



# Sustainable Development Report 2021



## About this report

This report provides an overview of Todd Corporation's sustainable development approach and performance for the 12-month period from 1 January to 31 December 2021.

Todd Corporation is referred to as Todd or the Company throughout this report.

This report is Todd's first publicly available Sustainable Development Report.

Todd produced its first Sustainable Development Report in 2020 for internal purposes after conducting a pilot sustainability review. 2019 is the baseline year for all Todd's sustainable development targets.

Todd's Board of Directors approved this report.

All data is in New Zealand dollars unless otherwise stated.

## Scope

This report covers the 2021 year for Todd's key operating businesses. The reporting entities are the businesses of Todd Energy, Nova Energy and Todd Energy Canada (TEC), and Todd's corporate office in Wellington.

For the purpose of this report, all Todd's in-scope Downstream entities are grouped under Nova Energy. Unless otherwise stated, references in this report to Todd Energy or Todd Energy NZ are to Todd Energy's New Zealand Upstream business and do not include TEC. For more information see [Todd investments](#).

## Reporting frameworks

This report refers to the core level of the Global Reporting Initiative (GRI) framework and the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations.

## Other important information

This report may contain forward-looking statements and metrics which are not, and should not be considered to be, guarantees, predictions or forecasts of future outcomes or performance. The statements are subject to known and unknown risks, uncertainties and other factors, many of which are beyond Todd's control.

This report contains information regarding Todd and its activities and such information is given in general summary/overview form and does not purport to be complete in all respects. Further, while we have prepared the information in this report based on our current knowledge, understanding and in good faith, the information has not been subject to external audit or assurance.

# Telling our sustainability impact story



Interactive document  
with clickable content

# Contents

Glossary	4	<b>Material topics</b>		<b>Appendix 1</b>	
<b>Introduction</b>		Material topics	15	TCFD Physical risk summary	71
Todd Executive message and Board message	5	Energy and emissions	16	<b>Appendix 2</b>	
About us	6	Climate change	23	TCFD Qualitative transitional risks assessment	72
Todd investments	7	Task Force on Climate-related Financial Disclosures	26	Global Reporting Initiative Index	75
Key performance highlights	8	Community contribution	31		
Todd stakeholders	9	Biodiversity and environmental management	40		
<b>Sustainable development</b>		Market presence and conduct	48		
Sustainable development at Todd	10	Effluent and waste	52		
Five-year targets	12	Employee health, safety, and wellbeing	55		
United Nations Sustainable Development Goals	13	Water	62		
Operating Principles	14	Honouring customers	67		
		Tax practices	70		

# Glossary

AEE	Assessment of Environmental Effects	PJ GAS	Petajoule
BC	British Columbia	PM	Particulate Matter
DWI	Deep Well Injection	PSI	Process Safety Incident
EAP	Employee Assistance Programme	PW	Purified Water
ERA	Energy Resources Aotearoa	TCFD	Task Force on Climate-related Financial Disclosures
ETS	Emissions Trading Scheme	TCL	Todd Corporation Limited
FSJ	Fort Saint John	TDS	Total Dissolved Solids
GRI	Global Reporting Index	TEC	Todd Energy Canada
GHG	Greenhouse Gas	TJ	Terajoule
GRI	Global Reporting Index	TRC	Taranaki Regional Council
HMES	Health, Safety and Environment Management System	VOC	Volatile Organic Compounds
HSE	Health Safety and Environment	<b>Units</b>	
IRD	Inland Revenue Department	bbls	Barrels
JRD	Junction Road	CH4	Methane
KGTP	Kapuni Gas Treatment Plant	CO <sub>2</sub>	Carbon Dioxide
KNE	Key Native Ecosystem	CO <sub>2</sub> e	Carbon Dioxide Equivalent
LP	Low Pressure	ha	Hectares
LPG	Liquefied Petroleum Gas	kt	Kilotonne
MHW	Mangahewa	Mg/L	Milligrams per Litre
MMBOE	Million Barrel of Oil Equivalent	ML	Megalitre
MMPS	McKee Mangahewa Production Station	MW	Megawatt
MPP	McKee Peaker Plant	MWh	Megawatt Hour
NZ	New Zealand	N2O	Nitrous Oxide
NZU	New Zealand Unit	NOX	Nitrogen Oxide
OECD	Organisation for Economic Co-operation and Development	tCO <sub>2</sub> e	Tonnes of Carbon Dioxide Equivalent
		Tn	Metric Tonne

## Te Reo Māori (Māori language) words and terms used in this report

Awa	River, stream, creek
Hapū	Sub-tribe
Hui	To gather, gathering
Iwi	Tribe, people, nation, society
Kaitiaki	Guardian, steward
Kaitiakitanga	Guardianship, stewardship, sustainability
Kanohi ki te kanohi	Face to face, in person, in the flesh
Kaupapa	Principles, policy
Kawa	To perform the kawa ceremony, remove tapu from a new house or canoe
Mana	Prestige, authority, to be legal, binding
Mana whenua	The hapū and iwi groups that have territorial rights and authority over land
Mana ki te mana	To meet chief to chief
Manaakitanga	Hospitality, kindness, generosity, the process of showing respect
Māori	Indegenous person of Aotearoa New Zealand
Mātauranga Māori	Māori knowledge
Maunga	Mountain
Rangitiratanga	Chieftainship, kingdom, realm, self-determination

Rohe	Tribal boundary, territory, district, region
Tangata whenua	People of the land in Aotearoa New Zealand, people born of the whenua. Māori are known as tangata whenua.
Tapu	Sacred, prohibited, restricted
Te Ao Māori	The Māori world
Te Mana o te Wai	The vital importance of water
Te Reo Māori	Māori language
Tikanga	Custom, protocol
Wai	Water
Whakamana I te Tangata	To uphold the mana and tapu of others through actions and relationships
Whakapapa	Genealogy, to place in layers, to recite
Whenua	Land, ground, earth, placenta, afterbirth

## Todd Executive message

### We are pleased to introduce our 2021 Sustainable Development Report – our second report highlighting the work across Todd to achieve sustainable development outcomes.

As well as aligning our 2021 report with the Global Reporting Initiative core standards, this year we refer to the TCFD reporting recommendations. The TCFD has guided us to identify and disclose the impacts of material climate-related risks, and we recognise the vital role the TCFD recommendations play in the transition to a low emissions economy.

We have made pleasing progress toward achieving our five-year targets outlined in our inaugural 2020 report. In 2021, the Covid-19 pandemic continued to cause disruption and challenges to daily life; however, we provided care and support for our

employees and maintained safe operations, thanks to the commitment of our teams in New Zealand, Australia, Canada and the United States. Our culture of safety is underpinned by comprehensive safety training across our operations. Across the Todd Group in 2021, we experienced only one minor recordable injury and there were no reportable environmental incidents.

The core focus of Todd Energy and Nova Energy is to provide affordable and reliable energy to all New Zealanders while implementing emissions reduction initiatives, enhancing community contributions, showing care for the environment and

people, and connecting with key stakeholders. Todd is constantly guided by a strong set of core values, derived from the long-term stewardship of the Todd businesses by the family owners, and an enduring commitment to responsible actions.

In 2021, we significantly advanced our solar strategy and investment in renewable energy. Our grid connected Kapuni Solar Plant is generating enough electricity to power over 500 homes annually, and we have secured land to build more solar capacity.

Along with our five-year targets, we have now set a long-term emissions target to achieve net-zero Scope 1 and 2 emissions by 2045. Setting a long-term emissions target is in line with the aspirations of the New Zealand Government and is a material step forward in Todd's climate response. We aim to achieve this by

replacing natural gas use with electricity to avoid emissions in our operations, while increasing our renewable energy offering. We commit to achieving this target while creating value for family shareholders and ensuring energy security in New Zealand. Natural gas will play a critical role in powering New Zealand homes and industry as we transition to a low-emissions future. We believe the resilience of New Zealand's economy depends on having a reliable and affordable energy supply.

We commit to making a positive contribution to the communities we operate in by providing economic growth and opportunities for local people, indigenous communities, our employees, suppliers and businesses we work with. We are committed to working with our suppliers to ensure sustainable development is a key focus across our supply chain.

Through our provision of energy, sponsorship, biodiversity planting and our active support across the community, we help improve the wellbeing of many New Zealanders and we will continue to explore ways we can add value. Our vision is to be one of New Zealand's most successful companies and our mission is to build a diverse range of businesses that generate long-term above market returns. A robust sustainable development programme will be key to guiding our operations and future goals.

**Neil McKay**  
(Group CFO & Services)

**Mark Macfarlane**  
(CEO Todd Energy)

**Babu Bahirathan**  
(CEO Nova Energy)

**Evan Davies**  
(CEO Todd Capital)

**Todd Corporation Executive**

### From the Todd Board of Directors

While Todd's 2021 Sustainable Development Report provides a look-back at recent achievements, it is also a reflection of Todd's commitment to sustainable development over many decades.

Sustainable development principles have long been an important focus of Todd family businesses and how they operate. We acknowledge that sustainable development reporting is now, more than ever, vital to Todd's progress and to ensuring we meet the challenges of today and the future needs of our stakeholders.

Todd is moving closer towards achieving its five-year sustainable development objectives. The adoption of a long-term emissions target of net-zero by 2045 on Scope 1 and 2 emissions was a key milestone and setting intermediate targets will be a focus in 2023. The TCFD framework will continue to influence Todd's perspective and assessment of climate related risks and opportunities. As Chair of the Board, I acknowledge that sound Governance and oversight will be integral to Todd's contribution to a successful transition to a low emissions economy.

The Todd Corporation Board is committed to guiding Todd towards positive sustainable development outcomes consistent with the needs and aspirations of stakeholders.

**Nick Olson**  
Chair, The Todd Corporation Limited

## About us

The Todd Family's first commercial venture in New Zealand traces back to 1884, when Charles Todd left school to help his father, Charles senior, set up a fellmongery and wool scour in the small Central Otago town of Heriot.

For over a century, the Todd enterprise has successfully grown core businesses and sought new opportunities, while positively contributing to the community and creating long-term shareholder value.

The Todd Corporation Constitution requires shareholders and beneficial owners to be members of the Todd Family – persons who are descendants of Charles and Mary Todd.

Today, Todd's interests include energy development and production, electricity generation, energy retailing, property development, minerals, healthcare, and technology.

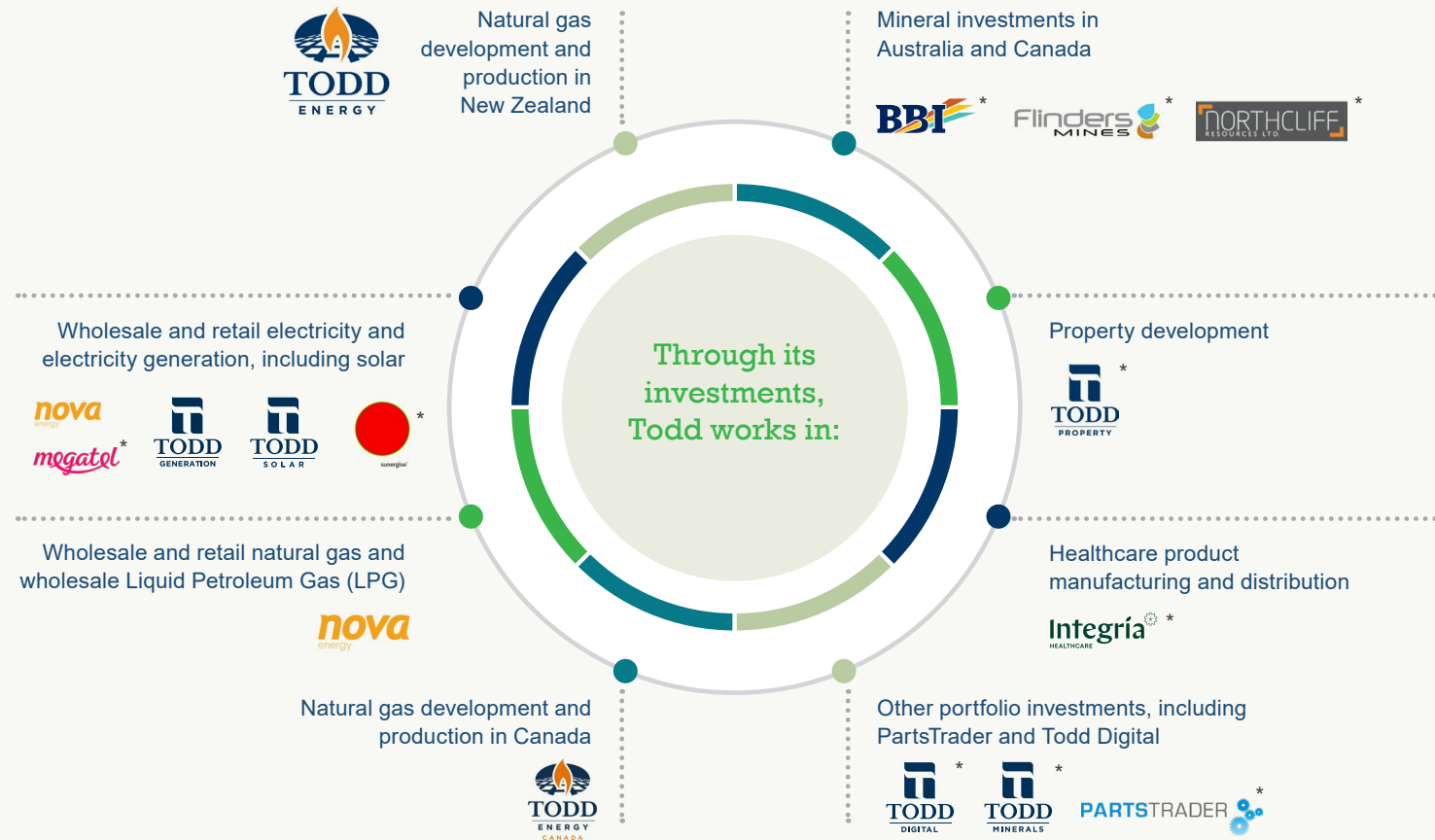
Visit [www.toddcorporation.com](http://www.toddcorporation.com)



## Todd investments

Todd's interests include both operated and non-operated business investments. Some Todd entities' detailed activities and operational metrics are excluded from this report, including those of Todd Capital. Todd Capital is a division of Todd Corporation with a portfolio of businesses and investments based in New Zealand, Australia, the United States and Canada.

Todd Capital's **employee demographics** are included in Todd's overall data. It is the intention that some entities not currently reported on will be introduced in future reporting.



\* Out of report scope

## Key performance highlights

Todd's Operating Principles drive a commitment to being a responsible operator, managing our environmental footprint and contributing to the community.

500

homes powered annually by Todd's grid connected Kapuni Solar Plant

1,000<sub>ha</sub>

of land secured for a 400 MW solar farm at Rangitāiki in the North Island of New Zealand

0.4

Total Recordable Injury Frequency Rate (TRIFR) based on approximately 2.4 million working hours

Zero

Covid-19 related impacts on safe and reliable natural gas and electricity production

4,500<sub>tn</sub>

of CO<sub>2</sub>e reduced each year from the replacement of a stabiliser column at the Kapuni Production Station

Net-zero

commitment on Scope 1 and 2 emissions by 2045\*

\* This target was committed to post the 31 December 2021 reporting date



## Todd stakeholders

Todd commits to meaningful engagement with stakeholders that have a material influence on business activities and are affected by the Company's business operations.

Todd interacts with stakeholders regularly, providing opportunities for individuals and groups to share their views and influence decision making.

Todd values its relationships with community and business stakeholders and aims to be responsive to their needs and expectations. Long-term relationships based on mutual benefit, trust and support are critical to the success of Todd's businesses.

	Why we engage	How we engage	When we engage
Shareholders	Informed and engaged family shareholders are important to the values and strategic direction of the Company. Shareholder views and feedback are used to help guide company strategy.	Annual General Meeting, Family Shareholder Briefings, Shareholder Engagement Forum, regular written updates and Todd Family Directors representing shareholder views.	Shareholder meetings occur every six months. Todd Board members respond to ad hoc feedback from Family Directors and individual shareholders at any time.
Tangata whenua	Todd's critical indigenous stakeholders are Māori tangata whenua. Todd respects the perspectives and cultural values of local hapū and iwi and aims to provide economic opportunities to support wellbeing.	Hapū and iwi liaisons, regular hui, and support and partnership programmes.	Todd Energy engages with local hapū and iwi monthly. When working on field development matters this can be as often as weekly. Daily meetings can occur with hapū when they are supporting operational activity.
Communities	Todd engages with the community to ensure a greater understanding of one another's expectations and objectives.	Todd engages with the community to ensure a greater understanding of one another's expectations and objectives.	Open community meetings occur every six months. Community consultation forums occur every second month. When consenting for field development, Todd Energy meets with key stakeholders weekly.
Government and regulators	Todd aims to be an active participant in policy development. Todd actively reviews and seeks to renew permits and consents before they expire.	Engagement and site visits, compliance and consenting processes, engagement with central and local government, industry events.	On average, meetings with local government, national government/agencies occur fortnightly, and industry events occur monthly. Todd actively responds to government requests for industry feedback.
Employees	Our internal communications programme aims to build trust in our workplace, improve knowledge sharing and create a synergy that gets everyone involved in Todd's overall vision and goals.	Internal communications and engagement programmes, executive-led communication in divisions, employee engagement surveys, performance reviews, regular meetings and social functions.	Significant corporate announcements and updates to Group policy are delivered via email as and when required. Group news is published on the Todd intranet. Team and divisional face-to-face meetings occur weekly and fortnightly. Social functions and team building activities take place throughout the year both on and off-site.
Customers	Feedback helps us improve our services and understand what matters most to our customers.	Customer feedback requests, industry events, and ongoing customer service engagement.	Customer feedback is received daily and is used to inform and guide company operations.
Banks	Through effective engagement with lenders, Todd can access external financing in support of the Company's sustainable development objectives.	Engagement with sustainable development and lending representatives, and ongoing finance relationships.	Six monthly meetings, quarterly progress reports and more regular ad hoc meetings as requested.
Business partners	Collaboration with key business partners allows Todd to meet its business objectives.	Regular meetings, cooperation on relevant sites and projects, HSE updates, information sharing.	Frequency of engagement varies depending on the size of the business transacted with each business partner and can be as often as monthly.

## Sustainable development at Todd

### Emissions and climate change

Natural gas will continue to play a vital role in supporting a secure and affordable energy supply as New Zealand transitions to a low emissions economy.

Todd's natural gas helps maintain a reliable and affordable electricity supply during peak demand periods and produces fewer emissions than coal, which continues to be used to generate electricity to meet the New Zealand demand.

In parallel with developing our natural gas fields, Todd is now significantly increasing its renewable energy investments and is focusing on grid scale solar generation in New Zealand and other commercially viable projects in the Pacific Islands. In New Zealand, solar energy and natural gas are the ideal partners for a cleaner, affordable and reliable energy supply.

Todd will assess ongoing natural gas development opportunities in the Company's Canadian operations.

### Net-zero by 2045

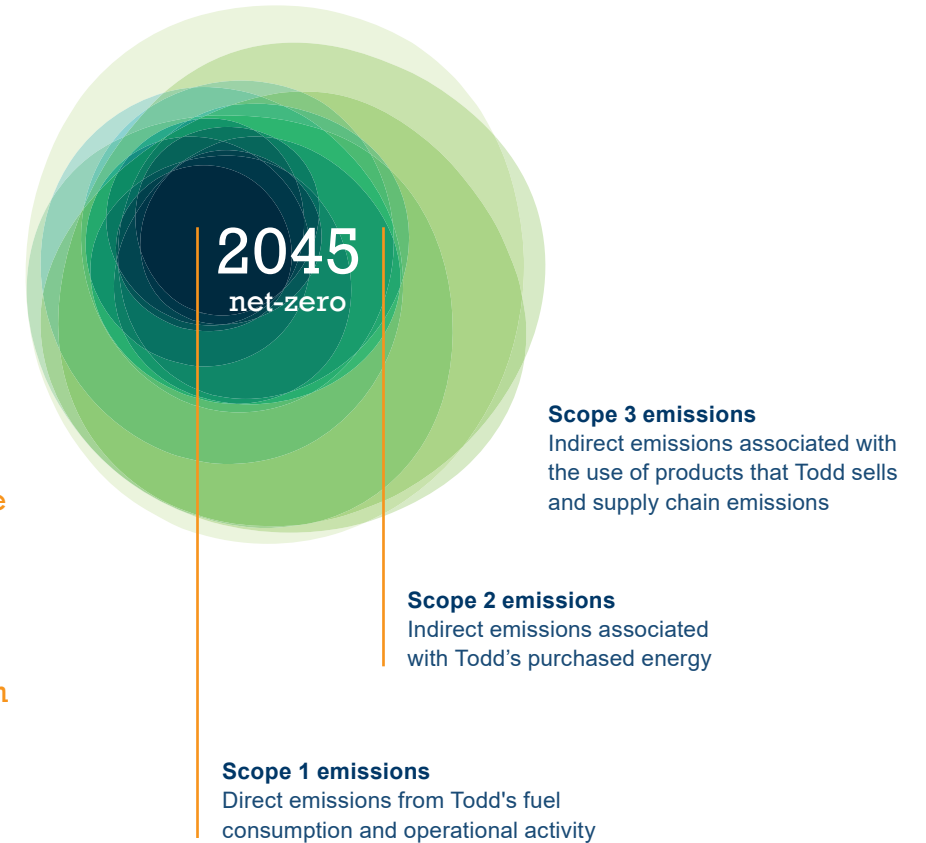
Todd committed to considering a long-term emissions reduction target in our internal 2020 Sustainable Development Report and we have now taken the material step of setting a target of net-zero Scope 1 and 2 emissions by 2045.

**Scope 1 emissions** are all the direct emissions resulting from Todd's activities. These are emission sources from activities Todd owns and operates, which are primarily our natural gas production facilities and electricity generation plants. Scope 1 also includes emissions generated away from sites when employees drive Company vehicles or operate our drilling rig.

**Scope 2 emissions** are the emissions associated with the generation of the electricity purchased across the entire Company.

**Scope 3 emissions** are all the indirect emissions resulting from Todd's activities. These are emission sources from activities that Todd does not own and are associated with customer use of Todd's product and from activities across our supply chain.

**Todd's 2045 commitment on Scope 1 and 2 emissions builds on the Company's existing five-year targets, which include reducing Scope 1 emissions by electrifying various upstream gas compression facilities that typically use natural gas engines and reducing fugitive methane emissions from gas processing facilities.**



## Biodiversity

Protecting the biodiversity where Todd operates is important to Todd's people and stakeholders, from indigenous communities and residents through to the Taranaki Regional Council. When developing wellsites and production facilities across the Mangahewa and Kapuni fields, Todd has invested in establishing local biodiversity assets. Todd creates some of its biodiversity projects as part of screening and reducing the impacts of wellsites and facilities. Others focus on protecting existing biodiversity on local farmland. Todd's biodiversity projects are often carried out in partnership with local hapū, schools, regional councils and the Department of Conservation.

From a baseline of 15 hectares, Todd's target is to increase the biodiversity area planted and/or under management by 200 per cent by 2025. Todd Energy and Nova Energy will each plant 15 hectares.

## Indigenous community development

Todd maintains close relationships with New Zealand tangata whenua and assigns cultural monitors to assess development activities involving ground disturbance. This ensures Todd takes all precautions to protect places sacred to indigenous groups in the traditional, spiritual, religious, ritual and mythological sense.

Todd's approach to Māori community development includes support for tangata whenua projects and infrastructure, delivering commercial opportunities through contracting local Taranaki hapū for Todd's catering and site servicing, and providing other employment opportunities through the Company's solar plant development.

Todd aims to increase the total annual economic opportunity for local tangata whenua annually out to 2025 and introduce a training and development programme specific to tangata whenua working in local industry by 2025.

## A more sustainable supply chain

As a major energy developer and producer in New Zealand, Todd is working to encourage sustainable practices across its supply network and supporting small businesses in Taranaki to set sustainability targets.

In 2021, Todd surveyed 67 of its suppliers to gather information about their sustainability practices which illustrated that a number of Todd's suppliers have active sustainable development workstreams.

Todd sees its 2021 work as a stepping stone to a broader workstream, which is to develop a supply chain sustainability programme which will include setting supply chain sustainability targets and understanding how Todd can support the small local businesses we work with to improve their sustainability performance.



This is Todd's first sustainable development report addressing financial risk associated with climate change. Todd has followed the TCFD recommendations that outline a framework for reporting climate-related information.

TCFD reporting features under **Material Topic 2 – Climate change**. In this section, Todd addresses the four TCFD disclosure themes below.

- Governance** ○ Todd's governance around climate-related risks and opportunities
- Strategy** ○ The actual and potential impacts of climate-related risks and opportunities on Todd's businesses, strategy, and financial planning where such information is material
- Risk management** ○ How Todd identifies, assesses, and manages climate-related risks
- Metrics and targets** ○ The metrics and targets Todd uses to assess and manage relevant climate-related risks and opportunities

**Todd's Operating Principles align with a number of the United Nations Sustainable Development Goals.**

The targets are included in corporate objectives and performance in achieving them is reported to the Board.

Sustainable development topic	5 year targets*	2021 progress	
	Operating Principles	United Nations Sustainable Development Goals	
<b>Emissions</b>			
	<b>Complete electrification of compression facilities which is expected to avoid ~300,000 tonnes of CO<sub>2</sub>e throughout the life of the compressors (estimate is for Todd's Scope 1 emissions and based on 2021 production profile)</b>	Project scope and approximately \$35m of funding approved. Engineering advancing for construction to begin Q1 2022.	On track
	<b>Invest \$2m in flare metering across Todd Energy NZ production facilities</b>	~\$900k spent on a new gas chromatograph at the McKee Mangahewa Production Station. Flare metering project to be advanced in 2022.	Work has commenced
	<b>Develop and implement a fugitive methane emissions programme at Todd Energy NZ</b>	Early research undertaken to determine appropriate technology. Field trials targeted for Q3 2022.	Work has commenced
<b>Climate change</b>			
	<b>Invest \$120m in renewable energy over a five-year period to 2025 either directly or in aggregate with a partner</b>	\$12m invested in 2020; \$6.8m invested in 2021.	On track
	<b>Develop 100MW of solar energy capacity either directly or with a partner</b>	493 MWh (1MW) generated in 2020; 2,778 MWh in 2021.	On track
<b>Indigenous community development</b>			
	<b>Double annual economic opportunity for local indigenous communities</b>	In addition to existing ongoing relationships, Todd provided economic support to an additional four tangata whenua entities for the first time in 2021.	On track
	<b>Introduce a training and development programme specific to tangata whenua working in local industry</b>	Project to be advanced in 2022.	Work has commenced
<b>Biodiversity</b>			
	<b>~200 per cent increase (30 ha) in biodiversity area planted and/or under management by 2025</b>	~0.5 ha planted. Planting disrupted due to Covid-19.	Work has commenced

\* Target end date 2025

Todd acknowledges the potential of the **17 United Nations Sustainable Development Goals (UNSDGs)** and the need for guidance in addressing the global challenges facing the international community.



Todd's sustainable development approach is consistent with a range of the UNSDGs, with affordable energy and responsible, reliable production critical to New Zealand's electricity security.

The 17 individual icons and a colour wheel visual identifier help promote awareness of the SDGs and highlight alignment with Todd's targets.

[More information.](#)



Todd's **Operating Principles**, which uphold the Company's decisions and actions across our operational businesses, align with seven of the UNSDGs, helping to guide Todd's approach to sustainable development.



### Value our people

Todd's strong people values create a workplace that fosters health and wellbeing. Decent work is at the core of employing the best staff in their fields, rewarding them well and assisting them to be the best they can be.

In turn, the Company contributes to economic growth in the areas where it operates, and employees support local community wellbeing.



### Care for the environment and community

Caring for the environment and community is key to how Todd develops its energy assets. Responsibly managing environmental impacts means Todd takes direct action to protect, restore and promote sustainable use of land, water and the biodiversity in and around its operations.

Todd is proactive about its community contribution and engagement activities and focuses on where it can make the greatest impact.



### Maintain high standards of conduct

Acting with integrity and adhering to the highest corporate and personal ethical standards have been a part of our approach since inception.

Todd maintains high standards of conduct, recognising the need to build strong partnerships and placing customer satisfaction at the centre of everything it does.

## Material topics

The material topics covered in Todd's 2020 sustainable development report continue to best reflect our business activities in 2021.

Todd identified the topics through engagement with internal relationship holders and stakeholders.

Todd also reviewed reports by peer companies and identified topics commonly reported by similar energy businesses.

Todd will conduct a full review of the material topics periodically, with future reporting providing an updated consideration of these topics.

Todd's sustainable development team assesses stakeholders' priorities by:

1 Meeting directly with a range of stakeholders

2 Incorporating previous feedback and input

3 Consulting key internal relationship holders on how external stakeholders perceive Todd's impacts and which topics are material in their relationships with Todd.

Our material topics are outlined below in order of priority to stakeholders.

- 1 Energy and emissions
- 2 Climate change
- 3 Community contribution
- 4 Biodiversity and environmental management
- 5 Market presence and conduct
- 6 Effluent and waste
- 7 Employee health, safety and wellbeing
- 8 Water
- 9 Honouring customers
- 10 Tax practices

Material topic 1  
**Energy and emissions**



Complete electrification of compression facilities which is expected to **avoid**

**~300,000**

tonnes of CO<sub>2</sub>e throughout the life of the compressors (estimate is for Todd's Scope 1 emissions and based on 2021 production profile)

Invest

**\$2M**

capital in flare metering across Todd Energy NZ production facilities

Develop and implement a **fugitive methane emissions programme** at Todd Energy NZ



Above: A Todd Energy Canada production operator checking a Variable Frequency Drive

**2021 highlights**

Todd Energy enhanced its **Low Emissions Future (LEF) project**.

**Compression electrification project approved. Construction will commence in 2022.**

**A new condensate stabilisation column was installed at the Kapuni Production Station using cogeneration steam as an energy source. This enhancement eliminates approximately 4,500 tCO<sub>2</sub>e emissions per year.**

**Opportunities**

- Opportunity to replace additional natural gas and diesel fuelled machinery with electric motors
- Natural gas peaking generation remains the most cost-effective means of enabling New Zealand to have a highly renewable electricity supply when hydro supply is limited and wind and solar are at low output
- Evaluation of costs and benefits of sequestering CO<sub>2</sub> as a method of reducing Scope 1 emissions

**Risks**

- Regulatory environment increases the cost of natural gas to customers which results in a less secure energy sector through the transition period as we move to a low carbon future



## Approach

As a leading energy and natural gas provider, Todd has a critical role to play in New Zealand's transition to a low emissions economy. The New Zealand Government's Emissions Reduction Plan recognises a role for gas in supporting the transition and has prioritised development of a Gas Transition Plan. Natural gas is likely to remain an important component of a secure and affordable New Zealand energy system for decades to come.

Todd's activities have significant carbon outputs. For economic and environment reasons, Todd's businesses continually seek to improve operational efficiency, which involves lowering the emissions of each unit of energy produced.

**Todd's emphasis on operational excellence means the business is constantly seeking ways to innovate and improve its activities.**

In recent years, Todd Energy has been working actively to reduce emissions from wellsite flaring and maximising gas recovery that is typically flared.

Todd is a mandatory participant in the New Zealand Emissions Trading Scheme (ETS) and surrenders 1 NZU for every 1 tCO<sub>2</sub>e of emissions from natural gas Todd produces in New Zealand. Todd believes the ETS must remain a key tool to reducing emissions in the New Zealand energy and industry sectors and that policy should work strategically alongside it.

## Results

In 2021, the combined Scope 1 emissions produced by Todd Energy, Nova Energy, Todd Energy Canada and Todd's corporate office totalled 891 kt CO<sub>2</sub>e.

These entities' Scope 2 emissions from purchased electricity totalled 3 kt CO<sub>2</sub>e and the total Scope 3 emissions generated by end users of gas sold by these entities was 3161 kt CO<sub>2</sub>e. These entities' combined Scope 1, 2 and 3 emissions for 2021 totalled 4055 kt CO<sub>2</sub>e.

In Todd's 2020 sustainable development report, the Company stated that Scope 1, 2 and 3 emissions were 1,516 kt CO<sub>2</sub>e, 3 kt CO<sub>2</sub>e, and 3,299 kt CO<sub>2</sub>e, respectively. Todd is correcting and restating these 2020 Scope 1, 2, and 3 emissions in this report to 1,014 kt CO<sub>2</sub>e, 3 kt CO<sub>2</sub>e, and 3,487 kt CO<sub>2</sub>e, respectively. The reasons for

Table 1: kT CO<sub>2</sub>e emissions for 2020 and 2021\*

Todd Entity	Scope 1		Scope 2		Scope 3	
	2021	2020	2021	2020	2021	2020
Todd Energy NZ	316	339	3	3	2,868	3,487
Todd Energy Canada	12	Not separately reported in 2020	-nil-	Not separately reported in 2020	293	Not separately reported in 2020
Nova Energy NZ	563	675	-nil-	-nil-	-nil-	-nil-
<b>Total</b>	<b>891</b>	<b>1,014</b>	<b>3</b>	<b>3</b>	<b>3,161</b>	<b>3,487</b>

Table 2

Key production/generation metric	Unit	2021	2020
Natural gas produced	PJs	58	69
Condensate	kbbls	1,430	1,814
LPG	kt	32	31
Electricity generated	GWh	666	906

restating Todd's 2020 emissions are to correct an error where certain Scope 1 emissions were inadvertently double counted and to reallocate some Scope 1 emissions to Scope 3 emissions. The net result is a reduction in total Scope 1, 2 and 3 emissions from 4,818 kt CO<sub>2</sub>e to 4,504 kt CO<sub>2</sub>e.

Differences in emissions between 2021 and 2020 are attributed to differences in the amounts of natural gas, other petroleum products produced, and electricity generated.

Lower natural gas and condensate production in 2021 compared with 2020

is attributed to natural decline of one of Todd's joint-venture offshore New Zealand assets and lower deliverability from some of Todd's New Zealand onshore assets.

Nova Energy volumes were lower in 2021 due to a combined gas sales and electricity hedging transaction.

\* Scope of emissions were determined at Company level, e.g. Todd Energy natural gas sold and used by Nova Energy is considered Nova Energy's Scope 1 emissions

## Reducing operational emissions in New Zealand

Todd has committed to becoming a netzero company by 2045 on our Scope 1 and 2 emissions. The Company's long-term emissions target is consistent with current New Zealand government policy and reflects our commitment to supporting a transition to a low emissions economy at the lowest cost to New Zealanders.

Todd Energy's Low Emissions Future (LEF) project is a multi-year initiative aimed at reducing emissions from gas production. As part of the LEF project, Todd Energy is developing a long-term phased internal and external engagement strategy to help communicate its emissions reduction journey to staff, community, and stakeholders as required.

In 2021, Todd formed a Group Carbon Strategy Steering Committee involving the senior management team, which co-ordinated and stewarded the various carbon risk reduction and carbon value creation initiatives across the Group. In addition, Todd established a team to highlight climate change risks and mitigation, which included climate change policies, carbon pricing, lending and insurance requirements, litigation, and physical climate risk.

### Emissions reduction initiatives

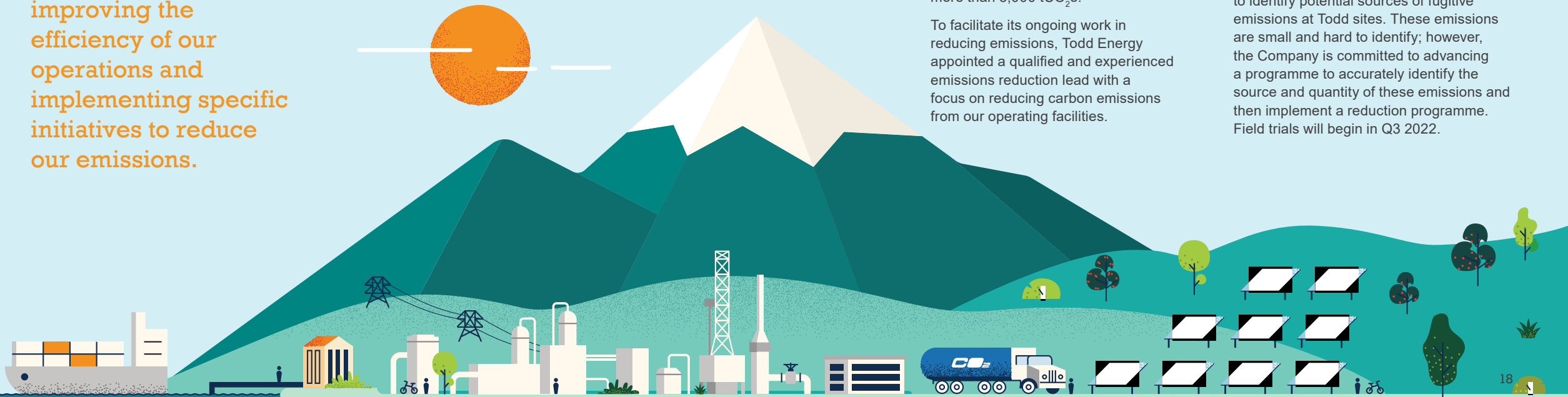
In 2021, Todd Energy installed a new condensate stabilisation column at the Kapuni Production Station. At this site, Todd obtains process heat from cogeneration steam rather than natural gas. The Mangahewa Expansion Compression (MEC) system at the McKee Mangahewa Production Station was also upgraded to reduce fuel gas use. Combined, these two projects reduced Scope 1 emissions by more than 5,000 tCO<sub>2</sub>e.

To facilitate its ongoing work in reducing emissions, Todd Energy appointed a qualified and experienced emissions reduction lead with a focus on reducing carbon emissions from our operating facilities.

Todd Energy is drafting a new systematic emissions reduction and energy efficiency programme, which will determine how it will manage and reduce greenhouse gas emissions effectively over time. Although the programme is in the early draft phase, many new initiatives have been identified for future implementation.

To reduce fugitive methane emissions from operations, research is underway on suitable vendors with the technology to identify potential sources of fugitive emissions at Todd sites. These emissions are small and hard to identify; however, the Company is committed to advancing a programme to accurately identify the source and quantity of these emissions and then implement a reduction programme. Field trials will begin in Q3 2022.

Todd is continually improving the efficiency of our operations and implementing specific initiatives to reduce our emissions.



Todd's research into flare metering across production facilities is ongoing. Flare metering will help monitor flaring events and develop solutions to continue to reduce flaring and associated noise. In 2021, Todd Energy reduced the duration that compressors flare gas after tripping (stop running unexpectedly). Based on historic trip frequency and duration, Todd expects this change to reduce flared gas energy by 9 TJ per year and reduce emissions by 475 tCO<sub>2</sub>e per year.

Primary contributors to increased flaring at MHW in 2021 were well testing, a coiled tubing clean out and additional clean-up operations. Increased flaring at MMPS was due to power trips caused by bad weather, routine maintenance, and an unplanned compressor shutdown. Flaring occurred during these events.

In 2021, Todd Energy produced a detailed outline of its compression electrification project, received financial approvals, and initiated procuring long delivery equipment.

#### Flared gas volumes at Todd Energy

Facility	Flared Gas Energy (TJ)	
	2020	2021
Kapuni J wellsite	-	4.7
Kapuni Gas Production Station	1.6	1.4
McKee Mangahewa Production Facilities (MMPS)	71.0	95.0
Mangahewa C wellsite	6.1	6.1
Mangahewa D wellsite	8.9	14.0
Mangahewa G wellsite	20.8	41.6
Pohokura*	-	4.6
Tikorangi 3	-	1.2

\* This number reflects Todd's 26 per cent share

Engineering also progressed to allow for construction to commence early in 2022.

Todd reduced its total energy consumption as a direct result of conservation and efficiency initiatives by 45.5 TJs in 2021.

#### Energy use

Todd uses electricity and heating and cooling systems across its business activities. In 2021, the total electricity consumption within Todd Energy NZ, Nova Energy and the corporate office was approximately 36 gigawatt hours (GWh).

Nova Energy generated 666 GWh and sold 1,618 GWh. The net 2021 electricity consumption for our New Zealand based operations (electricity consumed less electricity sold) was ~1,582 GWh.

#### Green well completions

Todd Energy's integrated approach to achieving green well completions involves a hydrocarbon recovery efficiency of at least 90 per cent during well completion activities. Four wells drilled throughout 2021 used this approach, resulting in reduced flaring and elimination of approximately 1,470 tCO<sub>2</sub>e. This is equivalent to the annual electricity emissions of approximately 1,700 New Zealand households.



Above: The Big Ben rig at the Kapuni J wellsite in South Taranaki

## Reducing operational emissions in Canada

Todd Energy Canada Limited (TEC) is a 100 per cent owned subsidiary of Todd with a head office in Calgary, Alberta and a total of 11 employees. TEC is the operator in a 50/50 joint venture with Tourmaline Oil Corp (TOU) in the Birch development.

Birch covers approximately 43,000 acres of land in the Montney Basin in Northeast British Columbia which is a significant gas producing region with world scale resources.

A vapour recovery system at the Birch field gas production site minimises flaring and venting.

### Energy use

Because of the remote location, TEC does not consume grid supplied electricity in its operations. TEC self generates its own power for general plant and uses natural gas engines to drive its process compressors. TEC's total 2021 energy consumption for its operations was ~188 TJs.

### Emissions reduction initiatives

In 2021, TEC installed a solar battery system with a backup generator to provide electricity to power an air compressor package. This replaces the use of natural gas for pneumatic controllers and reduces Scope 1 CO<sub>2</sub>e emissions by ~600 tonnes per year. Five well pads now have solar panels and battery storage for routine operations.

The British Columbia (BC) Government has enacted climate action legislation that frames its approach to reducing emissions and transitioning to a low carbon economy. TEC must provide methane emissions reduction and greenhouse gas reports to the BC Government once a year as per the Greenhouse Gas Emission Reporting Regulation. TEC is fully compliant.



## Other emissions

Overall, Todd activities in New Zealand and Canada produce no significant air emissions of nitrogen oxides (NOX) or sulphur oxides (SOX).

Left: Todd Energy Canada's Birch site in Northeast British Columbia

# 5 year targets

Complete electrification of compression facilities which is expected to

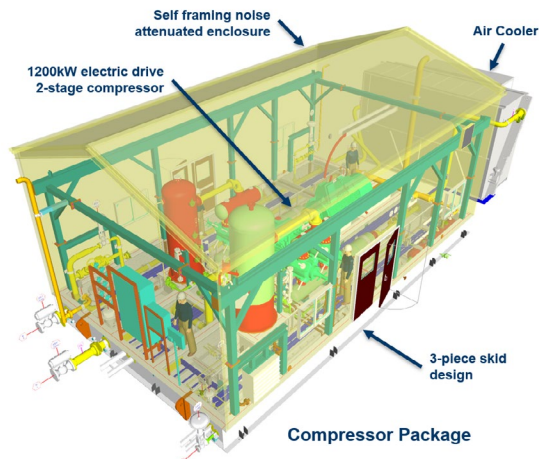
avoid  
**~300,000**

tonnes of CO<sub>2</sub>e throughout the life of the compressors (estimate is for Todd's Scope 1 emissions and based on 2021 production profile)

Develop and implement a **fugitive methane emissions programme** at Todd Energy NZ

Invest  
**\$2M**

capital in flare metering across Todd Energy NZ production facilities



## Electric compressors

Todd Energy has received internal approval of ~\$35 million for a compression electrification project. Engineering commenced in Q3 of 2021 and Todd ordered compressors soon after.

The Company advanced detailed engineering so construction of electric drive compression for our Mangahewa C and D wellsites can commence in Q2 of 2022. Todd expects the compressors will be online by Q2 2023 to abate ~9,700 Scope 1 tCO<sub>2</sub>e emissions per year.



Far left: A rendering of Todd's new electric compressors

Left: Todd is testing acoustic monitoring technology to identify high-frequency sounds from fugitive emissions

## Fugative emissions

Todd is researching effective and innovative solutions to reduce and eliminate fugitive methane emissions from its various production facilities.

A high-level study on fugitive methane emissions began at Todd Energy in 2021. The study included the screening of technologies, such as sensors, that can identify fugitive emissions. Studies are underway on technologies that mitigate emissions, either by destroying or capturing.

In 2022, Todd plans to conduct field trials of various technologies, measure their effectiveness, and finalise a fugitive emissions management system by 2023.

## Flare metering

Todd Energy installed a new gas chromatograph at the McKee Mangahewa Production Station which enables more accurate measurement of any flaring emissions. The Company spent ~\$900k on this project.

## Todd's role in New Zealand's energy sector

### Natural gas

Natural gas is an important energy source for New Zealand, helping to meet the needs of over 300,000 customers<sup>1</sup>. New Zealand businesses use natural gas process heat, including in combined heat and electricity cogeneration facilities at dairy factories. It is also used to produce methanol and urea for fertiliser.

Todd Energy NZ produces approximately one-third of New Zealand's natural gas from onshore natural gas fields at Kapuni, McKee and Mangahewa, and through our 26 per cent interest in the Pohokura natural gas field. Todd has been providing reliable and affordable primary energy to New Zealand industry and households since the commissioning of the Kapuni field in 1970.

Through Nova Energy, Todd generates electricity at two 100 MW fast-start natural gas fired peaker plants in Taranaki and at cogeneration plants at Kapuni, Whareroa and Edgumbe. Natural gas power plants are the ideal enabler for renewables, providing electricity on demand when hydro, wind and solar power are unable to meet demand. Nova Energy has 37,000 customers who rely on natural gas.

<sup>1</sup> Source: Gas Industry Company website <https://www.gasindustry.co.nz/about/about-the-industry/>



Above: Todd's Junction Road Power Plant in North Taranaki

Natural gas has a critical role to play if New Zealand is to achieve a sustainable net carbon position by 2050 without considerable detriment to the economy.

### Solar

Nova Energy has a majority stake in Sunergise New Zealand Limited and Sunergise International Limited and is leveraging its expertise and success in solar projects in the Pacific Islands and New Zealand to build its sustainable energy

business. Bringing grid scale solar offerings to market will be key to the transition to renewables and helping New Zealand meet its climate change objectives.

In 2020, Nova Energy generated 493 megawatt hours (MWh) of solar energy in New Zealand and in 2021, this increased to 2,778 MWh. Todd is also progressing its Sunergise Tonga solar project, which has a capacity of 6 megawatts (MW) and will displace 8,500 tCO<sub>2</sub>e annually by reducing reliance on diesel powered generators.

Todd commissioned the 2.1 MW Kapuni Solar Plant in June of 2021 in Taranaki. The Company has identified additional renewable energy sites at Rangitāiki and in the lower South Island for future developments.

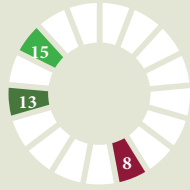
See [Material Topic 2 – Climate Change](#) for more information on our solar development.

## Evaluating results

The Covid-19 lockdowns in 2021 impacted business operations and Todd's ability to progress various emissions reduction projects. However, the Company's continued research and application of emissions reduction and energy efficiency systems helped evaluate results, successes, and identify opportunities for further reduction.

Todd will finalise its emissions reduction and energy efficiency programme by Q3 2025. Todd will report ongoing results, including the effectiveness of the programme, in the annual sustainable development report. The responsibility for these targets is with Todd Energy and Nova Energy.

Material topic 2  
**Climate change**



Invest  
**\$120M**

in renewable energy over a five-year period to 2025 to 2025 either directly or in aggregate with a partner

Develop  
**100MW**

of solar energy capacity either directly or with a partner



Above: Members of the Kapuni Solar Plant construction crew

**2021 highlights**

The Kapuni Solar Plant in South Taranaki was completed and connected to the grid.

Nova Energy entered a contract to purchase a 1,000 ha dairy farm at Rangitāiki, with plans to turn the site into a 400 MW solar power plant in various stages.

Todd conducted an internal climate-related transitional risk assessment survey and workshop involving specialists from across the Company.

**Opportunities**

- Further embed TCFD reporting into future sustainable development reports, including modelling of Todd's significant transitional risks
- Enhance the consideration of climate related risks and opportunities by creating a Todd charter and a formal process for annually reviewing climate related risks and opportunities
- Business diversification with a focus on sectors that are expected to enable the transition to a low-emissions future

**Risks**

- Cost escalation of solar plant materials and construction

See **TCFD Qualitative Transitional Risks Assessment** in Appendix 2

## Approach

Climate change is an increasingly critical issue for Todd and key stakeholders, and an area of risk and opportunity for the Company.

As a producer of natural gas, Todd supports a robust ETS as a key mechanism to reduce emissions in the energy and industry sectors.

It is Todd's view that natural gas will continue to have a key role to play as a feedstock and fuel to our export industries and as a lower emissions option for industries that would otherwise rely on coal.

Todd Energy and Nova Energy play a crucial role in an evolving New Zealand energy sector.

It is Todd's view that the New Zealand government's approach is to keep natural gas in the system via natural gas-fired peaker generation to achieve a sustainable net carbon position by 2050.

Simultaneously, it will foster an environment that stimulates renewable generation, something Todd is well placed to be a part of as the Company's solar strategy progresses.

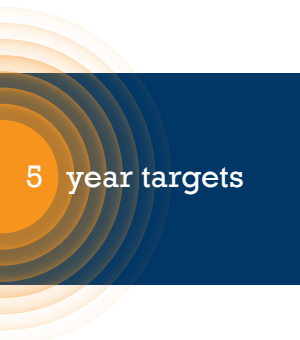
Todd operates steering committees that consider specific aspects of climate related risks and opportunities. Existing committees cover areas including solar, low-emissions and carbon.

**With electricity demand projected to grow, natural gas power plants are the ideal enabler for renewables, providing affordable, reliable energy when hydro, wind and solar generation are unable to meet demand.**



New Plymouth, New Zealand





Invest  
**\$120M**

in renewable energy either directly or in aggregate with a partner

Develop  
**100MW**

of solar energy capacity either directly or with a partner



## Climate risks and opportunities

Systematically assessing the effects of climate change on our businesses and investments is crucial to our operations and sustainability as a company. In the internal 2020 Sustainable Development Report Todd outlined its commitment to refer to TCFD recommendations in future reporting.

Read our 2021 Task Force on Climate-related Financial Disclosures.

### Kapuni Solar Plant

In June 2021, Nova Energy commissioned the Kapuni Solar Plant in South Taranaki. The grid-connected 2.1-megawatt (MW) plant comprises 5,800 solar photovoltaic panels. The project execution involved strong partnerships with suppliers, contractors and local hapū, with more than 50 per cent of the workforce coming from Ngāti Manuhiakai and Ngāti Tu Hapū (five tangata whenua). Local hapū also provided cultural monitoring services for the sixmonth project which commenced in December 2020.

Senior members of Ngāti Manuhiakai Hapū recited karakia before any earthworks commenced.

From June to December 2021, the Kapuni Solar Plant generated 1,907 MWh of electricity, which was enough electricity to power 500 average New Zealand homes. Over the period it also had availability of ~100 per cent.

### Tonga solar

Despite the significant logistical and supply chain challenges caused by the Covid-19 pandemic, Nova Energy affiliate Clay Energy achieved mechanical completion of three solar plants in Tonga in 2021. A locally trained workforce was recruited to complete solar construction.

### Solar investment

In early 2021, Todd entered a contract to purchase a ~1,000-hectare dairy farm at Rangitāiki. Todd also entered a contract to acquire a ~900-hectare property in the South Island adjacent to a Transpower substation, which has potential to host up to a 300 MW solar power plant.

Todd intends to use its skills and capabilities gained in the development of the Kapuni Solar Plant to develop the Rangitāiki and South Island projects.

Todd's total investment in renewable energy in 2021 was \$6.8 million. This will increase significantly in 2022 when Todd settles on the Rangitāiki dairy farm and South Island land purchases.

## Evaluating results

**Todd will evaluate results every year through integrating sustainable development targets into investment processes, business risk registers and governance responsibilities.**

**Todd will report the results, including the effectiveness of the management approach, in the annual sustainable development report. The responsibility for this is with Todd Energy, Nova Energy and the corporate office.**

**The commissioning of the Kapuni Solar Plant was an important milestone in Todd's solar strategy and commitment to helping provide clean electricity to New Zealand communities.**



## TCFD

The following pages provide the basis of our 2021 TCFD reporting. It sets out:

- **Governance of climate risks at Todd**
- **Todd's strategy and risk management framework**
- **Further detail on climate-related risk categories**
- **Key climate risks for Todd and how these are being managed**

## Governance

The Todd Board and Executive have formal oversight of sustainable development issues and Todd's overall approach to sustainable development. The Board approves Todd's sustainable development targets, policies, and any commitments.

Todd's Executive, including Divisional CEOs and the Group CFO and Services, lead the sustainable development programme using a steering committee format. Board and management meet to discuss and make decisions on sustainable development related matters as they arise. In the last 12 months, the Board has considered climate-related risks, including carbon price impact, government policy, and physical and transitional climaterelated risks.

Collectively, Todd's Executive has broad experience supporting sustainable development across multiple sectors including oil and gas, retail electricity and energy generation, mining, property, and healthcare.

The Todd Executive Group Manager, HSE and Project Engineering, manages Todd's sustainable development programme.

### The Board

The Todd Board of Directors has broad strategic and business risk management oversight responsibilities that include climate change.

The Company maintains a Group-wide risk register that identifies the most material risks. The Board reviews this on an annual basis. Management provides ongoing in-depth analysis of the most critical risks on a quarterly basis. Climate change is specifically included as a risk area in the risk register and has the potential to impact many of the other risks.

The Board approves and monitors the effectiveness of the Company's vision for sustainable and responsible long-term growth, including strategies relating to managing greenhouse gas emissions and establishing and achieving emission reduction targets.

### Executive leadership and management

Todd's Executive provides strategic and tactical guidance to the organisation and ensures that adequate resourcing is available to meet the various climate risk identification and mitigation challenges.

Several Group-wide steering committees and less formal working teams address:

- Sustainable development performance data collection and reporting across the Group
- Carbon policies and how these potentially impact the Company in the near, medium, and long-term
- Identification of potential opportunities that climate change could create
- Climate change risk management

The work completed by these various committees and teams is reviewed by the Executive then by the Todd Board of Directors where appropriate.



**TCFD**

Governance

Strategy

Risk management

Metrics and targets

## Strategy

Todd operates steering committees that consider specific aspects of climate-related risks and opportunities. Existing committees cover areas including solar, low-emissions and carbon.

### Climate change risk mitigation strategies

Todd's Executive is responsible for the development and implementation of key climate change risk mitigation strategies that include:

- Establishing a long-term emissions target and monitoring progress
- Reducing natural gas production emissions by electrifying compression facilities
- Identifying sources of methane fugitive emissions and working to minimise or eliminate
- Exploring ways of reducing emissions through energy efficiency improvements in plants
- Considering portfolio diversification to include more businesses with low emissions

- Continuing to invest in renewable energy and installing grid-scale solar generation of approximately 100 MW by the end of 2025 directly or with a partner

### Effectively using natural gas through the energy transition

Natural gas, as opposed to coal, reduces emissions by 50 per cent when producing electricity and by 33 per cent when providing heat<sup>1</sup>.

Todd continues to align with gas industry best practices to ensure the Company reduces emissions intensity.

Continuing to develop and enhance natural gas supply also allows for the introduction of new low-emissions energy sources, such as hydrogen, into existing distribution infrastructure and end user appliances.

<sup>1</sup> Source: International Energy Agency (2019) 'The role of gas in today's energy transition'. IEA Publications. Pg 16



**Above:** Todd's Kapuni Solar Plant in South Taranaki



TCFD

Governance

Strategy

Risk management

Metrics and targets

## Risk management

### Risk management framework

Todd bases its risk management framework on recognised standards. This framework identifies and assesses all types of risks, including risks related to climate change. The framework seeks to ensure Todd mitigates these risks in accordance with its risk appetite.

Todd has an underlying philosophy of managing risks to a level that is 'as low as reasonably practicable' (ALARP), which reduces risks to such a low level that the resources required to reduce them further are grossly disproportionate to the amount of further risk reduction that is possible.

### Key risks

#### Climate change policy or regulation

The risk of changes to the regulatory environment can expose all businesses. However, Todd's risk is elevated as governments throughout the world implement regulatory or policy responses to mitigate the risk of climate change.

Key regulatory areas that could be subject to the change include carbon pricing and permitting and consenting for fields and operations. Todd engages with regulatory bodies and policy makers to seek an understanding of any potential changes and to input into policy change decisions as part of normal consultation processes. Todd will seek renewal of its existing permits and consents before they expire.

Todd continues to consider various strategic options that mitigate our carbon emissions and new opportunities that are either low carbon or benefit from lower emissions.

#### Customer concentration

Todd continues to review its customer base to see how various government policy and/or regulatory changes to its businesses could impact the Company.

The Company seeks to diversify its customer base to reduce the risk of exposure should a key customer cease operations.

#### Community

Changing public concerns relating to climate change could impact community and indigenous groups' support of Todd's ongoing operations.

This community sentiment could also worsen other risks influenced by reputational matters. This includes Todd's:

- Access to bank lending for its natural gas businesses. [Appendix 2](#) discusses this further
- Ability to attract and retain high calibre employees. Perceptions on the sustainability of the sectors that Todd operates in could impact the desirability of natural gas development as a career path and Todd as an employer

The key for mitigating these risks is transparent and ongoing dialogue. This will help Todd consider employee and community expectations in future development plans.



**TCFD**

Governance

Strategy

**Risk management**

Metrics and targets

## Risk management

TCFD groups climate-related risks into two categories – physical risks and transitional risks.

Physical risks are those related to the physical impacts of climate change, such as extreme weather events, sea-level rise and water stress. Todd's physical risk exposure is assessed as moderate to low at a 2050 time horizon.

Todd engaged S&P Global to complete an assessment of the physical risk exposures to climate change across Todd's assets.

This analysis considered:

- The specific locations of 34 assets and site locations in New Zealand, Australia and Canada
- The impact of seven climate hazards at these locations
- The impact of three temperature change scenarios, over three time periods: 2020 (baseline), 2030, 2050 on these locations

The report concluded that Todd's higher risk physical climate change exposures relate to wildfire risk for the Todd Energy Canada Birch production facility.

Transitional risks are those related to the transition to a lower-carbon economy and include policy, legal, technology, market and reputational risks.

For the 2021 report, Todd has supplemented the business risk assessment by advancing the early scope definition stages of a detailed transitional risk assessment.

Participants from across the Group have identified a series of potential transitional risks, and these were then ranked.

The highest potential risks are:

- Natural gas demand destruction
- Carbon pricing movement
- Availability of debt and insurance

The risks identified through this transitional risk assessment will be incorporated into the Group's overall risk management processes starting in 2022.

Quantitative analysis of these risks will be assessed starting in the fourth quarter of 2022 and continuing into 2023. This timing is based on a requirement to gather various internal scenario modelling inputs and allows us to review sector modelling protocols with our external consultants as they mature over time.



**TCFD**

Governance

Strategy

Risk management

Metrics and targets

## Metrics and targets

Please refer to the emissions reduction initiatives and targets identified in the **Sustainable Development at Todd** section of this report and **Material Topic 1 – Energy and emissions**.

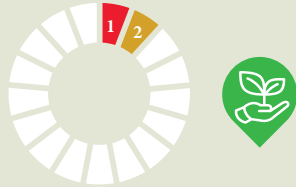
In addition, while a second order impact to Todd, water use and conservation may be increasingly influenced by climate change in the geographical regions where Todd operates.

**Material Topic 8 – Water** outlines Todd's approach to responsible water use.



**Right:** One of Sunergise International's solar installations in Tonga

Material topic 3  
**Community contribution**



**Increase annual economic opportunity for local indigenous communities**

**Introduce a training and development programme specific to tangata whenua working in local industry**



Above: A community meeting at the Kapuni J wellsite, July 2021

**2021 highlights**

Local Māori surveyed by the Ministry of Business Innovation and Employment identified Todd as the operator of choice following permit reporting.

Volunteer leave was introduced by Group HR, providing one day of paid leave per calendar year for Todd employees to undertake volunteer work for a community organisation or charity.

Todd encountered no significant community disputes in 2021.

**~50%**

of the Kapuni Solar Plant construction crew were local Ngāti Manuhiakai or Ngāti Tu Hapū members. This equated to five tangata whenua.

**~80%**

of the construction costs of the Kapuni J wellsite was spent in New Zealand, with ~75 per cent being spent directly in Taranaki.

**Opportunities**

- Investigate opportunities for formal partnership agreements with iwi and hapū

**Risks**

- Negative public sentiment towards fossil fuels in the communities where Todd operates

## Approach

Todd is an active participant in the communities it operates alongside. Todd relies on the support of communities to operate effectively and strives to positively contribute to those communities by delivering opportunities, benefits and development to the region. Todd respects the cultural diversity in these communities and the values and perspectives of our stakeholders.

Todd Energy Canada's (TEC) development is in the Blueberry River First Nations (BRFN) traditional territory. TEC engages with area residents and the BRFN community. TEC engages with BRFN early, prior to applying for permits, by seeking the assistance and approval of BRFN elders during archaeology investigations.

As a leading Taranaki energy operator and employer, Todd Energy proactively engages to ensure communities and iwi/ hapū play a meaningful role in the discussions, decision-making, outcomes, and implementation of Todd projects which may affect them. Todd also seeks to establish partnerships and initiatives in conjunction with community and iwi and hapū groups and support activities that are important to them.

Todd Energy maintains a close relationship with Te Atiawa, Ngā Ruahine, Ngāti Mutunga and Ngāti Maru Iwi and some of their hapū.

## Energy in the Community framework

Todd Energy's 'Energy in the Community' framework illustrates how the Company contributes to community wellbeing and economic growth by producing natural gas for New Zealand in an environmentally responsible manner.

The Energy in the Community framework targets core focus areas:



## The framework aims to:

- Create diverse energy industry employment opportunities in a vibrant community with a high quality of life
- Inspire careers in science, engineering and trades in the natural gas industry
- Responsibly manage the environmental impact of our activity, making positive contributions to enhancing our local environment
- Respect the mana whenua held by the iwi and hapū in our permit areas, working together to reach positive solutions
- Create strong growth, supporting the national and local economies and growth of jobs in Taranaki
- Have an exemplary, high-performing business achieving economic gains and community benefits through innovation and advances in science and engineering

## Highlights include:

- Continuing commitment to excellence in health, safety and environment
- Providing affordable, reliable supply of energy as we transition to low-emissions economy
- Employing local hapū
- Providing support for community facilities and infrastructure
- Promoting STEM – science, technology, engineering and maths
- Creating a culture of continuous improvement
- Initiatives to enhance biodiversity





## Community contribution

Across Taranaki, Todd Energy provides significant financial support to community facilities and infrastructure, helping to create a stronger, more connected community.

As one of the largest companies in the Taranaki region, Todd Energy aims to make a positive impact in the community by providing a range of employment opportunities for local people. From individual Todd Energy employees to the wide range of contractor companies who support our operations, Todd make's fostering personal and economic growth and wellbeing in the region a key priority.

### Choosing local

In 2019, Todd commenced construction of the facilities at the Kapuni J wellsite in south Taranaki. By the time these facilities were complete in 2021, ~80 per cent of the construction costs were spent directly in New Zealand and ~75 per cent in Taranaki alone. In 2021, a new stabiliser column at the Kapuni Production Station was fabricated entirely in Taranaki by a local contractor before being installed on site.

Todd's approach to procurement means that, wherever possible, we prioritise working with local contractor companies to support operations. This includes both contract companies whose employees work at our production stations daily, and those Taranaki and New Zealand-based suppliers who provide design, manufacturing, and fabrication solutions to Todd Energy and Nova Energy.

### Supporting education

In addition to creating employment and procurement opportunities, Todd supports the development of the next generation of minds in the energy industry, promoting the uptake of STEM (Science, Technology, Engineering and Maths) subjects. Todd Energy is a long-time sponsor of the local Engineering and Electrical Apprenticeship Awards, and the annual local primary and secondary school science and technology fairs.

Todd Energy also operates an annual paid summer internship programme, employing university students from across the country for an 8–10-week period each year. Onsite tours for school groups and educational talks are regular features on Todd Energy's annual events calendar.

The Company supports several engineering and earth science-focused university student associations each year, providing both funding and knowledge-sharing opportunities through the delivery of industry presentations.

In 2021, Nova Energy continued with its long-standing support of Duffy Books in Homes and with two key Whakatane community events, Cram the Van, and the Christmas Parade. Duffy Books in Homes aims to encourage reading and supports students in having access to books, delivering over 100,000 new books to Kiwi children three times a year. The 'Cram the Van' event gives back to families in need at Christmas time by providing food and gifts to make their Christmas more special.

After a fire destroyed eight classrooms, a staffroom, and a toilet block at Apanui Primary School in 2021, Nova Energy's Whakatane team stepped up to support the community by organising a book collection and stationery for the school. Staff in the Whakatane office donated the books and the stationery supplies were donated on behalf of Nova Energy.

**Right:** Nova Energy supported the 'Cram the Van' event, which is about giving back to families in need at Christmas



# 2021

## Key contributions

In 2021, Todd Energy continued its community support programme in the Taranaki region through sponsoring:

St John Ambulance

Big Brothers Big Sisters (Taranaki)

WISE Charitable Trust's Healthy Homes Initiative

Trees for Survival (Taranaki)

New Plymouth District Council's Water Safety Programme

Taranaki Retreat

Todd Energy Aquatic Centre

Taranaki Surf Lifesaving Rescue Squad

Coastguard Taranaki



**Above:** The new Todd funded jet ski gifted to the Surf Lifesaving Rescue Squad in Taranaki

### Taranaki Surf Lifesaving Rescue Squad

Todd Energy funded the purchase of a second jet ski to use as a primary rescue craft. The older model purchased a few years prior with support from Todd Energy is now used as a backup and training device.

### WISE Charitable Trust's Healthy Homes Initiative

As part of WISE Charitable Trust's Healthy Homes Programme, Todd Energy funded the remediation of approximately 10 homes to make them healthier. This involved the installation of thermal-backed curtains, heaters, carpet, draught stoppers or outside clothes lines. Todd Energy will fund the remediation of an additional 20 homes in 2022 and 2023.



**Above:** St John Ambulance's Stratford hub, built with the support of Todd Energy

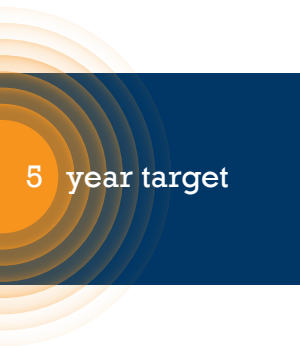
### St John Ambulance

St John Ambulance's Stratford hub was completed in 2021 with the support of Todd Energy and is now 100 per cent operational. The hub includes a full ambulance station with two ambulances, one that provides a 24/7 service and one that is daytime only. There is also an Extended Care Paramedic onsite. The hub accommodates other activities such as St John Youth Division, Taranaki District Area Committee meetings and first aid training, and is available for local groups to hire.

### Big Brothers Big Sisters Taranaki

Todd Energy is the principal sponsor of the Big Brothers Big Sisters (BBBS) Taranaki mentoring programme. The programme matches young people between the ages of six and 18 with volunteer mentors and follows the principle of tuakana teina (older person-younger person relationship) where both parties can support and learn from each other. With Todd's sponsorship, BBBS plans to grow the number of matches over the next few years.

As well as working closely with local schools, sports clubs, and local iwi and hapū, Todd Energy supports many smaller community groups, including START Taranaki, Ngā Mātāwaka Hapai mentoring programme and the Rongo Taua Charitable Trust.



5 year target

**Introduce a training and development programme specific to tangata whenua working in local industry**

Todd Energy is progressing with a Cultural Investment Strategy, which will include recommendations regarding a training and development programme specific to tangata whenua working in local industry. Todd expects the strategy to be completed by the end of 2022 and suitable recommendations implemented in 2023.

**Todd Energy holds regular community events and forums throughout the calendar year to engage with its local communities and receive feedback on its activities.**

These regular events provide the opportunity to design, review and improve any processes and mechanisms following feedback.

Quarterly newsletters provide locals with information on Todd Energy’s operations, environmental and community initiatives, and low emissions future projects.

Nova Energy holds information sessions for communities near its power plants as and when required.

**Right:** A Todd Energy Community Partnerships employee meeting with a stakeholder

3

Community Advisory Group (CAG) meetings a year

3

open community meetings a year



3 community consultation forums a year



Multiple hosting events and one-on-one, face-to-face, interactions





## Complaints and disputes

Todd Energy and Nova Energy are aware their operational activities can cause a range of impacts for stakeholders and aim to respond and rectify complaints promptly.

Todd Energy employees record community or stakeholder grievances and refer these to the Community Partnerships team. The team records and tracks any grievance until it reaches a resolution, clarity or satisfaction. The nature of the grievance will determine the required response and actions. Communications with any grieving party are regular and prompt.

Each significant Todd project or installation requires a Stakeholder Management and Communications Plan or Site Stakeholder Management and Communications Plan. These plans outline complaints or grievance management processes. Todd tracks and categorises grievances using a reporting system called Land Access Management Application (LLAMA). Reports are generated based on site, nature of grievance and active/closed status. The information gathered from these reports results in changes to the way Todd communicates and manages certain operational activities.

**Left:** A wellhead at Todd Energy Canada's Birch site

### Todd Energy

There were 26 external complaints received by Todd Energy in 2021. Todd addressed and resolved 96 per cent of these complaints and 4 per cent are ongoing. No complaints required mediation. The themes for complaints included vehicles (23 per cent), noise (65 per cent), visual (4 per cent) and other (4 per cent).

Todd Energy had no significant disputes occur in 2021. Todd defines a significant dispute as a dispute involving more than one person or stakeholder or cancellation of communications by whanau, hapū or iwi.

### Nova Energy

Nova Energy continues to resolve any complaints as quickly as possible. In 2021 it addressed 11 noise concerns at Junction Road and the McKee Mangahewa Production Station through physical improvement works.

### Todd Energy Canada

TEC recorded no significant disputes with stakeholders in 2021. TEC deals with negative impacts, such as minor spills, as quickly as possible. As TEC's assets are new, there have been no issues requiring remediation.

## Cultural awareness training

Todd Energy commenced an internal cultural awareness training programme in 2021. The programme includes:

- Internal staff professional development – 10 sessions
- Development of an iwi / hapū specific induction across Todd's operations
- Development of a wall brochure for display at operational facilities
- Ongoing internal education using internal digital noticeboards

The inductions include a series of co-constructed online videos developed in partnership between iwi, hapū and Todd Energy, for Todd Energy staff and contractors, which outline:

- Te ao Māori (Māori world view)
- Cultural and kaitiaki (guardianship) monitoring
- The importance of partnerships with iwi and hapū

Todd Energy plans to continue this programme with tangata whenua, seeking further participation, guidance and feedback in 2022.



Above: A community meeting at Kapuni J wellsite, July 2021

## Integrating Te ao Māori

Todd Energy is committed to working and partnering with local Māori in Taranaki and broadening its knowledge and understanding of the unique, intergenerational and long-term view of te ao Māori.

Todd Energy is committed to the following kaupapa (principles) when engaging with tangata whenua:

- **Kaitiakitanga** – Todd recognises iwi and hapū as environmental, spiritual and cultural guardians of the whenua (land)
- **Whakamana i te Tangata** – Todd seeks to undertake engagement showing respect though understanding and supporting tikanga Māori and kawa
- **Whakapapa** – Todd employees are encouraged to introduce themselves in te reo Māori if possible, confirming their company role and identifying their maunga, awa and whenua or origin
- **Rangitiratanga** – Todd recognises the mana of iwi and hapū
- **Mana ki te mana** – Todd seeks to meet 'chief to chief' when appropriate and upon request
- **Kanohi ki te kanohi** – Todd seeks to meet face to face where possible

- **Manaakitanga** – Todd seeks to undertake engagement based on mutual respect, working together with fairness and integrity

Todd Energy meets with tangata whenua within Todd's operational areas on a quarterly basis. During these meetings, feedback is sought on various projects, partnership opportunities and collaboration initiatives.

In 2021, during formal feedback from the Ministry of Business Innovation and Employment following permit reporting, local Māori surveyed identified Todd as the operator of choice.

Todd Energy has worked closely to support local hapū, Otaraua, to establish their wholly owned business entity, Ngā Ringawera Otaraua (NRO). The business holds a contract to manage Todd's rig camp operations in North Taranaki and provides cleaning and catering services to Todd Energy's operational facilities. These contracts provide opportunities for employment, training and income for the hapū.

Todd Energy supports indigenous specific programmes, including, the Rongo Taua Charitable Trust, Ngāti Rāhiri hapū technology upgrades and Ngāti Mutunga's Taramoukou Conservation Project. Todd Energy has a hapū-specific Cultural Development and Education Programme offering scholarships to all hapū within Todd's operational areas.

In support of local hapū in 2021, Todd Energy provided NZQA-accredited catering training to 18 indigenous members and First Aid training to 22. Fifty per cent of the Kapuni Solar Plant construction crew were local Ngāti Manuhiakai or Ngāti Tu Hapū members. This equated to five local tangata whenua.



Above: First Aid training with local hapū

**To protect Māori heritage and to ensure activities are undertaken in a culturally appropriate manner, Todd employs tangata whenua cultural and environmental monitors. Monitors are particularly relevant when undertaking greenfield projects or projects near waterways.**

## Iwi and hapū project engagement at Mangahewa C & D wellsites

Todd Energy commits to carrying out Cultural Impact Assessments (CIAs) during both wellsite extensions and consent applications.

In October 2021, Todd invited Otaraua Hapū and Ngāti Rahiri Hapū to act as cultural monitors for the commencement of the new powerline for the Mangahewa C wellsite. In December, Todd invited Ngāti Maru iwi, Pukerangiora and Otaraua Hapū to act as cultural monitors for the cable pull-through for the electrification of the Mangahewa D wellsite.

In April 2020, Todd commenced notification and engagement with Ngāti Maru Iwi, Te Atiawa Iwi, Pukerangiora Hapū, Otaraua Hapū and Ngāti Rahiri Hapū regarding consents and renewals at the Mangahewa C and Mangahewa D wellsites. In September 2020, Todd commenced engagement regarding proposed extensions of both wellsites. Interested hapū and iwi selected project archaeologists. Todd established regular monthly hui to update hapū and iwi and capture their ongoing contribution to these developments as they matured.

In 2021, Todd established monthly hui for each wellsite collaboratively with all interested iwi and hapū to discuss progression and reasoning of consent renewals, proposed extension and site layout changes, and changes to access routes. Todd invited iwi and hapū to attend site visits, ecological walkovers with an ecologist, and participate in water testing and eDNA testing – the identification of wetland – and the presentation of ecologist findings and recommendations.

Iwi and hapū gave direction and feedback regarding mātauranga Māori considerations to restoration areas identified in the proposed environmental mitigation, resulting in significant changes to the Mangahewa D wellsite extension. They also gave feedback on project planning in partnership for planting opportunities and eco-sourcing near surrounding forest.

Extensive regular engagement proved beneficial for all parties resulting in a 90 per cent reduction in extension area for the Mangahewa D wellsite proposal. This reduction followed strong feedback from several hapū and iwi due to the cultural significance of the area, reducing disturbance of the whenua, emissions, and construction costs.

**Right:** Water quality testing near Mangahewa C wellsite





**Above:** Native plants such as makomako (also known as wineberry) were gifted to Otaraua Hapū in 2021 for a plant nursery



**Left:** Ngāti Rahiri Hapū office, upgraded with the support of Todd Energy

### Development of Otaraua Hapū Nursery

In 2021, Otaraua Hapū expressed interest in establishing a plant nursery. Todd Energy facilitated and supported the preliminary project stages to help advise the hapū on resource consenting, construction and set up costs. This project will allow hapū members to continue to diversify their skill sets and provide opportunities in project management, horticulture, landscaping, eco sourcing, planting, pest control and maintenance. It will also create a pathway for tangata whenua to provide guardianship to their whenua.

Todd Energy continues to engage with Otaraua Hapū and hopes to see this project mature into 2022, while supporting future company biodiversity projects.

### Ngāti Rahiri Hapū technology upgrade

In 2021, Todd Energy supported Ngāti Rahiri Hapū to develop their new office facility. Todd sponsored the technological upgrade, helping purchase and install modern equipment. A key objective of the upgrade was to enable community members worldwide to join hui and wananga at the new office, connecting people back to the whenua and providing wider engagement.

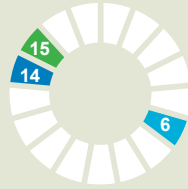
Todd Energy also supported the continued development of Ngāti Rahiri Hapū's Geographical Information System and computer systems. This assistance helped the hapū win an Environmental Award through the Taranaki Regional Council.

### Evaluating results

**Todd evaluates community contribution and impacts annually through regular engagement activities, partnerships and relationship management.**

**Todd reports all results in the annual sustainable development report. The responsibility for this is with Todd Energy and Nova Energy.**

Material topic 4  
**Biodiversity and environmental management**



~200%

increase (30 ha) in biodiversity area planted and/or under management by 2025



Taranaki, New Zealand

5 year target

**2021 highlights**

- Planted ~0.5 ha of native plants near Todd operations in Taranaki.
- Donated over 500 native plants to four North Taranaki landowners and South Taranaki hapū which covers an estimated 750m<sup>2</sup> of land
- Commenced remediation of erosion at the Kapuni Stream, a collaborative project that included local tangata whenua, river experts, the local community and local councils.

**Opportunities**

- Improve the appraisal of the environmental impacts of suppliers
- Opportunities for biodiversity enhancement by extending best practices at newer sites to existing sites
- Encourage employees to contribute to community environmental programmes through volunteer leave

**Risks**

- Contamination of streams from spills is a short-term biodiversity risk





**Biodiversity planting can enhance water quality and aquatic ecosystems, provide shelter and food to a range of species and reduce agricultural inputs such as fertilisers and irrigation.**

### **Approach**

Biodiversity refers to the variety of living species on earth, including plants and animals, bacteria and fungi. In addition to meeting a number of regulatory requirements, environmental monitoring and active participation in protecting biodiversity is essential to Todd's responsible practices, permit conditions and relationships with local communities and indigenous groups.

No Todd sites in New Zealand or Canada generate significant biodiversity risks or affect threatened species. Farmland surrounds most of Todd's operational sites with lower biodiversity values. However, Todd seeks to ensure environmental management supports the health of surrounding ecosystems, farmland and communities.

Todd commits to achieving a net gain of biodiversity in the areas where it operates by 2025.

The Company will achieve this through developing:

- A plant nursery in partnership with tangata whenua
- Retiring farmland and fencing and planting stream margins
- Native planting of ~30 ha
- Establishing pest predator trapping programmes within and in adjoining land owned by Todd where biodiversity planting has taken place.

These voluntary commitments apply to all future projects and Todd's approach will assess enhancement opportunities at existing sites.

Todd recognises that there are separate legislative requirements for any project within or adjoining waterways under the National Policy Statement for Freshwater Management 2020.

**Left:** Farmland surrounding Todd's Mangahewa C site in Taranaki

## 2021 activities

In 2021, Todd Energy conducted several activities to help enhance biodiversity and ecology near our operational sites and within the region, resulting in significant positive impacts.

Todd Energy helped manage three pest trapping lines, two on Taranaki Maunga and one in the Taramoukou Conservation Area (TCA). Todd Energy staff took time out of their workdays to clear the lines monthly. Todd Energy completed the Taranaki Maunga trapping work in partnership with the Department of Conservation (DOC), and the TCA in partnership with Ngāti Mutunga Iwi. The TCA is 1.5 kilometres east of the McKee Mangahewa Production Station (MMPS). These lines aim to kill pests such as stoats, and rats, which prey on indigenous bird, insect, and reptile life.

Todd Energy began significant Kapuni Stream remediation of erosion that was caused by storm damage. Todd Energy conducted this work in partnership with the Taranaki Regional Council (TRC), tangata whenua, local landowners, contractors, and river experts. Effective remediation of the storm damage allowed the stream and its biodiversity to rejuvenate quickly. Todd Energy planted 430 native plants near the Kapuni Stream at the Kapuni J wellsite, 350 native plants at the Kapuni-9/16 wellsite

and helped fence and plant 150 native plants at a stakeholder's private property in North Taranaki. These activities have all helped increase native habitat near Todd operations. The Kapuni J site planting adjacent to the McDonald's Glen KNE has helped create and maintain ecological steppingstones for bird life in the area. In partnership, Todd Energy also provided 255 native plants to four landowners in North Taranaki, and 300 plants to a South Taranaki hapū to enable them to carry out native planting on their own land.

Working with local tangata whenua Otaraua Hapū, Todd Energy developed a biodiversity enhancement plan for the Mangahewa Stream adjacent to MMPS. Todd will implement this three-stage project from 2022-2025 to enhance the local biodiversity adjacent to MMPS in a tangata whenua-led way. It also aims to allow optimum enhancement based on Te ao Māori (Māori world view), and to provide economic and social development opportunities to local tangata whenua.

In August 2021, Todd Energy hired a dedicated sustainability and biodiversity resource to optimise Todd Energy's biodiversity and sustainability programme success and partnerships.



**Left:** Otaraua Hapū water quality testing near Mangahewa C Wellsite

## Biodiversity risk

The biodiversity risk at all Todd's New Zealand operational sites was addressed during the resource consent application process. As part of this process, Todd Energy conducts an Environmental Impact Assessment of the proposed operation, and the TRC assesses the risk to biodiversity of a proposed operation against regional and national legislation. If granted, TRC imposes consent limits ensuring the operation has minimal negative effects on biodiversity.

At key production facilities, in-stream biodiversity is regularly monitored and reported on. Consent requirements often result in a net positive effect on biodiversity. If a site has a high biodiversity risk, it must have a Biodiversity Action Plan. However, this is not a requirement for any of Todd's operational sites.

Outside of the consent application process, TRC classified two high biodiversity value sites nearby Todd operations as Key Native Ecosystems (KNEs): McDonald's Glen and Tikorangi Road East Farm. For McDonald's Glen, the TRC created a Biodiversity Plan (different from a Biodiversity Action Plan outlined above).

The KNE assessment process commences with a biodiversity assessment of the site. TRC specialists conduct a baseline survey of flora and fauna present (native and exotic), and their values and threats to the site. TRC formulates biodiversity plans annually for a selection of KNEs with the highest priority values and threats. TRC biodiversity and environmental specialists who use the New Zealand Threat Classification System (NZTCS) complete this to identify high priority biodiversity that may be present on the site.

For these key KNEs, a biodiversity plan incorporates detailed species assessments and establishment of the work KNE requires to protect its values and from threats. The programme covers five years and is completed by the landowner with the TRC. After this period, another completed species and values/threats survey ensures land management and maintenance.

**Right:** Native kahikatea at McDonald's Glen



## Biodiversity monitoring and protection

Through Todd Energy's close relationships with communities and local tangata whenua, Todd has become increasingly aware of the importance of protecting our biodiversity and setting targets to enhance the indigenous plant and animal life around our sites and in the regions where we operate.

Todd's operations cause no known significant negative impacts on biodiversity and ecology. All operations adhere to stringent consent conditions set by the TRC. The TRC sets limits in its resource consents to avoid, remediate and mitigate any potential impacts on the environment. Todd's conformance to these consents is high. Biomonitoring of the Kapuni Stream shows Todd's Kapuni Gas Treatment Plant operations have no impact on the health of the Kapuni Stream.

Todd Energy seeks to partner with local tangata whenua and other community groups where possible to achieve biodiversity projects. Todd Energy encourages eco-sourcing and relies on local matauranga (Māori knowledge) to deliver these projects. Todd looks forward to continuing and, if possible, expanding its work in this area alongside our community to support a healthy ecosystem.

## High-value biodiversity areas

The KNE classification system is a way the TRC can identify and help protect 'jewels in the biodiversity crown' with significant indigenous biodiversity values for the Taranaki region.

These sites are significant because:

- Bush cover is representative of original indigenous vegetation now much depleted,
- and/or they are home to threatened or regionally distinctive flora and fauna,
- and/or they connect or buffer other sites of value.

The Queen Elizabeth II National (QEII) Trust is a statutory organisation independent from the government that partners with private landowners to protect natural and cultural heritage sites on their land with covenants. A covenant is an agreement with a landowner to protect land and its biodiversity forever.

Two of Todd's operational sites, Mangahewa C and Kapuni J wellsites, are close to the following high-value biodiversity areas.



**Above:** McDonald's Glen is adjacent to the Kapuni Stream

### The Mangahewa C wellsite and the 'Tikorangi Road East Farm' KNE and QEII covenant

The Mangahewa C wellsite in North Taranaki is a ~4 ha site comprising producing and suspended wellheads. Occasionally (once every few years) Todd uses this site for well entry activities. Approximately 500m northwest to the wellsite are five bush areas covenanted under QEII by Todd Energy and classified as a KNE by the TRC.

These five small, irregular shaped areas, comprise ~4.5 ha of native New Zealand bush and are designated as 'Tikorangi Road East Farm'. As part of the protection process, Todd Energy retired, surveyed, and fenced these blocks. Todd Energy engaged the local hapū to bless and name the sites Otaraua and Nikorima.

No additional work was done on this site in 2021. In 2018, Todd Energy fenced the site. At the end of the year this site remained in good shape.



**Above:** Native tutu (*Coriaria arborea*) growing beside the Mangahewa Stream near MMPS

### The Kapuni J wellsite and McDonald's Glen KNE

The Kapuni J wellsite, a 4.6 ha site in South Taranaki, is approximately 300m to the northeast of the McDonald's Glen KNE which is a tract of riparian bush adjacent to the Kapuni Stream. McDonald's Glen is approximately 3 ha and high-value due to its riparian nature and the presence of rare and mature native species.

Todd Energy approached the TRC in 2021 and encouraged a KNE assessment of this area.

Protection of this KNE by Todd Energy included fencing the property, planting and infill planting. Todd Energy is planning another infill planting tract in 2022. The TRC compiled the KNE's biodiversity plan.

At the end of 2021, additional planting near the KNE at the Kapuni J wellsite is growing nicely and will be infilled and maintained in the coming years. Todd Energy will work with the QEII Trust to protect this land under a QEII Covenant.

## Habitat protection and restoration

### McDonald's Glen KNE

Todd Energy conducted planting near the McDonald's Glen KNE, including the planting of 350 native species just upstream of the KNE. This planting will serve as an extension of the biodiversity corridor of the KNE, allowing native species to move further along the banks of the Kapuni Stream.

Todd Energy completed this in conjunction with the TRC and in accordance with the TRC riparian plan for the Kapuni Stream near the Kapuni K wellsites.

### McKee Mangahewa Production Station

This project commenced in 2018 with the planting of an extended riparian margin of the Mangahewa Stream near the MMPS. In 2021, Todd Energy fenced two adjoining areas and excluded from grazing in anticipation of later planting.

Todd Energy conducted fencing in partnership with the TRC and the neighbouring landowner, including work to understand the best location for fencing and a new water supply for stock excluded from accessing the stream for their drinking

water. 2021 work also included releasing and weed control at the 2018 planting site.

Newly fenced areas include a 1,600 m<sup>2</sup> extended riparian margin of the Kapuni Stream and a 2,000 m<sup>2</sup> wetland area, including a spring feeding into the stream. In late 2021, ongoing planning together with Otaraua Hapū commenced for an integrated biodiversity enhancement project of the stream at the MMPS car park, building on work already completed.

This project sees Todd Energy working in partnership with the hapū to develop a hapū-led initiative where tangata

whenua take ownership of biodiversity enhancement on their home territory. The hapū-led part of the project is planned to start in early 2022 and will include weed control, planting of eco-sourced native seedlings, stream clearing, and the development of a pest control network and enhancement of fish passages.

At the close of 2021, the work to infill previously planted areas and carry out preparation for further planting was well progressed by Otaraua Hapū and set to commence in 2022. The upstream fenced areas have significantly remediated post exclusion from stock access/grazing.

Todd Energy will plant these areas over the coming two planting seasons.

### Kapuni Stream erosion

In July 2021, a large storm eroded a ~120m section of the Kapuni Stream bank on Todd land. This erosion released large quantities of sediment into the stream and generated a large active scarp in the streambank which periodically eroded releasing sediment plumes into the stream. Todd Energy commenced restoration work immediately and will complete this work in 2022.

See [Material Topic 8 – Water](#) for more information.



From left to right: Taramoukou Conservation Area, Mangahewa Stream near MMPS and native planting around the Junction Road Power Plant

## Community biodiversity partnerships

### Project 'Taranaki Maunga' – the eastern slopes of Taranaki Maunga National Park

Todd Energy contributes to the Taranaki Maunga project, a joint project between local iwi, the Department of Conservation (DOC) and the local community. This project aims to restore biodiversity in the Maunga by developing a widespread trap network. The DOC, New Zealand's Central Government conservation body, supports the project.

In 2021, Todd Energy contributed to this project by allowing staff to help clear and reset two trap lines monthly on the Maketawa track and Enchanted track. This ongoing successful partnership between Todd Energy, the DOC and other entities has allowed Todd to contribute to the biodiversity restoration of this significant National Park.

The Taranaki Maunga trap control project has been successful and at the close of 2021 efforts to reduce pests in the bush continued.

### Taramoukou Conservation Area

The TCA is a 1,637 ha tract of pristine native bush located 1.5 km from MMPS and is a significant natural area in North Taranaki. Mana whenua of the area, Ngāti Mutunga Iwi, who also manage the area, have teamed up with two North Taranaki Iwi – Ngāti Tama and Ngāti Maru – to form Te Kōhanga Āhuru. Te Kōhanga Āhuru is a joint conservation project to protect three

significant tracts of native bush in North Taranaki, one being the TCA. Te Kōhanga Āhuru staff includes conservation and pest management specialists. The current aim of the project is reducing pest numbers and increasing large scale habitat for kiwi to thrive in North Taranaki.



To support these efforts, in 2020, Todd Energy co-funded track and trap line developments in the TCA. In 2021, Todd commenced the management of two trap lines in the TCA. This includes monthly clearing by Todd Energy staff of 50 traps that aim to kill mustelids and rats, the main predators for New Zealand native birds, insects and reptiles.

This joint effort has helped reduce the workload on Te Kōhanga Āhuru staff, who help guide Todd Energy staff to complete the work successfully. Todd expects this partnership to continue in the near future.

The biodiversity benefits from this work for this tract of bush are only just beginning. In 2021, Todd Energy regularly caught significant numbers of rats and stoats in the trap lines and expects this will continue in the future.

### Everett Park Scenic Reserve partnership

Since 2018, Todd Energy has partnered with the DOC to preserve and enhance the Everett Park Scenic Reserve with local schools.

In 2021, Todd Energy postponed further educational and planting initiatives on the ground due to Covid-19. However, Todd Energy worked with all scenic reserve stakeholders, including DOC and iwi/hapū, over 2020-2021 to produce a concept plan for further reserve restoration and enhancement, which Todd Energy will contribute to in the future with other project partners.

The Taranaki Kiwi Trust also came onboard as a partner and meetings held in 2021 investigated the feasibility of establishing the Kiwi Trust ecological and educational hub in this reserve.

Left: Taramoukou Conservation Area

## Noise attenuation

In 2021, Todd Energy began installing noise attenuation to the McKee Power Plant turbines. Todd installed inlet louvres for air intake into the engines and exhaust silencers on the exhaust stacks, significantly reducing noise levels at the site during generation.

## Employee initiatives

In 2021, Todd Energy employees organised two waste clean-up events – the Plastic Free July beach clean-ups at Waitara Beach near our north Taranaki operations, and an extensive roadside clean-up within the Kapuni community along south Taranaki roads. Many Todd employees attended in support of these events.

## Safe and responsible decommissioning

In order to meet its regulatory requirements, Todd has an active well abandonment programme for the McKee wells; however, no abandonments were undertaken in 2021. Todd Energy has scheduled three wells for abandonment in 2022. Once abandoned, a wellsite may remain intact in case it is needed in the future.

In 2021, Todd Energy replaced the Kapuni Production Station (KPS) stabiliser column. The decommissioned column was safe and left in place and will be removed once a large section or all of KPS is decommissioned.

The decommissioning of a former geothermal site near Kawarau owned by Nova Energy remained ongoing in 2021. There have been no complaints or issues to date in relation to the project and Nova is actively working with the local regional council regarding soil disturbance.

Abandonment and reclamation of a single well drilled in 2012, part of the initial acquisition by TEC, is underway.

**Right:** The new stabiliser column at the Kapuni Production Station



## Evaluating results

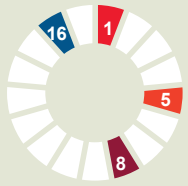
Todd will evaluate results every year against the Company's biodiversity target.

The results, including the effectiveness of the management approach, will be reported in the sustainable development report.

The responsibility for reporting is with Todd Energy and Nova Energy.

Material topic 5

## Market presence and conduct



## 2021 highlights

Todd developed a sustainable development survey for suppliers across the New Zealand energy business and corporate office. 67 Todd suppliers received the survey, representing 62% of Todd Energy and the corporate office spend in 2021, and 50 responded.

Todd's businesses faced no legal actions related to anti-competitive behaviour, corruption, or otherwise undesirable business conduct in 2021.

## Opportunities

- Engage with suppliers that have strong sustainability programmes in place so as to deepen Todd's knowledge in this area and share learnings with suppliers that are less advanced
- Opportunity to build capability in the industry by targeting support to smaller suppliers so that they can set sustainable development targets
- Todd to set supply chain-specific sustainability targets

## Risks

- Key suppliers not embracing sustainable development and/or failing to make target setting a priority could result in the need to evaluate ongoing business relationships



## Approach

Todd aims to achieve its business goals while upholding high standards of conduct and positively contributing to New Zealand. Todd's legal and reputational status is important and impacts business relationships with regulators, shareholders, customers, and communities.

Key management areas for Todd's market presence and conduct include upholding industry standards for business conduct, local leadership, supplier leadership, and fair remuneration levels, contributing to the wider economic wellbeing of the communities in which Todd operates.

## Business integrity

Todd has an anti-bribery and corruption (ABC) standard and procedure in place, and a conflict-of-interest declaration process. In addition, there are mandatory online training modules for all employees covering Code of Conduct and Conflict of Interest.

The Upstream Supply Chain Standard and Tender Guidelines provide clear instructions to execute tenders and negotiations to prevent the risk of corruption.

In 2021, Todd faced no legal actions related to anti-competitive behaviour, corruption, or undesirable business practises. Todd scheduled its dedicated Group-wide communication on the ABC Standard and appropriate gifts and hospitality behaviour for April 2022. Training on internal ABC policies and appropriate gifts and hospitality behaviour is also scheduled for 2022.

## Local focus

The Todd family and Company's long history of enterprise in New Zealand has shaped a lasting commitment to developing local leadership in industry.

Attracting local talent and expertise is important to Todd. The four members of Todd's Executive are residents or citizens.

Todd's New Zealand headquarters and Canadian energy businesses use mostly local suppliers. The majority of spend is on services executed locally onsite, such as maintenance services, drilling and completion services.

Todd purchases equipment directly from overseas manufacturers (USA, Singapore, Japan, Europe, Canada) or via New Zealand-based distributors.

	Spend per annum with our top 20 suppliers	
	2021	2020
<b>Nova Energy</b>	83%	95%
<b>Todd Energy</b>	88%	85%
<b>Todd Energy Canada</b>	73%	100%
<b>Corporate office procurement</b>	90%	92%

There were no significant changes to Todd's supply chain in 2021. All new contracted suppliers must complete an HSE pre-qualification questionnaire which covers a range of environmental systems, controls and procedures.

## NZ Living Wage

The Living Wage is the hourly wage a worker needs to pay for the necessities of life and to participate as an active citizen in the community. The Living Wage is voluntary and for 2021 was calculated at \$22.75 per hour, \$2.75 more than the then minimum wage of \$20.00 set by the government. Todd New Zealand staff wages are above New Zealand's minimum wage regulations and meet or exceed the Living Wage.

## Mechanisms for reporting concerns

Todd has a whistle blower standard and procedure for raising concerns about serious wrongdoing regarding the Company, its related entities, directors, executive and employees.

A third-party business manages a whistle blower 0800 number and website on Todd's behalf. The policy standard is well communicated, and staff training ensures all employees are aware it is their duty to raise any related concerns with their line manager, supply chain manager, general manager or HR.

The policy sets out information to ensure it protects whistle blowers in a manner consistent with the NZ Protected Disclosures Act 2000. The standard applies to employees and contractors.

Todd has informal and formal channels for employees, community members, suppliers and partners to raise concerns about the Company's conduct.

**In 2021, Todd composed a simple sustainable development questionnaire for suppliers to gather information about their sustainability practices, environmental impacts, and impact reduction and offsetting initiatives.**

Todd sent the questionnaire to 67 suppliers from Todd Energy and Todd's corporate office in Wellington. Todd selected suppliers based on their spend and relationship.

The total number of respondents was 50. Upstream had a response rate of 75 per cent and corporate's response rate was 74 per cent.

Todd selected the questions in consultation with Todd Energy's Community Partnerships team and derived them from the annual sustainable development reporting requirements and other sustainable development questionnaires received by the Company. Todd categorised questions as either Environmental, Social or Governance.

Todd weighted the questions according to their significance to calculate a respondent's sustainable development score. Not all questions from the sustainable development score needed a weighting.

The questionnaire provided a good overview of how our supply chain is performing and illustrated that the sustainable development awareness of Todd's suppliers is growing. Results of the questionnaire concluded that Todd is engaging with suppliers that score highly on sustainable development, particularly in the areas of data and privacy and ethical business regulations.

A key learning from Todd's 2021 work is that sustainability practices are not standardised across companies and that suppliers will need help to understand what sustainability issues are critical to Todd. Further consideration is being given as to how best to engage with our suppliers on sustainability expectations, which will include developing some fit for purpose supply chain related targets.

## Social

The questionnaire found that:

**70%**

of respondents said they had policies and or practices in place to support local businesses

**80%**

had structured employee development pathways in place – including apprenticeships – and 78 per cent had sponsorship programmes in the community

**100%**

of respondents said they complied to ethical business regulations, and other standards of ethical conduct that prohibit bribery and corruption, conflicts of interests and anti-competitive conduct in the country(ies) where they conduct business

**92%**

of the suppliers surveyed said they had an employee wellness programme in place

**94%**

had an employee assistance programme

A specific set of questioning focused on Taranaki local community and hapū employment initiatives, which found that 25 out of 50 respondents had employment opportunities available to residents in the project area.

16 respondents said they actively sought to employ community members and 9 said they engage with local iwi and hapū around employment opportunities.

Seven respondents said they undertook social impact assessments prior to work commencing in the local community.

## Governance

To understand the survey respondents' sustainability management, reporting and protocols for privacy and data, the survey asked several questions around governance.

98%

said they had a business continuity strategic plan

92%

said they had a management representative assigned with the responsibility for assuring compliance with environmental laws, regulations, and codes

44%

said they publicly disclose their sustainability policies, programmes, and performance either online or in a sustainability report

42%

said they monitored the social, environmental and economic sustainability performance of their suppliers

100%

said they had a policy in place to update, return or destroy private data

Several of Todd's top suppliers have strong sustainability programmes in place and have set both short and long-term targets in this area.

## Environmental

The questionnaire found that:

94%

were not aware of any significant actual or potential negative environmental impacts or incidents in the 12 months prior

96%

said they had a programme or procedures in place to reduce their environmental impacts

62%

said they had procedures in place to deliver environmental sustainability through reducing and/or offsetting carbon emissions

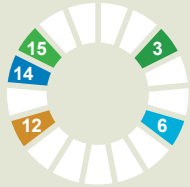


## Evaluating results

As a result of the supplier feedback, Todd's focus for 2022 has shifted from further sustainability surveys to establishing Todd's supply chain expectations, including appropriate targets and sharing these expectations with suppliers, and working with suppliers to achieve these outcomes.

The responsibility for this is with the corporate office in Wellington but will be done in collaboration with both Todd Energy and Nova Energy's procurement functions.

Material topic 6  
**Effluent  
and waste**



Above: Kapuni staff after a roadside clean-up in 2021

**2021  
highlights**

In 2021, Todd Energy joined the New Plymouth District Council Resource Wise waste reduction programme, with the aim of reducing waste to landfill from our New Plymouth office by about 50% in 2022.

**Opportunities**

- Continue reduction of waste and increase recycling where feasible
- Increase reuse of water where possible

**Risks**

- Potential for spills or releases of materials that can harm the community or the environment. Ongoing attention to effluent and waste management significantly reduces the probability of these events occurring

## Approach

Todd continues to manage and dispose of waste safely, appropriately, and in ways that meet the Company's responsibilities under permits and regulations.

Potential impacts are primarily addressed through adherence to responsible practices and resource consents.

## Safe management of hazardous waste

In 2021, Todd Energy, Nova Energy and Todd Energy Canada reported no offsite environmental impacts or significant spills at any site. Todd completes all disposal according to procedures

which outline a systematic approach to eliminating and minimising waste, managing waste generation, and safe waste handling, storage and disposal.

Todd Energy's hazardous waste management procedures outline additional measures for this category of waste. They also identify specific responsibilities for managers, employees and contractors and define obligations for handling, storage, use and spill contingencies relating to all aspects of managing hazardous materials.

In 2021, Todd Energy diverted approximately 35 per cent of 464 MT of non-hazardous waste that would have otherwise been landfilled (161 MT of 464 MT total waste was recycled).

Along with produced water, return fluids from well stimulation are a main form of effluent waste produced by Todd Energy in Taranaki. Return fluids have a lower environmental impact than produced water and amount to less than 2 per cent of the total produced wastewater.

In New Zealand, return fluids from well stimulation and produced water are disposed of via permitted deep well injection, while drill cuttings are disposed of via permitted land farming operations.

Drill cuttings are soil, rock fragments, and pulverised material removed from a borehole during drilling. Todd Energy's key strategy for addressing drilling cuttings and residual liquids is to efficiently screen

and remove solid material from the cuttings and recycle as much of the mud as possible. This reduces the amount of liquid material needing remediation.

Non-recyclable drill cutting liquids go to land farm rather than landfill disposal. This is a process of recontouring marginal dune country using drill cuttings and liquids, which are applied and then tilled into the land. The cuttings and liquids are remediated over time (six to nine months) through microbial breakdown processes. Once remediated, grass seed is sown and, when the land meets surrender criteria, stock can graze the land.

Both deep well injection of well stimulation return water and land farming of residual drill cutting liquids require assessments of environmental effects.

Land farming concerns were raised in relation to potential grass and feed stock contamination. No scientific evidence supports these concerns for Todd Energy's activities in New Zealand. A 2017 study of completed Taranaki land farms commissioned by the TRC found no evidence of harmful residues.

Waste description	2021	2020
Non-hazardous material to landfill	304 MT	N/R
Hazardous material to appropriate disposal	177 MT	164 m <sup>3</sup>
Drilling mud and cuttings	11,970 MT	N/R
Produced water	273 ML	264 ML
Material diverted from landfill	161 MT	N/R

Land fill diversion waste description	2021
Paper, cardboard and plastics	45 MT
Composted material	1.6 MT
E-Waste	1.1 MT
Scrap metal	113 MT
Material diverted from landfill	161 MT

N/R – not reported in 2020

In 2021, Todd Energy, Nova Energy and Todd Energy Canada reported no offsite environmental impacts or significant spills at any Todd site. Emergency preparedness for a spill at any Todd sites includes sitespecific spill management plans, spill kits and a requirement that all hazardous fluids brought onto any site have a corresponding material safety data sheet (MSDS) submitted.

All staff and contractors entering any of Todd's operational sites must have completed mandatory HSE training and a centralised emergency response procedure must be in place. A centralised emergency response team of HSE professionals have all data on all Todd's operational sites and respond to large-scale environmental events promptly.

## Management of general waste

Todd Energy collects general recycling (plastic, paper and cardboard) from all Todd Energy operational sites and sends this to the appropriate recycling facility. Scrap metal, glass and aerosol cans are also sent to the appropriate accredited locations for reuse and recycling.

To further reduce Todd Energy's total waste footprint, the Todd Energy Environment Team commenced a waste reduction initiative in conjunction with the New Plymouth District Council (NPDC). This initiative, commenced in 2021, has seen Todd Energy environmental staff work with NPDC staff to reduce the waste of the New Plymouth office, which included a waste audit and detailed waste tracking. Initiatives included redesigning the waste bin set up and staff education.

In 2021, Todd Energy drafted a landfill waste management plan to roll out to all its operational sites.



**Right:** Todd's McKee Mangahewa Operating Facilities in North Taranaki

## Evaluating results

Todd's results are evaluated each year based on the effectiveness of our ongoing waste minimisation and diversion programme.

The results, including the success of the management approach, will be reported in the annual sustainable development report.

The responsibility for this is with Todd Energy and Nova Energy.

Material topic 7  
**Employee health, safety, and wellbeing**



**2021 highlights**

Maintained business operations throughout the Covid-19 pandemic while protecting the health, safety and wellbeing of employees and contractors.

**The Todd Group experienced no fatalities and no high consequence injuries.**

**Opportunities**

- Ongoing development of process safety risk analysis, including enhancing our ability to assess and then effectively manage accumulation or aggregation of various risks
- Record and retain employee training and professional development at the corporate office
- Take additional steps to eliminate and minimize mental health safety risks in the workplace

**Risks**

- Ongoing physical safety risks. Continued vigilance by all employees and contractors working on Todd operated facilities is the key to minimising these risks and working towards a zero-harm environment

Todd aims to nurture an attractive and safe work environment that supports the physical and mental wellbeing of staff and provides opportunities for professional growth.

We value our people by:

- **Creating a safe work environment that fosters individual and collective success.**
- **Employing the best staff in their fields, rewarding them well and assisting them to be the best they can.**
- **Recognising and rewarding productive, motivated and resourceful employees.**
- **Appreciation of the perspectives of others and sharing knowledge.**
- **Respectful communication and challenging each other to achieve the best results.**

### Approach

Todd prioritises the health, safety and wellbeing of its people by aiming to keep physical risk as low as reasonably practicable at its sites and in workplaces. No business objective takes priority over health and safety. Todd conducts all activities in a manner consistent with its Operating Principles.

Beyond avoiding critical safety hazards, Todd supports the broader health and wellbeing of employees through dedicated programmes that foster the development of a healthy working environment.

### Safety culture

Todd's top priority remains ensuring that every person working in a location that the Company has control of goes home safely. The Company strongly believes all injuries are preventable and to achieve this goal Todd must ensure that its people, programmes and how the Company designs, operates and maintains its plants are all focused on a zero-injury workplace.

The Company's health and safety policy empowers anyone to stop any job they do not believe is safe. All levels of management promote this policy requirement and employees who implement this policy are positively recognised to reinforce this behaviour across all work teams.



For workplaces Todd does not directly control, Todd strives to ensure that those who are in control aspire to the same zero-injury philosophy. Todd requires all hazards and incidents to be immediately reported so corrective actions can take place as quickly as possible.

### Safety performance

One recordable injury occurred in 2021 when a Todd contractor sprained an ankle. The contractor required medical treatment and made a full recovery.

Todd thoroughly investigates all incidents to ensure that the root causes are identified and measures are put in place to avoid similar incidents in the future.

Incident findings are widely communicated inside the organisation to ensure all staff and contractors are informed of any occurrence and remedial action.

Metric	2021	2020
Total Recordable Injury Frequency Rate (TRIFR)	0.41	1.36
Total hours worked (million hours)	2.4	2.2
Tier 1 and Tier 2 Process Safety Incidents (PSI)	2	1
Number of Lost Time Injuries (LTI)	0	1
Recordable Vehicle Incidents	0	0



## Process Safety Incidents (PSIs)

### Tier 1 PSI

A Tier PSI is a loss of primary containment of flammable or toxic gas exceeding 100kg or a flammable liquid exceeding 1,000 litres.

Two Tier 1 incidents occurred during 2021. During plant start-up, a pressure safety valve (PSV) prematurely lifted below its setpoint, resulting in a small release of ammonia.

A second incident occurred when a compressor level gauge glass failed, releasing gas into the compressor building. No injuries, community impact, or equipment damage resulted, and corrective repair actions were immediately undertaken.

### Tier 2 PSI

A Tier 2 PSI is a loss of primary containment of flammable or toxic gas exceeding 1kg and less than 100kg or a flammable liquid exceeding 20 litres and less than 1000 litres. No Tier 2 incidents occurred in 2021.

## 2021 pandemic response – Covid-19

In 2021, Todd continued its Pandemic Response Plan in line with government and health authority guidelines. The response focused on ensuring business resilience and continuity, employee safety and wellbeing, and consistent communications with internal and external stakeholders. The Pandemic Response Plan is part of the Todd Group Emergency Management Plan and the Todd Group Business Continuity Plan. Todd reviews this annually and updates as required.

The Pandemic Response Plan has three objectives:

- To protect the health of Todd employees and their families, its contractors, customers and visitors from risks of infection arising from Todd activities
- Maintain essential services as required by legislation and comply with government emergency requirements
- Maintain critical business operations and functions to the greatest practical extent.

In August 2021, New Zealand entered an Alert Level 4 Lockdown which lasted several months. During the lockdown, most Todd employees worked from home, except for essential employees, control room operators, critical maintenance and inspection technicians.



During Covid-19 lockdowns Todd provided employees with the resources, technology and support to conduct remote work.

Every Todd employee had access to 24-hour EAP assistance along with the support of their divisional HR teams, line managers and the senior leadership team.

Todd encourages Covid-19 vaccination but does not mandate this. After the lockdown, vaccinated employees returned to the workplace under Alert Level 3. Under this setting, Todd required staff to monitor their health, complete a daily symptom tracker, report instances of infection and stay home if unwell to limit Covid-19 transmission.

Todd communicated safety measures and protocols through the company intranet and via email and noticeboards. Todd communicated government announcements and changes to policy settings to all employees at regular intervals.

Domestic travel was restricted and international travel temporarily ceased. The Company made a large order of rapid antigen tests at the end of 2021 in anticipation of decreased border restrictions in 2022.

## Health, safety and environmental management system (HSEMS)

Todd has an effective and contemporary health, safety and environmental management system (HSEMS) that covers 100 per cent of the Company's employees, contractors, and workplaces. Todd audits this management system annually using a mix of internal and external audits. The criticality of the various HSEMS elements determine audit focus and frequency. The Group has an audit and assurance standard to set the process for auditing the HSEMS, which describes how to evaluate the effectiveness of the HSEMS.

Todd achieves continuous HSEMS improvement through setting annual HSE objectives, developing improvement plans, and auditing. Performance indicators are used to measure and monitor ongoing performance. A team of highly qualified HSE professionals with subject matter expertise supports the HSEMS.

The HSEMS covers Todd's activities and all people engaged in work on Todd's behalf. The system focuses on high frequency/low consequence events (typically related to personal safety) and low frequency/high consequence events (typically related to process safety), including major hazards.

Nova Energy is certified in accordance with NZS7901 Safety Management System for Public Safety in gas distribution and electricity generation/transmission. This system is externally audited annually by the certification body.

Companies contracting to Todd must have effective health, safety and environmental management systems in place appropriate for the size and scope of their businesses. Todd uses an annual process to audit select contractors, according to a defined schedule that is based on an internal risk rating and the frequency of use. This process provides an opportunity for all parties to continue to improve their HSE management processes.

### Hazard and critical risks identification

Todd's primary activities are gas exploration, production, and power generation, which have various levels of process risks, including some critical risks. Critical risks have a low probability of occurrence but, if unchecked, could give rise to high consequences. These risks are present where the Company processes and handles flammable gases and liquids, and in its power generation plants.

Todd's management processes allow the Company to clearly identify critical risks, determine the controls needed to prevent the risk from eventuating and extend to ensuring that if something

unexpected happens, Todd can mitigate the consequences quickly and efficiently.

The Company frequently audits the effectiveness of the controls in place to be sure nothing has changed which might make these controls less effective than originally intended. Todd's audit programme involves internal and independent external reviews. Todd summarises and reports all audit recommendations to the Executive and the Board.

Internal audits enable employees to gain a better understanding of risks under their control. Todd includes graduates and new employees in the audit teams and uses these reviews as training opportunities.

### Todd's Executive and Board demonstrate their commitment to the HSEMS by:

- Acquiring knowledge of HSE matters
- Understanding HSE risks within Todd business operations
- Understanding legal requirements and requiring compliance
- Requiring risks to be managed to as low as reasonably practicable (ALARP)
- Embedding continuous improvement in HSE programmes
- Establishing appropriate HSE governance and assurance processes
- Continuing use of the Group Pandemic Response Plan as needed



## Evaluating results

Todd's low incident rate aligns with other leading companies in the sectors in which Todd operates.

Within Todd Energy, ongoing oversight of the effectiveness of the HSEMS is included in the operational excellence programme. The Todd Energy Process Safety Committee monitors all key performance indicators.

Todd will continually improve its safety performance and eliminate hazards by recording and investigating all incidents and near misses.

## HSE Training

At Todd, everyone has a role to play to ensure Company facilities remain safe. Routine essential safety training continued across the Company in 2021.

Todd undertook an initiative to involve approximately 200 production operators, maintenance and engineering staff in one of 13 process safety in practice workshops led by Todd Energy's principal engineer. The workshops used case studies from industry and local history to create a fully interactive programme. The purpose was to provide an environment to further develop basic process safety knowledge and advance employees' role and specific understanding of process safety in practice at Todd Energy. These workshops enabled participants to interact and explore their personal contribution alongside that of others. Todd gathered valuable insights into process safety performance and will incorporate these into the 2022 Annual Process Safety Improvement Plan.

## Wellbeing focus

Human Resource teams across Todd run wellbeing programmes and initiatives to promote and support physical and mental health. Todd shares the results of employee engagement and 'Pulse Check' surveys with the Board and addresses issues and gaps to lift staff engagement. Divisional HR teams monitor staff turnover and communicate feedback received during exit interviews to senior management.

Todd's division-led wellbeing programmes cover topics such as fitness and access to health facilities, nutrition advice, mindfulness activities, personal finance, and cybersecurity. Todd promotes and covers the associated cost of employee participation in a range of sporting events, such as running, cycling team events and indoor football.

Other employee benefits in 2021 included:

- Employee Assistance Programme (EAP) for staff and their immediate family
- One day's paid volunteer leave per year
- Paid flu vaccines
- Skin cancer screening
- Annual health checks
- Wellness month activities and services

To reduce the reliance on single occupancy car travel, in 2021, Todd Energy changed the booking systems for pool cars to encourage people to carpool when visiting the sites. This benefits the local community, the planet and encourages people to spend time getting to know colleagues.

Todd Energy employees are encouraged to take part in meaningful community initiatives throughout the year, including tree planting and stoat trapping on Mt Taranaki. Volunteering is providing benefits to everyone involved.



**Above:** All Black great and mental health advocate Sir John Kirwan speaking at a Todd Energy function

### Supporting mental health at Todd Energy

In February 2021, former All Black great and mental health advocate Sir John Kirwan joined a staff and partners function at Todd Energy to launch a partnership with Groov, a mental health and wellness app Sir John founded. Todd invited the local rural community to an additional event to hear Sir John's messages on mental health.

Todd Energy offers employees a complimentary premium subscription

to the Groov App which gives access to monthly webinars and other tools to thrive at home and work. During Mental Health Awareness Week in September 2021, Todd Energy ran five webinars in the wellness space and promoted Todd's paid subscription to the Groov App. Throughout the year, Todd Energy offered an additional four workshops to staff, led by an external facilitator and covering team dynamics and inclusive thinking. These workshops focused on unconscious bias awareness and understanding and embracing diversity in our workplace.

### Nova Energy named finalist at the Energy Excellence Awards

In 2021, Nova Energy supported employees through its Fit for Life wellbeing programme. The success of the year-long programme earned Nova Energy a finalist spot in the wellbeing category of the New Zealand Energy Excellence Awards.

Fit for Life provides tools and resources to help employees improve in four areas of wellbeing – mental, physical, social and financial. The Nova Energy People and Culture team developed 12 months of bite-sized learning, activities, resources and competitions to help improve their colleagues' mental, physical, social and financial wellbeing, while also incorporating the 'Five Ways to Wellbeing' (connect, keep learning, help others, be active and be aware). Approximately 80 per cent of employees participated in one or more activity.

Nova Energy celebrated progress and achievements through a company-wide social networking platform where employees could share photos and post words of encouragement.

In a post Fit for Life survey, 91 per cent of participants reported an improved feeling of wellbeing and 89 per cent of participants reported they felt valued by the company because of the programme.

**Right:** Nova Energy employees in the Tauranga office



## Employee training and development

Todd offers employees regular performance reviews and various internal and external training and development opportunities.

Through Todd's in-house e-learning platform, employees complete compulsory training modules.

Frequent initiatives for employee training include coaching and influencing skills programmes. Leaders can access leadership training.

## Employee benefits

Todd currently provides a range of employee benefits, including staff discounts with Company suppliers, special Nova Energy and Integria Healthcare products, discounted healthcare premiums, Company paid medical check-ups, skin cancer checks and influenza vaccinations.

In line with employment requirements, Todd offers parental, bereavement, and sick leave. Permanent employees who have been with the Company for 12 months or more may also opt to purchase one week of additional leave per year.

Todd Energy Canada purchases health insurance benefits for full time employees, including an employee and family assistance programme, second opinion medical services, vision care, dental care and prescription drug plans.

## Inclusive environment

Todd's Operating Principles and Code of Conduct implemented across the Company underpin Todd's commitment to inclusiveness.

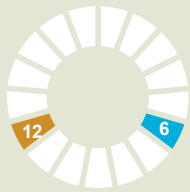
Todd continues to actively hire from the communities where it operates. In 2021, 100 per cent of Todd employees live in the communities where they work.

There were no discrimination incidents or human rights violations across Todd in 2021.

**Right:** Todd Energy employees in the New Plymouth office



Material topic 8  
**Water**



Taranaki, New Zealand

**2021**  
highlights

No significant water quality impacts in 2021.

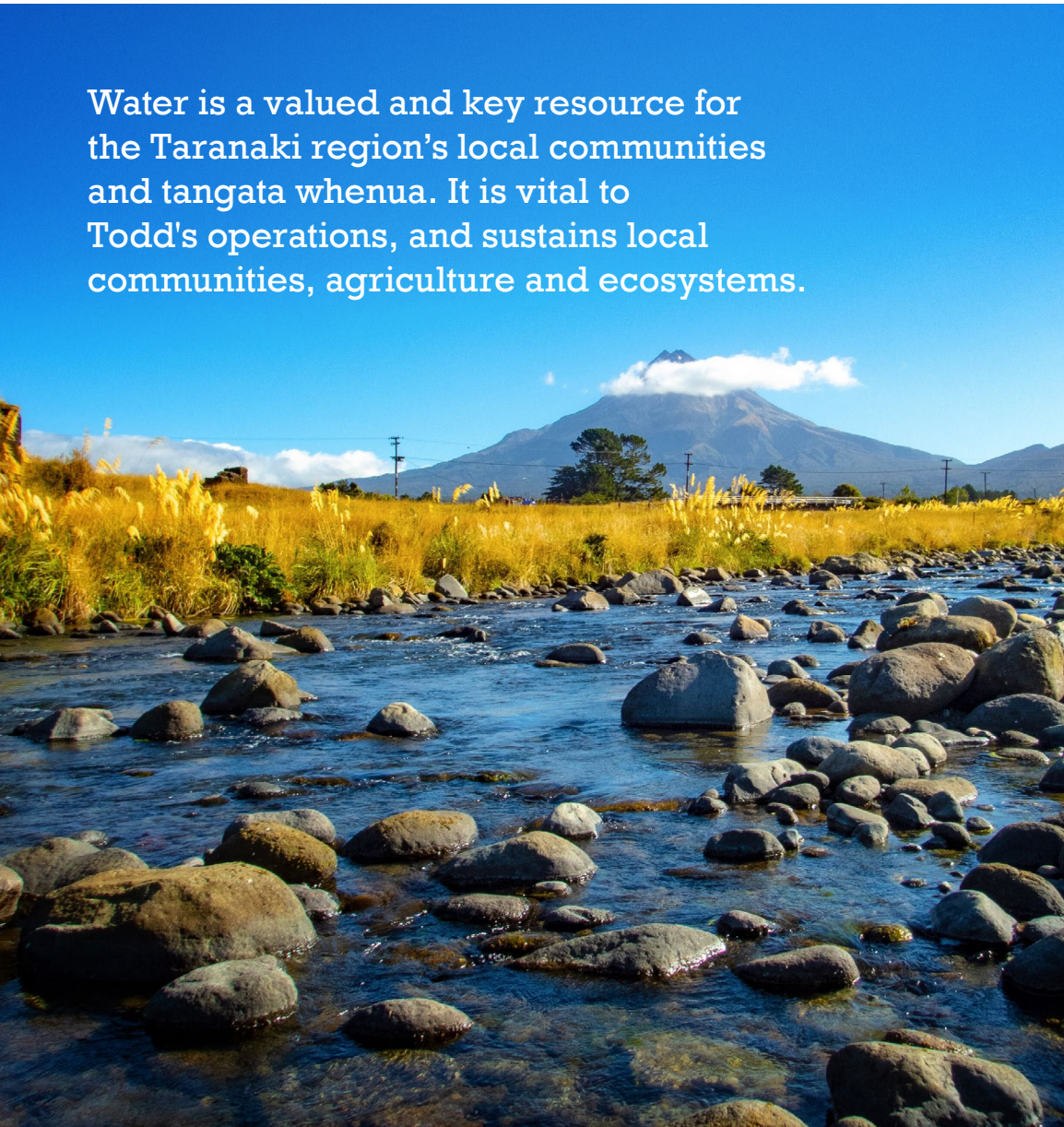
Todd Energy drafted a Wai (water) Management Plan for its New Zealand operations.

**Opportunities**

- Work with local communities to refine Todd Energy's Wai Management Plan
- Optimise water usage
- Look at options to improve our water resilience and continue to minimise ecological impacts within waterways

**Risks**

- Contamination of water sources through spills in high-risk areas. These risks are mitigated by effective plant design to significantly reduce the potential for spills and response plans to minimise impacts if a spill occurs
- During El Niño events, Todd Energy could expect less rainfall and possible drought conditions over late summer in Taranaki. The TRC's Natural Resources Plan for Taranaki is likely to adopt a catchment approach and will set harder 'no take' limits during drought conditions



Water is a valued and key resource for the Taranaki region's local communities and tangata whenua. It is vital to Todd's operations, and sustains local communities, agriculture and ecosystems.

## Approach

Todd uses water for process cooling in plants, emissions suppression in gas turbine power generators, drilling, well stimulation, boiler water, and for general use in offices. The Company's primary sources of water supply are underground bores, rivers and streams, and local council supplies. In most cases, resource consents control the amount of water taken. Todd records and reports these quantities.

Todd's primary water discharges are stormwater from various facilities and produced water, which is high mineral salt content water that comes from underground in flowing oil and gas production wells. Todd processes all stormwater and ensures it is clean before discharging from the site to either land or water. Todd's New Zealand and Canadian operations dispose produced water in deep wells where there is no potential for any contamination of groundwater.

Water use and potential water related impacts are monitored and identified through site and/or project risk registers and resource consents.

All Todd's consent applications for use or discharge of water undergo thorough assessments of the potential environmental effects of all proposed activity. When councils issue consents, these are managed through a range of enforceable conditions which include independent monitoring and sampling and regular site inspections. Internal environmental inspections, water sampling and analysis are all performed on a routine basis. Councils independently audit sites to verify compliance.

To ensure Todd optimises water use, Todd Energy drafted a Wai (water) Management Plan to optimise water use in its New Zealand operations. In 2022, tangata whenua will review this plan to ensure Te ao Māori and Te Mana o te Wai integrate into the plan.

## Water consumption

The bulk of Todd's operations are in Taranaki where water is an abundant resource. TEC's operations are in an area with abundant rainfall and without water stress.

All operations are fully compliant with regulatory consents. In Taranaki, the councils have teams of environmental scientists who provide input into the consenting and subsequent monitoring processes. Limits align with regulated water targets; noting these may change in the future as the Regional Freshwater Plan, the key regional water management document, is under review.

Whenever consents are applied for, tangata whenua, other key stakeholders and water action groups review the applications and provide feedback. Todd considers this feedback in the application and consent limits set. Todd works closely with the regulators, iwi and any potentially impacted landowners to achieve good practice water related outcomes. An example of this is the Wyatt Dam at Todd's MHW G site.

Todd's Wai Management Plan includes an overview of key goals and legislative settings which govern water use. This plan introduces various water efficiency opportunities to be investigated in 2022.

All water used on and that moves within Todd sites comes under its management systems. All new employees and contractors working on Todd sites attend induction sessions covering spill avoidance and mitigation procedures. Sites are periodically audited to ensure that all systems and procedures are working as intended.

All suppliers working on Todd sites undertake an HSE prequalification that reviews their environmental performance and risk management processes and initiatives.

For intensive water use activities, such as well stimulation activities, Todd Energy advance fills portable water tanks. Filling water storage well in advance ensures water consumption rates adhere to permitting limits and the need for trucking of supplementary water is avoided, minimising traffic impacts.

Site	Water source	Volume (ML)	
		2021	2020
MMPS	Mangahewa stream	21	22
MHW C	Wellsite bore	2	<1
MHW D	Manganui River	<1	<1
MHW D	Wellsite bore	<1	<2
MHW G	Wellsite Wyatt Dam storage	7	4
KGTP	Kapuni stream	614	537
KPS	Council water supply	22	21
New Plymouth warehouse	Council water supply	<1	<1
New Plymouth office	Council water supply	~ 3	~ 3
Wellington office	Council water supply	~ 3	~ 3
Nova Energy	Council water supplies	173	104
Nova Energy	Mangaone Stream	73	198
Todd Energy Canada	Well site bores	6	7
<b>Total water consumed</b>		<b>927</b>	<b>906</b>

Todd's total water consumption in 2021 was approximately 927 ML. Todd monitors all water consumption subject to regulatory volume limits to ensure compliance with all applicable withdrawal consents.

The Mean Annual Low Flow (MALF) of Kapuni Stream is 390 L/s. MALF is a statistic that describes the average amount of water in a river during times of low flow. The lowest flow for each year is averaged across recorded years to estimate the mean annual low flow. Todd's consented take rate is ~12% of MALF. However, Todd generally takes less than this consented allowance, with an annual average take rate of ~5% of MALF.

TEC withdrew 6.5 ML of water and put it into storage for well stimulation activities that are to take place in 2022. TEC plans to reuse well stimulation flowback water in 2022 by diverting water, instead of injecting this into deep wells for disposal to its joint venture partner who will reuse this water for their well stimulation programme.

The Wyatt Dam is the water source for MHW G wellsite operations. Todd upgraded an existing farm dam structure to avoid the environmental risk of failure. The dam is a better place to take water from this area that feeds the Mangahewa Stream. Todd measured stream flows and the water withdrawal rates set by the regulators to mitigate any downstream ecological impacts. Prior to the changes made, the withdrawal point from this water source was a small pond created by a spring, which was unable to support the water flows needed during certain times of the year. Creating the dam catchment has eliminated the potential for water stress. Todd undertook some biodiversity planting at the toe of the dam to protect the face from erosion and to enhance the local biodiversity.

The primary use of water at Nova Energy is at the McKee and Junction Road electricity generation plants.

TEC's primary use of water is at its Birch wellsites for well stimulation.



## Water discharges

For New Zealand and Canadian operations, the regulators do not set volume limits for storm water as it is highly dependent on rainfall. To Todd's knowledge there are no plans to require measurement through discharge consents.

For all New Zealand plants and wellsites, there are significant clean water inputs back into stream systems that offset water takes. This can be estimated by determining the annual amount of rainfall that falls on a plant site and then reducing it by calculating the expected amount of water absorbed by the ground. Todd may consider making these determinations during future developments and enhancements of our Wai Management Plan.

Todd Energy and TEC's produced water from flowing gas and oil wells is deep well injected (DWI). There are no permit limitations relating to DWI disposal.

In New Zealand, any areas on sites where there is the potential for spills to contaminate surface runoff are protected by surrounding bunds. These bunds securely capture spills, and the contents can then be treated and disposed of according to our procedures and regulatory requirements. Surface water passes through oily water separators on all production sites before it is discharged.

Higher risk areas at New Zealand wellsites are also bunded with secondary containment. All site water passes through skimmer pits before being discharged. There were no non-conformances in 2020 or 2021.

Surface stormwater from TEC's Birch Compressor Station is stored on site and tested prior to being released into surrounding Crown land. Prior to discharge, the water is tested to ensure it is below BC Environment's regulatory thresholds for chlorides, pH range, conductivity and visible hydrocarbons. There is no volume limit for stormwater discharge, which varies by season and overall rainfall accumulations.

Nova Energy sites operate within discharge consent approvals. On site stormwater and any process discharge water is stored in retention ponds, which are tested prior to release.

Nova Energy's process water is routed through an oily water separator prior to being sent to the retention pond. Any process water that could contain detergents is stored in an on-site tank and the water is removed for appropriate disposal by a licensed contractor.

To further ensure the environment is not impacted by discharge water, there is an outfall structure at Nova

Energy's Junction Road Power Plant to avoid scouring or erosion impacts to the Mangorei Stream bed.

### Discharge and spill management

Consistent with applicable council requirements, all Todd sites have detailed spill prevention and spill response plans and procedures. Key elements of these include:

- All materials which have the potential to harm the environment are stored in accordance with good practices that meet or exceed all legislative and/or regulatory requirements
- Risk assessments are completed for all tasks where there is the potential for a spill to occur – steps are identified to prevent spills from occurring and if a spill does occur, the appropriate mitigation response
- Spill kits are readily available, and personnel are trained in their use
- Many sites have interceptor systems that can be valved-off to prevent offsite discharge of any spilled material



## Evaluating results

Todd plans to engage with local community as its Wai Management Plan is further developed. Through dialogue with stakeholders, the effectiveness of programmes can be further evaluated.

Beginning in 2022, the Taranaki Regional Council will act as an independent auditor to Todd's Taranaki water consumption rates to verify the Company remains within resource consent limits.

Todd Energy and Nova Energy are accountable to manage water consumption and discharges in a responsible way. Consumption and discharge metrics, including any permit or consent deviations, will be an ongoing part of Todd's annual sustainable development reporting.

### Kapuni Stream erosion

A large section of the Kapuni Stream bank on Todd land was eroded by a large storm in July 2021. This erosion released large quantities of sediment into the stream and generated a large active scarp in the streambanks which periodically eroded, releasing sediment plumes into the stream.

The erosion event threatened to destabilise the site's energy infrastructure and caused ongoing water quality impacts in the stream from sedimentation.

Todd Energy, the solar site landowner, collaborated with the regulator, Ngā Ruahine Iwi, Ngāti Tu and Ngāti Manuhiakai Hapū, and local landowners/contractors to implement a stream restoration solution as emergency works.

Contractors worked to source local rock and a ~120m rip rap was created using ~1,500 MT of boulders. Local hapū were kaitiaki monitors for the duration of the works.

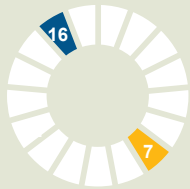
This work is partially completed and ongoing. Work is expected to be completed by March 2022. The project has been nominated for a 2022 Taranaki Regional Council Environmental Award, based on the collaboration and successful environmental outcomes.

**The key element to the success of this work was the regular face-to-face communications and collaboration between all parties.**

**Right:** Kapuni Stream restoration following storm erosion



Material topic 9  
**Honouring  
customers**



Above: Nova Energy's "Greg Grover from Nova" marketing campaign aims to communicate the company's brand promise of: Great value, made easy

**2021  
highlights**

Nova Energy was named the Best Value Energy Provider in the 2021 NZ Compare Power and Broadband Awards.

No incidents of marketing communications non-compliance occurred in 2021.

**Opportunities**

- Increasing data centralisation to further enhance privacy and protection of customer information

**Risks**

- Electricity and gas services have potential health and safety impacts, and customer safety must remain a priority
- Ensuring customer privacy through compliance with internal privacy standards and breach response procedures
- Customer information disclosure due to cyber-attacks, data breaches and unauthorised access to customer information

## Building and maintaining customer trust and loyalty is a priority for energy and telecommunications retailer Nova Energy.

Call centre feedback and net promoter score customer surveys provide valuable feedback on Nova Energy's customer experiences, needs and satisfaction levels.

### Customer care

Nova Energy's reputation reflects integrity and honesty. The company treats its customers in line with its Kiwi family values ethos.

In 2021, the New Zealand Compare Power and Broadband awards named Nova Energy the Best Value Energy Provider. For Nova Energy, the award was an honour to win as it closely aligns to its 'Great value, made easy' brand promise.

As an electricity retailer Nova Energy understands the role electricity plays in all its customers' lives. Nova Energy is committed to ensuring its customers stay safe and connected and is proud of its Kiwi customer service and programmes



which assist customers facing financial challenges and hardship.

In 2021, the New Zealand Electricity Authority (EA) published consumer care guidelines, which focused on providing a consistent and supportive standard of service to residential customers.

The guidelines' purpose is to guide electricity retailers in:

- adopting behaviours and processes that foster positive relationships with residential customers; and

- helping residential customers maximise their potential to access and afford a constant electricity supply suitable for their needs; and
- helping residential customers minimise harm caused by insufficient access to electricity or by payment difficulties.

To align with these guidelines, Nova Energy developed its Residential Consumer Care Policy and published this on its website. The Policy sets out Nova Energy's service promise to residential electricity customers and acts as a guide to how Nova Energy operates, cares for, and treats its customers.

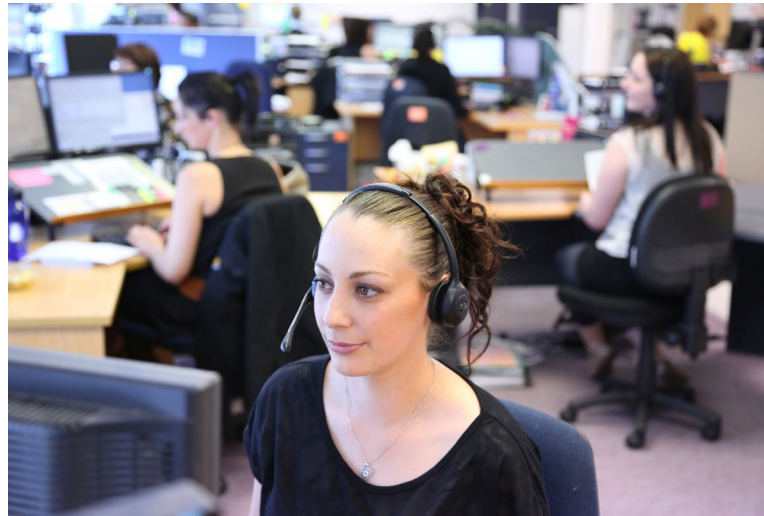
## Vulnerable customer support

Nova Energy's customer service team is available from 8.30am to 6pm Monday to Friday to discuss support and payment options.

Nova Energy maintains effective engagement with vulnerable customers and has consistently maintained one of the lowest rates of residential electricity disconnections for non-payment in the industry. The Electricity Authority's quarterly disconnection statistics show Nova Energy's disconnection rate during 2021 was 0.0%.

Nova Energy engages directly with various social support agencies on behalf of its customers who need extra assistance. During 2021, Nova Energy also applied power credits to around 500 customers experiencing financial hardship as an incentive for them to seek budget advice from FINCAP financial mentors.

In response to Covid-19 impacts and lockdowns, Nova Energy suspended most of its standard credit cycle treatments, including disconnection notices, during 2021.



**Above:** Call centre employees at Nova Energy's Whakatāne office

Instead, thousands of proactive outbound calls and SMS text messages were used as an effective method for engaging with customers and to prompt payment plans for payment arrears.

Nova Energy supports and participates in various vulnerable consumer workgroups and hardship related initiatives led by the Electricity Retailers Association of New Zealand (ERANZ).

The EnergyMate programme is one of these initiatives and is a collaboration between the electricity industry, community, and Government aimed at reducing hardship in New Zealand. EnergyMate's reach involves community and budgeting organisations who provide a full wrap-around service. Following a successful pilot in 2019, EnergyMate continued to operate and expand its coverage in New Zealand in 2021.

The EnergyMate programme was a finalist at the 2021 NZ Energy Excellence Awards. Testimonials of those involved in the programme were very positive. To date, EnergyMate has supported around 1,500 families with energy advice and targeted support through in-home coaching and community hui.

## Customer safety

Nova Energy assesses products it supplies for health and safety impacts. In 2021, these included modems, phone handsets, and hot water heating units.

Manufacturers complete quality testing and ensure these products meet New Zealand standards. Nova Energy considers 100 per cent of products in the physical retail product category for health and safety impacts by exterior suppliers before offering or delivering these to customer homes.

## Prioritising privacy

No customer data privacy breaches occurred in 2021 for any Todd businesses, including Nova Energy, which holds the personal information of more than 100,000 retail customers.

In 2022, Todd will continue centralising data systems and enhancing privacy controls to protect employee, customer, and supplier data.

## Cybersecurity

Cybersecurity is a focus for company data and the personal information of employees, customers and suppliers. Todd's cybersecurity programme is designed to protect and preserve the confidentiality, integrity and continued availability of all information in our care. It includes a cyber incident response plan that provides controls and procedures for timely and accurate reporting of any material cybersecurity incident.

All Nova Energy employees receive annual security training, and Todd conducts periodic phishing testing to ensure employees remain vigilant and compliant, in line with training.

Nova Energy's internal data privacy policies are designed to prevent unauthorised access to, and disclosure of, personal information using a range of operational and technological safeguards.

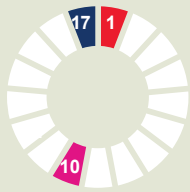
Nova Energy employees also receive training on data privacy concepts to prevent any misuse of personal information. Todd closely monitors evolving data privacy and data protection legislation around the world and updates policies and procedures to comply with all necessary changes.

## Evaluating results

**Todd will evaluate results every year by assessing the number of privacy breaches and non-compliant marketing communications incidents.**

**Todd will report results, including the effectiveness of the management approach, in the annual sustainable development report. The responsibility for this is with Nova Energy.**

Material topic 10  
Tax practices



Todd acknowledges the contribution of taxes to the communities in which it operates. Todd's tax contribution includes paying corporate income taxes, employment-related taxes, royalties on Crown minerals, and other taxes and levies paid or collected on behalf of governments.

The Board-approved tax strategy has the objective of maintaining a low-risk position by ensuring compliance with laws, rules, and regulations.

Tax planning is undertaken in support of business and commercial purposes and transactions are not entered solely for the purposes of achieving a tax outcome.

Todd reviews the tax strategy, which is set out in Todd's Tax Standard and approved by the Board, at least every three years. The Tax Standard was last reviewed and approved by the Todd Board on 6 December 2021.

The Group considers its reputation, corporate and social responsibilities, and desire for an open dialogue with governments when evaluating tax risk. As an important part of the tax strategy, the Todd Group maintains constructive and collaborative relationships with tax authorities in all countries in which it operates, however, it pays the most tax in New Zealand. Most of Todd's operations are in Auckland, Taranaki and Wellington.

Being a Significant Global Entity means the business is subject to country-by-country reporting, which involves additional disclosure of information to Australian and New Zealand tax authorities covering all countries where Todd operates. Todd is subject to an annual risk review undertaken by Inland Revenue in New Zealand.

## TCFD Physical risk summary

Climate hazard (utilising Trucost Physical Risk Analytics <sup>1</sup> )	
<b>Wildfire</b>	<p>Todd's overall exposure to wildfire is low across all scenarios and time horizons.</p> <p>Todd Energy Canada Birch production facility has a high exposure to risk from wildfires. This risk exposure currently exists and is not materially exacerbated by climate change.</p> <p>Todd has existing emergency management systems in place for this location.</p>
<b>Coldwave</b>	<p>Todd's overall exposure to cold waves is low across all scenarios and time horizons.</p> <p>Todd Canada personnel are accustomed to operating in severe low temperatures and plant and people are equipped for cold wave events.</p>
<b>Heatwave</b>	<p>All Todd operations have a low exposure to heatwave risk across all scenarios and time horizons.</p> <p>No specific mitigation is required at this time.</p>
<b>Water stress</b>	<p>Water stress was identified as a significant physical risk driver for Todd. However, only a small proportion of Todd's sites are in areas exposed to high water stress and these locations are exclusively office or warehouse sites, most of which are leased and are not considered material to the Group's overall operations</p> <p>No additional mitigation is required at this time.</p>
<b>Flood</b>	<p>All Todd operations have a low exposure to flood risk across all scenarios and time horizons.</p> <p>No additional mitigation is required at this time.</p>
<b>Sea level rise</b>	<p>Todd's overall exposure to sea level rise is low across all scenarios and time horizons.</p> <p>No additional mitigation is required at this time.</p>
<b>Hurricane</b>	<p>All Todd operations have a low exposure to hurricane risk across all scenarios and time horizons.</p> <p>No additional mitigation is required at this time.</p>

### Note 1:

Trucost Climate Change Physical Risk Analytics provides an asset level assessment of physical risk at the company and portfolio level. The assessment:

- Is based on science-based climate change physical hazard characterization using public, private and Trucost owned datasets.
- Covers seven key climate change physical hazards: flood, water stress, heatwave, coldwave, hurricanes, sea level rise and wildfire.
- Covers three climate change scenarios and three time periods (short, medium and long term) into the future.

## TCFD Qualitative transitional risks assessment

Risk	1. Natural gas demand destruction	2. Carbon price movements	3. Availability and cost of debt and insurance
<b>Summary</b>	Policy and regulatory changes and/or technological advances may reduce the demand for natural gas.	Further policy and regulatory interventions materially increase or decrease the carbon price applied to natural gas products.  Material decreases in the carbon price are considered to carry a similar level of risk to material increases. This is because material decreases may discourage future investment in emissions reduction strategies or render existing investments ineffective.	Reduced availability and/or higher cost of debt and insurance in the future due to potential changes in lender and insurer policies on fossil fuels in response to emissions reduction.
<b>Type</b>	Policy and legal  Market	Policy and legal	Policy and legal  Reputational
<b>Type and triggers</b>	Demand destruction could be triggered by:  Policy and legal changes, such as changes to the price of carbon (refer to risk 2), changes to the rules around how carbon pricing is applied or government incentives for lower emissions energy sources.  Technological advancements such as biofuels and battery technology which lead to fuel switching.	Both New Zealand and Canada (the countries where Todd operations have the greatest emissions) have regimes that tax carbon emissions. Each government can influence the rules and pricing that applies to emissions to meet policy objectives and international commitments.  Uncertain rates of carbon tax policy change can possibly decrease confidence in demand predictions.	Lenders and insurers face pressure from shareholders to reduce their debt or underwriting exposure to businesses producing greenhouse gases.  Government policy in many countries also requires disclosure of these exposures.  Lender, insurer and government policy requirements are influenced by societal views and attitudes towards the fossil fuels sector, including natural gas extraction.
<b>Market impacts</b>	New or accelerated shutdown of major industrial consumers.  Increased demand for electricity and renewable fuels.  Reduced supply of natural gas as legacy gas infrastructure is rendered uneconomic and reduced investment in gas field development.  A transition of gas demand from lower value baseload fuel to niche higher value industrial use fuel. This could be an opportunity for Todd.	Further demand destruction for natural gas (refer risk 1).  Reduced confidence to invest in carbon emission reduction or mitigation activities.	A reduction in the availability of debt to the gas sector.  Impacts in the insurance sector are not yet clear but may include an inability to insure certain assets or higher premiums.



## TCFD Qualitative transitional risks assessment

Risk	1. Natural gas demand destruction	2. Carbon price movements	3. Availability and cost of debt and insurance
<b>Impacts on Todd</b>	<p>A general reduction in demand for natural gas.</p> <p>Todd's co-generation and gas pipeline assets may become uneconomic to operate and be decommissioned.</p> <p>Increase in demand for peakers (unless peaking requirements are addressed by alternative means, such as pumped storage, batteries, etc).</p> <p>Quantification of impacts will be assessed in 2023 once our specific and sector modelling protocols and inputs are more fully matured.</p>	<p>Todd has a heightened exposure to carbon pricing due to the comparably higher CO2 content of gas derived from the Kapuni field and an inability to recover this higher carbon liability from customers.</p> <p>Reduced demand for natural gas products with similar impacts to risk 1.</p> <p>Quantification of impacts will be assessed in 2023 once Todd specific and sector modelling protocols and inputs are more fully matured.</p>	<p>Some of Todd's lenders and insurers are seeking to reduce their exposure to fossil fuels. Some have adopted specific targets.</p> <p>Some insurers are seeking to understand Todd's approach to emissions reduction and have indicated an expectation that Todd will commit to reductions.</p> <p>Sustainability-linked loans and renewable energy projects are likely to facilitate wider access to debt based on emissions reduction targets.</p> <p>Potential impact is lower debt availability for the sector over time. This may mean lower debt to equity ratios and lower leverage impacting Todd's ability to execute growth strategies.</p> <p>An inability to obtain the desired level of insurance due to reduced capacity for fossil fuel companies is another potential impact.</p>
<b>Financial impact</b>	<p>Quantification of impacts will be assessed in 2023 once our specific and sector modelling protocols and inputs are more fully matured.</p>	<p>Work will commence in 2023 on quantification of impacts once specific and sector modelling protocols and inputs are more fully matured.</p>	<p>Lower debt availability as debt funding favours sustainable development projects. This may mean lower debt to equity ratios and lower leverage impact Todd's ability to execute field development programmes in NZ and Canada.</p> <p>Higher insurance premiums or an inability to obtain the desired level of insurance coverage for certain assets.</p>

## Qualitative transitional risks assessment

Risk	1. Natural gas demand destruction	2. Carbon price movements	3. Availability and cost of debt and insurance
<b>Mitigations</b>	<p>All three of Todd's top transitional risks are related to the emissions generated by our operations.</p> <p>Various workstreams are underway to:</p> <ul style="list-style-type: none"> <li>investigate renewable fuels to extend the residual life of co-generation and pipeline assets</li> <li>diversify the Group's revenue sources, including a significant investment in solar energy</li> <li>assess the feasibility of carbon capture, utilisation, and storage strategies</li> </ul>	<p>Same as risk 1.</p>	<p>Todd's sustainable development reporting began in 2020 and continues to be broadened to ensure it meets stakeholder expectations.</p> <p>Todd continues to develop its sustainable development programme, as well as pursuing sustainability-linked loans and specific financing of renewable energy projects.</p> <p>Todd has established and communicated its long-term emissions reduction target.</p>
<b>Opportunities</b>	<p>Increased investment in solar energy</p>	<p>Renewed emphasis on CO<sub>2</sub> sequestration</p> <p>Increased forestry offset investment</p> <p>Increased investment in opportunities that support the transition to a low-emissions economy.</p>	<p>Pursue alternative financing structures</p>

## Global Reporting Initiative Index

This report has been prepared with reference to the Global Reporting Initiative (GRI). The content index can be used to find specific GRI disclosures that together build an understanding of Todd's environmental and social impacts and contributions.

### 100 Series: Universal Disclosures

GRI #	Disclosure title	Reference
101	Foundation	<a href="#">About this report; scope; reporting frameworks</a>
<b>GRI 102</b>	<b>General disclosures 2016</b>	
102-01	Name of the organisation	<a href="#">Cover page</a>
102-02	Activities, brands, products, and services	<a href="#">About us</a>
102-03	Location of headquarters	<a href="#">Scope</a>
102-04	Location of operations	<a href="#">About us</a>
102-05	Ownership and legal form	Unlisted New Zealand Limited Liability Company
102-06	Markets served	<p>Todd Energy Canada serves the Canadian natural gas market. All other Todd businesses in this report serve New Zealand markets.</p> <p>Sectors and types of customers and beneficiaries served:</p> <ul style="list-style-type: none"> <li>• Todd's NZ based natural gas business serviced the following major sectors in 2021, electricity generation, methanol production, industry, and the commercial and residential sector.</li> <li>• Todd Energy sells the vast majority of its natural gas to Nova Energy.</li> <li>• Nova Energy's natural gas counterparts include: <ul style="list-style-type: none"> <li>– Todd Generation which owns and operates electricity generation across NZ including fast start natural gas fired power plants. Todd Generation sells the electricity it generates to New Zealand's national grid, owned and operated by Transpower.</li> </ul> </li> </ul>

GRI #	Disclosure title	Reference
102-06	Markets served continued...	<ul style="list-style-type: none"> <li>– Methanex is the only methanol manufacturer in New Zealand. Methanex's three production facilities in Taranaki are capable of producing up to 2.4 million tonnes of methanol annually.</li> <li>– The dairy farming co-operative Fonterra, with whom Nova Energy has a joint venture arrangement that owns and operates a co-generation site and a number of other energy supply agreements for the processing of milk.</li> <li>– Nova Energy's retail brand provides electricity, gas and telecommunications services to over 100,000 New Zealand families and businesses.</li> </ul>
102-07	Scale of the organisation	<a href="#">About us</a>
102-08	Information on employees and other workers	<a href="#">Employee data tables</a>
102-09	Supply chain	There were no material changes to Todd's supply chain between 2020 and 2021.
102-10	Significant changes to the organisation and its supply chain	No significant changes
102-11	Precautionary principle or approach	Todd Corporation does not apply the United Nations' Precautionary Principle. Measures to manage Todd's environmental risks are sufficiently robust that no incidents of serious environmental damage or breaches of environmental regulations or permits occurred in Todd's operations throughout 2021.

GRI #	Disclosure title	Reference
102-12	External initiatives	<p>Todd is a member of Energy Resources Aotearoa (ERA) and the Electricity Retailers' Association of New Zealand (ERANZ), both voluntary New Zealand based industry advocacy groups.</p> <ul style="list-style-type: none"> <li>ERA's mission is to create a successful and sustainable energy resources sector that makes New Zealand a better place, through and beyond the transition to lower emissions. Todd has been a member since 1972.</li> <li>ERANZ's primary objective is to promote and enhance a competitive and sustainable electricity market for the benefit of customers. Todd has been a member since 2015.</li> </ul>
102-14	Statement from senior decision-maker	<b>Todd Executive message</b>
102-15	Key impacts, risks, and opportunities	Refer to <b>Material topics</b>
102-16	Values, principles, standards, and norms of behaviour	<b>Operating Principles</b> Code of Conduct (available on request)
102-18	Governance structure	<b>About us</b> <b>Our People</b>
102-20	Executive-level responsibility for economic, environmental, and social topics	<b>Task Force on Climate-related Financial Disclosures</b>
102-21	Consulting stakeholders on economic, environmental, and social topics	<b>Todd stakeholders</b>
102-22	Composition of the highest governance body and its committees	<b>Task Force on Climate-related Financial Disclosures</b>
102-23	Chair of the highest governance body	The Chair of Todd Corporation's Board of Directors is non-executive.

GRI #	Disclosure title	Reference
102-26	Role of highest governance body in setting purpose, values, and strategy	<b>Task Force on Climate-related Financial Disclosures</b>
102-29	Identifying and managing economic, environmental, and social impacts	<b>Task Force on Climate-related Financial Disclosures</b>
102-32	Highest governance body's role in sustainability reporting	<b>Task Force on Climate-related Financial Disclosures</b>
102-33	Communicating critical concerns	<b>Market presence and conduct</b>
102-34	Nature and total number of critical concerns	Nil
102-40	List of stakeholder groups	<b>Todd stakeholders</b>
102-41	Collective bargaining agreements	<b>Todd stakeholders</b>
102-42	Identifying and selecting stakeholders	<b>Todd stakeholders</b>
102-43	Approach to stakeholder engagement	<b>Todd stakeholders</b>
102-44	Key topics and concerns raised	<b>Material topics</b>
102-45	Entities included in the consolidated financial statements	Omitted from the report due to the private nature of the Todd Corporation. This report primarily focuses on Todd's energy sector businesses as these represent the core impacts. Inclusion of other businesses will be considered for future reporting.
102-46	Defining report content and topic boundaries	<b>Material topics</b>
102-47	List of material topics	<b>Material topics</b>

GRI #	Disclosure title	Reference
102-48	Restatements of information	<b>Energy and emissions</b>
102-49	Changes in reporting	No change since 2020
102-50	Reporting period	<b>About this report</b>
102-51	Date of most recent report	<b>About this report</b>
102-52	Reporting cycle	<b>About this report</b>
102-53	Contact point for questions regarding the report	Brian Jones: <a href="mailto:bjones@toddcorporation.com">bjones@toddcorporation.com</a> Rowan Hooper: <a href="mailto:rhooper@toddcorporation.com">rhooper@toddcorporation.com</a>
102-54	Claims of reporting in accordance with the GRI Standards	<b>Reporting frameworks</b>
102-55	GRI content index	Current section
102-56	External assurance	External input and oversight from Arup have assisted in the preparation of this report. Further external assurance was not sought for 2021 report.
<b>GRI 103</b>	<b>Management Approach 2016</b>	
103-01	Explanation of the material topic and its boundary	<b>Material topics</b>
103-02	The management approach and its components	Refer to introductory sections of each material topic
103-03	Evaluation of the management approach	The mechanism for evaluating the effectiveness of the management approach, the results, and who the responsibility sits with is outlined under each material topic. Refer to material topic sections

## 200 Series: Economic Disclosures

GRI #	Disclosure title	Reference	UNSDG Mapping
<b>GRI 201</b>	<b>Economic Performance</b>		
201-2	Financial implications and other risks and opportunities due to climate change	<b>Task Force on Climate-related Financial Disclosures</b>	<b>13</b>
201-4	Financial assistance received from government	No government financial assistance was received during the reporting period.	
<b>GRI 202</b>	<b>Market presence 2016</b>		
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	<b>Market presence and conduct</b>	<b>1 5 8</b>
<b>GRI 204</b>	<b>Procurement practices 2016</b>		
204-1	Proportion of spending on local suppliers	<b>Market presence and conduct</b>	<b>8</b>
<b>GRI 205</b>	<b>Anti-corruption 2016</b>		
205-2, 3	Anti-corruption	<b>Market presence and conduct</b>	<b>16</b>
<b>GRI 206</b>	<b>Anti-competitive behaviour 2016</b>		
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	<b>Market presence and conduct</b>	<b>16</b>
<b>GRI 207</b>	<b>Tax 2019</b>		
207-1, 2, 3, 4	Tax	<b>Tax practices</b>	<b>1 10 17</b>

### 300 Series: Environmental Disclosures

GRI #	Disclosure title	Reference	UNSDG Mapping
<b>GRI 302 Energy 2016</b>			
302-1, 2, 3	Energy	<b>Energy and emissions</b>	7 8 12
OG-E	Total amount invested in renewable energy	<b>Energy and emissions</b>	7 8 12
OG-E	Total amount of renewable energy generated by source	<b>Energy and emissions</b>	7 8 12
<b>GRI 303 Water and effluents 2018</b>			
303-1, 2, 3, 4, 5	Water and effluents	<b>Water</b>	6 12
OG-W	Total water withdrawal by source	<b>Water</b>	6 12
OG-W	Water sources significantly affected by withdrawal of water	<b>Water</b>	6 12
<b>GRI 304 Biodiversity 2016</b>			
304-1, 2, 3	Biodiversity	<b>Biodiversity and environmental management</b>	6 14 15
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	None	6 14 15
OG-B	Number and percentage of significant operating sites in which biodiversity has been assessed and monitored	<b>Biodiversity and environmental management</b>	6 14 15

GRI #	Disclosure title	Reference	UNSDG Mapping
<b>GRI 305 Emissions 2016</b>			
305-1, 2, 3, 4, 5, 6, 7	Emissions	<b>Energy and emissions</b>	12 15
<b>GRI 306 Waste 2020</b>			
306-1, 2, 3, 4, 5	Effluents and waste	<b>Effluent and waste</b>	3 6 12 15
OG-EW	Total weight of waste by type and disposal method	<b>Biodiversity and environmental management</b>	
<b>GRI 307 Environmental compliance 2016</b>			
307-1	Non-compliance with environmental laws and regulations	Nil	16
<b>GRI 308 Supplier environmental assessment 2016</b>			
308-1, 2	Supplier environmental assessment	<b>Market presence and conduct</b>	12

## 400 Series: Social Disclosures

GRI #	Disclosure title	Reference	UNSDG Mapping
<b>GRI 401</b>	<b>Employment 2016</b>		
401-1	New employee hires and employee turnover	Employee data tables	5 8
401-3	Parental leave	Employee data tables	5 8
<b>GRI 403</b>	<b>Occupational health and safety 2018</b>		
403-1, 2, 3, 4, 5, 6, 7, 8, 9, 10	Occupational health and safety	Employee health, safety, and wellbeing	3 8 16
OG-HS	Number of process safety events	Employee health, safety, and wellbeing	3 8 16
<b>GRI 404</b>	<b>Training and education 2016</b>		
404-1, 2, 3	Training and education	Employee health, safety, and wellbeing	4 5 8 10
<b>GRI 406</b>	<b>Non-discrimination 2016</b>		
406-1	Incidents of discrimination and corrective actions taken	Employee health, safety, and wellbeing	5 8
<b>GRI 411</b>	<b>Rights of Indigenous people 2016</b>		
411-1	Incidents of violations involving rights of indigenous peoples	Community contribution	
<b>GRI 413</b>	<b>Local communities 2016</b>		
413-1, 2	Local communities	Community contribution	1 2
OG-LC	Number and description of significant disputes with local communities and indigenous peoples	Community contribution	

GRI #	Disclosure title	Reference	UNSDG Mapping
OG-LC	Number of sites that have been decommissioned and sites that are in the process of being decommissioned	Biodiversity and environmental management	
<b>GRI 414</b>	<b>Supplier social assessment 2016</b>		
414-1, 2	Supplier social assessment	Market presence and conduct	5 8 16
<b>GRI 415</b>	<b>Public policy 2016</b>		
415-1	Political contributions	Nil for 2021	16
<b>GRI 416</b>	<b>Customer health and safety 2016</b>		
416-1, 2	Customer health and safety	Honouring customers	7
<b>GRI 417</b>	<b>Marketing and labelling 2016</b>		
417-3	Incidents of non-compliance concerning marketing communications	Honouring customers	16
<b>GRI 418</b>	<b>Customer privacy 2016</b>		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Honouring customers	16

GRI #	Disclosure title	Reference	UNSDG Mapping
<b>GRI-419</b>	<b>Socioeconomic compliance 2016</b>		
419-1	Non-compliance with laws and regulations in the social and economic area	Nil	16
OG-SC	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	Nil	16



## Employee data tables

Employee data relates to the 748 direct employees of the four reporting entities. Data source: Todd HR as at 31.12.2021

Employees by employment contract		
Permanent	Male	475
	Female	250
Fixed term	Male	10
	Female	13
<b>Total</b>		<b>748</b>

Employees by employment contract		
Full-time	Male	477
	Female	210
Part-time	Male	8
	Female	53
<b>Total</b>		<b>748</b>

New employee hires during the period by age group		
Under 25	Male	5
	Female	8
25-34	Male	23
	Female	24
35-44	Male	13
	Female	15
45-54	Male	10
	Female	8
55-64	Male	3
	Female	4
65+	Male	0
	Female	0
<b>Total</b>		<b>113</b>

Rate of turnover during the period by age group		
Under 25	Male	1
	Female	1
25-34	Male	20
	Female	23
35-44	Male	9
	Female	14
45-54	Male	14
	Female	6
55-64	Male	11
	Female	4
65+	Male	6
	Female	3
<b>Total</b>		<b>112</b>

Employees entitled to the Todd Parental Leave Scheme	
Male	434
Female	228
<b>Total</b>	<b>662</b>

Employees that took parental leave, by gender	
Male	6
Female	25
<b>Total</b>	<b>31</b>

Employees that returned to work in the reporting period after parental leave ended, by gender	
Male	2
Female	16
<b>Total</b>	<b>18</b>

Employees that returned to work after parental leave ended that were still employed 12 months after their return to work	
Male	2
Female	15
<b>Total</b>	<b>17</b>

<b>Retention rate 12 months after returning from parental leave</b>	<b>94%</b>
---	------------



95 Customhouse Quay  
PO Box 3141  
Wellington 6140  
New Zealand  
Phone: +64 4 472 2970

[www.toddcorporation.com](http://www.toddcorporation.com)

**Enterprise  
& Energy**