



Powering up



CLIMATE STATEMENT FY2026

ABOUT THIS REPORT

This report is the Vector Limited group's (Vector or the group) third mandatory climate statement prepared under New Zealand's climate-related disclosures regime. The Vector group comprises Vector Limited and its subsidiaries. This report relates to the reporting period 1 July 2025 to 30 June 2026 and constitutes Vector's climate statement in respect of that period under the Financial Markets Conduct Act 2013 (FMCA).

Under the FMCA, Vector is required to produce climate statements that comply with the Aotearoa New Zealand Climate Standards (NZCS) 1, 2 and 3 issued by the External Reporting Board (XRB). Accordingly, this document has been prepared in compliance with NZCS 1, 2 and 3, and covers four thematic areas: governance, strategy, risk management, and metrics and targets. The intended primary users of this report are existing and potential investors, lenders and other creditors.

This report, which includes our FY2026 greenhouse gas (GHG) emissions inventory report (Appendix 1), is published as part of our reporting suite, alongside our annual report. Each report is available at vector.co.nz/investors/reports. Given this report relates to the FMCA and NZCS requirements, it necessarily differs from earlier Vector reports prepared voluntarily in response to the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD). Unless the context otherwise requires, all references in this report to we, us, our and Vector should be interpreted to relate to the Vector group. This report has been subject to limited assurance¹ by KPMG (see Appendix 5) and legal review by Chapman Tripp.

ADOPTION PROVISIONS

Vector has elected to use the following NZCS 2 adoption provision for this FY2026 report. This means the disclosures in this report do not cover these aspects of the NZCS, though some information is provided to maintain consistency with Vector's wider disclosures.

- Adoption provision 2: Anticipated financial impacts



DOUG MCKAY

CHAIR

17 August 2026



ANNE URLWIN

CHAIR, AUDIT COMMITTEE

17 August 2026

1. A limited assurance engagement is less in scope than a reasonable assurance engagement, for a detailed explanation – please see page 43.

DISCLAIMER

This report is not earnings guidance or financial advice for investors. Rather, this report provides a summary of Vector's current understanding of, and response to, climate-related risks and opportunities, and Vector's current climate-related governance, risk management, strategy, metrics and targets. The report reflects Vector's current understanding as of 17 August 2026, in respect of the 12 months ended 30 June 2026.

Climate-related risk management is an emerging area, and often uses data and methodologies that are developing and uncertain. In particular, GHG emissions calculations use data and methodologies that are developing. Vector acknowledges that the understanding of climate risk, and the inputs to assist with this understanding are constantly evolving.

Vector (including its directors, officers and employees) does not:

- Represent that the statements, intentions and/or opinions contained in this report will not change, or will remain correct after publishing this report, or
- Promise to revise or update those statements and opinions if events or circumstances change or unanticipated events happen after publishing this report.

Vector is committed to progressing our response to climate-related risks and opportunities over time but is constrained by the novel and developing nature of this subject matter. In particular, the statements contained in this report involve assumptions, forecasts and projections about Vector's present and future strategies and Vector's future operating environment. Such statements reflect Vector's current views on future events, are inherently uncertain and are subject to limitations, particularly as inputs, available data and information are likely to change due to known and unknown factors which are, in many cases, beyond Vector's control. As such, Vector cautions reliance on climate-related forward-looking statements that are necessarily less reliable than other statements Vector may make in our annual financial reporting.

The risks and opportunities described in this report, and Vector's strategies to achieve our targets, may not eventuate or may be more or less significant than anticipated. There are many factors that could cause Vector's actual results, performance or achievement of climate-related metrics (including targets) to differ materially from that described, including economic and technological viability, climatic, government, customer, and market factors outside of Vector's control. Vector gives no representation, guarantee, warranty or assurance that actual outcomes or performance will not materially differ from the forward-looking statements, whether those outcomes are expressed or implied.

To the maximum extent possible under New Zealand law, Vector (including its directors, officers and employees) does not accept and expressly disclaims any liability whatsoever for any direct, indirect or consequential loss or damage occasioned from any use or inability to use the information contained in this report, whether directly or indirectly resulting from inaccuracies, defects, errors, omissions, out-of-date information or otherwise.

We recommend you seek independent advice before acting on any information in this report. Vector reserves the right to revise statements made in, or its strategy or business activities described in, this report, without notice.

This disclaimer should be read along with other methodologies, assumptions and uncertainties and limitations contained in this report, including methodologies, assumptions and uncertainties and limitations contained in Appendix 1 which contains Vector's greenhouse gas emissions inventory report for FY2026.

Unless the context otherwise requires, all references to amounts in \$ in this report are estimates, are in New Zealand dollars and all references to balances or amounts relate to amounts at the end of each financial year, namely 30 June.

This report is not an offer document and does not constitute an offer or invitation or investment recommendation to distribute or purchase securities, shares, or other interests. Nothing in this report should be interpreted as capital growth, earnings or any other legal, financial tax or other advice or guidance. For detailed information on our financial performance, please refer to our annual report, available at vector.co.nz/investors/reports.

Governance

VECTOR'S BOARD OVERSIGHT

Vector's board of directors is responsible for overseeing the company's strategic direction, including the management of climate-related risks and opportunities. This combined oversight enables Vector's climate-related risks and opportunities to be considered in strategy and other business decisions. These climate-related risks and opportunities are considered by the board as part of our material risk monitoring, which in turn informs the development and implementation of Vector's strategy. Two board committees have delegated responsibility to support the board's oversight of climate-related risks and opportunities: the audit committee and the risk and assurance committee. Both committees meet at least four times per year and report to the full board after each meeting. For details on this year's meetings, see Figure 2. All committee papers are available to all directors, who can also attend and submit questions at committee meetings.

The audit committee is responsible for overseeing Vector's climate-related disclosures. This includes key accounting decisions relating to climate scenarios, materiality thresholds, financial quantification of climate-related risks and opportunities, as well as greenhouse gas emissions measurement and target-setting. The committee reviews and recommends Vector's climate-related disclosures for board approval, following external review and assurance, to ensure compliance with the Aotearoa New Zealand Climate Standards (NZCS).

The risk and assurance committee oversees climate-related risks and opportunities as part of its broader responsibility for Vector's enterprise risk management framework. Of Vector's 16 group-level material risks, four are directly linked to Vector's key climate-related risks and opportunities. These were reviewed four times in FY2026. Further detail on group-level risks and their links to climate-related risks and opportunities can be found in Vector's annual report [1].

The board has access to internal skills and expertise to support its oversight of Vector's climate-related risks and opportunities. This includes drawing on internal expertise, such as the group sustainability team's knowledge of physical and transitional climate trends, and the group insights team's capability in transitional scenario modelling, as well as external advice where needed. Directors have in previous reporting periods been supported through upskilling sessions consistent with the board charter's requirement for continuous education, though no formal board training took place in FY2026.

Management members attend committee meetings where relevant, providing two-way engagement between the board and management. The charters for the board and its committees are available on Vector's website [2].

FIGURE 1: FY2026 overview of governance structure for climate-related disclosures



* Note that in FY2027, the number of executive management members has increased from 7 to 8.

Governance (continued)

VECTOR'S EXECUTIVE MANAGEMENT OVERSIGHT

The group chief executive is responsible for the day-to-day leadership and management of Vector's businesses to ensure the business strategy and objectives are successfully developed and delivered.

The climate change steering committee is a subcommittee of the executive, consisting of five executive members and chaired by the chief public policy and regulatory officer, who holds overall executive responsibility for climate-related risks and opportunities. The committee oversees climate-related topics, including climate-related risks and opportunities, and typically meets monthly; however, when the agenda consists only of updates, an email summary may be provided in place of a formal meeting. In FY2026 there were seven climate change steering committee meetings. The committee reports to the group chief executive on an ad-hoc basis via the chief public policy and regulatory officer. The board or relevant committee are then updated by management. A summary of key board and board committee meetings in FY2026, including such updates, can be found in Figure 2.

The Vector group risk team is responsible for Vector's enterprise risk management framework. Risks, including climate-related risks and opportunities, are identified, assessed and managed across the group in line with the enterprise risk management framework and the group risk assessment criteria. Information on the climate change risks and opportunities are presented at least annually to the climate change steering committee and those identified for disclosure are reviewed and approved by the board risk and assurance committee. These are incorporated in Vector's climate-related disclosures and reviewed and approved by the board at the recommendation of the board audit committee. This approach enables appropriate and regular board and management oversight of material risks identified to drive informed decision-making.

Vector's group sustainability team consults with Vector's business units to drive Vector's climate change strategy. The group sustainability team reports to the chief public policy and regulatory officer weekly, and sets the agenda for the climate change steering committee. Greenhouse gas emissions are accounted for by group finance.

TRACKING CLIMATE-RELATED METRICS AND TARGETS

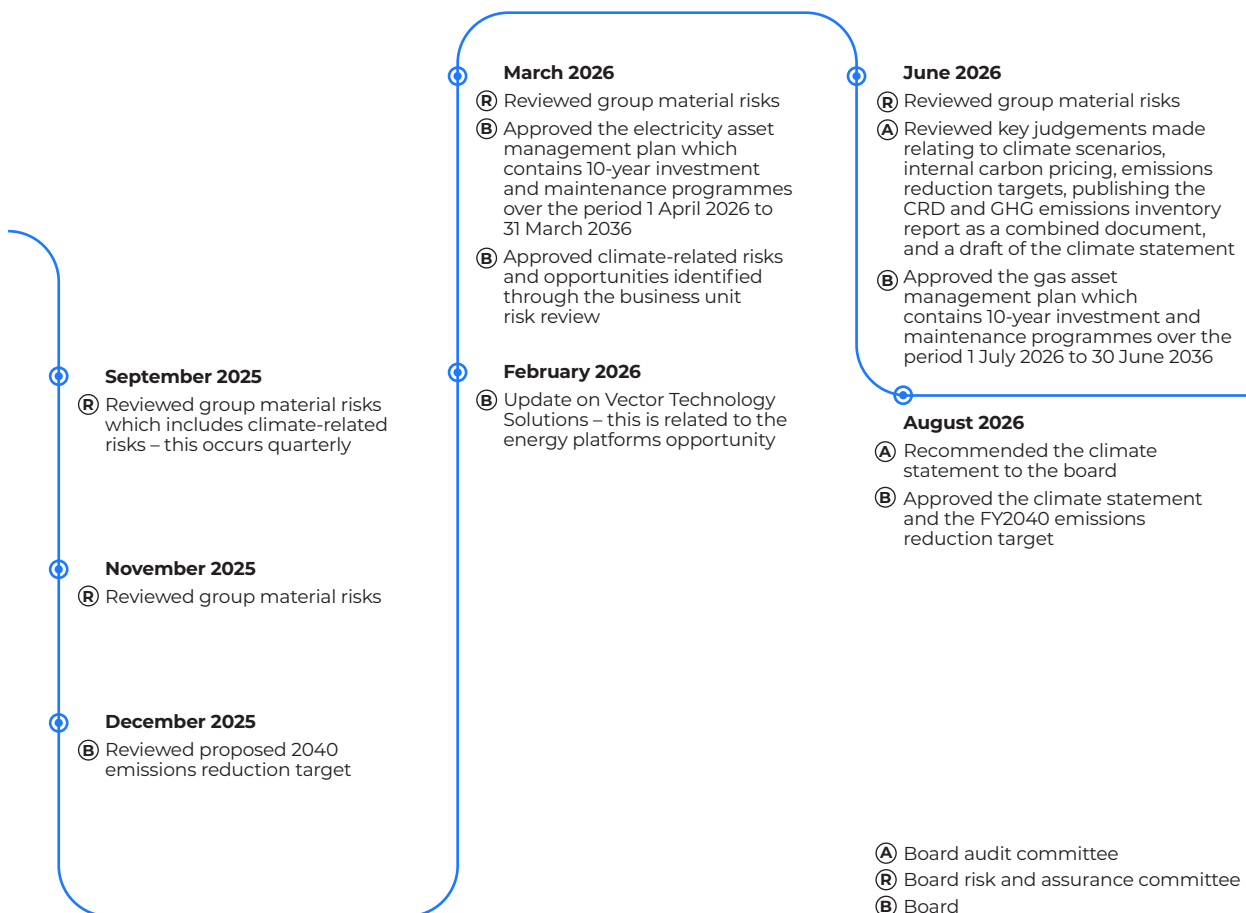
The disclosures covering Vector's climate-related metrics and targets set out in this report are prepared by Vector's management and reviewed and approved by the board. Metrics are monitored by Vector's management and integrated into performance dashboards. These metrics are outlined in the metrics and targets section on page 21. Management updates the board audit committee on performance against targets, and any noteworthy changes in Vector's performance can be reported to the group chief executive for inclusion in his monthly report to the board.

Vector's FY2030 greenhouse gas emissions reduction target was approved by the board in FY2021. In August 2026, the board approved a new FY2040 greenhouse gas emissions reduction target (see page 23) to replace the previous FY2030 net-zero commitment. The FY2030 absolute emissions reduction target remains in place. Vector also has targets for customer outages, which are set by Vector's economic regulator, the Commerce Commission.

Short-term incentive payments for Vector's executive and their direct reports are considered by the board annually for approval at its discretion. Specific details on the climate-related incentives set for FY2026 can be found in the metrics and targets section on page 29.

Governance (continued)

FIGURE 2: Key board and board committee meetings related to FY2026 climate-related risks and opportunities



Strategy

A STRATEGIC RESPONSE TO CLIMATE CHANGE

Responding to climate change, including planning for a low-carbon transition across our networks, has been a key strategic consideration at a group level. Our strategy has aimed to use digital technologies and approaches such as demand-side orchestration to more efficiently manage electrification during the low-carbon transition². Vector's strategic direction has therefore been informed by, and leads our response to, the climate-related transition risks and opportunities identified later in this section. Further details on Vector's business strategy can be found under each disclosed risk and opportunity.

Physical climate impacts, including extreme weather events in recent years, also affect our networks and the distribution of power to our Auckland customers. Along with real-world data, hazard-specific modelling is used to monitor the future impacts of climate change and develop strategies to mitigate those risks as appropriate.

As a regulated entity, Vector publishes detailed 10-year electricity and gas asset management plans, available here [3,4]. These plans detail our prudent asset management strategy, and are informed by asset management-specific scenario modelling, encompassing both transition and physical climate-related risks. Climate-related risks are not the sole driver of asset management investment decisions.

TRANSITION PLANNING

The table on the following page contains a summary of the transition plan aspects of Vector's strategy, including how they map to our material climate-related risks and opportunities. These aspects of our strategy describe how our current actions align with the way in which we plan to respond to our material climate-related risks and opportunities, and position Vector as the economy transitions towards a low-emissions, climate-resilient future state. These are further described in our risks and opportunities section and are ongoing unless noted otherwise.

2. Further information on our strategy can be found in our FY2026 annual report [1].

Strategy (continued)

TRANSITION PLAN ASPECTS OF OUR STRATEGY	SUMMARY OF ACTIONS SUPPORTING THE TRANSITION	MATERIAL CLIMATE-RELATED RISKS OR OPPORTUNITIES	RELEVANT METRICS
Enabling the electrification of Auckland to support Auckland customers through the energy transition	- Offering flexible pricing solutions via retailers to encourage the movement of customer load out of peak periods - Developing digital systems and data platforms, and working with retailers and smart meter data providers, to support demand-side management. An example of this is shifting demand through time-varying network pricing and signals to distributed energy resources such as hot-water control - Developing distributed energy resource tariffs - Pursuing agreements with retailers on a Load Management Protocol for safe and reliable device management and emergency coordination	 RISK 1: Inability to efficiently manage load to avoid network congestion  OPPORTUNITY 2: Distributed energy resources	Electric vehicle uptake in Auckland Distributed generation uptake in Auckland
Mitigating the stranding risk of the gas distribution network to reduce our financial exposure to gas supply shortages and demand uncertainty	- Engaging with government and regulators to advocate a managed gas transition to recover potential stranded value - Replacing capital expenditure (such as end-of-life pipe replacement) with operational expenditure (like active pipe monitoring) where appropriate while maintaining operational safety - Understanding customer needs, cost concerns and attitudes related to gas	 RISK 2: Gas transition	Actual gas volumes in Auckland Total gas connections Assets vulnerable to transition risks
Improving climate resilience to mitigate the impact of changing weather patterns on the distribution of power to our customers	- Modelling weather impacts on Vector's assets from floods, wind, landslips, fire and cyclones - Establishing a resilience cost curve to prioritise resilience projects, mitigating asset-specific risk - Surveying customers to understand their priorities and improving customer communication in extreme weather events - Enhancing real-time low-voltage visibility to improve responsiveness to extreme weather events - Embedding an AI-powered, aerial inspection regime into our asset replacement and maintenance programmes to complete our network inspections faster and more effectively	 RISK 3: Increase in extreme weather events	Assets vulnerable to physical risks
Enabling digitalisation of energy to improve visibility, insights and system coordination across the energy transition	- Further developing Diverge, an energy data management software platform for smart meter data and related insights - Developing ongoing strategic partnerships, including with Tapestry, a group within Google applying AI to the electric grid, to enable smart electricity networks - Prioritising enhanced customer accessibility to information regarding customer outages, service connections, and demand orchestration processes	 OPPORTUNITY 1: Energy platforms	Business activities aligned with climate-related opportunities and capital deployment towards climate-related risks and opportunities
Decarbonising our operations to reduce our operational emissions in line with our long-term decarbonisation targets	2030 target: Reducing Scope 1 and 2 emissions by 53.5% from our FY2020 baseline (excluding electricity distribution losses) by FY2030 - New target (set in August 2026): Reducing Scope 1 and 2 emissions by 71.8% from our FY2020 baseline (excluding electricity distribution losses) by FY2040 - Developing the marginal carbon abatement cost curve to prioritise decarbonisation projects	Not directly linked to the disclosed climate-related risks and opportunities ³	GHG and emissions reduction

These transition plan aspects of Vector's strategy are aligned with internal capital deployment and funding decision-making processes, though the precise nature of these differs depending on the risk or opportunity in question. Further information can be found for each risk and opportunity in the section where these are introduced. With respect to 'decarbonising our operations', please refer to the marginal carbon abatement cost curve on page 25.

3. Decarbonising our operations is strategically important as it aligns with global efforts to limit warming to 1.5°C. However, there is no risk or opportunity linked to this priority as it does not meet our materiality thresholds.

Strategy (continued)

CURRENT TRANSITIONAL IMPACTS

Growth in electric vehicles, electrification and industrial decarbonisation in Auckland is increasing demand on Vector's electricity distribution network and is a material climate impact for Vector. In RY2026 Vector spent \$67 million in gross system growth capital expenditure in the electricity business. A portion of the \$67 million is recovered from connecting customers as a development charge [5]. This growth has a material impact on our capital spending. However, not all of this expenditure can be attributable specifically to climate change – for example a portion of this would also be attributed to population growth.

Forecasting this load growth under uncertain assumptions continues to remain a challenge as part of managing this transition.

In FY2026, natural gas volumes on Vector's gas distribution network have continued to decline, from 14.4 petajoules (PJ) in FY2019 to 11.7PJ in FY2026. This decrease can be attributed to numerous factors including market uncertainty around the long-term future of gas in New Zealand, and rising costs. The most recent petroleum reserves data by the Ministry of Business, Innovation and Employment (MBIE) as at 1 January 2026 indicates a 23% decline in gas reserves between January 2025 (948 PJ) and January 2026 (731 PJ) – the lowest level since records began. Expected production for 2026 is estimated to be 85 PJ, 15% lower than the 100PJ predicted in 2025 [6].

We cannot yet disclose the financial impact of lower natural gas volumes compared to the Default Price-Quality Path 3 (DPP3) allowance at the time of publication as the figures will only be audited as part of the gas information disclosures in November 2026.

Vector has recognised no impairment on the gas distribution business at 30 June 2026. This follows FY2024 and FY2025 goodwill impairments of \$60 million and \$37 million, respectively.

CURRENT PHYSICAL IMPACTS

Vector considers an extreme event due to weather (as defined by the Commerce Commission and outlined in Vector's Annual Compliance Statement [7]) to be an event that could cause material physical impacts. In FY2026, Vector experienced no extreme events due to weather. This differs from previous reporting years such as FY2025, where we experienced an extreme weather event (Cyclone Tam) which caused 1,600 low-voltage faults and 231 high-voltage faults for an estimated financial impact of \$1.7 million.

VECTOR'S MATERIAL RISKS AND OPPORTUNITIES

Through modelling and our scenario analysis process, we have identified three climate-related risks and two climate-related opportunities. For more detail on our scenario analysis process and the modelling we have undertaken, see pages 15 onwards.

RISK 1:

Inability to efficiently manage load to avoid network congestion

The efficient use of a distributed network requires coordination between key stakeholders, supported by conducive regulatory and policy settings. Misalignment between these factors could constrain Vector's ability to manage the network flexibly, potentially contributing to network congestion and impacts on customers.

R

Risk description

Key scenario: disorderly decarbonisation

Type: transitional – policy risk, market risk

Sector: electricity distribution network

Geography: Auckland

Time period

Long term: 10 – 30 years

ANTICIPATED IMPACTS

Network load growth in the absence of timely commercial, policy, regulatory and market changes could result in increased customer peak demand relative to average usage. Subject to network response and planning, this could result in two different adverse outcomes for customers:

- a highly congested network with network connection queues and reliability challenges; or
- an increase in physical network investment with associated costs.

Both issues may pose risks, such as higher customer costs, equity and affordability challenges, and economic slowdown. This in turn could result in intervention by regulators and/or government, impacting the return on the deployed assets and reputational loss.

VECTOR'S RISK MANAGEMENT STRATEGY

Vector's strategy to manage this risk through to 2036 centres on network flexibility and non-network solutions. Rather than relying solely on traditional reinforcement such as new lines or transformers, the network dynamically adapts to changes in demand to manage peak congestion. Two levers are central: demand-side orchestration of customer-owned distributed energy resources (such as electric vehicles and hot water) by third parties like retailers, and the deployment of non-wires alternatives such as grid-connected batteries, both of which can help smooth load profiles. Also included is the coordination of load management activities with retailers during critical events, such as network or grid emergencies, to enable electricity system stability.

To defer investment in traditional infrastructure and build an efficient and resilient network for its Auckland customers, Vector needs a reasonable degree of certainty that customers' demand will be shifted outside peak periods. Our network strategy includes initiatives focused on this outcome, including building visibility and capacity for effective demand-side management, evolving our pricing and commercial arrangements with third parties, working with our customers to understand their needs and preferences, integrating distributed energy resources, and advocating for supportive policy and regulatory settings. Initiatives towards these ends inform Vector's internal capital deployment and funding decision-making, as reflected in our electricity asset management plan [3].

RISK 2:

Gas transition

An absence of timely policy and regulatory decisions on the gas transition, combined with upstream gas supply shortages, gives rise to a situation where Vector and other gas infrastructure companies and their connected customers are potentially exposed to material transition costs, disruption and gas-asset stranding risk.

R

Risk description

Key scenario: disorderly decarbonisation

Type: transitional – policy risk, market risk

Sector: gas

Geography: Auckland

Time period

Short term: 0 – 5 years

Medium term: 5 – 10 years

Long term: 10 – 30 years

ANTICIPATED IMPACTS

There is uncertainty over the future asset life utilisation of gas networks. There is a risk that a future government or regulator does not honour the principle of regulated investment cost recovery, introducing a stranded asset risk and further impairments of the gas business.

Vector has already experienced a 19% decline in gas volumes since 2019. Furthermore, MBIE has reported a 23% decline in gas reserves from 2025 to 2026, following a 27% decline from 2024 to 2025 [6]. Vector's FY2026 gas asset management plan assumes that there will be no new residential gas connections from 2029, and no new industrial gas connections from 2027 due to the lack of available affordable gas contracts. Gas disconnections will continue to increase over time as commercial enterprises switch to alternative fuels [4]. As gas disconnections increase, there is a risk that Vector will be unable to recover the full cost of its gas network assets, known as asset stranding risk. Analysis conducted by Powerco, Vector and Clarus in FY2026 highlights a collective potential net present cost recovery risk of around \$1 billion in unrecovered revenue and residual unrecovered capital. This includes the existing accelerated depreciation for both the DPP3 and DPP4 periods [8].

Further to this, due largely to the current regulatory form of control, if gas volumes decline faster than forecasts set by the Commerce Commission, Vector will be exposed to short-term cash-flow risks.

In the long term, in the event of network decommissioning, analysis by GPA Engineering indicates that Vector would have a potential decommissioning net present cost of \$45 million at a conservative minimum [9]. Vector does not consider that this cost should be borne by Vector under current settings.

VECTOR'S RISK MANAGEMENT STRATEGY

Vector's short-term cash-flow risk results from the Commerce Commission's use of a weighted average price cap as a form of control, which financially disadvantages gas distributors if gas volumes are lower than the Commission's forecasts. Vector has proposed to the Commerce Commission that New Zealand adopts a revenue cap form of control, following the approach of the UK, whereby recovery of the revenue set by the Commission at the start of the DPP is not contingent on outturn volumes matching the Commission's volume forecasts. Vector has also been shifting its pricing more towards fixed charges to help mitigate revenue recovery risk posed by declining volumes. Note that fixed charges do not mitigate against declining volumes due to customers leaving the network.

The Commission's final DPP4 decision in May 2026 retained the existing price-setting framework (a weighted average price cap form of control) and introduced a limited revenue adjustment mechanism (a demand variation revenue adjustment (termed a 'hybrid mechanism')) to partially mitigate the impact of significant demand driven revenue reductions. While this provides some protection against severe demand shocks, Vector remains exposed to forecast error and more moderate declines in gas demand. As part of the DPP4 decision the Commission has also retained accelerated depreciation which enables Vector to recover the residual regulatory asset base (RAB) faster.

Managing long-term risk requires timely regulatory action to accelerate capital recovery from the current customer base before disconnection rates rise further. Vector's approach focuses on advocating for accelerated depreciation of gas assets, seeking regulatory allowances for decommissioning costs, reducing capital expenditure where safely possible, and requiring customers to fully fund the costs of new gas connections.

This risk directly informs Vector's financial planning through the gas network asset management plan. Vector has opted to defer or cancel previously planned capital projects and reduce system growth capital expenditure to zero in the 2026 gas network asset management plan [4]. This is reflected in the 10-year net capital expenditure forecast, which has fallen from \$87 million in FY2021 to \$42 million in the most recent plan (both figures adjusted to forecast 2027 dollars), partially offset by higher operational maintenance costs.⁴

Vector is also monitoring the development of renewable gases, including through involvement in renewable gas initiatives (including a biomethane working group and a hydrogen blending trial). It has, in conjunction with the Gas Infrastructure Future Working Group, developed a biomethane production connection guideline which is anticipated to be published in 2026. While studies have demonstrated the potential of biomethane, its deployment is at an early stage [10]. We will continue to monitor this development but note that more work will be needed to make renewable gases technically and commercially feasible.

Given the significant influence of evolving markets and government policy on this risk, Vector's assessments and strategy in this area may be updated in future climate-related disclosures and asset management plans.

4. The gas network asset management plan discloses gross capital expenditure that includes customer connections and asset relocations which do not contribute to stranding risk as they are largely funded by the customer. We chose, therefore, to disclose net capital expenditure here as this is the portion attributed to stranding risk.

RISK 3:

Increase in extreme weather events

Relative to historic patterns, all three climate scenarios identify an increase in extreme weather events expected to cause disruption to the electricity network across all time horizons, particularly within the Auckland region. Hazards include increasing wind-speeds, freshwater flooding, coastal flooding, cyclonic activity, land erosion, and an increase in sustained hot and dry weather, leading to elevated wildfire risk. These hazards drive physical risks to our electricity distribution infrastructure assets and a flow-on impact to our customers in particular.

Risk description

Key scenarios: orderly and disorderly decarbonisation, hothouse

Type: physical – acute

Sector: electricity distribution network

Geography: Auckland

Time period

Short term: 0 – 5 years

Medium term: 5 – 10 years

Long term: 10 – 30 years

VECTOR'S RISK MANAGEMENT STRATEGY

Vector has developed a risk scoring system to apply to each of its assets, using results from climate change models and internal engineering knowledge. The resulting risk scores serve as an input into Vector's financial planning process via our electricity asset management plan, which in FY2026 contained approximately \$393 million worth of potential resilience projects [3]. Examples of these projects in progress include: infrastructure upgrades for resilience to hazards (including flooding), load transfer to allow decommissioning of our highest flood-risk zone substation (Ngātaringa Bay), and asset modifications to reduce the fire risk of the network. Mitigation activities require regulatory funding approval from the Commerce Commission.

Other examples of projects that improve our network resilience to climate change are increasing visibility of the network (including the low voltage network), and modernisation of our planned maintenance programmes (including the use of aerial inspection and artificial intelligence-based condition assessments).

ANTICIPATED IMPACTS

Hazards of particular relevance to Vector, together with exposure of key Vector assets to each hazard, are set out below:

- **Flooding:** 12 of 113 zone substations at potential risk of flooding out to 2100 (though vulnerability is often limited to certain assets – such as auxiliary systems – within these substations)
- **Coastal inundation:** One substation at short-term risk of coastal inundation (currently being decommissioned)
- **Vegetation fall from high winds:** already a large source of damage on the network
- **Landslip:** 343 power poles in areas of potentially very high landslip risk
- Potential combination of flooding and high winds destabilising the ground, worsening landslip risk
- **Fire:** Potential combination of sustained hot and dry weather with high wind speeds, raising the risk of fire ignition from electricity assets (and reducing capacity ratings of assets).

In addition to the anticipated physical impacts set out above, such events may result in other flow on impacts. These may include customer outages, reputational risks and regulatory risks from such outages, public safety risks and costs associated via either repairing or reinforcing network assets.

OPPORTUNITY 1:

Energy platforms

As more distributed energy resources enter the electricity system (such as electric vehicles and intermittent renewable generation capacity), there is more need for higher-quality, and near-real-time energy data. Developing suitable energy platforms and evolved commercial arrangements would enable Vector to efficiently move Auckland customer loads off-peak, and unlock other commercial and operational benefits.

Opportunity description

Key scenarios: orderly decarbonisation

Type: transitional – market, products and services

Sector: electricity

Geography: global

Time period

Short term: 0 – 5 years

Medium term: 5 – 10 years

VECTOR'S OPPORTUNITY STRATEGY

In FY2026, Vector's wholly owned subsidiary Vector Technology Solutions (VTS) has continued developing technological solutions such as Diverge, as used by Bluecurrent and Vector, and a go-to-market initiative for international markets. Diverge is a modern data platform which supports efficient collection, processing, storage and delivery of smart meter data and related insights. Our electricity distribution network analyses data on Vector's low-voltage network, including customer demand data.

In FY26 we have also continued our partnership with Tapestry, a group within Google applying AI to the electric grid, as one of a group of global partners collaborating on platforms for network management.

This partnership is funded from the Vector group's annual budget, along with out-of-cycle requests from the board when specific opportunities arise. The Commerce Commission's innovation and non-traditional solutions allowance (INTSA) could potentially provide up to \$28.4 million for research and development during the current five-year regulatory period that began in 2025. The specific internal capital deployment and funding decisions relating to this opportunity are not disclosed here because of commercial sensitivity.

ANTICIPATED IMPACTS

Advanced meters, and the data they provide, will increase network visibility and enable Vector to support efficient shifting of loads off-peak as well as demand-side management. This would improve network operations and customer service, and allow for the innovation and monetisation of new products and services.

Further to this, the integration of AI-powered tools such as Google's Tapestry platform, GridAware, presents an opportunity to enhance network inspection and maintenance through drone and machine learning technologies. AI-powered tools can also enable smarter planning for the efficient connection of distributed energy resources like solar, batteries, and EV chargers.

OPPORTUNITY 2:

Distributed energy resources

Enabling the efficient and effective coordination of demand-side management of distributed energy resources, including solar and residential and utility-scale batteries, directly or indirectly through third-party providers could enable Vector to increase asset utilisation, which could lower distributed electricity costs for all customers. In addition, it could lead to future distribution system operation (DSO) opportunities.

Opportunity description

Key scenarios: orderly and disorderly decarbonisation

Type: transitional – resource efficiency

Sector: electricity

Geography: Auckland

Time period

Short term: 0 – 5 years

Medium term: 5 – 10 years

Long term: 10 – 30 years

ANTICIPATED IMPACTS

Distributed energy resources, such as solar, batteries, electric vehicles sharing power with the grid, and micro-grids, can combine with smart, remotely manageable energy systems (like hot-water load control and smart electric vehicle chargers) to complement centralised large-scale electricity generation. Efficient demand-side management by Vector directly or indirectly through third parties to enable the effective orchestration of such distributed energy resources has the potential to manage peak congestion on the network efficiently and support the network during emergency events (like storms). Our customer scenario model forecasts a more rapid addition of distributed energy resources in the medium term.

VECTOR'S OPPORTUNITY STRATEGY

As third-party management of distributed energy resources expands, Vector is pursuing arrangements with retailers through a Load Management Protocol to enable effective orchestration of demand, to safeguard network security and reliability and to manage any emergencies that arise. This protocol provides for the safe operation of distributed energy resource on Vector's network, requiring compliance with operating limits and emergency instructions from Vector.

In addition, from 1 April 2026, Vector's new distributed energy resource price category is intended to provide a commercial incentive for retailers to manage customers' controllable load outside of our network peak periods more reliably.

In parallel with these arrangements, Vector directly manages some large commercial assets through commercial distributed energy resources agreements for large flexible loads such as electric bus charging depots connected to Vector's distributed energy resource management system.

In relation to solar exports, Vector has introduced dynamic solar exports of up to 10 kW for solar customers in Auckland, under Code arrangements that came into effect on 11 May 2026. This allows us to dynamically adjust export levels based on what our network can safely accommodate at the time, with no limit placed on the number of solar customers who can participate.

This opportunity serves as an input into Vector's financial planning process via our electricity asset management plan [3]. Vector's FY2026 electricity asset management plan includes approximately \$68 million of capital expenditure towards distributed energy resource management over the next 10-year period. This forms part of the non-network digital capital expenditure forecasts in the electricity asset management plan.

Strategy (continued)

SCENARIO ANALYSIS PROCESS

In FY2024 Vector developed three group climate scenarios to assess the resilience of its business and network strategy against a range of plausible yet challenging possible futures. The scenarios address both physical and transitional climate-related risks and cover Vector as a group. This includes our subsidiaries, a 50% share in Bluecurrent, customers, and tier one suppliers.

These scenarios draw on two globally recognised frameworks. The Intergovernmental Panel on Climate Change Sixth Assessment Report (IPCC AR6) [11] underpins the physical climate risk analysis, and the NGFS [12] scenarios, developed by an international network of central banks and supervisory authorities, underpin the transition risk analysis.

The scenarios were initially developed by Vector's management, informed by globally recognised scenarios, as well as engagement with the wider New Zealand electricity distribution and transmission sector. They were reviewed and confirmed by our board audit committee in FY2026 as remaining plausible and appropriate. However, we note that, from a global context, both the SSP 5-8.5 'hothouse scenario' and SSP 1-1.9 'orderly 1.5°C scenario' are being re-examined and these may be updated in future disclosures with oversight from our climate change steering committee and board audit committee. Because these updates are related to physical impacts, they will affect physical climate change modelling, but they are not expected to have impact on the underlying process to identify material climate-related risks and opportunities. We consider that the IPCC scenarios are best suited for New Zealand physical risk impact analysis because of their data availability. Likewise, we consider that the NGFS scenarios are relevant to Vector's assessments as they capture the customer burden on an unmanaged transition. Oversight of the scenario analysis process, including any future updates, sits with Vector's climate change steering committee and board audit committee.

Scenario assumptions are applied selectively across Vector's business units, with modelling inputs tailored to what is relevant for each. For example, electricity load modelling draws on assumptions such as electric vehicle uptake, demand-side control, energy efficiency, and gas-to-electricity switching. Gas network modelling focuses on a different set of assumptions, such as regulatory settings, and therefore does not incorporate physical climate change impacts or transitional impacts on the electricity network. There is therefore no single model that captures all assumptions presented in Vector's scenario narratives. Vector does not include carbon removals or sequestration in any of its scenarios.

The scenario analysis is integrated into Vector's broader strategy and risk processes, including informing gas and electricity asset management decisions. Scenarios are used to test the resilience of Vector's business model against uncertain future conditions, rather than as probabilistic forecasts of how climate change will unfold.

Through to the completion of work in June 2024, Vector also collaborated with the wider energy sector to improve alignment on scenarios. Outputs from this collaboration were reviewed and incorporated into our scenarios where applicable. However, we have chosen not to fully duplicate the Aotearoa Circle energy sector scenarios as the sector-level generalisation fails to adequately capture Vector-specific risks.

See page 18 for more information on Vector's detailed, hazard-specific modelling, which informed this scenario analysis and continues to develop to inform our strategy and risk processes.

Strategy (continued)

OUR SCENARIOS

Orderly decarbonisation

This scenario represents the most optimistic but still plausible pathway through the energy transition for Vector and its customers, one where smart technology, demand-side management, and supportive regulation maximise Vector's existing network while efficiently managing the energy transition.

The orderly transition scenario describes a future where the world transitions smoothly and decisively to a low-carbon economy. Global net-zero emissions are reached by 2050, with temperature increases peaking at around 1.6°C by 2050 before falling back to 1.4°C by 2100. This prevents the worst climate impacts, although some increase in extreme weather is still expected.

In New Zealand, strong and consistent government policy drives rapid electrification towards net-zero domestic emissions by 2050, with coordinated action across both energy supply and demand. The electricity grid reaches close to 100% renewable generation, supported by regulations that encourage smart energy management, distributed generation, and energy efficiency. Customers actively participate in managing their own energy use, which reduces pressure on the network, avoids costly infrastructure upgrades, and keeps electricity prices low.

For gas, the transition is managed in an orderly way. Policy changes allow gas network operators to recover the costs of existing assets while there is still a broad enough customer base to share those costs, reducing the financial burden on remaining customers as gas use declines.

This scenario represents SSP 1-1.9 and is aligned to the 'coordinated effort' scenario of the Aotearoa Circle energy sector scenarios.

Disorderly decarbonisation

This scenario reflects an inefficient and challenging decarbonisation pathway, one where Vector must manage both higher physical climate risks and a more costly, less coordinated energy transition.

The disorderly decarbonisation scenario describes a future where progress on decarbonisation is uneven, with some countries and sectors moving forward while others fall behind. Global CO₂ emissions stay near current levels until around 2050, then decline, resulting in increased temperatures of 2.0°C by 2050 and 2.7°C by 2100. These higher temperatures mean more severe physical impacts than under the orderly scenario, including greater risks to infrastructure like Vector's electricity assets.

In New Zealand, the net-zero 2050 target is still met, but the path there is inefficient. Policy in the lead-up to 2030 is poorly coordinated across sectors, leading to wasteful investment and higher costs. On the electricity network, a focus on electricity supply without matching demand-side management means electric vehicle charging and industrial electricity use are largely uncoordinated. This creates congestion on the network, requiring expensive infrastructure upgrades whose costs are passed on to customers. High electricity prices result, worsening energy affordability and increasing reliance on government subsidies and carbon pricing to meet 2050 targets. There is also a risk that regulators or government intervenes to limit the capital spending that Vector can recover.

For gas, customers come to believe that piped gas will not be viable beyond 2040–2050 and begin leaving the network without any regulatory framework to manage the wind-down. This creates significant risks around recovering the costs of existing gas assets, and remaining customers face increasing costs.

This scenario represents SSP 2-4.5 and has components of both the 'slow followers' and 'trailblazer' scenarios of the Aotearoa Circle energy sector scenarios.

Strategy (continued)

Hothouse

This scenario sets the outer boundary of physical climate risk, helping stress-test the resilience of Vector's assets and strategy against the most severe but plausible physical climate outcomes. It is excluded from transitional modelling as, by definition, no meaningful transition occurs.

The hothouse scenario describes a future with little meaningful policy action, domestically or globally, to reduce emissions. Short-term economic growth is prioritised over emissions reduction, including in New Zealand, leading to continued exploitation of fossil fuels. Greenhouse gas emissions triple by 2075, driving global temperature increases to 2.4°C by 2050 and 4.4°C by 2100, far beyond the targets set in international climate agreements. The time horizon for this scenario extends to 2100, anchored by temperature outcomes rather than emissions targets.

The physical consequences are severe: a significant increase in extreme weather events, costly adaptation measures, and reduced reliability of infrastructure like electricity networks. Regulations act as barriers rather than enablers

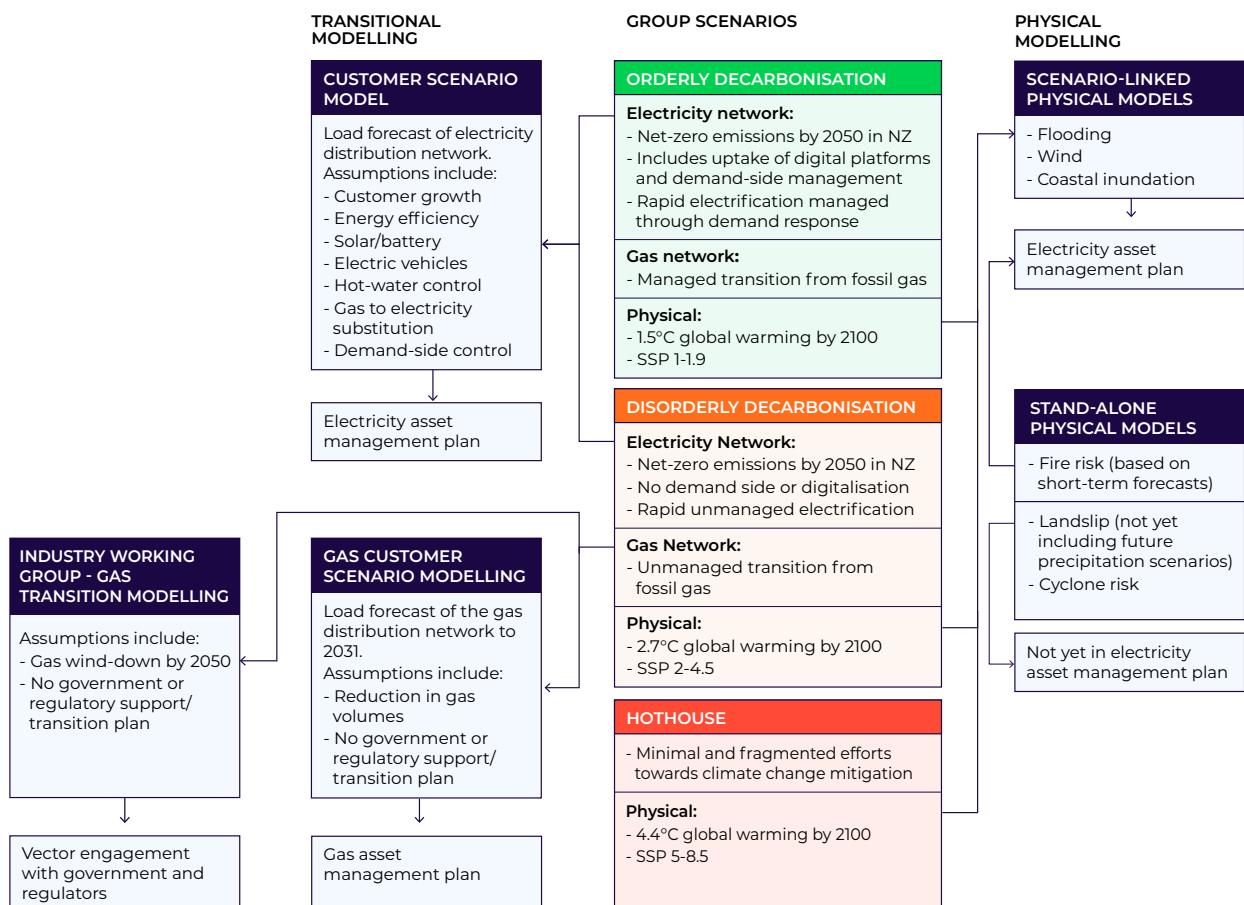
of decarbonisation, and policy incentives are weak or absent. Fossil fuels, including natural gas and LPG, continue in use beyond 2050. Customers continue to bear the rising costs of fossil fuel energy alongside the growing burden of attempting to adapt to climate change. There are negligible transition risks or opportunities.

This scenario represents SSP 5-8.5 and has alignment with the 'hothouse' scenario of the Aotearoa Circle energy sector scenarios. Note that the Aotearoa Circle hothouse scenario uses SSP 3-7.0. For now, we have chosen to retain the more conservative SSP 5-8.5 scenario as it enables us to better understand the worst-case impacts of climate change.

INTERCONNECTION OF VECTOR'S MODELLING WITH OVERARCHING CLIMATE SCENARIOS

Vector conducts modelling of physical and transition impacts. This modelling informed Vector's scenario analysis, including as updated in FY2025, and continues to be an input into our electricity asset management plan and other strategic processes and deliverables, as illustrated in Figure 3.

FIGURE 3: Interconnection of Vector's modelling with overarching climate scenarios



Strategy (continued)

PHYSICAL IMPACTS MODELLING

Physical climate modelling highlights that electrical assets in the Auckland region are exposed to the various physical impacts of climate change. Assessment and management of physical risks on Vector's electricity distribution network have therefore been a focus.

Vector models both acute and chronic physical climate impacts across its electricity distribution network in Auckland, focusing on wind, flooding, landslip, and fire risk.

Since FY2022, Vector has progressively developed its modelling as follows:

- FY2022 – Commissioned ClimSystems to analyse extreme wind and coastal inundation
- FY2023 – Added freshwater flood analysis
- FY2024 – Improved flood models to include depth; University of Auckland (Department of Civil and Environmental Engineering) assessed land instability risk against overhead assets, which we then combined with geospatial landslip maps to assess landslip susceptibility; fire zone analysis conducted with Earth Sciences NZ (a merger of NIWA and GNS Science) and Fire and Emergency NZ which is repeated annually
- FY2025 – Flood models expanded to include rare events (1-in-500 and 1-in-1000 year); Earth Sciences NZ modelled a hypothetical scenario where Cyclone Gabrielle tracked directly over Auckland
- FY2026 – Integrated public flood hazard modelling from Earth Sciences NZ into our Geographic Information System (GIS).

Physical climate change impact modelling continues to inform Vector's climate change strategy via the asset management process as well as engineering and design works on existing assets (see Vector's risk management strategy for Risk 3: Increase in extreme weather events). This modelling is important because it enables us to identify assets that may be impacted by future climate change risk.

TRANSITIONAL IMPACTS MODELLING

Vector models the transition to understand future electricity demand, using both orderly and disorderly decarbonisation scenarios.

In a disorderly transition, customer assets are poorly coordinated, driving higher peaks on the network. In an orderly transition, smart platforms, network visibility and demand-side orchestration reduce overall peak load. Electric vehicle uptake illustrates the diversity of possible outcomes: unmanaged charging increases network capacity requirements, while coordinated charging improves asset utilisation. This scenario modelling has been considered within Vector's strategy processes including the forecast in the electricity asset management plan (see Figure 3).

In FY2026 a gas infrastructure working group, consisting of Vector, PowerCo and Clarus, modelled three gas scenarios:

- (1) a supply-driven wind-down of gas infrastructure by 2040;
- (2) demand retreat to a small gas network; and
- (3) demand retreat with renewable gas and imported LNG gas [8].

LIMITATIONS

Climate scenario modelling is an evolving field, and Vector's models have several known limitations. The key limitations are that:

- Wind modelling lacks spatial resolution, limiting its use in targeted asset planning.
- Landslip modelling does not factor in future rainfall changes and is not sufficiently accurate to inform capital expenditure development.
- Electricity transition modelling covers customer-side changes only and does not account for how physical climate impacts (for example temperature) may shift energy demand.
- Gas modelling is highly sensitive to policy, regulation, gas prices, and customer sentiment, all of which remain uncertain and actively evolving.
- Forecasting load growth in the midst of significant technological advancement and geopolitical disruption is complex and therefore has limited accuracy.

Risk management

VECTOR'S APPROACH TO RISK MANAGEMENT

Vector's group enterprise risk management framework is consistent with the risk management standard ISO 31000. It allows for a single, company-wide view of risk, aligning several profiles and contexts across Vector, to support the achievement of our strategic objectives. The framework is embedded in our business through our risk governance, policies, guidelines and risk partnership model that the group risk team maintains with the different business units to support Vector's risk management. The framework applies to all group risks, including climate-related risks.

IDENTIFYING, ASSESSING AND MANAGING OUR CLIMATE-RELATED RISKS AND OPPORTUNITIES

The group risk team works with all business units to identify new climate-related risks. We also use scenario analysis and modelling to identify our physical and transition climate-related risks and opportunities.

Risks or opportunities are assessed annually using Vector's enterprise risk management criteria, which consider both severity and likelihood. Physical and transition-specific modelling is updated less frequently, but also supports risk assessment, specifically through the models detailed in Figure 3.

Materiality of a risk or opportunity is assessed by the group risk team in accordance with Vector's risk matrix, with oversight from the climate change steering committee and subject to review by the board risk and assurance committee (as described on page 4).

Risks are judged to be material if their residual risk is assessed as high or very high, or if a risk or opportunity meets either of the following two climate-specific criteria:

- a potential financial impact greater than 5% of Vector's market capitalisation
- applicability, even outside Vector's organisational boundary, to more than 1% of national emissions (by either contributing to or forming a barrier to emission reductions).

Where climate-related risks are assessed as material, they are incorporated and captured in Vector group's material risk profile.

TIME FRAMES

In our scenario analysis and assessment of risks and opportunities, we use time horizons linked to our asset planning and capital deployment plans:

- **Short term (0–5 years)**, reflecting regulated price path cycles (which sets Vector's regulated revenue streams)
- **Medium term (5–10 years)**, reflecting our asset management plans for gas and electricity networks (detailing 10-year capital and operational expenditure forecasts)
- **Long term (10–30 years)**, accounting for longer impacts over the lifetime of existing and future planned assets and business activities.

OUR VALUE CHAIN

Our value chain is not directly engaged in our risk and opportunity identification, assessment or management. However, we consider the following aspects of our value chain within scope in our internal risk deliberations: our upstream supply chain (some tier one suppliers), downstream customer impacts, and Vector's subsidiaries and investments (excluding investments that fall below 20% ownership).

Risk management (continued)

FIGURE 4: Vector's climate-related risk and opportunity management process flow. This process occurs annually.



Metrics and targets

Vector uses metrics and targets to measure and monitor several of our climate-related risks and opportunities. These include our scope 1, 2 and 3 greenhouse gas emissions, and emissions targets.

GREENHOUSE GAS EMISSIONS

Vector measures and reports our emissions in accordance with the Greenhouse Gas Protocol (GHG Protocol), including its corporate accounting and reporting standard and its guidance on scopes 2 and 3 emissions. Vector uses the GHG Protocol's operational control approach to measure and report emissions. This allows emissions reduction efforts to focus on emissions over which Vector has the greatest control, and thereby can best influence.

Consistent with the GHG Protocol, our emissions are split into three scopes:

SCOPE 1 – Direct emissions from sources Vector directly owns or controls such as emissions from our vehicle fleet's fuel combustion, our diesel backup generators, methane leaks from our natural gas distribution network, and sulphur hexafluoride (SF₆) leaks from our electricity distribution network.

SCOPE 2 – Indirect emissions from Vector's consumption of purchased electricity, and electricity distribution losses along the network. Because of the laws of physics, some electricity that is distributed is lost along the way. These associated emissions are included in Vector's footprint.

SCOPE 3 – All other indirect value chain emissions, including customer energy consumption, and supply chain emissions.

A breakdown of emissions by scope and a comparison of emissions per scope since Vector's base year in FY2020 (1 July 2019 – 30 June 2020) can be found in Table 1. All measurements of our greenhouse gas emissions are expressed in tonnes of carbon dioxide equivalent (tCO₂e)⁵. For analysis of trends relating to the data in Table 1, please see Appendix 1 (greenhouse gas emissions inventory report), section 4.

5. Additional information on Vector's organisational boundaries for the purpose of emissions calculation, including the treatment of investments, operational boundaries, emission factors, exclusions, summary of changes to previous years, methodologies, and results, can be found in Vector's greenhouse gas emissions inventory report (Appendix 1).

Metrics and targets (continued)

TABLE 1: GHG emissions inventory by scope and category in tCO₂e. FY2026 emissions highlighted in green indicate a reduction since the **base year or year in which emissions were first reported**, whereas emissions in red show increases.

EMISSIONS CATEGORY	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026
Total scopes 1, 2 and 3	1,703,937	1,484,584	1,118,821	1,080,702	976,648	787,352	779,851
Scope 1	22,358	17,713	21,546	17,629	13,113	9,823	13,870
Natural gas distribution fugitive emissions	18,313	13,507	16,218	13,323	9,379	7,887	11,670
SF ₆ leakage	524	1,263	2,081	1,299	924	487	887
Other fugitive emissions [‡]	121	121	104	112	36	93	30
Stationary combustion [‡]	3,340	2,752	3,097	2,837	2,733	1,325	1,254
Vehicle fleet [‡]	60	70	46	58	41	31	29
Scope 2	33,061	34,317	39,373	42,766	26,894	39,476	30,776
Electricity consumption* (market-based) [‡]	556	695	295	176	2	39	97
Electricity consumption (location-based) [‡]	697	692	779	1,074	588	612	485
Electricity distribution losses	32,505	33,622	39,078	42,590	26,892	39,437	30,679
Scope 3	1,648,517	1,432,553	1,057,902	1,020,307	936,641	738,053	735,205
Purchased goods and services							
Upstream-purchased natural gas	227,569	170,442	35,026	18,797	7,024	–	–
Fuel used by field service providers	6,475	6,822	6,456	7,235	7,127	6,087	5,596
Upstream-purchased materials and products	12,884	6,709	11,254	9,873	12,308	9,435	10,151
Upstream-purchased other goods and services [‡]	64,805	57,900	60,894	68,090	68,417	73,390	84,363
Fuel and energy-related activities[‡]	994	798	951	938	877	491	469
Waste generated in operations[‡]				8	3	3	3
Business travel[‡]	258	53	48	190	109	170	110
Employee commuting and working from home[‡]				822	458	533	595
Use of sold products							
<i>Distributed natural gas Auckland – Total</i>	<i>772,265</i>	<i>760,185</i>	<i>711,336</i>	<i>735,048</i>	<i>706,355</i>	<i>647,278</i>	<i>633,731</i>
Sold natural gas – Auckland	151,603	115,578	57,149	42,322	19,193	–	–
Other distributed natural gas – Auckland	620,662	644,607	654,188	692,727	687,162	647,278	633,731
Sold natural gas – non-Auckland	562,567	381,871	231,127	178,484	133,260	–	–
Shipped natural gas – non-Auckland		47,002	–	–	–	–	–
Investments							
Bluecurrent	700	771	809	821	703	666	187
Biogenic carbon	162	134	150	138	131	64	60
Scope 1, 2 (excluding electricity distribution losses) and biogenic carbon[‡]	23,076	18,542	21,991	17,943	13,246	9,926	14,027

[‡] Recalculated FY2020 to FY2025 to remove emissions relating to the sale of the HRV business. For details, see sections 1 and 4 of the FY2026 greenhouse gas emissions inventory report (Appendix 1).

* Market-based method for electricity consumption. While location-based electricity emissions are also included in our inventory, the amounts summed in Table 1 include only market-based emissions, as these form part of our emissions reduction target.

Metrics and targets (continued)

Vector's emissions intensity for FY2026 has decreased compared to FY2020 across all five metrics. These intensity reductions are linked to emissions reductions, for example in fugitive emissions across our gas business and stationary combustion emissions across our electricity business. Compared to FY2025, gas pipeline emissions intensities have increased, driven by a higher number of gas leaks in FY2026. The fourth metric has also increased slightly since FY2025, due to higher SF₆ emissions in FY2026. Additional information on gas fugitive and SF₆ emissions increases can be found on page 38 of the greenhouse gas emissions inventory report. The final metric has decreased compared to FY2025, driven by a reduction in the emission factor used to calculate electricity distribution losses, owing to a decrease in the proportion of fossil-based generation.

TABLE 2: GHG emissions intensity of select scope 1 and 2 emissions

EMISSIONS INTENSITY	EMISSIONS SOURCES INCLUDED	FY20	FY21	FY22	FY23	FY24	FY25	FY26
kgCO ₂ e per gas pipeline	Total natural gas fugitive emissions	2.66	1.96	2.33	1.90	1.34	1.12	1.66
kg CO ₂ e per main** lines length in m	Natural gas fugitive emissions attributable to main lines	1.02	1.09	1.35	0.78	0.77	0.53	0.87
kg CO ₂ e per service** lines length in m	Natural gas fugitive emissions attributable to service lines	5.22	3.04	3.64	3.54	1.86	1.69	2.60
kgCO ₂ e per MWh delivered – excluding electricity distribution losses***	Stationary combustion, SF ₆ , and location-based electricity consumption of Vector's electricity business	0.53	0.54	0.69	0.58	0.47	0.26	0.28
kgCO ₂ e per MWh delivered – including electricity distribution losses***	Stationary combustion, SF ₆ , location-based electricity consumption of Vector's electricity business, and electricity distribution losses	4.43	4.58	5.36	5.56	3.54	4.82	3.77

** Main gas lines refers to the shared pipeline infrastructure, while service lines connect the customer to the main line.

*** Electricity distribution losses are excluded from our emissions reduction targets (see explanation below).

EMISSIONS REDUCTION TARGETS

Vector's emissions targets, and all performance tracking against these targets, use the base year of FY2020 (Figure 5).

Our targets exclude electricity distribution losses, an inherent characteristic of electricity distribution networks and essentially an inevitable by-product of electrical conduction. While we commit to measuring and reporting these losses, Vector has elected to exclude them from our targets, to ensure we focus on emissions we can more readily manage.

In FY2021 Vector set a target for reducing our absolute scope 1 and 2 emissions (excluding electricity distribution losses) by 53.5% by FY2030, from a FY2020 baseline. This FY2030 target sat alongside Vector's 2017 commitment to net-zero emissions by FY2030. The FY2030 target was developed by thinkstep-anz in 2021, based on a methodology published by the Science Based Target Initiative (SBTi) and the SBTi's then applicable guidance on reductions required to be consistent with keeping global warming to 1.5°C. Each year, Vector tracks and reports progress against the FY2030 target and will continue to do so through to FY2030. The FY2030 target was achieved in FY2025 but not in FY2026.

In FY2026 we have reduced our scope 1 and 2 emissions (excluding distribution losses) by 39% compared to the FY2020 baseline. Vector expects some fluctuations in results year-on-year as a large part of our scope 1 emissions are volatile by nature (such as gas leaks and SF₆ leaks). The main driver of the decreased emissions reduction percentage between FY2025

and FY2026 was an increased number of identified gas pipeline leaks. Reported emissions have increased following the FY2026 street evaluating laser methane assessment (SELMA) upgrade, which improved leak detection capability. Emissions are also influenced by assumptions regarding medium pressure 4 pipeline (MP4) leak duration, which will be refined in FY2027 when quarterly surveying is introduced across the full gas network. This is further discussed on page 38 of the greenhouse gas emissions inventory report (Appendix 1).

In addition to our FY2030 target, in August 2026 Vector set a new target for reducing our absolute scope 1 and 2 emissions (excluding electricity distribution losses) by 71.8% by FY2040, from a FY2020 baseline. This target was also developed by thinkstep-anz in 2025, based on v1.3 of the methodology published by the SBTi, aligned with a 1.5°C of global warming. This target now replaces Vector's original 2030 net-zero commitment set in 2017, which contemplated the use of offsets. In contrast, neither our FY2030 target nor our new FY2040 absolute emissions reduction target rely on offsets. Instead, these targets confirm our focus on driving measurable decarbonisation across our operations. Our targets have not been validated by SBTi because SBTi's methodology provided for the inclusion of emissions related to electricity distribution losses, which we have excluded. We will formally disclose performance against the FY2040 target in FY2027 and we will continue to track and disclose progress against our FY2030 target (see Figure 6 which provides an indication of how we are tracking towards both targets). Key risks to achieving the FY2040 target are outlined on page 24.

Metrics and targets (continued)

FIGURE 5: Vector's carbon targets explained

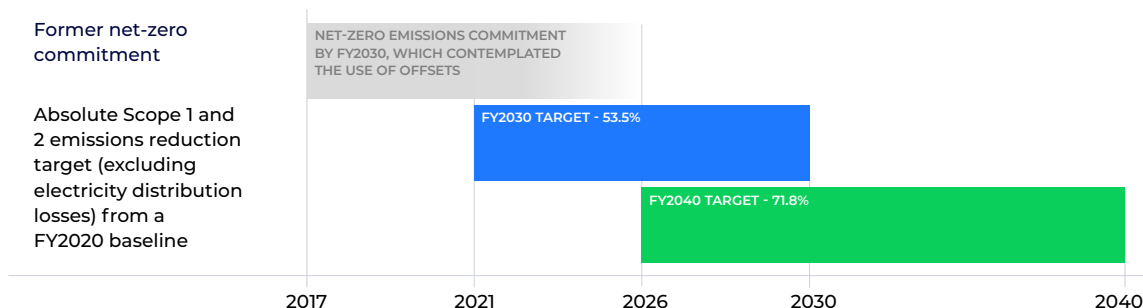
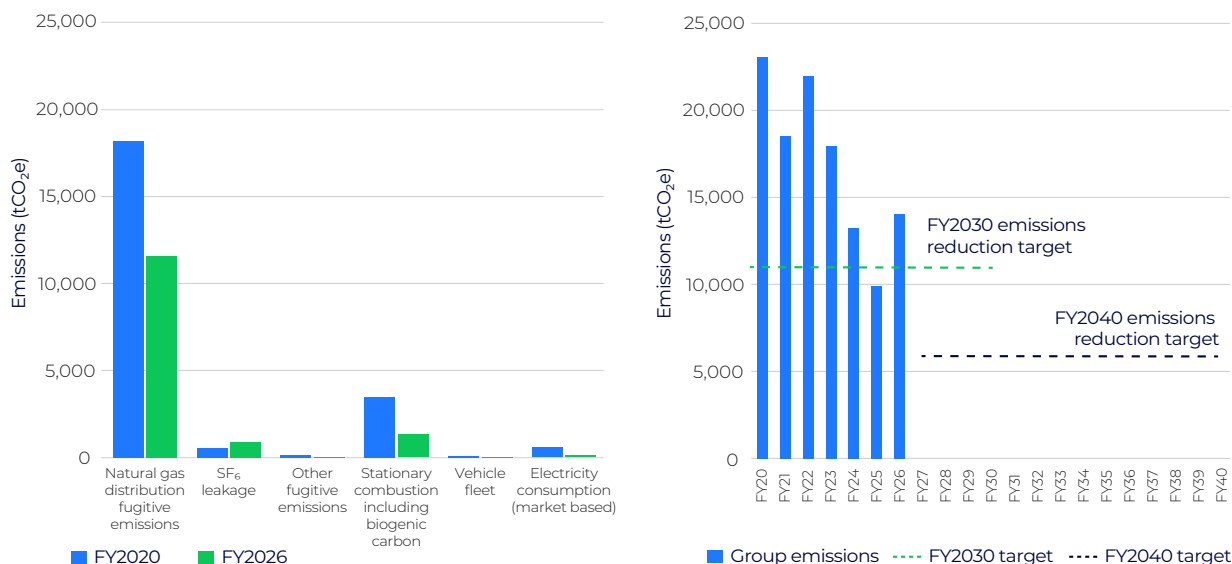


FIGURE 6: (left) Emissions included in Vector's emissions reduction target – scope 1 and 2 excluding distribution losses and their comparison to the FY2020 base year. (right) Vector's yearly scope 1 and 2 emissions excluding distribution losses since FY2020.



MARGINAL CARBON ABATEMENT COST CURVE AND INTERNAL CARBON COST

The marginal carbon abatement cost curve identifies actions relating to our emissions reduction targets. Data in the cost curve presents forward-looking estimates of emissions reduction potential, as opposed to actual emissions results (we have not yet completed all actions on the curve).

In FY2022 we set an internal carbon cost of \$140 per tCO₂e to support carbon abatement actions relating to our target. This value, which we continue to consider appropriate based on Vector's carbon abatement curve to meet 2030 emission reductions, was chosen to align with the Climate Change Commission's 2021 recommendations to government to meet its own 2050 targets [13].

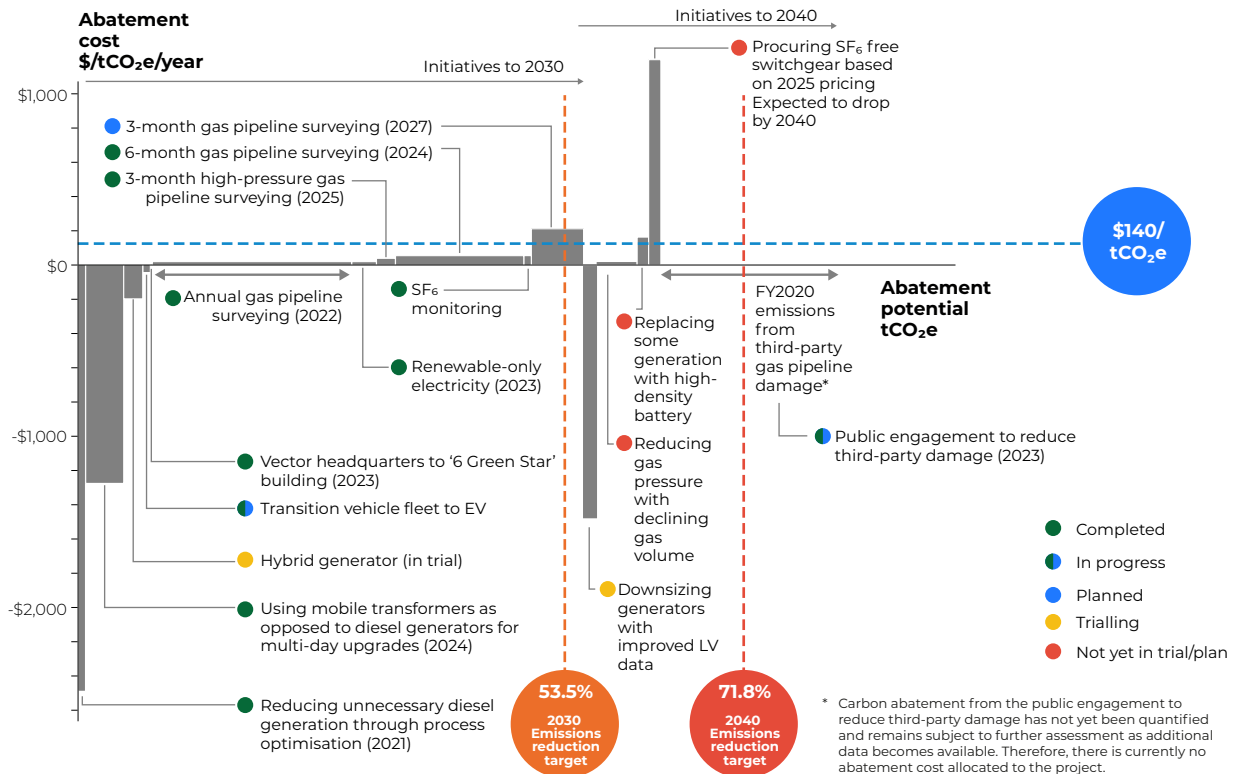
Changes in technology, project prices, emissions cost modelling, new business innovation and a range of other factors may alter the marginal carbon abatement cost curve in our future disclosures. Key risks to achieving our FY2040 emissions reduction target include natural gas volumes not declining as modelled, batteries not presenting a technically

and commercially viable alternative to diesel generators, and SF₆-free switch gear not reaching price parity with the current SF₆ assets. Any of these developments could result in emissions reductions differing from our carbon abatement curve and Vector potentially not meeting our FY2040 emissions reduction target. Between now and FY2040, we will continue to assess initiatives available to support our carbon abatement targets including those projects outlined in red on the curve below. As we continue our emissions reduction journey through to 2040, the residual emissions become increasingly more complex to abate.

In FY2026, gas fugitive emissions increased compared to the prior year, which does not align to the reduction estimates in the curve below. Some fluctuation in actual emission results is expected and the increase in FY2026 does not represent an upwards pattern. For further information, refer to section 4 of the FY2026 greenhouse gas emissions inventory report (Appendix 1).

Metrics and targets (continued)

FIGURE 7: Vector's marginal carbon abatement cost curve. The horizontal axis corresponds to Vector's total FY2020 scope 1 and 2 emissions excluding electricity distribution losses. Each bar relates to a potential emissions reduction initiative where the thickness of the bar details the amount of emission reductions estimated to be possible as a result of the initiatives. The vertical axis represents the estimated cost, with negative values indicating estimated cost savings. Initiatives are ordered left to right, from the most cost saving to the most expensive.



ASSETS VULNERABLE TO TRANSITION RISKS

Vector's asset that is vulnerable to transition risks is our gas business. The table opposite highlights our key gas businesses that are, or have been, potentially vulnerable to transition risks and their associated carrying value. We are currently disclosing 100% of the total carrying value as this represents a maximally conservative estimate of potential impacts.

The sale of the Ogas business and the investment in Liquigas, along with the wind-down and subsequent closure of Vector's Natural Gas Trading business, have reduced some of our exposure to transition risks. The main driver behind reduction in the carrying value of the gas network between FY2024 and FY2026 was the goodwill impairment in FY2025.

	30 JUNE 2024 \$M	30 JUNE 2025 \$M	30 JUNE 2026 \$M
Gas network	546.4	497.7	494.3
Ogas	68.0	Sold	–
Natural Gas Trading	Ceased trading	–	–
Liquigas	74.7	Sold	–

Metrics and targets (continued)

ASSETS VULNERABLE TO PHYSICAL RISKS

Vector has modelled electricity distribution network assets vulnerable to some physical risks, namely flood impacts and landslip risk.

Twelve zone substations are at potential risk of freshwater flooding, based on flood-depth modelling conducted in FY2024 and updated in FY2025 to include more infrequent high-impact events. Only some assets within these zone substations are at risk during flood events. The Wairau zone substation flood mitigation project is responsible for removing this zone substation from the number of assets exposed in FY2025. As with coastal inundation vulnerability, which has remained flat

since FY2024, there is no change for FY2026. There is one zone substation at potential risk of coastal inundation. This substation is currently being decommissioned.

The increase in the number of power poles in exposed landslip areas between FY2024 and FY2025 is due to more poles being added to Vector's asset base. This number then declined for FY2026, reflecting a refinement in how double pole structures are recorded in the dataset, rather than a substantial change in the physical asset count. Previously, double pole structures could be counted as two separate poles; the methodology has now been aligned so each structure is recorded once. This change improves the accuracy of the data and will support more consistent reporting going forward.

ASSET TYPE	RISK TYPE	TOTAL ASSETS ANALYSED	ASSETS VULNERABLE TO PHYSICAL RISKS IN FY2024	ASSETS VULNERABLE TO PHYSICAL RISKS IN FY2025	ASSETS VULNERABLE TO PHYSICAL RISKS IN FY2026
Zone substations	Freshwater flooding	113	13	12	12
Zone substations	Coastal inundation	113	1	1	1
Power poles	Landslip	125,950 (in FY2024) 126,513 (in FY2025) 119,697 (in FY2026)	331	351	343

BUSINESS ACTIVITIES ALIGNED WITH CLIMATE-RELATED OPPORTUNITIES AND CAPITAL DEPLOYMENT TOWARDS CLIMATE-RELATED RISKS AND OPPORTUNITIES

The values listed here represent the total carrying value, revenue and capital expenditure invested in the electricity distribution network.

As we did in FY2024 and FY2025, we are currently disclosing 100% of the total capital expenditure of the entire electricity distribution business as being aligned with our climate-related opportunities. This is because there is currently no clear method to identify specific capital expenditure allocated to individual climate-related risks and opportunities; for example, the specific capital expenditure associated with managing risk 1 (inability to efficiently manage load to avoid network congestion), risk 3 (increase in extreme weather events), and opportunity 2 (distributed energy resources). This is the same when related to

the amount of capital deployed towards climate-related risks and opportunities in the reporting period.

Data from FY2024 was restated in FY2025 to align with changes in the segment allocation in Vector's annual report, with electricity distribution now recognised as a separate reporting segment (previously combined with gas distribution).

The overall increase in annual gross capital expenditure on our electricity distribution business between FY2024 and FY2026 reflects the growing importance of a resilient and reliable electricity network as customers transition to electric transportation, increase their dependence on digital communication, and reduce reliance on gas. Vector's revenue is impacted by total energy delivered, pricing adjustments, and pass-through recoverable costs. Revenue is consistent with the DPP4 decision. Refer to Vector's annual report for further information on the increase in revenue [1].

ELECTRICITY DISTRIBUTION	CARRYING VALUE (\$M)	REVENUE INCLUDING CONTRIBUTIONS (\$M)	ANNUAL GROSS CAPITAL EXPENDITURE (\$M)
FY2024 (restated in FY2025)	4,863.8	872.6	457.0
FY2025	5,151.3	960.1	432.0
FY2026	5,502.1	1,087.9	512.1

Metrics and targets (continued)

ELECTRIC VEHICLE UPTAKE IN AUCKLAND

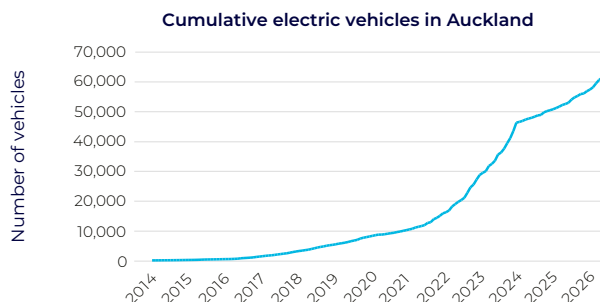
Related to risk 1:
inability to efficiently manage load to avoid network congestion

Related to opportunity 1:
energy platforms

Related to opportunity 2:
distributed energy resources

Electric vehicles are a significant contributor to network load growth, and also a significant opportunity for load flexibility. Vector therefore monitors electric vehicle uptake in Auckland to understand their impact on the network and emerging charging behaviours.

Electric vehicle registrations rose significantly from 2021 until 2023, then slowed because of additional costs being added to electric vehicle use (road user charges and rebate removals),

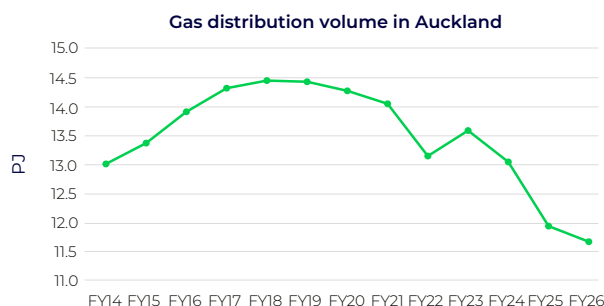


combined with a broader economic slowdown. However, rising fuel prices caused by the 2026 conflict in Iran have accelerated electric vehicle uptake again. Light electric vehicle registrations have risen from 642 in February 2026 to 2,696 in June 2026. Electric vehicles have constituted 13.3% of the market share for light vehicle registrations in the first six months of 2026 [14].

ACTUAL GAS VOLUMES IN AUCKLAND

Related to risk 2:
gas transition

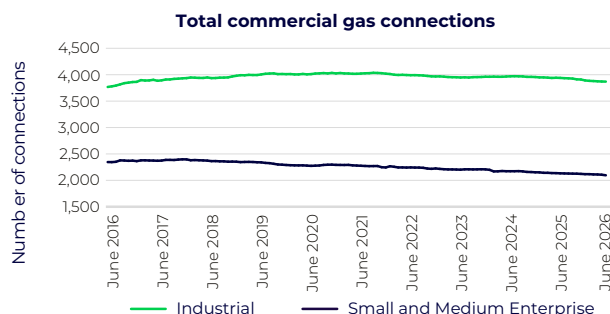
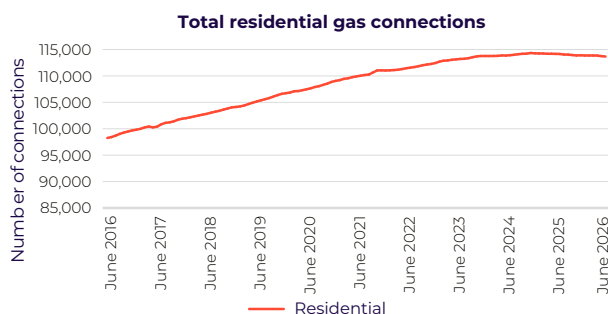
Gas distribution volumes in Auckland have been generally trending down since 2019. There has been a loss of multiple large industrial loads due to business closures or relocation from Auckland, along with a reduced consumption per connection. Residential gas use per household has also shown a general decline since 2019.



TOTAL GAS CONNECTIONS

Related to risk 2:
gas transition

In FY2026 total gas connections were lower than the prior year, marking the first time total gas connections have declined year-on-year (in FY2025 there was still an increase in total gas connections compared to FY2024).



Metrics and targets (continued)

DISTRIBUTED GENERATION UPTAKE IN AUCKLAND

Related to risk 1:
inability to efficiently manage load to avoid network congestion

Related to opportunity 1:
energy platforms

Related to opportunity 2:
distributed energy resources

Vector registers distributed generation in the Auckland region – for example photovoltaic solar uptake. This can be used to understand the uptake of this type of distributed energy resource within Auckland. We have disclosed the metrics by regulatory year, which ends 31 March 2026, for simplicity and consistency with our wider disclosures. This year, we have split the disclosed distributed generation into commercial and residential to provide more detail about different types of solar connections.

We have noted an increase in commercial connections compared to RY2024 and RY2025, particularly in relation to the total new capacity connected. For residential connections, the new capacity connected in RY2026 is slightly higher than the previous two periods, but the number of new connections has fluctuated.

	RY2024	RY2025	RY2026
New capacity connected (megavolt-ampere or MVA) – commercial	3.8	3.8	7.9
Number of new connections – commercial	75	61	85
New capacity connected (MVA) – residential	8.6	6.7	9.6
Number of new connections – residential	1,578	1,045	1,198

INDUSTRY-BASED METRICS/TARGETS: ELECTRICAL POWER OUTAGES

Related to risk 3:
increase in extreme weather events

SAIDI and SAIFI are two measures that the Commerce Commission uses to monitor a reliable standard of service to customers. We have disclosed the metrics in regulatory year, which ends 31 March 2026, for simplicity and consistency with our wider disclosures. SAIDI and SAIFI incorporate all causes of power outages, including non-weather-related outages such as car accidents on power lines, and asset failure. However, an increase in the frequency of high wind-speeds, flood events, and high temperature days can still contribute to an increase in SAIDI and SAIFI. These two metrics are defined as:

SAIDI (system average interruption duration index) – Average outage duration for each customer served over the course of a regulatory year.

SAIFI (system average interruption frequency index) – Average number of interruptions per customer per regulatory year.

Major event SAIDI – Unplanned SAIDI minutes that are incurred above the applicable SAIDI unplanned boundary value of 5.79 SAIDI minutes⁶. The boundary value is calculated in a 24-hour period where the sum of SAIDI values over that period exceeds the applicable SAIDI unplanned boundary value (5.79 minutes). There are no targets for major event SAIDI. However, it is a metric that can indicate an increase in major weather events.

We have continued to maintain our performance below the regulatory limit in RY2026, noting that this is the first period within the DPP4 regulatory period. The regulatory limit below was reset at the beginning of RY2026. Unplanned SAIDI for the RY2026 year was similar to RY2024 but higher than in RY2025 primarily due to the impact of several weather events during the regulatory year (including Cyclone Tam). Vector continues to monitor and improve network reliability, noting that while major event SAIDI has increased, Vector has continued to remain compliant. The unplanned SAIFI trend remains largely flat over the last three regulatory years, indicating that we are not seeing a major increase in the number of weather events. However, the increase in major event SAIDI indicates that the impact of weather events has increased. The annual electricity asset management plan provides analysis of key reliability trends and includes an update on the reliability performance improvement programme [3].

NORMALISED UNPLANNED SAIDI/SAIFI	RY2024	RY2025	RY2026	REGULATORY LIMIT ⁶
SAIDI	98.37	76.56	99.97	110.07
Major event SAIDI	14.1	16.3	24.1	–
SAIFI	1.13	0.90	1.107	1.403

6. Note that from 1 April 2025, Vector moved to a new regulatory period (DPP4), where the limits changed to 110.07 and 1.403 for SAIDI and SAIFI respectively. The major event SAIDI unplanned boundary value increased to 5.79 minutes also.

Metrics and targets (continued)

REMUNERATION: SENIOR STAFF PERFORMANCE GOALS

Remuneration targets impact the overall short-term incentive payments to the executive team members and their eligible direct reports. The targets are designed and agreed by the executive team on an annual basis, ensuring alignment with our corporate strategy, and are recommended for approval to Vector's people and remuneration board committee and the full board. All payments are subject to full board approval and discretion.

Vector's emissions reduction short-term incentive goals were designed to track towards our FY2030 emissions reduction target. This component was removed in FY2026. The resilience target has remained constant to prevent exceeding the regulatory limits of SAIDI/SAIFI. In FY2025 an additional qualitative resilience goal was set to uplift Vector's approach to climate change resilience planning. This qualitative resilience goal was achieved in FY2025; this meant that it was removed in FY2026.

	FY2024	FY2025	FY2026
% contribution to short-term incentive goals	10% – 30%	0% – 22%	0% – 15%
Criteria			
Emissions reduction from FY2020 against scope 1 and 2 emissions (excluding electricity line losses)	21.4% reduction	39.2% reduction	No incentive set as noted above
Resilience	Not exceeding the regulatory limits of 104.83 SAIDI and 1.337 SAIFI	Not exceeding the regulatory limits of 104.83 SAIDI and 1.337 SAIFI, and a further qualitative climate change resilience goal which includes: 1) Community engagement with customers and communities vulnerable to climate change impacts 2) Development of a model/framework to calculate the trade-off between investment options and resilience outcomes 3) Engagement with government and regulators to propose financial and investment criteria on how Vector should consider resilience investment.	Not exceeding the regulatory limits of 110.07 SAIDI and 1.403 SAIFI

APPENDIX 1:

FY2026 Greenhouse Gas Emissions Inventory Report

INTRODUCTION

The purpose of this report is to transparently disclose Vector's greenhouse gas (GHG) emissions and how they are quantified.

The inventory covered in this report is a complete and accurate quantification of the amount of GHG emissions that can be attributed to Vector's operations within the declared boundary and scope for the specified reporting period. Any exclusions from reporting are disclosed and justified.

This report has been prepared in accordance with the Greenhouse Gas Protocol:

- *A Corporate Accounting and Reporting Standard* [15] (GHG Protocol Standard);
- The Greenhouse Gas Protocol: *Scope 2 Guidance* [16];
- The Greenhouse Gas Protocol: *Corporate Value Chain (Scope 3) Accounting and Reporting Standard* [17] (GHG Protocol Value Chain Standard); and
- Other related technical guidance issued under the GHG Protocol Standards.

STATEMENT OF INTENT

Vector reports on its GHG emissions on an annual basis and has been calculating its carbon footprint since 2017. The intended users of this report are all interested stakeholders, including shareholders, investors, regulators, communities, employees, customers and contractors. The GHG emissions inventory has been subject to limited assurance by KPMG; see Appendix 5.

REPORTING PERIOD COVERED

This GHG emissions inventory report covers Vector's financial year 1 July 2025 to 30 June 2026 (FY2026).

1. Organisational boundaries

ORGANISATIONAL BOUNDARIES

Vector uses the operational control approach, as defined by the GHG Protocol Standard. This approach was chosen as it allows a focus on emissions over which the group has greatest control, and thereby can influence most with emissions reduction measures.

The organisational boundary includes Vector and all its subsidiaries. Refer to Vector's annual report for a list of all entities within the Vector group. The entities relevant for FY2026 GHG reporting are:

- Vector Limited
- Vector Communications Limited
- Vector Technology Solutions Limited
- Equalise Cyber Security Limited

All other subsidiaries have no emissions from operations.

TREATMENT OF INVESTMENTS

For carbon accounting purposes, Vector has set a threshold for equity investments of 20%, unless significant influence can be evidenced.

Bluecurrent (50%)

Previously fully owned by Vector as Vector Metering, Bluecurrent manages advanced electricity and gas meters across New Zealand and Australia. Vector has ceased operational control of Bluecurrent and accounts for a proportional share of Bluecurrent's scope 1 and 2 emissions under *scope 3 – category 15*. Bluecurrent is jointly owned by Queensland Investment Corporation (QIC) and Vector.

TREATMENT OF BUSINESS SALES

HRV

On 1 August 2025, Vector sold the HRV business. Emissions created by this business have been removed for years FY2020 onwards.

2. Operational boundaries

OPERATIONAL BOUNDARIES

The GHG Protocol Standard splits emissions into three categories:

Scope 1 – Emissions Vector directly controls, such as vehicle fleet fuel combustion, diesel backup generators, natural gas fugitive emissions, and sulphur hexafluoride (SF₆) leaks.

Scope 2 – Vector's consumption of purchased electricity, and electricity distribution losses along the network.

Scope 3 – All other indirect value chain emissions, such as customer energy consumption and supply chain emissions.

The GHG Protocol Value Chain Standard splits scope 3 emissions into 15 categories. To gain a more comprehensive understanding of our emissions, in FY2020 Vector commissioned an external review of our carbon accounting methodology. This included a scope 3 screening exercise to identify applicable and material categories and activities across Vector's supply chain. A total of 14 categories were determined as being applicable to Vector (all but *category 10 – processing of sold products*), of which two were defined as material. The threshold at which a scope 3 category is considered as material is set to 1% of total scope 3 emissions.

During the screening process, emissions were calculated for 11 scope 3 categories, with emissions from the remaining three categories considered to be included in other categories of the inventory (categories 2 and 8) or to be zero (category 12).

Prior to FY2023, we chose to externally report only on emissions categories that were material (categories 1 and 11) or where data was deemed robust (categories 3, 4, 6 and 15). With additional work undertaken to more accurately determine emissions from other sources, from FY2023 we also reported on emissions under categories 5 and 7 as well as emissions from all purchased products and services under category 1.

Included in other categories

Category 2 – capital goods: Included in category 1 as it was not possible to separate new infrastructure construction and other assets from maintenance of existing infrastructure.

Category 8 – upstream leased assets: Included in scope 1 and 2, as leased assets are expected to be under Vector's operational control.

Excluded scope 3 categories

Category 4 – upstream transportation: For most purchased products, transport is covered by *category 1 – upstream-purchased other goods and services* as it is included in the purchase price. Emissions from remaining transportation are expected to be immaterial.

Category 9 – downstream transportation and distribution: Not applicable to Vector as no physical products sold as of FY2026.

Category 12 – end-of-life treatment of sold products: Not applicable to Vector as no physical products sold as of FY2026.

Category 13 – downstream leased assets: Considered and assessed as immaterial.

Category 14 – franchises: Not applicable to Vector as there are no franchises.

GHG EMISSIONS SOURCE INCLUSIONS

Table A2 provides an overview of all emissions sources highlighted in Vector's GHG inventory, including their data sources, calculation methods and an assessment of data quality and uncertainty.

For completeness, Vector is reporting on well-to-tank (WTT) emissions for fuel used by field service providers (FSPs) under category 1, as well as reporting on emissions from gas distributed via Vector's gas network under *category 11 – other distributed natural gas*.

For the FY2020 to FY2024 period, some gas sold or shipped by Natural Gas Trading was transported via Vector's gas distribution network. These volumes were subtracted from the overall 'other distributed natural gas' amount to avoid double counting.

EXCLUSIONS FROM GHG INVENTORY

Table A1 below shows scope 3 emissions sources that were excluded from reporting (in addition to the excluded categories listed previously) and the reasoning behind this.

OTHER EMISSIONS – BIOGENIC CO₂

Vector uses a 5% biodiesel blend in generators used by Vector Fibre and the electricity distribution network.

TABLE A1: Excluded emissions sources from reporting

EXCLUDED EMISSIONS ACTIVITY	REASONS FOR EXCLUSION
Emissions from FSP fuel use where fuel amount is <1% of overall FSP fuel use (part of category 1 – fuel used by FSPs)	Emissions immaterial; data difficult to obtain
Emissions from waste disposed of by FSPs on Vector's behalf (part of category 5 – waste generated in operations)	Emissions immaterial; data difficult to obtain and not easily allocated to Vector
Emissions from cash expense claims for air travel, hotels, employee travel in public transport and rental cars (part of category 6 – business travel)	Emissions immaterial; data difficult to obtain

2. Operational boundaries (continued)

TABLE A2: Emissions calculation methods, data quality and sources for FY2026 reporting. For years before FY2026, refer to previous GHG reports.

REPORTING CATEGORY	EMISSIONS ACTIVITY	CALCULATION METHOD	DATA SOURCE	GLOBAL WARMING POTENTIAL (GWP) SOURCE	DATA QUALITY AND UNCERTAINTY
SCOPE 1					
Natural gas distribution fugitive emissions	Fugitive natural gas across Vector's distribution network	See section 3	FSP records; company records on asset database	Ministry for the Environment (MfE) (2026) – Intergovernmental Panel on Climate Change – Fifth Assessment Report (IPCC AR5)	Quality-assured data on all leaks by asset and emissions category provided by FSPs. Multiple estimates and assumptions made, as laid out in section 3, lead to medium uncertainty that Vector is continuing to improve. Vector's methodology has been reviewed by GNS Science, and assessed as Oil and Gas Methane Partnership (OGMP) 2.0 Level 3 or slightly above.
SF ₆ fugitive emissions	SF ₆ leaks in switchgear	Top-up method	Gas recovery records; FSP SF ₆ cylinder records' log sheets; nameplate capacity amounts		Records on gas top-ups and recoveries provided by FSPs. Medium level of uncertainty that Vector is working on improving where possible.
Other fugitive emissions	Heating, ventilation and air conditioning (HVAC) leaks (offices, substations, vehicle fleet)	Top-up and screening method	Service records; inventory lists		Most data on HVAC top-ups available, and when not available annual averages for each inventory item used as specified by MfE. High uncertainty, but emissions <1% of scope 1 and are considered adequate.
Biodiesel stationary combustion	Biodiesel used in generators	Fuel-based method	Provider records		Records on litres of diesel used in generators supplied by lease provider monthly. Low uncertainty.
Vehicle fleet	Fuel used in vehicle fleet	Fuel-based method	Fuel records by lease providers		Records on diesel and petrol use sourced from fuel card data. Low uncertainty.
SCOPE 2					
Electricity consumption from grid (market and location based)	Electricity use at offices and substations, and from electric vehicle charging	Location-based method and market-based method, respectively	Invoices by retailers and landlord; BraveTrace website (market-based approach)	MfE (2026) – IPCC AR5 (location-based) New Zealand Energy Certificate System (NZECS) – market-based	Consumption data in kWh provided by retailers and landlord. Some estimations at year-end. Records on NZECS to calculate market-based approach provided on BraveTrace website. Moderate uncertainty from emission factors.
Electricity distribution losses	Electricity losses along the network	Location-based method	Transpower and distributed generators (ingoing); retailers (outgoing)	MfE (2026) – IPCC AR5	Metered data at grid exit point (GXP) provided by Transpower and distributed generators. Data at installation control points (ICP) level provided by retailers. Some estimations at year-end. Low uncertainty.

2. Operational boundaries (continued)

TABLE A2 (continued): Emissions calculation methods, data quality and sources for FY2026 reporting. For years before FY2026, refer to previous GHG reports.

REPORTING CATEGORY	EMISSIONS ACTIVITY	CALCULATION METHOD	DATA SOURCE	GWP SOURCE	DATA QUALITY AND UNCERTAINTY	EMISSIONS CALCULATED USING DATA PROVIDED BY VALUE CHAIN PARTNERS ¹
SCOPE 3						
C1 – fuel used by FSPs	Fuel used by FSPs on behalf of Vector, including WTT	Hybrid method	Fuel data provided by FSPs	MfE (2026) – IPCC AR5 Department of Environment, Food and Rural Affairs (DEFRA) (2026) – IPCC AR5	Petrol and diesel use on behalf of Vector shared by each FSP for relevant business areas, in litres. Some data on regular and premium petrol combined. Low uncertainty.	100%
C1 – upstream-purchased materials and products	Key products purchased across Vector business areas	Supplier-specific and average-data method	Procurement data on quantities (by weight or length) of products purchased	Environmental Product Declarations (EPDs) – IPCC AR5	Records on quantities sourced from internal systems. Where supplier-specific data was used, uncertainty is lowest. For average-data method, some estimations were made and secondary data is used; therefore, uncertainty is relatively high. More details in section 3.	15%
C1 – upstream-purchased other goods and services	All remaining products and services purchased	Spend-based method	Procurement spend data	Eora multi-region input-output (MRIO) 2022	Spend by supplier sourced from internal procurement system; the emission factor was assigned based on supplier's main business activity. High uncertainty. More details in section 3.	0%
C3 – fuel- and energy-related activities	Transmission and distribution (T&D), upstream and WTT emissions from the group's electricity and fuel use	Average-data method	Same invoice data as fuel and electricity use in scope 1 and 2	MfE (2026) – IPCC AR5 (T&D losses) DEFRA (2026) – IPCC AR5 (WTT fuels) DEFRA (2021) – IPCC AR4 (WTT electricity)	All data based on fuel data or location-based electricity consumption data provided for scope 1 and 2. T&D emissions not calculated for electricity consumption in Auckland, as this is covered under scope 2 losses. Moderate uncertainty from emission factors.	0%

1. Proportion of emissions calculated using calculation methods based on data specific to suppliers or other value chain partners. Remaining emissions are calculated using internal or average data.

2. Operational boundaries (continued)

TABLE A2 (continued): Emissions calculation methods, data quality and sources for FY2026 reporting. For years before FY2026, refer to previous GHG reports.

REPORTING CATEGORY	EMISSIONS ACTIVITY	CALCULATION METHOD	DATA SOURCE	GWP SOURCE	DATA QUALITY AND UNCERTAINTY	EMISSIONS CALCULATED USING DATA PROVIDED BY VALUE CHAIN PARTNERS ¹
SCOPE 3						
C5 – waste generated in operations	Waste sent to landfill from Vector's offices	Waste-type specific method	Waste contractor records	MfE (2026) – IPCC AR5	Weight per waste category by location provided by waste contractors. Some measurements use averages. Based on information provided by Vector's waste contractors, it is assumed that all waste goes to landfills with gas recovery. Medium uncertainty that is considered adequate as <1% of scope 3.	0%
C6 – business travel	Air travel, hotels, rental cars, mileage claims, and taxis	Distance-based method	Records provided by booking agents or internal expense management platform	MfE (2026) – IPCC AR5 (flights excluding radiative forcing)	Monthly travel details provided by booking agents on km flown by class of travel, hotel nights by country, km travelled by size of rental car and km travelled by taxi. Employee mileage emissions based on km, average petrol vehicle, and some spend base for taxis. Medium uncertainty that is considered adequate as <1% of scope 3.	0%
C7 – employee commuting and working from home (WFH)	Emissions from staff commutes to work and WFH	Distance-based method	Results from staff survey on commuting habits	MfE (2026) – IPCC AR5	Data gathered on travel modes, distance to work, and days in office via staff survey. Extrapolated for the full year assuming that travel habits are stable across the year. Some estimations and assumptions that lead to high uncertainty. Considered adequate as <1% of scope 3.	0%
C11 – distributed natural gas – Auckland	Gas distributed via Auckland network	Direct use-phase method – fuel	Firstgas OATIS system	MfE (2026) – IPCC AR5	Quantities of gas distributed via Auckland network. Calculation assumes all gas is converted to CO ₂ via either combustion or chemical process by consumers. Low uncertainty.	100%
C15 – Bluecurrent	50% of scope 1 and 2 emissions from Bluecurrent	Investment-specific method	Invoice-and-FSP-based records provided by Bluecurrent	MfE (2026) – IPCC AR5	Actual energy consumption provided by Bluecurrent. Medium uncertainty that is considered adequate as <1% of scope 3.	100%

1. Proportion of emissions calculated using calculation methods based on data specific to suppliers or other value chain partners. Remaining emissions are calculated using internal or average data.

3. Data collection and quantification

INFORMATION MANAGEMENT PROCEDURES

Vector uses an internal process guideline for GHG emissions accounting to ensure consistency in the preparation of our GHG inventory. This was developed following a screening of Vector's full value chain emissions and setting the base year to FY2020. The document outlines responsibilities, and defines thresholds, calculation methods and recalculation policy, among other details that ensure conformance with the GHG Protocol Standards over time.

Vector uses the software solution BraveGen to collect data and calculate our carbon footprint. Activity data is gathered and uploaded either by Vector's staff across all business areas, or directly by suppliers. All data is reviewed by the GHG accounting team before final upload onto the system. Emissions are calculated automatically within BraveGen by multiplying the provided activity data with each applicable emission factor.

These factors are updated every year as required by our GHG accounting team.

Some material changes, such as the change in the GWP of methane from 25 to 28 in FY2024, are overseen by Vector's board audit committee as a key judgment.

Prior to assurance of the GHG inventory, the inventory is analysed by our GHG accounting team for trends and missing data. Upon completed assurance, Vector's executive team and board are informed of changes in emissions over time. Both the internal GHG emissions accounting guide as well as our emissions reduction strategy are reviewed and updated frequently.

METHODOLOGIES

Most of Vector's GHG emissions are calculated by multiplying activity data with appropriate emission factors. Examples of activity data include kilowatt-hour (kWh) of electricity used, volume of fuel used, or gigajoules (GJ) of gas distributed. Most activity data is based on consumption data sourced from invoices provided by suppliers, or internal reports.

An overview of sources used per category is included in Table A2.

Most emission factors used are sourced from the latest publications (at financial year end) by New Zealand's Ministry for the Environment (MfE) [18] and the UK's Department of Environment, Food and Rural Affairs (DEFRA) [19]. Exceptions are outlined below:

- Electricity consumed via ICPs purchased from Ecotricity (a Toitū climate-positive certified electricity retailer) can be calculated as zero under market-based reporting.
- Emissions from FY2026 electricity use not purchased from Ecotricity are calculated using the Residual Supply Mix emission factor as disclosed by the New Zealand Energy Certificate System (NZECS) [20]. The residual factor is based on the production year period April to March.

Emission factor sources and the underlying assessment report for each scope and category are listed in Table A2. The GWP time horizon in all cases is 100 years.

Fugitive emissions from gas distribution (scope 1) as well as emissions from 'upstream-purchased materials and products' and 'upstream-purchased other goods and services' (scope 3 – category 1) are subject to more complex calculations that are described in the following two subsections.

GAS DISTRIBUTION FUGITIVE EMISSIONS

Methods for calculating gas distribution fugitive emissions (methane leaks) are unique to gas distribution pipeline companies. In FY2021, Vector undertook a comprehensive study to model methane leaks on our gas network. The model created a fluid-dynamics-based, quasi-digital twin of the network, which enabled us to identify and quantify methane leaks.

Vector is aligned to the guidelines of the Technical Association of the European Gas Industry (Marcogaz [21]), and the Oil and Gas Methane Partnership methodology (OGMP 2.0 [22]), which are found to be the most comprehensive and applicable to Vector's gas network. Marcogaz is currently in the process of integrating these guidelines into the CEN/TC 234 European Technical Standard for Gas Infrastructure.

As it is not feasible to measure every variable, key assumptions are made. The following assumptions have a material impact on the overall data:

- Duration of leak detected during systematic surveys: When a leak is found on a routine survey, there is no knowledge of when the leak started. However, we do know when the pipe was last surveyed, and, assuming a normal distribution, can assume that on average the duration of a leak is half the time since the last survey. For example, Vector runs routine surveys for most sections of the pipeline every six months. We can therefore approximate that the average leak duration is three months. This is in alignment with Marcogaz guidelines.
- Average size of leak found on systematic surveys: Most of the historical records of the detected leaks have been a result of loose fittings. Vector has conducted several review sessions internally and across the industry and found that the most applicable assumption is in the RR630-HSE, UK standard. Within that, we take a conservative estimate of a hole size of 2 mm².
- Average size of leaks found from third-party damages: Normalised across all third-party damages to 30 mm, based on measured samples.
- Permeability of the ground: 7,000 km of pipes run through various ground and geological formations. An estimation of soil permeability is made according to ISBN 0-486-65675-6, and based on the New Zealand soil map. We have conducted actual field measurements to verify these assumptions.

This testing further improves our current reporting level relative to the Marcogaz criteria and the OGMP 2.0 guidelines.

In FY2023, GNS Science conducted an independent review of this methodology. This included a review of the Marcogaz methodology that Vector is following in assessing emissions; a review of Vector's implementation of this methodology; an assessment of Vector's current level of reporting relative to the Marcogaz criteria and the underlying standards; as well as recommendations for future work that would improve Vector's emissions reporting and move Vector to a higher reporting level.

The key improvement opportunity identified is to obtain more specific, local emission factors, with GNS Science's overall finding that Vector is currently operating at OGMP 2.0 Level 3 or slightly above. Level 5 is the highest possible level that also requires the use of site-level measurement to reconcile source and site-level emission estimates.

3. Data collection and quantification (continued)

UPSTREAM-PURCHASED MATERIALS AND PRODUCTS

Methodologies to quantify emissions from purchased goods and services vary depending on data availability from suppliers. Those identified as key suppliers for a specific business unit, either based on spend or the type and quantities of products purchased, were contacted to request supplier-specific emissions data.

Preference was given to data published in environmental product declarations (EPDs), from which we extracted the GWP for the manufacturing/production phase (A1 – A3; total GWP where a breakdown was provided). Where supplier-specific EPDs were not available, secondary emission factors from EPDs for comparable products or underlying raw materials have been used as proxy data.

UPSTREAM-PURCHASED OTHER GOODS AND SERVICES

Emissions from all remaining purchases were quantified using the spend-based method. For FY2026, this calculation covers around 33% (FY2025: 32%) of Vector's annual spend and more than 600 suppliers. It uses environmentally-extended input output (EEIO) emission factors, which estimate GHG emissions resulting from the production and upstream supply chain activities of different products in an economy. For FY2026, we used Eora MRIO 2022 scope 3 multipliers for New Zealand [23, 24] and adjusted them for inflation to the midpoint of the financial year. Emission factors were assigned based on a supplier's main business activity.

As more specific data becomes available, such as through supplier release of EPDs, the emissions data for upstream-purchased materials and products can be refined, therefore reducing the percentage of emissions calculated using the spend-based approach.

The approach we used for both sub-categories built on previous work completed in FY2023 with the support of thinkstep-anz, a trans-Tasman firm offering strategic advice on sustainability.

Note that emissions from fuel used by FSPs have been calculated using supplier-specific data since FY2020 and have been reported under *scope 3 – category 1* in Vector's GHG emissions inventory since then.

4. GHG emissions calculation and results

BASE YEAR

Vector's base year for emissions reporting is FY2020, 1 July 2019 to 30 June 2020. This was the first year that the GHG inventory included most material scope 3 emissions and forms the base year for Vector's emissions reduction targets.

CHANGES TO HISTORIC YEARS

Vector recalculates emissions of historic years if the inventory is affected by changes that in aggregate total 5% of our carbon footprint. These changes can be structural (for example acquisitions or divestments), changes in the way the inventory is calculated, or discovery of omissions or errors. Vector might decide to update historic years for changes below the threshold for other reasons, such as consistency or clarity.

In FY2026, a recalculation was required to remove emissions relating to the sold HRV business. While only FY2024 and FY2025 HRV emissions meet Vector's significance threshold of 5%, all years from FY2020 onwards have been rebased for consistency.

For an overview of all recalculations, including those from previous years, see Appendix 2.

FY2026 RESULTS

In FY2026, total GHG emissions for Vector came to 779,851 tCO₂e. This is a reduction of 54% from our base year in FY2020.

SCOPE 1

Vector's direct emissions in FY2026 amount to 13,870 tCO₂e, a reduction from our base year by 38%. Explanations on the most notable changes in emissions across scope 1 are outlined below.

Natural gas distribution fugitive emissions

Natural gas fugitive emissions have decreased by 36% between FY2020 and FY2026. A large contributor to this reduction is proactive pipeline surveying and other gas network operational initiatives such as reducing response time.

The increase in FY2026 gas fugitive emissions compared to FY2024 and FY2025 is primarily driven by changes in measurement and reporting methodology. Following a SELMA system upgrade in FY2026, detection sensitivity has increased, and smaller, earlier-stage leaks are able to be identified. As a result, more leaks are being reported, increasing emissions in the short term. In addition to this, MP4 leaks are being identified through quarterly Intermediate Pressure pipeline (IP) surveying cycles. Under our current methodology, MP4 leaks are assumed to persist over a longer six-monthly period, with the estimated duration and associated emissions therefore inflated. This inflation issue will be resolved in FY2027 with all the gas network moving to quarterly surveying.

Diesel use in generators

Stationary combustion decreased by 62% between FY2020 and FY2026, largely driven by the switch from diesel generators to mobile transformers on planned asset replacements.

FY2026 emissions have also decreased from FY2024 and FY2025 due to efficiency initiatives such as right-sizing diesel generators to actual load for planned maintenance works, as opposed to sizing to the installed transformer size.

SF₆ emissions

SF₆ emissions have increased by 69% from the FY2020 base year, and 82% compared to FY2025. During FY2026, a higher number of switchgear units were decommissioned in comparison to previous periods. Vector's overhead switchgear

asset replacement programme for FY2026 focused on removing aged SF₆ insulated switchgear. Many switches removed did not have any gas to recover and were recorded as a full loss.

SCOPE 2

Scope 2 emissions are split into emissions from Vector's own consumption of electricity from the grid, and emissions from distribution losses across Vector's network.

Vector's 6% decrease in electricity distribution losses in FY2026 compared to FY2020 can be attributed to several factors, including load profiles and distance to load. However, year-on-year fluctuations in distributed losses are materially influenced by the national electricity emission factor [18]. For example, the emission factor used to calculate electricity distribution losses decreased by 21% between FY2025 and FY2026 owing to a decrease in the proportion of fossil-based generation.

SCOPE 3

Value chain emissions have decreased 55% relative to the FY2020 base year. The material category is the use of sold products, which decreased 53% since FY2020, driven by the wind-down and subsequent closure of Vector's Natural Gas Trading business. Further to this, there was an 18% reduction in gas distribution emissions because of lower gas consumption in Auckland.

Between FY2025 and FY2026, scope 3 emissions were flat, with a reduction in distributed natural gas volumes, partially offset by an increase in upstream purchased other goods and services due to increased capital expenditure during the period.

ADDITIONAL INFORMATION

Under the New Zealand Emissions Trading Scheme (NZ ETS), Vector is obligated to surrender New Zealand Units (NZUs) for emissions related to fugitive SF₆.

TABLE A3: Scope 1 and scope 2 FY2026 GHG emissions by greenhouse gas. PFCs and NF₃ are not listed here as they are not relevant to Vector's activities. GWP conversion factors are from the latest MfE guidance documents.

TOTAL FY2026	t	GWP	tCO ₂ e
Scope 1			13,870
CO ₂	1,261	1	1,261
CH ₄	417	28	11,673
N ₂ O	0.07	265	19
HFCs*	0.02	1 – 1,924	30
SF ₆	0.04	23,500	887
Scope 2**			30,776
CO ₂	29,789	1	29,789
CH ₄	34	28	939
N ₂ O	0.18	265	48
Total tCO₂e			44,646

* HFCs relate to a family of gases used in applications such as refrigeration and air conditioning. Different applications use different HFCs so we display a range here.

** Market-based method for electricity consumption. While location-based electricity emissions are also included in our inventory, the amounts in Table A3 include only market-based emissions, as these form part of our emissions reduction targets.

APPENDIX 2:

Summary of GHG emissions inventory recalculations across years

RECALCULATION DESCRIPTION	RESULTING CHANGE IN INVENTORY	YEAR OF REPORTED CHANGE	SCOPE(S) AND YEAR(S) AFFECTED
Structural change: Divestment of Treescape shares	Recalculation of <i>scope 3 – category 15</i> . Voluntary recalculation for clarity	FY2022	Scope 3 – category 15 FY2020: -3,069 tCO ₂ e FY2021: -2,956 tCO ₂ e
Structural change: Sale of a 50% interest in Bluecurrent, with loss of operational control	Removing Bluecurrent emissions from <i>scope 1, 2 and 3</i> , and adding proportional <i>scope 1 and 2</i> emissions in relation to the investment to <i>scope 3 – category 15</i>	FY2023	Removal of Bluecurrent emissions across scopes 1, 2 and 3 FY2020: -5,017 tCO ₂ e FY2021: -5,099 tCO ₂ e FY2022: -4,824 tCO ₂ e 50% of Bluecurrent's scope 1 and 2 moved to scope 3 – category 15 FY2020: +700 tCO ₂ e FY2021: +771 tCO ₂ e FY2022: +809 tCO ₂ e
Improvement of data quality and data availability for material emissions source	Inclusion of additional purchased goods and services emissions to <i>scope 3 – category 1</i>	FY2023	Scope 3 – category 1 FY2020: +91,205 tCO ₂ e FY2021: +83,199 tCO ₂ e FY2022: +88,953 tCO ₂ e
Quantification of leaks identified subsequent to year-end	Update to gas fugitive emissions to include data quantified after financial year-end FY2022	FY2023	Scope 1 FY2022: +3,040 tCO ₂ e
Improvement in the accuracy of emission factors	Increase in <i>scope 1</i> emissions resulting from the change in GWP for CH ₄ between AR4 and AR5	FY2024	Scope 1 FY2020: +1,945 tCO ₂ e FY2021: +1,433 tCO ₂ e FY2022: +1,724 tCO ₂ e FY2023: +1,415 tCO ₂ e
Improvement in the accuracy of emission factors and changes to calculation methodology	Increase in <i>scope 1</i> emissions because of the change in GWP for SF ₆ between AR4 and AR5 as well as update to SF ₆ emissions to change from calendar year data to financial year data	FY2024	Scope 1 FY2020: +99 tCO ₂ e FY2021: +671 tCO ₂ e FY2022: +223 tCO ₂ e FY2023: -880 tCO ₂ e
Structural change: Sale of remaining Natural Gas Trading contracts	Removing Natural Gas Trading emissions from contracts that were sold (as opposed to terminated at the end of the contract) from <i>scope 3</i> under <i>category 1</i> (purchased natural gas) and <i>category 11</i> (use of sold products)	FY2025	Scope 3 FY2022: -285,409 tCO ₂ e FY2023: -338,869 tCO ₂ e FY2024: -347,082 tCO ₂ e
Structural change: Sale of the Ogas LPG business and shares in Liquigas Limited	Removing Ogas emissions from <i>scopes 1, 2 and 3</i> , and removing Liquigas emissions from <i>scope 3 – category 15</i>	FY2025	Scopes 1, 2 and 3 FY2020: -188,419 tCO ₂ e FY2021: -187,594 tCO ₂ e FY2022: -187,674 tCO ₂ e FY2023: -191,594 tCO ₂ e FY2024: -197,927 tCO ₂ e
Structural change: Sale of the HRV business	Removing HRV emissions from <i>scopes 1, 2 and 3</i>	FY2026	Scopes 1, 2 and 3 FY20: -8,486 tCO ₂ e FY21: -10,468 tCO ₂ e FY22: -11,051 tCO ₂ e FY23: -9,690 tCO ₂ e FY24: -9,063 tCO ₂ e FY25: -6,889 tCO ₂ e

APPENDIX 3:

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APPENDIX 4:

Glossary of terms

TERM	DESCRIPTION
Demand-side orchestration	Where demand is shaped through signals (like dynamic operating envelopes) on distributed energy resources such as electric cars and hot-water load
Distributed energy resources (DER)	Small-scale energy technologies like solar panels, batteries, and electric vehicles that either generate or store energy
Default price-quality path (DPP)	The Commerce Commission's regulatory framework that sets allowable revenues and service quality requirements for electricity and gas distribution businesses
Dynamic operating envelope	An emerging concept to maintain electricity network stability by placing limits on the amount of electricity that can be imported from, or exported to, the network at any time
Flexibility	The ability for electrical consumption and injection to be adjusted in response to a price signal, grid frequency or an active signal from the network operator
Fugitive emissions	Greenhouse gas emissions released unintentionally or irregularly from equipment or infrastructure, including through leaks. For Vector, these principally include methane released from the natural gas distribution network and SF ₆ released from electricity network equipment.
GHG Protocol	The GHG Protocol develops standards and guidance, such as the Corporate Standard and the Corporate Value Chain (scope 3) Standard, both used as guidance for this report
Load Management Protocol	The protocol agreed between a distributor and retailer for coordinating trader-controlled electrical load with the distributor's emergency response activities and network security requirements for system emergency events pursuant to the default distributor agreement between Vector and retailers
Network for greening the financial system (NGFS)	An international network of central banks and supervisory authorities including the Reserve Bank of New Zealand
Non-wires alternative (NWA)	Solutions like batteries, demand response, or local generation that reduce the need to build or upgrade traditional electricity infrastructure such as poles and wires
Regulatory year (RY)	1 July to 30 June for the gas distribution network; 1 April to 31 March for the electricity business
System average interruption duration index (SAIDI)	Average outage duration per customer in a regulatory year. This metric was developed by the Institute of Electrical and Electronics Engineers (IEEE) and used by the Commerce Commission to regulate electricity distribution networks.
Major event SAIDI	A 24-hour period during which the cumulative SAIDI due to unplanned events exceeds a predetermined major event boundary value
SAIFI	Average number of interruptions per customer in a regulatory year. This metric was developed by the Institute of Electrical and Electronics Engineers (IEEE) and used by the Commerce Commission to regulate electricity distribution networks.
Sulphur hexafluoride (SF ₆)	A gas used to electrically insulate electrical assets. SF ₆ has a global warming potential of 23,500 times that of CO ₂ .

APPENDIX 5:

KPMG Assurance Report



Independent Limited Assurance Report to Vector Limited

Conclusion

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

Based on our limited assurance engagement, which is not a reasonable assurance engagement or an audit, nothing has come to our attention that would lead us to believe that, in all material respects, the Climate-related Disclosures of Vector Limited are not fairly presented and prepared in accordance with the Aotearoa New Zealand Climate Standards (NZ CSs) issued by the External Reporting Board (the **Criteria**) for the period 1 July 2025 to 30 June 2026.

Information subject to assurance

We have performed an engagement to provide limited assurance in relation to Vector Limited's Climate-related Disclosures included within the Climate Statement for the period 1 July 2025 to 30 June 2026.

The Climate-related Disclosures includes the following:

- Statement of Compliance on page 2;
- Governance related disclosures on pages 4 to 6;
- Strategy related disclosures on pages 7 to 18;
- Risk Management related disclosures on pages 19 to 20; and
- Metrics and Targets related disclosures on pages 21 to 29.

The Scope 1, Scope 2 and Scope 3 greenhouse gas (**GHG**) emissions, additional required disclosures of those emissions and the related method, assumptions and estimation uncertainty disclosures (**GHG Disclosures**) are included within Vectors Limited's Climate-related Disclosures as follows:

NZ CS 1-3 Requirement	Page number
NZ CS 1 22(a)	22
NZ CS 1 24(a-d)	30-35
NZ CS 3 52-53	33-37
NZ CS 3 54	38-39

Our conclusion on the Climate-related Disclosures does not extend to any other information included, or referred to, in the Climate Statement or other information that accompanies or contains the Climate-related Disclosures and our assurance report (**other information**). We have not performed any procedures with respect to the other information.



Criteria

The criteria used as the basis of preparation for the Company's Climate-related Disclosures is the Aotearoa New Zealand Climate Standards (NZCS):

- NZCS 1 Climate Related Disclosures;
- NZCS 2 Adoption of Aotearoa New Zealand Climate Standards; and
- NZCS 3 General Requirements for Climate-related Disclosures.

The GHG Disclosures have been prepared in accordance with the World Resources Institute and World Business Council for Sustainable Development's Greenhouse Gas Protocol standards and guidance:

- The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (revised edition);
- The Greenhouse Gas Protocol: GHG Protocol Scope 2 Guidance: An amendment to the GHG Protocol Corporate Standard; and
- The Greenhouse Gas Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard.

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

Standards we followed

We conducted our limited assurance engagement on the Climate-related Disclosures in accordance with International Standard on Assurance engagements (New Zealand) 3000 (Revised) Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (**ISAE (NZ) 3000 (Revised)**) issued by the New Zealand Auditing and Assurance Standards Board.

We conducted our limited assurance engagement on the GHG Disclosures in accordance with New Zealand Standard on Assurance Engagements 1 (**NZ SAE 1**) Assurance Engagements over Greenhouse Gas Emissions Disclosures and International Standard on Assurance Engagements (New Zealand) 3410 Assurance Engagements on Greenhouse Gas Statements (**ISAE (NZ) 3410**) issued by the New Zealand Auditing and Assurance Standards Board.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion. Our responsibilities under the ISAE (NZ) 3000 (Revised), NZ SAE 1 and ISAE (NZ) 3410 are further described in the 'Our responsibility' section of our report.

Other Matter – Revision of comparative information

We previously expressed a conclusion over the GHG Disclosures for the periods ending 30 June 2022, 30 June 2023, 30 June 2024 and 30 June 2025 (**2022 – 2025 periods**) prior to the revisions described on page 38-39 of the GHG Disclosures, and our reports dated 25 August 2022, 24th August 2023 and 26th August 2024, 22 August 2025 included an unmodified opinion. We were not engaged to express a conclusion, or apply any procedures on the revision of these periods triggered by the sale of the HRV business for the 2022 – 2025 periods and, accordingly, we do not express an opinion or any other form of assurance about whether such revisions are appropriate and have been properly applied.

Our conclusion is not modified in respect of this matter.

How to interpret limited assurance and material misstatement

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



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

Inherent limitations

Forward-looking statements are subject to a number of uncertainties and factors because of associated limitations, evolving methodology and availability of data.

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

Use of this assurance report

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

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

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

Our conclusion is not modified in respect of this matter.

Vector Limited's responsibility for the Climate-related Disclosures

The Directors of Vector Limited are responsible for the preparation and fair presentation of the Climate-related Disclosures in accordance with the Criteria. This responsibility includes the design, implementation and maintenance of such internal control as Directors determine is relevant to enable the preparation of the Climate-related Disclosures that are free from material misstatement whether due to fraud or error.

The Directors of Vector Limited are also responsible for selecting or developing suitable criteria for preparing the Climate-related Disclosures and appropriately referring to or describing the criteria used.

Our responsibility

We have responsibility for:

- planning and performing the engagement to obtain limited assurance about whether the Climate-related Disclosures are free from material misstatement, whether due to fraud or error;
- forming an independent conclusion based on the procedures we have performed and the evidence we have obtained; and
- reporting our conclusion to Vector Limited.

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

A limited assurance engagement performed in accordance with ISAE (NZ) 3000 (Revised), NZ SAE 1 and ISAE (NZ) 3410 involves assessing the suitability in the circumstances of Vector Limited's use of the Criteria as the basis for the preparation of the Climate-related Disclosures, assessing the risks of material misstatement of the Climate-related Disclosures whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the Climate-related Disclosures.



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

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

In undertaking limited assurance on the Climate-related Disclosures the procedures we primarily performed were:

Climate-related Disclosures

- obtained, through inquiries, an understanding of Vector Limited's control environment, processes and information systems relevant to the preparation of the Climate-related Disclosures. We did not evaluate the design of particular control activities, or obtain evidence about their implementation;
- for selected disclosures, obtained documentation or agreed to source, either in total or on a sample basis, to assess whether the disclosure was fairly presented and evidence available which substantiated the disclosure;
- obtained, through inquiries and corroborating evidence, an understanding of the underlying process undertaken by Vector Limited to identify material climate-related risks and opportunities and how this is consistent with the qualitative disclosures; and
- evaluated the Climate-related Disclosures against the NZCS disclosure requirements and the fair presentation principles.

GHG Disclosures

- obtained, through inquiries and walkthroughs, an understanding of Vector Limited's control environment, processes and information systems relevant to the preparation of the GHG Disclosures. We did not evaluate the design of particular control activities, or obtain evidence about their implementation;
- evaluated organisational and operational boundaries to assess the completeness of the GHG emissions;
- evaluated whether Vector Limited's methods for developing estimates are appropriate and had been consistently applied. Our procedures did not include testing the data on which the estimates are based or separately developing our own estimates against which to evaluate Vector Limited's estimates;
- recalculated the emissions for a limited number of items;
- agreed a selection of GHG emissions data to relevant underlying source documents and reperformed emission factor calculations for a limited number of items;
- performed analytical procedures on particular emission categories by comparing the expected GHG emitted to actual GHG emitted and made inquiries of management to obtain explanations for any significant differences we identified; and
- evaluated the GHG Disclosures against the NZCS disclosure requirements and the fair presentation principles.

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



Our independence and quality management

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

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

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

Our firm has also provided financial statement audit services, regulatory assurance services, and compliance services in relation to R&D tax credits to Vector Limited. Subject to certain restrictions, partners and employees of our firm may also deal with Vector Limited on normal terms within the ordinary course of trading activities of the business of Vector Limited. These matters have not impaired our independence as assurance providers of Vector Limited for this engagement. The firm has no other relationship with, or interest in, Vector Limited.

As we are engaged to form an independent conclusion on the Climate-related Disclosures prepared by Vector Limited, we are not permitted to be involved in the preparation of the Climate-related Disclosures as doing so may compromise our independence.

The engagement partner on the assurance engagement resulting in this independent assurance report is Matt Diprose.

KPMG

Auckland

17 August 2026

