced its operational emissions. |
| Transition opportunity:<br>Increased demand for Stride's skills as a manager in transitioning buildings to energy efficient, low carbon properties. | Medium to long term | The need to transition buildings to a low carbon future drives demand from property owners for assistance in managing the carbon transition of buildings, creating opportunity for Stride as a real estate investment manager with demonstrated skill and experience in transitioning buildings to green rated, low carbon, resilient properties.                                                                                                                                                                                                                                                                                                                             | Stride continues to demonstrate its skills in managing the transition of existing buildings, as well as the development of new buildings. To date we have not seen this opportunity manifest in value to Stride.                                                                                                                                         | Continuing to develop or fully redevelop buildings is part of Stride's current strategy to provide opportunities for Stride and the Stride Products. Stride will target a 5 Green Star rating for all new developments or redevelopments.                                                                                                                                                                                                                                                            |

1. CBRE Article – All is WELL in high-performing workplaces: [www.cbre.co.nz/insights/articles/all-is-well-in-high-performing-workplaces](https://www.cbre.co.nz/insights/articles/all-is-well-in-high-performing-workplaces).

# Strategy

## Consideration of risks and opportunities as part of capital decision-making

Stride seeks to ensure that its assets are resilient and suitable for a transition to a low carbon future. Climate-related risks and Stride's transition plan are considered as part of Stride's decision-making for acquisitions, developments and upgrades of properties. See also pages 17 and 18 of this report for further information.

### Existing assets

Transition risks are reflected in decisions regarding upgrading plant and equipment. Upgrade projects, including those identified as part of the carbon transition plan, are incorporated into Stride's business planning process, which involves an assessment of 10 year capital expenditure required for each asset. The 10 year plan is then incorporated into the business plan for the year ahead, with this business plan being subject to Board approval.

### New developments

Properties developed by Stride will target a 5 Green Star rating. The sustainable features of the newly developed buildings completed during FY24 seek to address some of the transition risks associated with climate change, for example:

- Where solar panels are installed, this helps to protect against future energy risks.
- Rainwater harvesting features help to future proof the asset for potential water stresses.

### Acquisitions

Climate risks are considered as part of the due diligence undertaken in relation to acquisitions of properties. The Stride Boards have set a strategy to target a 5 Green Star rating (or equivalent) for acquisitions, where appropriate, taking into account the type and age of the building and acknowledging that there are limited ratings for some categories of existing buildings. Where a property does not meet Stride's sustainability expectations, then as part of the acquisition the Boards will consider the feasibility of upgrading the property to meet this target. Stride may acquire properties that do not meet its required level of sustainability if the property is acquired for the purposes of redevelopment.



# Risk Management

This section is intended to enable users to understand how Stride's climate-related risks are identified, assessed, and managed, and how those processes are integrated into existing risk management processes.

Stride is committed to ensuring its business is built on a sustainable foundation, and this includes identifying, assessing and managing the impact of climate-related risks on its business, as well as seeking to ensure it understands and benefits from climate-related opportunities.

Stride has a Climate Risk Management Framework which was approved by the Boards in FY24. This Framework describes the scope of climate-related risks that may be considered relevant to Stride, and the process for identifying, assessing and managing those climate-related risks, as well as the process that will be followed to ensure an ongoing review of these risks.

The Climate Risk Management Framework states that the SIML Chief Executive Officer is accountable for the overall management of risks within Stride. The SIML General Manager Corporate Services, who reports directly to the SIML Chief Executive Officer, is responsible for risk management across Stride and the SIML-managed entities, and is also responsible for sustainability initiatives and actions across Stride and the SIML-managed entities, making the integration of climate risk management and enterprise risk management a more streamlined process.

Risk management, including climate risk management, is the responsibility of the Boards of SPL and SIML. The Boards have established a Sustainability Committee, which is a joint committee of the Boards, to assist the Boards in fulfilling their responsibilities and objectives in matters related to implementing sustainable business practices, including climate risk management.

Where there are matters relating to sustainable business performance that impact on company risk or financial performance, these will be covered in conjunction with the relevant Board Committee that manages risk and financial performance (the Audit and Risk Committee).

Climate-related risks, as well as our understanding of their impact, are continuing to evolve and develop, and become more apparent. Climate-related risks have environmental impacts, along with operational, regulatory, and financial risks. To date, Stride has considered climate-related risks on an annual basis.

To identify climate-related risks that may impact Stride, a series of workshops were undertaken in 2021 which involved a number of Stride people across varying teams and with varying perspectives. This provided a very broad assessment of climate-related risks, which were initially identified without considering the potential magnitude of the impact of the risk, in order to ensure all potential risks were identified. The identified climate-related risks have been further reviewed and refined during FY23 and FY24.

During FY24, a management committee considered the identified climate-related risks, ensuring that these remained appropriate and captured all material risks. The potential impact of each identified risk was then considered against the rating framework used to assess the impact of enterprise risks, and climate-related risks were given a risk rating based on that framework. This framework considers impacts on people, environmental, financial, operational and governance criteria.

# Risk Management

In considering climate-related risks, Stride has used the timeframes short (present to 2030), medium (2030 - 2040) and long (2040 - 2050). These were felt to be the most appropriate for Stride, given the lifecycle of buildings, and Stride's strategic planning horizons. Stride plans in 10 year cycles for capital and maintenance expenditure on the buildings it owns and manages. While the life of a building can last beyond 2050, Stride considers this to be the long term horizon for its planning purposes, and accordingly has set 2050 as the current long timeframe considered for each of the risks assessed.

In assessing the likely impact and scope of climate-related risks, Stride mapped its value chain and excluded items that were considered to be immaterial from a climate-related risk perspective, such as professional consultants (upstream). However, all other aspects of Stride's value chain have been considered when defining and assessing climate-related risks.

The same method that is used to assess the impact of enterprise risks was utilised when assessing the impact of climate-related risks, considering the potential impact of climate-related risks under each of the categories used to assess enterprise risks – people, environmental, financial, operational and governance. In assessing the likely impact of physical risks, the outputs of the S&P Global Climonomics software programme and the sea level rise assessment undertaken during FY24 (as described on page 45) were also taken into account.

Following management's assessment of the likely impact of each climate-related risk, the risks were given a rating of minimal, minor, moderate, high or extreme. The overall assessment of the impact of climate-related risks was reported to the Boards, together with a description of the process followed. To ensure that the overall assessment was appropriate, the Boards undertook a calibration exercise where climate-related risks were considered and prioritised against enterprise risks at different risk rating levels. In this way, Stride has begun the process of integrating the climate risk assessment into its overall enterprise risk assessment, although the Boards expect that this process will continue to develop and evolve over time, including as our understanding of climate-related risks and their actual and potential impact is further developed, including through quantifying the impact of risks.



# Metrics and Targets

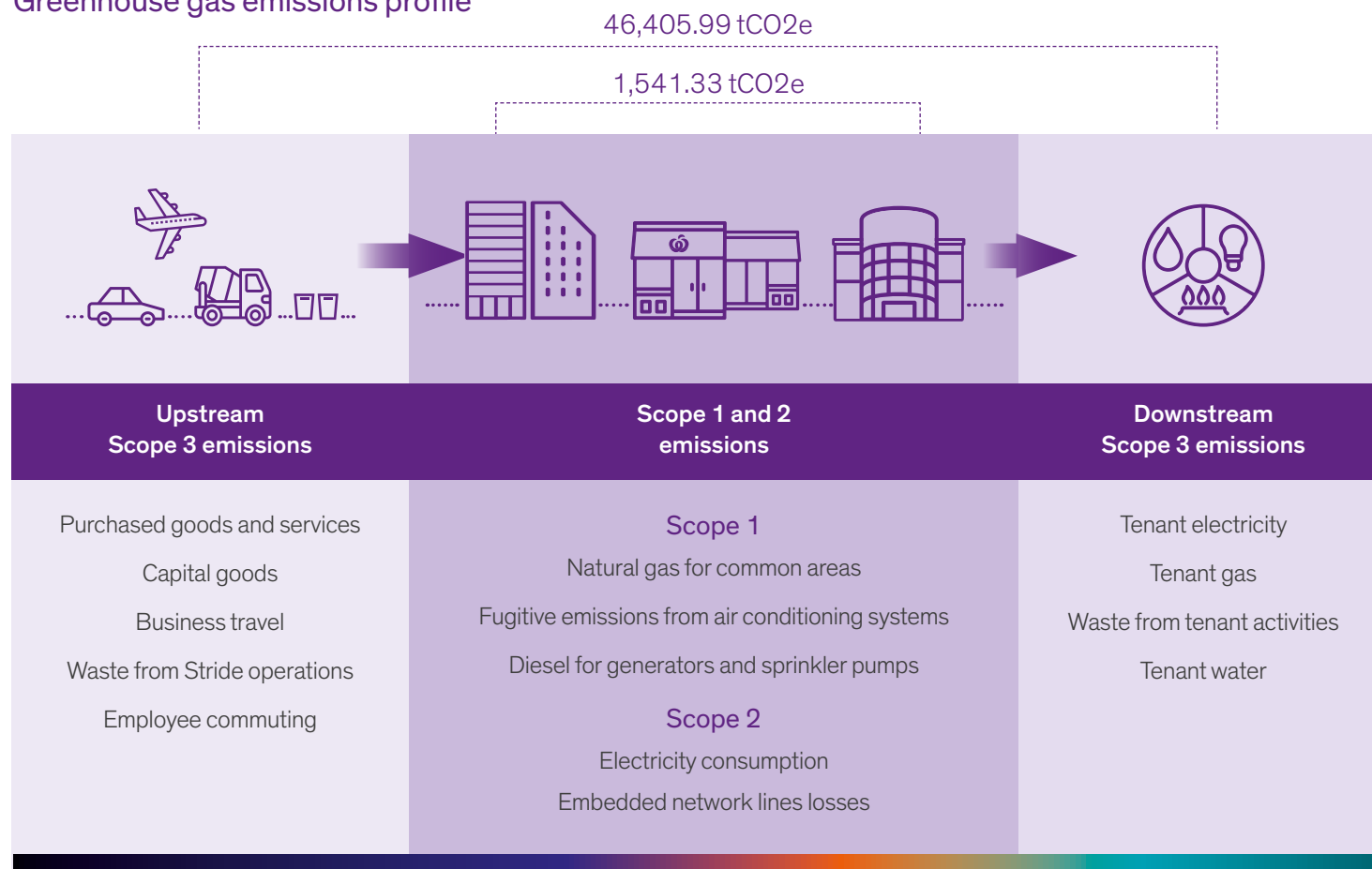
This section is intended to enable users to understand how Stride measures and manages its climate-related risks and opportunities.

## Greenhouse gas reporting

Stride's FY24 greenhouse gas inventory report is attached to this report. Stride reports on its own emissions plus 100% of the emissions for each of the Stride Products, being Industrie, Investore and Diversified, on the basis that SIML is the property and fund manager and therefore has "operational control" of these assets and their emissions. See page 42 for a diagram of the structure of Stride and the Stride Products. Deloitte is engaged to provide a limited assurance conclusion in respect of Stride's greenhouse gas inventory, and their report can be found on page 96 and following.

Further detail regarding Stride's greenhouse gas inventory, including the standard that the greenhouse gas emissions have been measured in accordance with, are set out in Stride's greenhouse gas inventory report on pages 81 to 95.

## Greenhouse gas emissions profile



# Metrics and Targets

## Greenhouse gas inventory - commentary

Stride has recorded its scope 1 and 2 emissions for four years. This data has helped us to better understand what is driving our emissions profile, so that we can seek to manage emissions in line with our target of reducing our scope 1 and 2 emissions by 42% by 2030 from our FY20 baseline year. A summary of Stride's reported greenhouse gas emissions is set out on page 65, with the full report from page 81.

During FY24, Stride undertook a recalculation of its FY20 baseline emissions in accordance with Stride's Baseline Recalculation policy which requires a recalculation when the net lettable area of Stride's portfolio changes by more than 10% due to acquisitions and divestments of property.

Our scope 1 and 2 emissions have decreased materially from FY23 (a 26.4% reduction) and from our baseline year of FY20 (an 18.7% reduction).

For FY24 scope 1 emissions, the stationary diesel figure is materially higher than prior years and this is primarily due to the first fill of the diesel generator tanks at 110 Carlton Gore Road, Auckland. Natural gas remains a material contributor to our scope 1 emissions, and this is a part of our carbon emissions plan, as described on pages 13 to 16. Fugitive emissions from air conditioning are also a material component of our scope 1 emissions and, as explained on page 10, the replacement of R22 refrigerant at those sites which use this in their air conditioning systems is underway across the large format retail and industrial portfolio, with plans being developed to remove units using R22 refrigerant from office and town centre properties.

Scope 2 emissions for Stride comprise electricity consumption (for common areas) and embedded network lines losses. The emissions for FY24 have decreased by 43.1% from FY23 and by 31.0% from FY20, our baseline year. This is in large part due to the increase in the percentage of the electricity grid that comprises renewable energy (which drives the emissions factor for electricity) and is partly due to reduced consumption of electricity, with electricity consumption down 8.3% from FY23. This is despite the addition of a large new office building in 110 Carlton Gore Road, Auckland. The addition of 110 Carlton Gore Road to the SPL portfolio does not affect Stride's FY20 baseline emissions as this building did not exist in FY20.

While our scope 3 emissions have increased substantially from FY23, this is primarily due to the fact that we are reporting more categories of scope 3 emissions in FY24 compared to FY23. Stride is committed to ensuring that all scope 3 emissions are reported over time, and has focussed on recording the more material scope 3 emissions for FY24 that were not reported for FY23. As with prior years, tenant electricity and gas consumption remains a material contributor to Stride's scope 3 emissions, though we note overall tenant emissions for FY24 have reduced from FY23. To date Stride has focussed on its scope 1 and 2 emissions, and acknowledges that further investigation and analysis of scope 3 emissions will be important for future years.



# Metrics and Targets

Table 1: SIML Greenhouse Gas Emissions Inventory Summary FY24

| Scope 1 Emissions Tonnes of CO <sub>2</sub> e <sup>1</sup>         |                  |                  |                 |                 |                   |
|--------------------------------------------------------------------|------------------|------------------|-----------------|-----------------|-------------------|
| Category                                                           | 2024             | 2023             | 2022            | 2021            | 2020 <sup>1</sup> |
| Stationary diesel                                                  | 60.49            | 10.71            | 0.41            | 0.42            | 2.79              |
| Natural gas                                                        | 403.61           | 408.67           | 580.50          | 534.06          | 416.20            |
| Fugitive emissions from air conditioning systems                   | 249.78           | 220.26           | 221.62          | 229.54          | 276.82            |
| <b>Total Scope 1</b>                                               | <b>713.88</b>    | <b>639.64</b>    | <b>802.53</b>   | <b>764.02</b>   | <b>695.81</b>     |
| Scope 2 Emissions Tonnes of CO <sub>2</sub> e                      |                  |                  |                 |                 |                   |
| Electricity consumption (location based) <sup>1</sup>              | 798.21           | 1,392.73         | 1,164.36        | 996.46          | 1,198.80          |
| Embedded network line losses                                       | 38.24            | 61.96            | 52.82           | 45.39           | 0.00 <sup>1</sup> |
| <b>Total Scope 2 (location based)<sup>1</sup></b>                  | <b>827.45</b>    | <b>1,454.69</b>  | <b>1,217.18</b> | <b>1,041.85</b> | <b>1,198.80</b>   |
| <b>Scope 1 &amp; 2 tCO<sub>2</sub>e emissions (location based)</b> | <b>1,541.33</b>  | <b>2,094.33</b>  | <b>2,019.71</b> | <b>1,805.87</b> | <b>1,894.61</b>   |
| Scope 3 Emissions tCO <sub>2</sub> e <sup>1</sup>                  |                  |                  |                 |                 |                   |
| Purchased goods and services                                       | 20,505.00        | Not collected    |                 |                 |                   |
| Capital goods                                                      | 10,648.00        | Not collected    |                 |                 |                   |
| Waste <sup>1</sup>                                                 | 4,246.12         | 4,029.78         |                 |                 |                   |
| Downstream leased assets – tenant consumption <sup>1</sup>         | 10,625.49        | 14,756.32        |                 |                 |                   |
| Other <sup>1</sup>                                                 | 381.38           | 317.18           |                 |                 |                   |
| <b>Total Scope 3</b>                                               | <b>46,405.99</b> | <b>19,103.28</b> |                 |                 |                   |
| <b>Total Scope 1, 2 &amp; 3 emissions (t-CO<sub>2</sub>-e)</b>     | <b>47,947.32</b> | <b>21,197.61</b> |                 |                 |                   |

1. Refer to footnotes on pages 83 and 84 in the Greenhouse Gas Inventory Report.

# Metrics and Targets

## Exposure to climate-related risks and opportunities

Stride has undertaken preliminary work to assess the extent to which its assets could be vulnerable to physical or transition risks, and that assessment is set out on this page. Stride expects that over time our understanding of how climate-related risks and opportunities may impact Stride will develop, and this may allow more detailed reporting on the exposure of Stride to climate-related risks and opportunities.

| Metric                                          | Assessment                                                                                                                                                | Commentary                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Action                                                                                                                                                                                                                                                                         |
|-------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Amount of assets vulnerable to transition risks | All of Stride's directly owned office and town centre portfolio is vulnerable to one or more transition risks identified by Stride in its risk assessment | Stride's carbon transition plan identifies that some work is required at all of Stride's directly owned office and town centre properties, although the extent of the work (and therefore the extent of the exposure of the asset to transition risks) varies from property to property                                                                                                                                                                           | Stride's first step in addressing transition risks is to implement the actions identified in the carbon transition plan, as described on pages 13 to 16. We consider that this will position Stride well to manage many of the transition risks identified                     |
| Amount of assets vulnerable to physical risks   | As Stride owns and manages commercial property, all assets are vulnerable to physical risks to a degree                                                   | As described on page 45, during FY24 Stride undertook an analysis of the extent of its exposure to physical risks utilising the S&P Global Climonomics system and also undertook an assessment of the risk of sea level rise using the NZSeaRise and NIWA Sea Level maps. Based on that analysis, two properties may have exposure to sea level rise risk from 2050, but there were no other material physical risks expected to impact Stride's owned properties | Stride will consider whether further specific analysis is required for any particular properties based on the physical risk assessment undertaken to date. Stride continues to consider the resilience of its assets to climate risk as part of its capital planning programme |



# Metrics and Targets

## Climate-related opportunities

Stride considers that it is useful to consider each of the climate-related opportunities identified by it in order to determine the amount of its assets and capital expenditure related to or aligned with each climate-related opportunity.

| Opportunity                                                                                                             | Amount of assets or business aligned with opportunity                                                                                                                                                                                                                                                                                                                                                                                                                                      | Amount of capital expenditure deployed                                                                                                                                                                                                                |
|-------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Acquire properties that may be "stranded" and improve them to realise value                                             | Stride has not set out to acquire properties that require efficiency improvements to meet climate-related expectations of investors or tenants. However, Stride notes that it is currently upgrading its existing office asset at 34 Shortland Street, Auckland, and has plans to upgrade another existing office asset, at 215 Lambton Quay, Wellington                                                                                                                                   | Nil                                                                                                                                                                                                                                                   |
| Increased urbanisation raises value of well-located urban assets                                                        | All of Stride's office and town centre assets are located within Auckland and Wellington, and accordingly could be considered aligned with this opportunity                                                                                                                                                                                                                                                                                                                                | No new capital expenditure was deployed towards this opportunity during FY24, although Stride notes that the value of its office and town centre assets could be considered to be deployed in respect of this opportunity                             |
| Benefits from being a "first mover" to a low carbon world                                                               | This opportunity relates primarily to Stride's office portfolio and the opportunity to potentially capture greater demand or higher rents for low-carbon, energy efficient properties. Three of Stride's office properties are rated 5 Green Star or better, and this amounts to 73% of Stride's office portfolio <sup>1</sup> by value                                                                                                                                                    | During FY24 Stride acquired the office property at 110 Carlton Gore Road, Auckland, which is 6 Green Star Design rated. The cost of the property was \$213 million. The acquisition of this property is aligned with this climate-related opportunity |
| Increased demand for Stride's skills as a manager in transitioning buildings to energy efficient, low carbon properties | While to date Stride has not seen evidence of demand for real estate investment managers that have experience in upgrading properties to low-carbon, energy efficient assets, Stride continues to develop these skills across its organisation, through the upgrade in particular of its office assets, and the development of new, green rated assets. This work involves the office team and development team, and accordingly both of these teams are becoming experienced in this area | No capital or expenditure has been specifically deployed towards marketing Stride's skills in this area                                                                                                                                               |

1. Excluding properties categorised as 'Development and Other' in the FY24 consolidated financial statements.

# Metrics and Targets

## Capital expenditure associated with climate-related risks

Stride has primarily been focussed on the following transition risks to date, which has driven its transition-related expenditure:

- Regulations requiring improved energy efficiency of properties
- Introduction of mandatory disclosure of energy and carbon performance
- Failure to keep up with technology advances and expectations of tenants and investors for energy efficiency, renewables and low carbon technology

Stride has a strategic objective of creating efficient, climate resilient places that deliver long term value and support a low carbon future. This objective has been established in order to address the potential impact of these transition risks. The expenditure listed in this table relates to transition risks only.

In relation to physical risks, during FY24, one of the SPL-owned town centres, Johnsonville Shopping Centre, which is owned 50:50 by SPL and Diversified, suffered minor damage as a result of a sudden, severe weather event in December 2023. Total expected costs are very minor (less than \$5,000).

The expenditure listed does not include the purchase price of the property at 110 Carlton Gore Road, Auckland, which was \$213 million. The acquisition of this property, which settled in May 2023, is consistent with Stride's strategy of transitioning its office portfolio to efficient green rated assets, and addressing the transition risks outlined.

| Item of expenditure                                         | Amount                                                                          | Assumptions and comment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|-------------------------------------------------------------|---------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 34 Shortland Street, Auckland, building refurbishment works | \$790,000                                                                       | This is the amount spent on mechanical upgrades at 34 Shortland Street, to improve the energy efficiency of the property. As a result of these works, Stride is targeting a minimum 4 star NABERSNZ rating for the property. In addition, Stride has upgraded the lobby and installed end of trip facilities. Stride considers that the installation of end of trip facilities is sustainability expenditure as it encourages occupants of the building (including Stride's own staff) to take active forms of transport. However, Stride has not maintained expenditure records for the cost of the end of trip facilities separately from the cost of the lobby upgrade, and accordingly is not reporting this expenditure. |
| 20 Customhouse Quay, Wellington, chiller upgrade            | \$650,000                                                                       | Installation of a new chiller is part of the improvements identified for 20 Customhouse Quay in the Stride carbon transition plan. The works are not yet complete, and further expenditure will be incurred in FY25.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| 215 Lambton Quay, Wellington                                | Air conditioning controls: \$130,000<br>Hot water calorifier upgrade: \$145,000 | Improving the efficiency of our air conditioning and hot water systems has been identified as part of the carbon transition plan for this property, and both projects will assist with reducing our emissions. Further works are planned for 215 Lambton Quay, commencing in FY25.                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| 46 Sale Street, Auckland                                    | \$20,000                                                                        | Installation of electric vehicle chargers.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| Development of carbon transition plan                       | \$20,000                                                                        | This represents the cost of Beca's support in preparing the carbon transition plan described in this report. The carbon transition plan sets out a roadmap for actions at each property to ensure all properties are energy efficient and reduce emissions.                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |

# Metrics and Targets

## Stride Products

The table on page 68 sets out Stride's expenditure only. In addition, the Stride Products have also committed expenditure during FY24 to projects associated with climate-related risks which have been managed by Stride.

## investore

During FY24 Investore completed the development of a new 5 Green Star Design rated supermarket at Waimakariri Junction. The cost of the sustainability initiatives incorporated into this building was not separately tracked, but is estimated to be \$640,000.

Investore has also spent \$258,000 on replacing air conditioning units that use R22 refrigerant with units that use a refrigerant with a lower global warming potential. This replacement project will continue for FY25 and beyond.

During FY24 Investore contributed \$4 14,000 to tenant LED lighting upgrades.

## INDUSTRE

The development of a new industrial building at 34 Airpark Drive was completed by SIML on behalf of Industre during FY24. This building incorporates a number of sustainability initiatives and is targeting a 5 Green Star As Built rating. As with the Investore Waimakariri Junction supermarket development, the cost of the sustainability initiatives incorporated into this building was not separately tracked, but is estimated to be \$600,000.

Industre has also spent \$38,000 during FY24 on the installation of power metering and monitoring equipment at some of its properties, intended to assist with both data reporting and energy monitoring.

\$253,000 was spent by Industre during FY24 upgrading air conditioning systems that use R22 refrigerant.

# Metrics and Targets

## Targets

Set out on this page are Stride's previously stated emissions targets, together with a comment on performance against those targets. Stride has also set a number of other sustainability related targets, and information on these targets and Stride's performance can be found on pages 9 to 11 of this report.

| Target                                                                    | Progress                              | Description                                                                                                                                                                                                                                                                                                                                                                      | Comment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|---------------------------------------------------------------------------|---------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Reduce scope 1 and 2 GHG emissions by 42% by 2030 from FY20 baseline year | 18.7% decrease from FY20 <sup>1</sup> | This target is an absolute target and is a science-aligned target. This target has been set in accordance with the requirements of the Science Based Targets Initiative (SBTi), but does not extend to scope 3 emissions. The target has been set so as to be consistent with limiting global warming to 1.5°C. Stride worked with the consultancy thinkstep to set this target. | Stride's scope 1 emissions for FY24 have increased primarily due to an increase in refrigerant leakage and due to the first fill of the diesel generator tank at the newly acquired property at 110 Carlton Gore Road, Auckland, which is a one-off activity. Gas consumption has remained largely in line with FY23, while electricity consumption has reduced. The reduced electricity consumption has also been aided by an increase in the proportion of New Zealand's electricity from renewable sources, and this has led to an overall decrease in scope 1 and 2 emissions for Stride for FY24 from both FY23 and Stride's FY20 baseline year. |
| Achieve carbon net zero for scope 1 and 2 emissions by 2030               | Plan in development                   | Stride intends to reduce its emissions by 2030 in line with the above target, and notes that it will need to offset remaining emissions to achieve its net zero goal. This target is consistent with limiting global warming to 1.5°C.                                                                                                                                           | Carbon net zero will be achieved through a reduction in scope 1 and 2 emissions, as described above, together with appropriate offsets for remaining carbon emissions as at 2030. Stride is currently exploring appropriate and reliable offsets, and plans to develop a strategy for offsets during FY25.                                                                                                                                                                                                                                                                                                                                            |

1. Stride's FY20 baseline year has been recalculated during FY24 in line with Stride's Baseline Recalculation policy which requires the baseline to be recalculated when there is a movement of more than 10% of total portfolio net lettable area.

# Metrics and Targets

## Key metrics

The key metrics that Stride considers most relevant for its business, including those that Stride monitors as part of its regular assessment of performance against its Sustainability Strategic Plan, are set out on this page. Stride first reported these metrics in FY23, and accordingly is providing only one year of comparative information, in reliance on adoption provision 6.

| Metric                                                                                                      |                                                                 | FY24   | FY23   | Commentary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|-------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------|--------|--------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| GHG emissions intensity                                                                                     | Scope 1 and 2 emissions per sqm net lettable area (NLA) (tCO2e) | 0.0020 | 0.0031 | There has been a 26.1% reduction in the scope 1 and 2 emissions intensity across all funds, which is consistent with the reduction in scope 1 and 2 absolute emissions.                                                                                                                                                                                                                                                                                                                                                                      |
|                                                                                                             | Scope 3 GHG emissions per sqm NLA (tCO2e)                       | 0.0690 | 0.0285 | The scope 3 emissions per sqm NLA has increased by more than 100%, driven by the inclusion of additional scope 3 categories in our greenhouse gas reporting for FY24 compared to FY23. On a like-for-like basis and considering only those categories of scope 3 emissions reported by Stride in FY23, scope 3 emissions intensity per sqm NLA (tCO2e) for FY24 would be 0.0225, a 21.0% reduction from FY23.                                                                                                                                |
|                                                                                                             | Total GHG emissions per sqm NLA (tCO2e)                         | 0.0712 | 0.0316 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Energy intensity – consumption as a percentage of floor area                                                | Scope 1 gas <sup>1</sup> (kWh)                                  | 3.1    | 3.1    | Scope 1 and 2 energy intensity has reduced from FY23, which means an improvement in energy efficiency from FY23. However, scope 3 tenant energy consumption intensity (which is outside of Stride's direct control) has increased from FY23. As previously stated, Stride has to date focussed on the emissions it has direct control over, being scope 1 and 2, but appreciates that it will, in time, need to engage with tenants to understand their emissions and seek to support tenants in reducing their emissions where practicable. |
|                                                                                                             | Scope 2 electricity <sup>1</sup> (kWh)                          | 15.8   | 17.3   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|                                                                                                             | Scope 1 and 2 <sup>1</sup> (kWh)                                | 18.9   | 20.5   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|                                                                                                             | Scope 3 tenant gas and electricity <sup>2</sup> (kWh)           | 200.6  | 150.1  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Energy – consumption data coverage (actual data as at 31 March 2024 as a percentage of total reported data) | Scope 1 and 2                                                   | 99.0%  | 98.0%  | Actual scope 1 and 2 data available for reporting has increased from FY23.                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|                                                                                                             | Scope 3                                                         | 76.0%  | 85.4%  | Scope 3 data, primarily data provided by tenants, has reduced compared to FY23. The key drivers of this change are tenants not responding to requests for data, suppliers taking longer to provide information than previously, and other suppliers no longer accepting letters of authority from tenants. Stride will continue to work with tenants to obtain data where possible.                                                                                                                                                          |

1. Data includes actual and estimated scope 1 gas (kWh) and scope 2 electricity (kWh).

2. Data includes actual and estimated Scope 3 emissions for gas (kWh) and electricity (kWh).

# Metrics and Targets

## Key metrics (cont.)

| Metric                                                                                                                                                        | FY24 | FY23             | Commentary                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------|------|------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Percentage of eligible portfolio by value that has a green rating by property sector                                                                          |      |                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Office (% of office portfolio <sup>1</sup> by value having a 4 star NABERSNZ rating or 5 Green Star rating or better)                                         | 73%  | 74% <sup>2</sup> | This proportion has remained relatively constant, as the FY23 figure was reported on a pro forma basis as if the acquisition of the property at 110 Carlton Gore Road, Auckland, had settled as at 31 March 2023. We continue to improve the energy efficiency of our properties, but as a NABERSNZ rating requires 12 months of data, there is a delay in achieving ratings.                                                                                                        |
| Large Format Retail (% of Investore large format retail properties <sup>1</sup> by value having a green rating – Green Star Design or Green Star Performance) | 43%  | 42%              | This rating has remained largely unchanged - the existing Green Star performance ratings received in FY23 were maintained for FY24, and in addition, the new Woolworths Waimakariri Junction received a 5 Green Star Design rating.                                                                                                                                                                                                                                                  |
| Industrial (% of Industre industrial properties <sup>1</sup> by value having a green rating – Green Star Design or Green Star Performance)                    | 32%  | 44%              | One Industre property with a Green Star Performance rating was sold during FY24. Two new developments are in the process of seeking a Green Star As Built rating, which would increase the percentage of the portfolio by value having a green rating.                                                                                                                                                                                                                               |
| Shopping centres and town centre properties (% of shopping centre and town centre properties by value having a green rating)                                  | 0%   | 0%               | During FY24 Stride considered participating in a trial of the Australian NABERS shopping centre ratings tool for New Zealand. However, we elected not to participate due to the costs and resource requirements, and because to date our retail tenants have not valued a green rating. We will continue to monitor the rating tools available and if a suitable tool is introduced for New Zealand then we would consider obtaining green ratings where there is a clear rationale. |

1. Excluding properties categorised as 'Development and Other' in the respective financial statements.

2. On a pro forma basis as at 31 March 2023, as if the acquisition of the property at 110 Carlton Gore Road, Auckland, had settled as at that date. Excludes properties categorised as 'Development and Other' and 'Assets classified as held for sale' in Stride's FY23 consolidated financial statements.

# Metrics and Targets

## Remuneration

Every SIML Executive Team member had sustainability objectives as part of the objectives on which their short term incentive was based for FY24. These objectives were designed to support Stride in the achievement of its sustainability targets and be consistent with the Sustainability Strategic Plan. Achievement against these targets was reported to the Sustainability Committee every quarter. At year end, each Executive was assessed on the extent to which they had achieved their sustainability objectives as part of the short term incentive review. Between 10% and 35% of Executive short term incentive remuneration was linked to achieving sustainability targets. On average, 90% was achieved in relation to these targets.

## Internal carbon price

As reported in Stride's FY23 Sustainability Report, during FY23 Stride set an internal carbon price by reference to the spot price of carbon under the Aotearoa New Zealand Emissions Trading Scheme, and the price adopted was \$60 per tCO<sub>2</sub>e, with the adoption of this price to be trialled during FY24. Initial trials indicated that the internal carbon price is too low to have a material impact on decision-making related to climate-related expenditure, and accordingly this has not been considered as part of transition-related decision-making. Stride considers that this has not impacted its activity in relation to the mitigation of transition risks, as can be seen in the expenditure outlined on page 68.



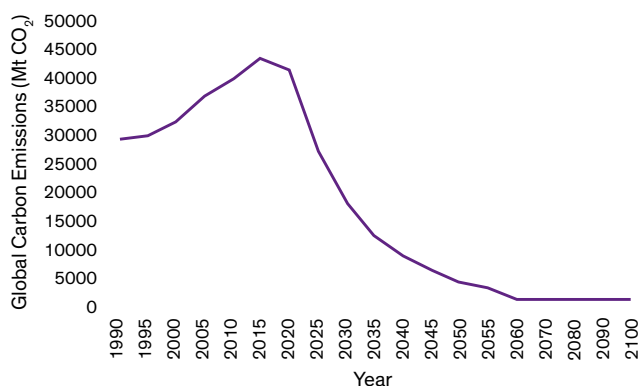
# Appendix: Narrative Descriptions of Climate Scenarios

# Orderly 1.5°C scenario

## Emissions trajectory

The world succeeds in the Paris Agreement's goal of limiting global temperature increase to 1.5°C above pre-industrial levels. Emissions steadily decline from the 2020s. Direct carbon capture technology matures to a point where the world is on track to achieve net zero CO<sub>2</sub> emissions globally by 2050.

## Global Emissions Trajectory



This more sustainable path is due to well-signalled and broadly supported regulatory changes. These align with market drivers to result in lower resource use and higher levels of efficiency, resulting in growth delinked from material consumption. Ambitious climate policies are enacted both in New Zealand and in the world, with a shadow price of carbon steadily rising to \$250/tCO<sub>2</sub>e by 2050.

However, New Zealand still faces moderately severe physical impacts of climate change with an increase in extreme wind speeds (up to +5%), rainfall intensity (+6%), and number of hot days (+40%) by 2050.

## Energy transition

The pressure to achieve net-zero emissions by 2050 means the global energy grid shifts uniformly and quickly away from fossil fuel use to increased use of renewables, which make up near 100% of electricity production in New Zealand by 2050. In the short to medium term, New Zealand's renewable grid becomes more attractive, with energy intensive industries relocating here, increasing demand for properties. Electricity prices increase in the 2020s and 2030s, as the decarbonisation of industrial processes and transportation sectors puts pressure on grid capacity, resulting in increasing risk of blackouts.

Buildings are required to reduce electricity use to support energy and carbon reduction objectives, impacting air conditioning systems and building operations. In the short term, this drives demand for on-site electricity generation, while over the medium term, energy efficiency improvements and greater use of demand control infrastructure, such as energy storage and load shedding, are implemented to lower peak demands and support the transition to renewable electricity.

## Building regulations

Energy and carbon limits for new buildings are phased in rapidly. Existing buildings are initially required to disclose energy and carbon performance and over the medium term are required to remove fossil fuels and undertake retrofits for energy efficiency. The scale of retrofit activities is significant, with most properties

built prior to 2020 needing upgrades (if not already completed). This results in increased operational expenses and the need for large capital expenditure.

By 2030, new buildings are 50% more efficient than current code requirements for operational energy and fossil fuel free. Building embodied carbon emissions (from products and materials) are 30% lower by 2030 with changes in design solutions and supply chain decarbonisation both contributing.

Existing buildings are fully decarbonised by 2050. Building occupiers and purchasers also begin demanding more energy efficient, low carbon buildings as consumer awareness (and prices of higher carbon materials) increase. Demand is refocused towards existing building re-use and adaptive reuse over new construction.

## Carbon capture

Carbon capture and storage systems are implemented in the medium term to accelerate the rate of decarbonisation and mitigate hard-to-abate fossil fuel use. As this technology matures there is a reduction in focus on hard-to-abate emissions associated with some construction materials (e.g. concrete, steel, aluminium).

## Emissions reduction targets

Entities set ambitious science-based emissions reduction targets in the short term as pressure from investors and customers to align with 1.5°C of warming grows. Failure to achieve targets results in direct financial penalties from lenders, reduction in funding from lenders, and government funding restrictions.

# Orderly 1.5°C scenario (cont.)

## Circular economy

As the carbon price and waste levies increase, a shift to a more circular economy occurs, supported by government mandates for recycled content. This, together with the need to decarbonise buildings, results in significant demand for low carbon building products, materials, and technologies, which puts pressure on supply chains for these products and leads to increased costs in the short term. Low carbon products become more cost and time effective than traditional materials by the 2040s due to innovation in production, overall reduction in material handling/wastage, new construction systems, value extraction from circularity, and the rising price of carbon.

Large product manufacturers shift to an “as a service” business model where they provide, maintain and dispose of building elements (such as lighting). This increases operating costs but reduces capital expenditure and enables greater levels of end-of-life value capture.

The shift to circular economy business models occurs across the economy, resulting in lower demand for manufactured goods, impacting manufacturers and therefore resulting in lower demand for logistics and warehouse properties.

This is part of a rapid wider shift towards economic degrowth models, with rapid technology and system shifts also helping to curb inflation.

## Social change

Social changes start to occur in the short term as a result of market behaviour, working habits, required knowledge/skills, purchasing and investment behaviours, and the changing focus of government funding. In the short term, those working in carbon-intensive industries or professions are required to change roles.

Globally aligned efforts to reduce warming results in manageable levels of climate-related refugees and modest net migration to New Zealand, which is home to 6.13m people by 2050.

Demand for alternative forms of transport increase, given the focus on low carbon options. Rates of people working from home increase for office-based jobs, as transport modes shift, and employers encourage their employees to reduce emissions by commuting less. The shift to working from home for some sectors means increased demand for residential dwellings and local shared working spaces with suitable facilities.

## Land use change

The acute physical impacts of climate change are evident in the short and medium term and result in increased investment in New Zealand's infrastructure and communities to reduce carbon emissions and reduce exposure and vulnerability to climate-related events. By 2050, New Zealand is still dealing with severe climate-related events, but the outlook for 2100 is more positive. A combination of managed retreat and infrastructure investment has mitigated long term physical risks. However, the full impact of already baked-in sea level rise is yet to be experienced in 2050, which will present a second wave of retreat and adaptation towards 2100 for existing assets.

Decarbonisation policy drives rapid densification of urban areas to reduce urban sprawl. Although levels of working from home increase, public and active transport infrastructure also grows to accommodate those who still need to commute. Behaviour and policy change drives greater usage for active and public transport networks and creates demand for rapid upgrades and expansions.

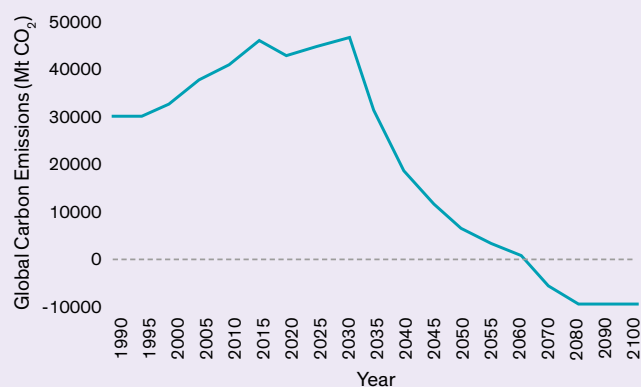
There is a shift in mode from trucks towards rail or sea freight for bulk products and materials distribution with greater investment in a lower carbon, diversified and more resilient transport network.

# Disorderly scenario

## Emissions trajectory

The world fails to implement the changes required to limit warming to 1.5°C above pre-industrial levels by 2100. Global emissions continue to rise in the short term as historical social, economic, and technological trends continue. However, the increasing frequency of climate-related physical events and concerns about meeting Paris Agreement goals drives a sudden shift in global policy around 2030, when abrupt and stringent decarbonisation policies are enacted. The level of action differs across countries and regions, but globally there is a 2/3rd chance of limiting global warming to below 2°C above pre-industrial levels by 2100.

## Global Emissions Trajectory



New Zealand follows the majority of the world in implementing abrupt policy and market changes after 2030. Whilst rapid policy, technology, and behaviour change does occur, it is disordered and inconsistent across sectors and sub-sectors. The shadow carbon price rapidly increases after 2030 to reach \$250/tCO<sub>2</sub>e by 2050, exacerbating wealth and income inequality. The pace of change generates significant financial incentives for innovation, especially for carbon sequestration, capture and storage which must play a large role in carbon emissions reduction by 2050. Heavy investment is made in carbon capture and storage systems in the medium term to accelerate the rate of decarbonisation. Whilst this leads to construction activity growth, the need for rapid decarbonisation from 2030 means that there is still pressure on the property sector to reduce hard to abate emissions sources (e.g. cement, steel).

New Zealand still faces moderately severe physical impacts of climate change with an increase in extreme wind speeds (up to +5%), rainfall intensity (+6%), and number of hot days (+40%) by 2050. A lack of action in addressing medium term physical risks in the 2020s results in a greater extent of vulnerable assets in the medium term (2030-2050). This significantly increases the impact of weather-related events as adaptation has not been well implemented, retreat has not been well managed, and the pace of insurance retreat is accelerating.

## Energy transition

In New Zealand, the relative affordability of low carbon generation means the grid is already steadily decarbonising throughout the short term. Electricity prices increase in the 2020s and 2030s due to continuing reliance on fossil fuel peak demand generation, and a slow increase in demand for electricity doesn't provide sufficient signals for the necessary upgrades, leading to supply constraints, as well as the risk of price shocks and blackouts.

In the property sector there is limited to no change in fossil fuel use or energy transition in the short term. Stringent decarbonisation policies enacted in 2030 include the introduction of energy efficiency requirements for buildings. In 2030 all new buildings are 40% more efficient than current code requirements for operational energy efficiency. Whilst still legal, few new buildings utilise fossil fuels for heating, hot water or cooking. Many existing buildings still rely on fossil fuels but are transitioning over the medium term (2030-2050) and become fully decarbonised by 2050. The pace of change and costs associated with upgrades leads some buildings to be abandoned.

## Policy and market changes

As the likelihood of missing the 1.5°C target becomes apparent, many organisations reduce their carbon reduction ambitions and unlock capital to focus on adaptation. Investors and customers increase pressure on entities to prioritise climate resilience as physical impacts accelerate. Regulation attempts to address the impacts of climate change and the need to decarbonise, but it is uneven across local government entities and conflicting regulations lead to uncertainty.

These mixed investment signals cause uncertainty and a lack of momentum until 2030 at which point new policy is implemented which generates alignment and investment accelerates.

# Disorderly scenarios (cont.)

## Building regulations

At 2030, the significant regulatory changes demand an immediate step change in building energy and carbon requirements. New technologies haven't been developed in time for the spike in demand in 2030, leading to disruption of the building and materials market and competition for materials and products that impacts new buildings and retrofit development. This leads to significant price escalations and construction delays.

Assets developed prior to 2030 are at increased risk of becoming stranded once new regulations are introduced in 2030 due to the new building requirements around levels of performance and market demands for low carbon buildings. This rapid change in tenant and investor demands means some assets rapidly lose value. Early movers within the property sector have the opportunity to utilise their future-proofed assets, established knowledge and material supply chains whilst late movers are disadvantaged by stranded assets and construction practices that have not kept up with market demands. However, the slow rate of technology change up to 2030 means investing early is expensive, not well supported by government funding, and not differentiated by the market.

One reaction to the more stringent decarbonisation requirements after 2030 is a rapid shift towards economic degrowth models, making new build development financially unviable. This coincides with commercial building demand reduction due to an increase in working from home, as transport modes shift, and employers encourage their employees to reduce emissions by commuting less.

## Social change

Minimal social changes occur prior to 2030, however the pace of change around 2030 is unprecedented. Carbon intensive industries are either rapidly decarbonised, divested from, or progressively regulated out of existence. The rapid change results in parts of society being "left behind", leading to unrest, crime and an overall reduction in safety and security for both individuals and organisations.

The need to rapidly decarbonise also requires concentrated focus on cities and increasing urbanisation, in order to reduce reliance on fossil fuel use for travel and transport. However, the increased urban sprawl during the 2020s and the development of more roading provides challenges in decarbonising during the 2030s.

## Land use change

A focus on adaptation over mitigation until 2030 as a result of the physical impacts of climate change means that much of the investment in New Zealand's infrastructure and communities is used to reduce exposure and vulnerability to climate-related events.

After 2030, greenhouse gas emissions reduction becomes a primary focus, driving changes to land use and densification. Continuing sprawl and investment in road-based transportation throughout the 2020s has created an infrastructure network that is more entrenched and difficult to transition to a low carbon alternative. Roothing and older infrastructure requires significant upgrade to align with the decarbonisation policies enacted in 2030, increasing the costs of transition, but providing the ability to readily adapt our infrastructure strategies to technology changes.

After 2030, public and active transport infrastructure grows as behaviour and policy change drive greater usage and necessitate rapid upgrades and expansions.

The impacts of climate change on coastal areas, floodplains and drought-prone regions combined with significant transition efforts around 2030 cause a change in population distribution as residents and businesses retreat to lower risk areas.

By 2050, New Zealand is dealing with severe climate-related events, but the level of warming is stabilising to less than 2°C with the outlook for 2100 being more of the same. However, the full impact of already baked-in sea level rise is yet to be experienced in 2050, which will present a second wave of retreat and adaptation towards 2100. An early focus on adaptation has meant long term infrastructure is not being provided to areas at risk.

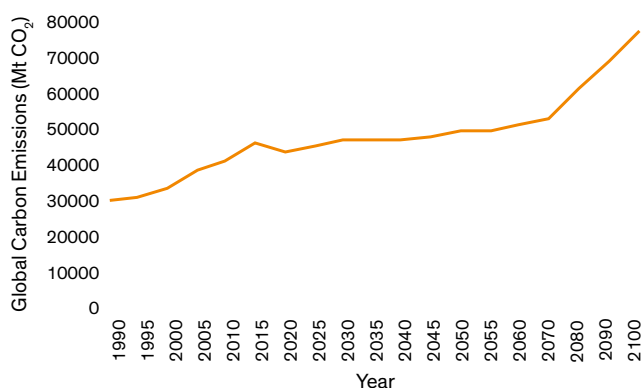
Properties in floodplains experience increasing insurance premiums above inflation and experience insurance retreat by 2040. Premiums on some coastal commercial properties increase to the point of permanent unprofitability, leading to them being stranded. Properties in denser areas (e.g. in a CBD) experience a slower increase in insurance premiums, as they benefit from surrounding publicly-funded adaptation defences.

# Hot house world scenario

## Emissions trajectory

No further effective climate policy is enacted after today. Global emissions continue to grow until 2080, which leads to greater than 3°C of physical warming above pre-industrial levels by 2100. Exploitation of fossil fuel resources and the adoption of resource and energy intensive lifestyles continues to increase around the world. The world sees increasingly severe physical risks. Historical social, economic, and technological trends continue.

## Global Emissions Trajectory



As with the rest of the world, New Zealand does not enact any additional climate policy. Regulatory changes are slow and focus on adaptation and managing climate-driven immigration/refugees. The shadow price of carbon remains at \$35/tCO<sub>2</sub>e to 2050 which reflects our current fossil fuel reliance. The lack of further policy action to decarbonise disincentivises carbon reduction strategies such as building energy efficiency improvements, fuel switching, carbon capture and storage, and electrification of transport unless they also improve the physical resilience of assets or communities.

As physical climate impacts worsen from 2030 onwards, mandates are introduced to conserve energy and infrastructure access for critical functions. As the risk of asset loss and stranding increases, the focus of the property sector becomes climate adaptation and supporting the resilience of communities as they are forced to either adapt or retreat.

Use of carbon capture and storage is minimal.

New Zealand faces severe physical impacts of climate change with increased extreme wind speeds (+5 to 10%), increase in rainfall intensity (+8.6%), and an increase in the number of hot days (+100%).

## Energy use

New Zealand follows global trends in not introducing additional policies focussed on renewable energy, and both technology and behaviour change remain slow across all sectors. New Zealand's electricity grid is gradually decarbonised but does not achieve 100% renewable generation in the long term. This means building owners wishing to achieve net zero carbon emissions must invest in their own zero carbon generation. Without

strategies to decommission fossil fuel plants, incentivise low carbon generation or create localised networks, there are limited benefits from these on-site systems.

Increasing frequency and severity of weather events such as storms result in more frequent and severe damage to electricity assets and more frequent and longer blackouts. Building energy efficiency improves in the medium term as passive design solutions, which are more resilient to electrical network failures, become more popular. This reduces the need for fossil fuels for heating in buildings and the financial performance of fully electric buildings (based on current technology) drives operational carbon reductions in the sector.

## Policy and market changes

Policy shifts towards addressing national and regional security and resource scarcity. Decarbonisation is not a priority and there is no significant behaviour change. Emissions reduction targets put in place by the property sector are not met as they rely on adjacent sectors also decarbonising.

Increasing frequency and severity of acute weather events, as well as longer term increases in temperatures and sea level rise, drive an increasing need for climate adaptation and retrofitting buildings to be more resilient. There is little investment in technology and innovation that does not serve these pressing adaptation needs.

As the shadow price of carbon stays stable at \$35/tCO<sub>2</sub>e through to 2050 there are limited financial incentives to improve efficiency. However, there are strong measures to address resource scarcity, with access to energy and other resources being restricted for non-critical functions, including carless days, water restrictions, limits on air conditioning or heating use, etc.

# Hot house world scenario (cont.)

## Building demand / regulations

There is more demand for buildings that are resilient to direct climate-related physical events and infrastructure failures. A greater proportion of private and government spending is directed to adaptation of physical assets and responding to climate-related events. Local councils also increase rates to invest in protection and restoration of certain assets in locations where retreat is not an option.

Changes to building codes are focussed on the response to physical impacts from climate change, increasing the cost of development. Resilience requirements capture existing buildings which need to be upgraded to be considered safe. This results in a significant capital works programme of building retrofits, but the opportunities to also improve energy efficiency and carbon emissions are not taken as capital is severely limited. The need to improve building resilience causes many assets (especially in smaller/remote/less resilient settlements) to be stranded or abandoned.

Existing low carbon materials are readily available due to low demand but there is little innovation beyond technologies and materials currently available.

## Social change

Increasing severity and frequency of weather events causes disruptions to global food supplies in the medium term. Social cohesion starts to degrade and conflict and unrest become increasingly common.

Increases in temperature around the world results in a large increase in net migration to New Zealand (6.93m people by 2050). Spikes in demand for housing occur due to climate-

driven immigration from other parts of the world and increasing numbers of climate refugees. Social retreat from areas with higher physical risks (e.g. coastal areas) means changes in population distribution and land use over the medium term which accelerates post 2050. Food insecurity due to physical impacts that affect growing areas, as well as the ability to transport food, leads to large scale retreat out of cities and toward self-resilient lifestyles with less consumption.

Populations concentrate around regions that are more climate resilient. This introduces significant demand for construction activity in areas where resettlement is occurring. The relocation of large industry and new housing will create large private sector demand.

## Land use and infrastructure

More extreme weather puts significant strain on power infrastructure and the security of electricity supply is at risk. This risk is moderate in the short term but becomes increasingly extreme in the medium and longer terms as increasing emissions drive more frequent and severe extreme weather events.

Properties in floodplains experience increasing insurance premiums and likely experience insurance retreat by 2040. Properties lose value and become stranded assets. Premiums on coastal commercial properties may increase to the point of permanent unprofitability, leading to them being stranded by 2030.

Construction in hazardous areas becomes increasingly dangerous and some commercial property owners experience liability risk as heatwaves cause fatalities to occur onsite. Insurance rates for construction companies also increase.



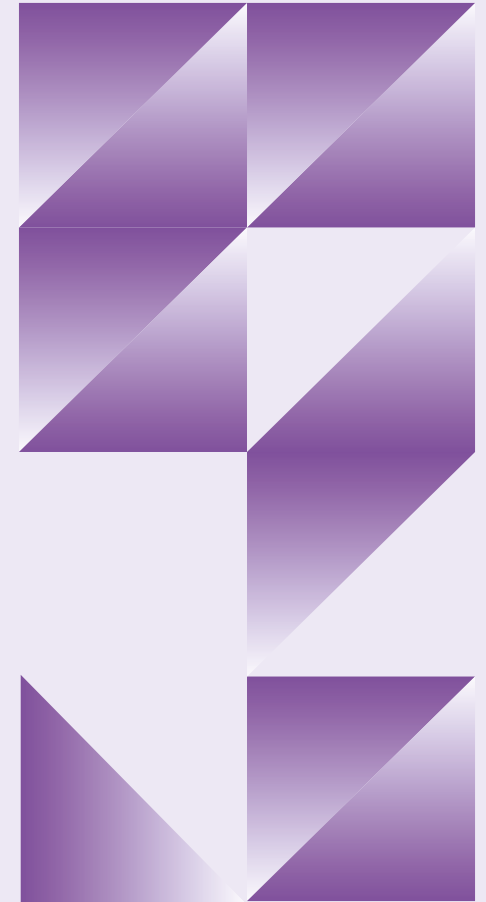
# Greenhouse Gas Inventory Report

1 April 2023 – 31 March 2024

# Introduction

This document is the annual greenhouse gas (GHG) report for Stride Investment Management Limited (SIML) and covers all managed entities including Stride Property Limited, Fabric Property Limited, Industrie Property Joint Venture, Diversified New Zealand Property Trust, and Investore Property Limited. It covers the period 1 April 2023 – 31 March 2024 (FY24). While the GHG emissions are consolidated at the SIML level for all managed entities, this report also identifies the emissions by scope for each SIML-managed entity.

This report has been written in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard, (2004) ('the GHG Protocol').



## Greenhouse Gas Inventory (All Managed Entities) FY24

Table 1: SIML Greenhouse Gas Emissions Inventory Summary FY24<sup>1</sup>

| Scope 1 Emissions Tonnes of CO <sub>2</sub> e <sup>2</sup>         |                 |                 |                 |                 |                   |
|--------------------------------------------------------------------|-----------------|-----------------|-----------------|-----------------|-------------------|
| Category                                                           | FY24            | FY23            | FY22            | FY21            | FY20 <sup>1</sup> |
| Stationary diesel                                                  | 60.49           | 10.71           | 0.41            | 0.42            | 2.79              |
| Natural gas                                                        | 403.61          | 408.67          | 580.50          | 534.06          | 416.20            |
| Fugitive emissions from air conditioning systems                   | 249.78          | 220.26          | 221.62          | 229.54          | 276.82            |
| <b>Total Scope 1</b>                                               | <b>713.88</b>   | <b>639.64</b>   | <b>802.53</b>   | <b>764.02</b>   | <b>695.81</b>     |
| Scope 2 Emissions Tonnes of CO <sub>2</sub> e                      |                 |                 |                 |                 |                   |
| Category                                                           | FY24            | FY23            | FY22            | FY21            | FY20              |
| Electricity consumption (location based) <sup>3</sup>              | 789.21          | 1,392.73        | 1,164.36        | 996.46          | 1,198.80          |
| Embedded network line losses                                       | 38.24           | 61.96           | 52.82           | 45.39           | 0.00 <sup>4</sup> |
| <b>Total Scope 2 (location based)<sup>5</sup></b>                  | <b>827.45</b>   | <b>1,454.69</b> | <b>1,217.18</b> | <b>1,041.85</b> | <b>1,198.80</b>   |
| <b>Scope 1 &amp; 2 tCO<sub>2</sub>e emissions (location based)</b> | <b>1,541.33</b> | <b>2,094.33</b> | <b>2,019.71</b> | <b>1,805.87</b> | <b>1,894.61</b>   |



1. We have restated our scope 1 and 2 FY20 baseline emissions due to the change in net lettable area of the portfolio as a result of acquisition and divestments being greater than 10% of net lettable area, which triggers the requirements for a recalculation set out in our GHG Recalculation Policy. See pages 88-89 for more information.
2. Scope 1 Emissions: Accounts for direct GHG emissions from sources that are operated or controlled by Stride. Estimates have been used where supplier records were unavailable at the time of reporting. The total estimated scope 1 emissions are 17.25 tCO<sub>2</sub>e in relation to natural gas of the total 713.88 tCO<sub>2</sub>e in relation to natural gas. Estimation methodology is detailed in Table 4.
3. The MfE emission factor for electricity has reduced by 38% year on year. For comparison purposes, using the consumption data (actual plus estimated) for FY24 of 10,639,424.42kWh, this would give scope 2 GHG emissions of 1,223.38 tCO<sub>2</sub>e using the FY23 emission factor and 1,078.89 tCO<sub>2</sub>e using the FY20 emission factor.
4. Embedded network losses: Accurate data was not available for FY20. This was an exclusion in FY20.
5. Location based electricity contains Stride's full scope 2 inventory with the location-based approach (including sites where Ecotricity is the supplier). The emissions factor applied against the full scope 2 inventory is the grid factor of 0.000074177653 from MfE 2023 MfE 2023 Emissions Factors Table 9.

Table 1: SIML Greenhouse Gas Emissions Inventory Summary FY24

| Scope 3 Emissions Tonnes of CO2e <sup>1</sup>                    |                  |                  |                            |      |      |
|------------------------------------------------------------------|------------------|------------------|----------------------------|------|------|
| Category                                                         | FY24             | FY23             | FY22                       | FY21 | FY20 |
| Purchased goods and services                                     | 20,505.00        |                  | Not measured prior to FY24 |      |      |
| Capital goods                                                    | 10,648.00        |                  | Not measured prior to FY24 |      |      |
| Transmission & distribution losses - electricity                 | 90.57            | 133.04           |                            |      |      |
| Transmission & distribution losses - stationary energy           | 14.24            | 21.62            |                            |      |      |
| Fleet fuel                                                       | 59.33            | 84.39            |                            |      |      |
| Water <sup>2</sup>                                               | 27.08            | 10.09            |                            |      |      |
| Business travel (flights, accommodation, rental vehicles)        | 83.20            | 68.04            |                            |      |      |
| Employee commuting (incl. working from home)                     | 106.96           |                  | Not measured prior to FY24 |      |      |
| Waste <sup>3</sup>                                               | 4,246.12         | 4,029.78         |                            |      |      |
| Downstream leased assets – tenant consumption <sup>4</sup>       | 10,625.49        | 14,756.32        |                            |      |      |
| <b>Total Scope 3</b>                                             | <b>46,405.99</b> | <b>19,103.28</b> |                            |      |      |
| <b>Total Scope 1, 2 &amp; 3 tCO2e emissions (location based)</b> | <b>47,947.32</b> | <b>21,197.61</b> |                            |      |      |



1. Scope 3 Emissions: Accounts for indirect GHG emissions that occur in the company's value chain. Upstream leased assets (the SIML occupied offices) emissions are captured in Scope 2. Scope 3 exclusions are provided in Table 6 Greenhouse Gas Exclusions.
2. Water: Where data is not available this has been estimated. Total estimated water emissions are 17.38 tCO2e in relation to natural gas of the total 27.08 tCO2e. Estimation methodology is detailed in Table 4.
3. Waste from operations: The data includes tenant waste but excludes construction waste. Where data is not available this has been estimated. Total estimated waste emissions are 1,089.34 tCO2e of the total 4,246.12 tCO2e. Estimation methodology is detailed in Table 4.
4. Downstream leased assets include tenant consumption of natural gas and electricity. There is a component of estimated emissions for tenant electricity and gas which total 2,554.57 tCO2e of the total 10,625.49 tCO2e. Estimation methodology is detailed in Table 4.

## Greenhouse Gas Inventory FY24 (Split by Managed Entity)

Table 2: Greenhouse Gas Emissions Inventory Summary by Managed Entity for FY24

| Scope 1 Emissions Tonnes of CO2e                              |                         |                         |                                 |                               |                            |                              |             |                 |
|---------------------------------------------------------------|-------------------------|-------------------------|---------------------------------|-------------------------------|----------------------------|------------------------------|-------------|-----------------|
| Category                                                      | Stride Property Limited | Fabric Property Limited | Industre Property Joint Venture | Diversified NZ Property Trust | Investore Property Limited | Johnsonville Shopping Centre | SIML        | Total           |
| Stationary diesel                                             | 9.15                    | 18.63                   | 31.81                           | 0.43                          | 0.47                       | 0                            | N/A         | 60.49           |
| Natural gas                                                   | 0.15                    | 330.30                  | 0.00                            | 47.04                         | 0.00                       | 26.12                        | N/A         | 403.61          |
| Fugitive emissions from air conditioning systems              | 61.55                   | 167.54                  | 8.08                            | 0.00                          | 12.61                      | 0.00                         | N/A         | 249.78          |
| <b>Total Scope 1</b>                                          | <b>70.85</b>            | <b>516.47</b>           | <b>39.89</b>                    | <b>47.47</b>                  | <b>13.08</b>               | <b>26.12</b>                 | <b>N/A</b>  | <b>713.88</b>   |
| Scope 2 Emissions Tonnes of CO2e                              |                         |                         |                                 |                               |                            |                              |             |                 |
| Category                                                      | Stride Property Limited | Fabric Property Limited | Industre Property Joint Venture | Diversified NZ Property Trust | Investore Property Limited | Johnsonville Shopping Centre | SIML        | Total           |
| Electricity consumption (location based)                      | 112.44                  | 290.72                  | 6.12                            | 337.42                        | 11.29                      | 24.77                        | 6.45        | 789.21          |
| Embedded network line losses                                  | 5.53                    | 5.26                    | N/A                             | 26.75                         | 0.70                       | N/A                          | N/A         | 38.24           |
| <b>Total Scope 2 (location based)</b>                         | <b>177.97</b>           | <b>295.98</b>           | <b>6.12</b>                     | <b>364.17</b>                 | <b>11.99</b>               | <b>24.77</b>                 | <b>6.45</b> | <b>827.45</b>   |
| <b>Total Scope 1 &amp; 2 tCO2e emissions (location based)</b> | <b>188.82</b>           | <b>812.45</b>           | <b>46.01</b>                    | <b>411.64</b>                 | <b>25.07</b>               | <b>50.89</b>                 | <b>6.45</b> | <b>1,541.33</b> |

## Greenhouse Gas Inventory FY24 (Split by Managed Entity)

Table 2: Greenhouse Gas Emissions Inventory Summary by Managed Entity for FY24 (cont.)

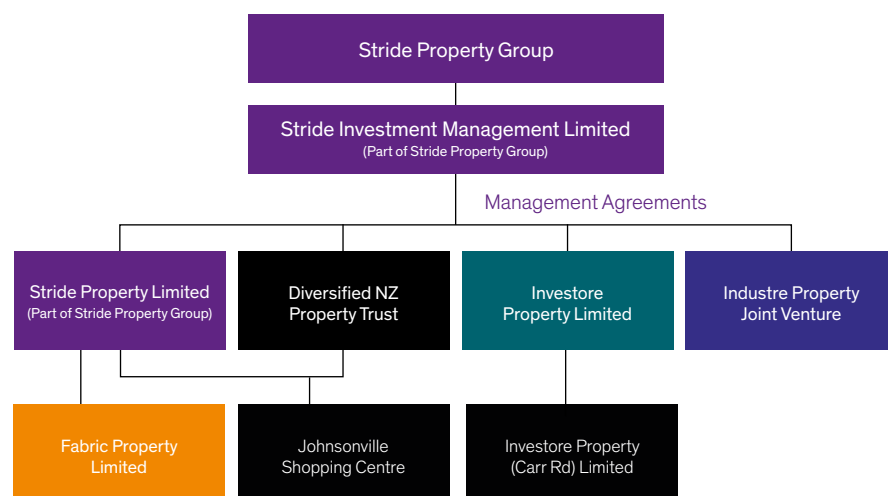
| Scope 3 Emissions Tonnes of CO2e                                 |                         |                             |                                 |                               |                            |                              |        |                  |
|------------------------------------------------------------------|-------------------------|-----------------------------|---------------------------------|-------------------------------|----------------------------|------------------------------|--------|------------------|
| Category                                                         | Stride Property Limited | Fabric Property Limited     | Industre Property Joint Venture | Diversified NZ Property Trust | Investore Property Limited | Johnsonville Shopping Centre | SIML   | Total            |
| Purchased goods & services                                       | 7,199.00                | Included in Stride Property | 3,214.00                        | 5,372.00                      | 4,387.00                   | Included in Diversified      | 333.03 | <b>20,505.00</b> |
| Capital goods                                                    | 2,001.00                |                             | 3,132.00                        | 295.00                        | 5,220.00                   |                              | N/A    | <b>10,648.00</b> |
| Transmission & distribution losses - electricity                 | 13.04                   | 33.69                       | 0.63                            | 39.13                         | 1.21                       | 2.15                         | 0.72   | <b>90.57</b>     |
| Transmission & distribution losses - stationary energy           | 0.01                    | 11.61                       | 0.00                            | 1.73                          | 0.00                       | 0.88                         | N/A    | <b>14.23</b>     |
| Fleet fuel                                                       | N/A                     | N/A                         | N/A                             | N/A                           | N/A                        | N/A                          | 59.33  | <b>59.33</b>     |
| Water                                                            | 1.90                    | 1.11                        | 2.84                            | 1.19                          | 19.42                      | 0.62                         | N/A    | <b>27.08</b>     |
| Business travel (flights, accommodation, rental vehicles)        | N/A                     | N/A                         | N/A                             | N/A                           | N/A                        | N/A                          | 83.20  | <b>83.20</b>     |
| Employee commuting (including working from home)                 | N/A                     | N/A                         | N/A                             | N/A                           | N/A                        | N/A                          | 106.96 | <b>106.96</b>    |
| Waste generated in operations                                    | 311.50                  | 127.22                      | N/A                             | 498.86                        | 3,182.20                   | 126.35                       | N/A    | <b>4,246.12</b>  |
| Downstream leased assets – tenant consumption                    | 1,164.52                | 385.98                      | 769.95                          | 1,396.63                      | 6,766.39                   | 142.02                       | N/A    | <b>10,625.49</b> |
| <b>Total Scope 3</b>                                             | 10,690.97               | 559.61                      | 7,119.42                        | 7,604.54                      | 19,576.22                  | 272.02                       | 583.21 | <b>46,405.99</b> |
| <b>Total Scope 1, 2 &amp; 3 tCO2e emissions (location based)</b> | 10,879.79               | 1,372.06                    | 7,165.43                        | 8,016.18                      | 19,601.29                  | 322.91                       | 589.66 | <b>47,947.32</b> |



## Organisational Boundary

SIML's organisational boundary for GHG reporting encompasses the entities listed below. Each entity reports on emissions generated by its activities, including the properties they own. SIML applies an operational control approach to identify and determine the boundary of SIML's GHG inventory. SIML will report on its own emissions plus 100% of the emissions for each SIML managed fund on the basis that SIML is the property and fund manager and therefore has "operational control". A company has operational control over an operation if it has the authority to introduce and implement operating policies at the operation. This consolidation approach allows us to focus on those emission sources over which we have operational control and can therefore implement management actions consistent with SIML's sustainability strategy.

FY24 (1 April 2023 – 31 March 2024)



|                                             | FY24    | FY20    |
|---------------------------------------------|---------|---------|
| Total number of properties under management | 82      | 69      |
| Net lettable area under management (NLA)    | 672,993 | 574,932 |

Note: Metrics include properties categorised as 'Development and Other' in the respective financial statements.

|                                             |                                                                                                                                                                                                                           |
|---------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Stride Investment Management Limited (SIML) | The manager of SPL, Investore, Industre, and Diversified and employer of staff for the group.                                                                                                                             |
| Stride Property Limited (SPL)               | SPL's shares are stapled with those of SIML, and the stapled security is listed on the NZX as Stride Property Group. SPL directly owns retail town centres and office assets and holds an interest in the other entities. |
| Fabric Property Limited (Fabric)            | SPL's office-owning subsidiary which invests in office property within Wellington and Auckland.                                                                                                                           |
| Diversified NZ Property Trust (Diversified) | An Australian trust majority owned by Australian superannuation entities which owns retail shopping centres in New Zealand.                                                                                               |
| Johnsonville Shopping Centre                | Owned 50:50 by SPL and Diversified.                                                                                                                                                                                       |
| Investore Property Limited (Investore)      | An NZX listed company which invests solely in large format retail property across New Zealand. Investore owns 100% of Investore Property (Carr Rd) Limited.                                                               |
| Industre Property Joint Venture (Industre)  | A joint venture between Stride and a group of international institutional investors advised by J.P. Morgan Asset Management (JPMAM) which invests solely in industrial properties.                                        |

## During FY24

- Fabric sold the office property at 22 The Terrace, Wellington;
- Industrie sold two properties - 22 Ha Crescent and 15 Ride Way, both in Auckland;
- Diversified sold Remarkables Park Town Centre;
- 110 Carlton Gore Road was purchased by Fabric;
- 439 Rosebank Road, 34 Airpark Drive (both owned by Industrie) and Woolworths Waimakariri Junction (owned by Investore), were developed and became operational sites.

## Operational Boundary

The FY24 GHG emissions inventory report covers scope 1 and scope 2, and scope 3 emissions where the group has sufficiently reliable measurements for scope 3 categories (including emissions from tenant energy consumption). Improving the accuracy and extent of our scope 3 measurement is an ongoing area of focus.

Scope 1 and scope 2 emissions include the "base build" emissions (refrigeration and natural gas, associated with heating and cooling, and stationary diesel and electricity). Scope 3 emissions are indirect emissions and currently include business travel (flights, accommodation, and rental vehicles), electricity not in scope 2 (transmission and distribution losses and tenant electricity), fleet fuel (petrol and diesel in vehicles owned by employees and used on company business), stationary energy – natural gas (transmission and distribution losses and tenant gas), employee commuting (including working from home), purchased goods and services, capital goods, water, and waste.

A summary of exclusions is included in Table 6 and a description of methodology, data quality and uncertainties is provided in Table 4.

## Baseline Year

The baseline year for SIML is 1 April 2019 to 31 March 2020 (FY20). This was chosen as the baseline year because it was the first year SIML understood, and had the data to support, its scope 1 and scope 2 emissions. SIML's Baseline Recalculation policy states that if SIML's net lettable area changes by more than 10% due to company or portfolio acquisitions or divestments then a recalculation of the scope 1 and scope 2 baseline emissions is required.

During FY24 it was identified that a recalculation of the baseline should have been undertaken in FY23 in accordance with our Baseline Recalculation policy and the GHG Protocol. Therefore, we made the decision to recalculate the baseline using the latest data as at March 2024, as it more accurately reflects the circumstances of the entity for the period.

While we acknowledge that the restatement should have occurred in FY23 we have used the March 2024 numbers to undertake the baseline recalculation for the period 1 April 2019 to 31 March 2024. In undertaking the baseline recalculation, the following were taken into consideration:

- Properties acquired since 1 April 2019, and which remain in the portfolio up to 31 March 2024 (22 properties in total), were identified.
- For each of these properties the base year emissions were estimated using the calculated emissions from the most appropriate post 2020 year (as a representative year).
- For some of the properties acquired since 1 April 2019 there are no emissions allocated because they are undeveloped sites, undergoing development or were not developed in FY20.
- The scope 1 and 2 emissions of the properties disposed of since FY20 (9 in total) have been deducted from the FY20 scope 1 and 2 baseline emissions
- All properties added to the portfolio during FY24 did not exist in FY20 and accordingly no adjustment is required to the baseline year for these properties. These properties are 110 Carlton Gore Road, 439 Rosebank Road, 34 Airpark Drive and Woolworths Waimakariri Junction.

The result of the FY20 baseline recalculation is a movement in GHG emissions for scope 1 of -71.75 tCO<sub>2</sub>e and for scope 2 of 237.57 tCO<sub>2</sub>e. A breakdown of this is provided in Table 3 on page 89.



Table 3: SIML FY20 Recalculation of Scope 1 and Scope 2 Baseline Emissions Outcomes as at 31 March 2024

| Category                                                  | FY20 Original Emissions | Movement in Emissions due to recalculation (31 Mar 24) | Recalculated Baseline Emissions |
|-----------------------------------------------------------|-------------------------|--------------------------------------------------------|---------------------------------|
| <b>Scope 1 Emissions Tonnes of CO2e</b>                   |                         |                                                        |                                 |
| Stationary diesel                                         | 0.00                    | +2.79                                                  | 2.79                            |
| Natural gas                                               | 493.64                  | -77.44                                                 | 416.20                          |
| Fugitive emissions from air conditioning systems          | 273.92                  | +2.90                                                  | 276.82                          |
| <b>Total Scope 1</b>                                      | <b>767.56</b>           | <b>-71.75</b>                                          | <b>695.81</b>                   |
| <b>Scope 2 Emissions Tonnes of CO2e</b>                   |                         |                                                        |                                 |
| Electricity consumption                                   | 961.23                  | +237.57                                                | 1,198.80                        |
| <b>Total Scope 2 (location based)</b>                     | <b>961.23</b>           | <b>+237.57</b>                                         | <b>1,198.80</b>                 |
| <b>Total Scope 1 &amp; 2 tCO2e recalculated emissions</b> | <b>1,728.79</b>         | <b>+165.82</b>                                         | <b>1,894.61</b>                 |

For comparison purposes only the table below identifies what the base year FY20 emissions would have been if recalculated in the prior reporting period (FY23).

Recalculation of Scope 1 and Scope 2 Baseline Emissions Outcomes as at 31 March 2023 (for comparison purposes)

| Category                                                  | FY20 Original Emissions | Movement in Emissions due to recalculation (31 Mar 23) | Recalculated Baseline Emissions |
|-----------------------------------------------------------|-------------------------|--------------------------------------------------------|---------------------------------|
| <b>Scope 1 Emissions Tonnes of CO2e</b>                   |                         |                                                        |                                 |
| Stationary diesel                                         | 0.00                    | +2.79                                                  | 2.79                            |
| Natural gas                                               | 493.64                  | -31.83                                                 | 461.81                          |
| Fugitive emissions from air conditioning systems          | 273.92                  | +2.90                                                  | 276.82                          |
| <b>Total Scope 1</b>                                      | <b>767.56</b>           | <b>-26.14</b>                                          | <b>741.42</b>                   |
| <b>Scope 2 Emissions Tonnes of CO2e</b>                   |                         |                                                        |                                 |
| Electricity consumption                                   | 961.23                  | +285.52                                                | 1,246.75                        |
| <b>Total Scope 2</b>                                      | <b>961.23</b>           | <b>+285.52</b>                                         | <b>1,246.75</b>                 |
| <b>Total Scope 1 &amp; 2 tCO2e recalculated emissions</b> | <b>1,728.79</b>         | <b>+259.38</b>                                         | <b>1,988.17</b>                 |



## Methodologies and Uncertainties

Emissions for scope 1, scope 2 and scope 3 have been quantified using the calculation-based method based on activity data multiplied by greenhouse gas emissions factors. Emission factors have been sourced from the official Ministry for the Environment publications except:

- The emissions for the Upstream Purchased Goods and Services have been calculated using the Eora database corrected for exchange rates and inflation.
- For employee commuting the emissions were calculated using the Abley survey tool. The results from the September 2023 and March 2024 surveys were averaged to give the FY24 emissions.

To minimise uncertainties in the accuracy of this inventory, data has been sourced wherever possible from a verifiable source, as detailed in Table 4.

## Assurance of GHG Inventory

Deloitte Limited has been appointed as the third-party independent assurance provider for the FY24 Greenhouse Gas Inventory Report.

A limited level of assurance has been given by Deloitte Limited over the scope 1, scope 2 and scope 3 emissions for FY24 included in this report.

Refer to Appendix 1 for the Assurance Report.



## GHG Emissions Source Inclusions

SIML includes scope 1, 2 and 3 emissions from all relevant Kyoto Protocol gases in our carbon inventory except for the capital goods and purchased goods and services emissions where this is not available. The emissions sources in Table 4 have been included in the GHG emissions inventory.

Table 4: Included Emission Sources, Data Source and Assumptions

| Category                                                      | GHG Emissions Source                                                                                          | Data Source                                                       | Methodology, Data Quality, Uncertainty                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|---------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Scope 1 Direct Emissions</b>                               |                                                                                                               |                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Stationary diesel                                             | Fuel used to "top up" generators for back up to essential building operations if the electricity supply fails | Records from suppliers                                            | Emails from suppliers providing quantity used, in litres, during the year                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|                                                               | Fuel used to "top up" sprinkler pumps                                                                         | Records from suppliers                                            | Emails and spreadsheets from suppliers providing quantity used, in litres, during the year                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Natural gas - stationary <sup>1</sup>                         | Fuel used for heating and cooking within properties                                                           | Records from supplier spreadsheets                                | Suppliers provide a summary of the consumption used by each ICP across all properties. Check meters at shopping centre sites provide readings for tenant consumption. Where supplier data is unavailable for a specific month or months of the year, an estimate is created based on other available supplier data for these properties to determine an average monthly estimate of consumption <sup>4</sup> . The total estimated tCO <sub>2</sub> e is 17.25 tCO <sub>2</sub> e of the total 403.61 tCO <sub>2</sub> e scope 1 natural gas balance |
| Fugitive emissions from air conditioning systems <sup>2</sup> | Leakage and replacement quantities to "top up" the refrigerants of air conditioning systems                   | Record from suppliers of "top-up" amounts                         | Annual report for each property provided by suppliers                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>Scope 2 Indirect Emissions</b>                             |                                                                                                               |                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Electricity consumption <sup>3</sup>                          | Electricity used in common parts of properties managed by SIML and offices leased by SIML                     | Records from electricity suppliers and embedded network operators | Reliable records of electricity consumed sourced from an independent third party. Where supplier data was unavailable for a specific month or months of the year, an estimate was created based on other available supplier data for these properties to determine an average monthly estimate of consumption <sup>4</sup> . The total estimated amount for FY24 is 8.16 tCO <sub>2</sub> e of the 789.21 tCO <sub>2</sub> e balance                                                                                                                 |
| Embedded network lines losses                                 | Electricity losses from embedded network losses operated within properties                                    | Records from embedded network suppliers                           | Reliable external report from embedded network suppliers<br><br>The electricity supplier for 20 Customhouse Quay changed during the FY24 reporting period, improving accuracy of data provided. For FY24 the embedded network losses for 20 Customhouse Quay which occurred prior to the new supplier being appointed, have been estimated using the gateway volume and the embedded loss factor of 1.0142 for loss code TCCKL01                                                                                                                     |

Notes to Table 4:

1. Natural Gas: For Johnsonville Shopping Centre data is read on internal check meters and allocated to tenants accordingly. The remainder is landlord consumption for heating.
2. Fugitive Emissions from air conditioning systems: Scope 1 air conditioning refrigerant used in SIML managed properties includes: R134A, R22, R32, R404A, R410A, R744, R4038A, R407F, R407C.
3. Electricity: 34 Shortland Street is part of a body corporate. SIML's portion of the common parts electricity consumption is 85.875% based on the allocation of costs between the two owners of the property using the electricity for common parts of the building.
4. Estimations: The estimations used in this report do not include sites which have been vacant for all of FY24; however do include tenancies which may have been vacant for part of the FY24 year.

Table 4: Included Emission Sources, Data Source and Assumptions

| Category                          | GHG Emissions Source                                                                 | Data Source                                                                                           | Methodology, Data Quality, Uncertainty                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|-----------------------------------|--------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Scope 3 Indirect Emissions</b> |                                                                                      |                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| Waste generated in operations     | Waste generated from operations in multi-tenanted properties and single-tenant sites | Data from waste contractors (spreadsheets and downloads from web portal) and data provided by tenants | Waste data received from waste contractors or tenants is considered reliable as it is sourced from an independent third party. Where supplier data is unavailable for a specific month or months of the year, an estimate is created based on other available waste contractor or tenant data for these properties to determine an average monthly tonne of waste. Where no records were able to be obtained from the relevant waste contractor or tenant, the data has been estimated based on the average known and reliable emissions of similar property types owned by the Group (i.e., supermarket, shopping centre, strip malls, hardware store, etc) and adjusted for the sqm of net lettable area under management (NLA). <sup>1</sup> The total estimated tCO <sub>2</sub> e for waste in this reporting period is 1,087.91 tCO <sub>2</sub> e of the total waste emissions of 4,246.12 tCO <sub>2</sub> e                                            |
| Water                             | Water used in properties owned by all funds                                          | From local water providers                                                                            | For Auckland properties, a spreadsheet of consumption is provided from the supplier. For all other sites, data is obtained from individual invoices. Where supplier data is unavailable for a specific month or months of the year, an estimate is created based on other available supplier data for these properties to determine an average monthly estimate of consumption. Where no records were able to be obtained from the relevant supplier, this has been estimated based on the average known and reliable emissions of similar property types owned by the Group (i.e., supermarket, shopping centre, strip malls, hardware store, etc). <sup>1</sup> The estimated tCO <sub>2</sub> e is 17.38 tCO <sub>2</sub> e of the total 27.08 tCO <sub>2</sub> e                                                                                                                                                                                            |
| Business travel                   | Accommodation, flights, fuel & rental vehicles                                       | Direct from provider                                                                                  | Spreadsheets of usage are provided direct from the relevant provider on a monthly or quarterly basis.<br>Business travel is relevant to SIML only, as the managed funds do not have employees.<br>Fleet fuel consists of consumption from fuel cards provided to some employees and used in employee vehicles for business purposes.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| Downstream leased assets          | Tenant electricity and gas (both for building emissions and tenant operations)       | Data provided by tenants directly or from relevant suppliers with tenant approval                     | Reliable data where this is provided by the supplier and/or tenant. Where supplier data is unavailable for a specific month or months of the year, an estimate is created based on other supplier data for these properties to determine an average monthly consumption. Where no records were able to be obtained from the supplier, this has been estimated based on the average known and reliable emissions of similar property types owned by the Group (i.e., supermarket, shopping centre, strip malls, hardware store, etc) and adjusted for the sqm of net lettable area under management (NLA). <sup>4</sup> The total estimated tCO <sub>2</sub> e for tenant electricity and gas in this reporting period is 2,554.57 tCO <sub>2</sub> e of the total tenant emissions of 10,625.49 tCO <sub>2</sub> e. The tenant electricity at 55 Lady Elizabeth Lane has reduced materially from FY23 as the office portion of the property is currently vacant |

<sup>1</sup> Estimations: The estimations used in this report do not include sites which have been vacant for all of FY24; however do include tenancies which may have been vacant for part of the FY24 year.

Table 4: Included emissions Sources, Data Sources and Assumptions (cont)

| Category                                        | GHG Emissions Source                                                                                                                                                                                                                                                                                                                                                       | Data Source                                                                                                                                                                                                                                                              | Methodology, Data Quality, Uncertainty                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|-------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Scope 3 Indirect Emissions</b>               |                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| Employee commuting                              | Emissions from employee commuting                                                                                                                                                                                                                                                                                                                                          | Surveys have been carried out by Abley using their CarbonWise tool to capture employee commuting emissions. Two surveys were undertaken to capture any seasonal impact. The results from the September 2023 and March 2024 surveys were averaged to give the FY24 result | This data is considered reliable. The survey is completed by an independent third party which in turn has had the survey results verified by Toitū as carbon compatible for GHG reporting                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Purchased products and services & capital goods | Operational expenses related to activities – cradle to gate emissions - e.g. office supplies, consultants, construction sites. The capital goods figure includes the Waimakariri Junction and 34 Airpark Drive developments, and the refurbishment works at 34 Shortland Street. Going forward, we anticipate using the actual embodied carbon data for large developments | Specific data on quantities of supply chain goods and services was not available and accordingly we have estimated emissions using spend based factors, from the internationally recognised Eora factor set, corrected for exchange rates and inflation                  | The emissions were calculated by third party consultants based on Stride's expenditure on purchased goods and services which are not already included in other scopes or other scope 3 categories. Any spend already considered in other categories of scope 3 or considered immaterial were excluded. Once these categories were excluded, the top 95% of spend was used to categorise the data into relevant categories based on the Eora database. The Eora database is a multi-region input-output schedule of spend-based emission factors. The associated emissions were calculated by multiplying the expenditure with the relevant Eora emission factor corrected for exchange rates using the average USD to NZD exchange rate for 2017 of 1.4074 and adjusted for inflation (Q4 2017 – Q1 2023) + 1 of 1.2107. The data for Fabric is included in the Stride Property figure and the Johnsonville figure is included in the Diversified number as they are unable to be accurately separated out. Stride will explore options for utilising New Zealand-based spend factors for future years |

## Greenhouse Gas Inventory 2024

SIML includes scope 1, scope 2 and scope 3 emissions from all the six Kyoto Protocol gases in its inventory expressed as carbon dioxide equivalent (CO<sub>2</sub>e). These gases are: Carbon Dioxide (CO<sub>2</sub>), Methane (CH<sub>4</sub>) Nitrous Oxide (N<sub>2</sub>O) and hydro fluorocarbons (HFCs). SIML does not have any emissions of PFCs, NF<sub>3</sub> or SF<sub>6</sub>.

The 2023 Ministry for the Environment emission factors used in this report can be found through this link: [MfE 2023 Emissions Factors](#)

Table 5: Greenhouse Gas Emissions by Greenhouse Gas Type FY24<sup>1</sup>

| Source                                                     | CO <sub>2</sub> e | CO <sub>2</sub> | CH <sub>4</sub> | N <sub>2</sub> O | HFCs   | Other |
|------------------------------------------------------------|-------------------|-----------------|-----------------|------------------|--------|-------|
| Scope 1                                                    | 713.88            | 462.62          | 1.17            | 0.31             | 249.78 | 0     |
| Scope 2                                                    | 827.45            | 804.05          | 21.63           | 1.77             | 0      | 0     |
| Scope 3                                                    | 15,252.99         | 10,709.82       | 4,518.19        | 23.59            | 0      | 1.39  |
| <b>Total</b>                                               | 16,794.32         | 11,976.49       | 4,540.99        | 25.67            | 249.78 | 1.39  |
| Emissions not included in the split by Greenhouse Gas Type | 31,153.00         |                 |                 |                  |        |       |
| <b>Total</b>                                               | 47,947.32         |                 |                 |                  |        |       |

Notes to Table 4:

- Greenhouse gas emissions by greenhouse gas type: A breakdown by gases is not available for the emissions calculated by third parties. This includes purchased goods and services, and capital goods. These have therefore been removed from the Table 5 calculation total of 31,153.00 tCO<sub>2</sub>e.



## GHG Emissions Source exclusions

The following emissions sources have been excluded from the FY24 inventory.

**Table 6: Emissions Source Exclusions**

| Scope                                            | Category                                                      | GHG Emissions Source                                                                                                                                                                                                 | Reason for Exclusion                                                                                                                                                                                                                             |
|--------------------------------------------------|---------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1                                                | Fugitive emissions from air conditioning systems              | Leakage and replacement quantities                                                                                                                                                                                   | Actual records of refrigerant top-up from the property Kelvin Grove in Palmerston North were unattainable for the reporting year. For reference, the prior period's refrigerant emissions from this property equated to 12.53 tCO <sub>2</sub> e |
| <b>Upstream (purchased goods &amp; services)</b> |                                                               |                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                  |
| 3                                                | Transportation & distribution                                 | Emissions from transportation of products purchased by the company. This data will be included in the purchased goods & services and capital goods categories                                                        | Not applicable to Stride activities                                                                                                                                                                                                              |
| 3                                                | Business travel                                               | Mileage and taxi/Uber                                                                                                                                                                                                | Reliable data is not available for FY24. Without actual reliable data available, accurate estimates of consumption cannot be made                                                                                                                |
| <b>Downstream (sold goods and services)</b>      |                                                               |                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                  |
| 3                                                | Downstream leased assets (properties)                         | Tenant refrigeration losses (excluding those used purely for operational purposes) and tenant gas consumption for the industrial properties and those tenants adjacent to Woolworths stores in Investore owned sites | Reliable data not available                                                                                                                                                                                                                      |
| 3                                                | Waste                                                         | Tenant waste for industrial properties                                                                                                                                                                               | Reliable data not available                                                                                                                                                                                                                      |
| 3                                                | End of life treatment of sold product/<br>use of sold product |                                                                                                                                                                                                                      | Not applicable to Stride activities                                                                                                                                                                                                              |
| 3                                                | Investments                                                   |                                                                                                                                                                                                                      | All emissions from the Stride Products (Investore, Diversified, and Investore) are 100% included in the scope 1-3 emissions under the operational control methodology. Refer to organisational boundary description on page 87.                  |
| 3                                                | Franchises                                                    |                                                                                                                                                                                                                      | Not applicable to Stride activities                                                                                                                                                                                                              |
| 3                                                | Processing of sold products                                   |                                                                                                                                                                                                                      | Not applicable to Stride activities                                                                                                                                                                                                              |
| 3                                                | Transportation & distribution                                 |                                                                                                                                                                                                                      | Not applicable to Stride activities                                                                                                                                                                                                              |

Prepared by:



**Sharyn Bramwell-Reweti**

Safety & Sustainability Manager  
Stride Investment Management Limited  
28 May 2024

Approved by:



**Jacqueline Cheyne**

Independent Director and Chair of  
Stride Board Sustainability Committee  
28 May 2024

# Appendix 1 – Independent Assurance Report



## INDEPENDENT ASSURANCE REPORT ON STRIDE INVESTMENT MANAGEMENT LIMITED'S GREENHOUSE GAS EMISSIONS INVENTORY REPORT

### To the Board of Directors of the Stride Investment Management Limited

We have undertaken a limited assurance engagement relating to the Greenhouse Gas Emissions Inventory Report (the 'inventory report') of Stride Investment Management Limited (the 'Group') for the year ended 31 March 2024, comprising the Emissions Inventory and the explanatory notes set out on pages 81 to 95.

The inventory report provides information about the greenhouse gas emissions of the Group for the year ended 31 March 2024 and is based on historical information. This information is stated in accordance with the requirements of the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) ('the GHG Protocol') which can be accessed at [www.ghgprotocol.org/corporate-standard](http://www.ghgprotocol.org/corporate-standard).

### Board of Directors' Responsibility

The Board of Directors are responsible for the preparation of the inventory report, in accordance with the GHG Protocol. This responsibility includes the design, implementation, and maintenance of internal control relevant to the preparation of an inventory report that is free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express a limited assurance conclusion on the inventory report based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements (New Zealand) 3410: Assurance Engagements on Greenhouse Gas Statements ('ISAE (NZ) 3410'), issued by the New Zealand Auditing and Assurance Standards Board. That standard requires that we plan and perform this engagement to obtain limited assurance about whether the inventory report is free from material misstatement.

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

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

Given the circumstances of the engagement, in performing the procedures listed above we:

- Through enquiries, obtained an understanding of the Group's control environment and information systems relevant to emissions quantification and reporting, but did not evaluate the design of particular control activities, obtain evidence about their implementation or test their operating effectiveness.
- Evaluated whether the Group's methods for developing estimates are appropriate and had been consistently applied. However, 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 Group's estimates.
- Undertook site visits at four sites to assess the completeness of the emissions sources, data collection methods, source data and relevant assumptions applicable to the sites. The sites selected for testing were chosen taking into consideration their emissions in relation to total emissions, emissions sources, and sites selected in prior periods. Our procedures did not include testing information systems to collect and aggregate facility data, or the controls at these sites.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether Stride Investment Management Limited's inventory report has been prepared, in all material respects, in accordance with the GHG Protocol.

### **Inherent Limitations**

Non-financial information, such as that included in the Group's Inventory Report, is subject to more inherent limitations than financial information, given both its nature and the methods used and assumptions applied in determining, calculating and sampling or estimating such information. Specifically, 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.

We note that a limited assurance engagement is not designed to detect all instances of non-compliance with the GHG Protocol, as it generally comprises making enquiries, primarily of the responsible party, and applying analytical and other review procedures.

### **Our Independence and Quality Management**

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

Other than in our capacity as independent assurance provider, we have no relationship with or interests in Stride Investment Management or any of its subsidiaries.

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

### **Use of Report**

Our assurance report is made solely to the Directors of the Group/Company in accordance with the terms of our engagement. Our work has been undertaken so that we might state to the Directors those matters we have been engaged to state in this assurance report and for no other purpose. To the fullest extent permitted by law, we accept or assume no duty, responsibility or liability to any other party in connection with the report or this engagement, including without limitation, liability for negligence in relation to the opinion expressed in this report.

### **Limited Assurance Conclusion**

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 Stride Investment Management Limited's inventory report for the year ended 31 March 2024 is not prepared, in all material respects, in accordance with the requirements of the GHG Protocol.

The image shows a handwritten signature in cursive script that reads "Deloitte Limited".

28 May 2024

**Auckland, New Zealand**

This limited assurance report relates to the GHG inventory report of Stride Investment Management Limited (the 'Group') for the year ended 31 March 2024 included on Stride Investment Management Limited's website. The Group's Directors are responsible for the maintenance and integrity of the Group's website. We have not been engaged to report on the integrity of the Group's website. We accept no responsibility for any changes that may have occurred to the inventory report since they were initially presented on the website. The limited assurance report refers only to the inventory report named above. It does not provide an opinion on any other information which may have been hyperlinked to/from this inventory report. If readers of this report are concerned with the inherent risks arising from electronic data communication, they should refer to the published hard copy of the inventory report and related limited assurance report dated 28 May 2024 to confirm the information included in the information presented on this website.