



Climate Transition Plan 2026 - 2028



People First
Bank

People First Bank acknowledges the Traditional Custodians of the lands across Australia on which we operate and pay our respects to Elders past and present. We recognise their deep connection to land, water, and community, and acknowledge the impact of climate change on their traditional territories.

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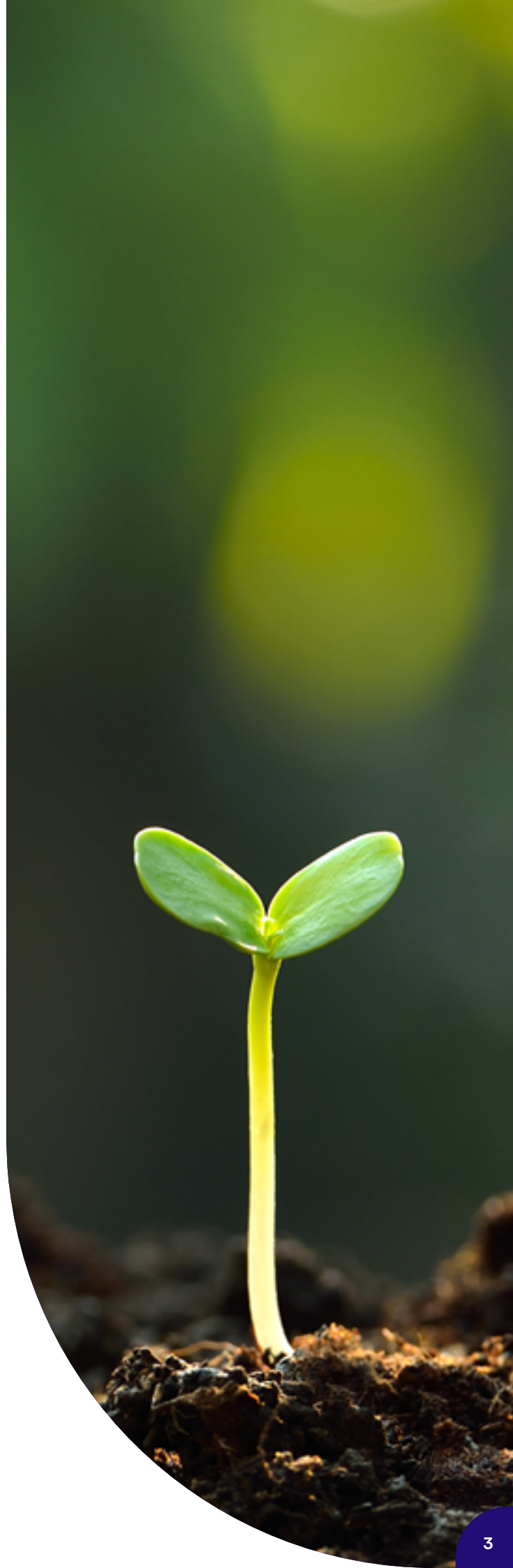
About this plan

This Climate Transition Plan sets out People First Bank's three-year approach to support the transition to a more resilient and lower-emissions economy.

The Plan outlines our climate ambitions, targets and priority actions across our operations and lending portfolio.

The Plan complements our annual Climate Disclosure, which is prepared in accordance with AASB S2 Climate-related Disclosures. While our Climate Disclosure explains how climate-related risks and opportunities are governed, assessed and managed, this Plan focuses on the practical actions we are taking to support the transition and the metrics we will use to monitor progress.

This Plan applies to Heritage and People's Choice Limited, trading as People First Bank and Heritage Bank, and its controlled entities. The scope aligns with People First Bank's financial reporting boundaries and includes all operations under our operational control, including head offices, branch networks and corporate fleet vehicle activities. Greenhouse gas emissions are measured and reported using the operational control approach under the Greenhouse Gas Protocol.



Forward looking statements

This Plan contains forward-looking statements, including statements about People First Bank's climate-related ambitions, targets, objectives, pathways, planned actions, anticipated outcomes, future emissions, customer and supplier engagement, technology, policy settings, financial planning, and operational resilience. Forward-looking statements can generally be identified by words such as "may", "will", "intend", "plan", "aim", "target", "expect", "anticipate", "continue", "support", "seek", "develop", "implement" and similar expressions.

Forward-looking statements are based on information available at the date of this Plan and on current expectations, assumptions, estimates, methodologies and judgements. These statements are not guarantees of future performance, outcomes or target achievement. Actual outcomes may differ materially from those expressed or implied due to factors including changes in climate science, data availability, modelling methodologies, government policy, regulation, technology development, market conditions, customer behaviour, supplier capability, funding availability, insurance markets, economic conditions and the physical and transition impacts of climate change.

Climate-related data, metrics, modelling and methodologies, including those relating to financed emissions, climate scenario analysis and emissions reduction pathways, are developing and involve estimation, assumptions and uncertainty. This Plan should be read together with the assumptions and dependencies described in this Plan and People First Bank's annual Climate Disclosure.

Subject to applicable laws and reporting obligations, People First Bank does not undertake to update forward-looking statements in this Plan. Readers should not place undue reliance on forward-looking statements.

Key assumptions include:

Policy stability

A consistent and supportive government policy and regulatory environment, including the successful implementation of mandatory climate-related disclosures (AASB S2).

Customer behaviour

Customers respond rationally to economic and risk signals - including energy price fluctuations, insurance premiums, and property valuation trends - by adopting transition measures and resilience strategies that protect their long-term financial interests.

Technology development

The availability and commercial scalability of key decarbonisation technologies (e.g., heat pump technology, affordable residential battery storage) for our customers.

Economic conditions

Continued stable economic conditions in Australia that support consumer investment in home adaptation and avoid a material increase in mortgage defaults (mitigating physical risk).

A message from our CEO

Climate change is already affecting the homes, businesses and communities Australians rely on. As a customer-owned bank, we have a responsibility to understand these impacts and take practical action.

Our Climate Transition Plan sets out what we will do over the next three years to reduce our own environmental impact, help customers and communities respond to a changing climate, and strengthen the resilience of our bank.

We know our greatest opportunity to make a difference is by working with our customers and the communities we serve. That means looking beyond our own operations to how we can support more resilient and energy-efficient homes, while working with our partners and suppliers to support change.

Climate risks, technology and regulation will continue to evolve, and so will our approach. We will keep building our knowledge, reviewing our actions and reporting openly on our progress.

This Plan gives us a clear path forward, with practical actions and measurable goals to help build a more resilient, lower-emissions future.

Steve Laidlaw
Chief Executive Officer



The residential housing imperative

The Australian residential housing sector is the nation's single largest asset class with a total value exceeding A\$11 trillion¹. The long-term stability and security of this collateral is directly exposed to climate risks, necessitating urgent action from financial institutions.

Climate impact on housing assets

Physical risk to collateral: The increasing frequency and severity of extreme weather events – such as bushfires, catastrophic flooding, and coastal inundation – pose a direct threat to the physical integrity and market valuation of properties, creating a compounding risk of “uninsurable” assets and collateral erosion.

Transition risk and socio-economic stability: Beyond the immediate pressure of stricter building codes and the “brown discounting” of energy-inefficient homes, the shift to a net-zero economy disrupts carbon-intensive industries, where regional employment downturns can undermine mortgage serviceability and trigger localised property market volatility.

Evolving expectations

This plan is not only a response to the physical and economic shifts of a changing climate; it is a proactive response to the evolving expectations of our stakeholders. We recognise that our social licence is increasingly tied to our contribution to supporting a just transition.

Our customers: Today's homeowners are increasingly conscious of their environmental footprint and the rising cost of energy. They expect their financial partners to provide more than just credit; they look for guidance, incentives for energy-efficient upgrades, and products that help them build more resilient, cost-effective homes.

Our communities: As a customer-owned organisation, we are deeply embedded in the communities we serve. These communities expect People First Bank to advocate for local resilience while ensuring that no one is left behind as the economy transitions to lower-emission energy and housing solutions.

Our regulators: Regulatory bodies, including APRA and ASIC, have moved climate risk from a voluntary disclosure to a core component of financial supervision. With the introduction of mandatory climate-related financial disclosures in Australia, there is a clear expectation for transparency, rigorous data, and demonstrable progress against stated targets.

We are not merely responding to a changing climate; we are evolving alongside the expectations of our people and partners to ensure People First Bank remains a trusted, sustainable bank.

Rationale for action

As a mortgage provider in Australia, we have a responsibility to manage climate-related impacts across our A\$27 billion² asset portfolio. Furthermore, our role is to support the decarbonisation and resilience of the housing portfolio through targeted financing, thereby helping to protect the assets of our customers and ensuring long-term resilience.

As a customer-owned bank deeply embedded within our communities, People First Bank recognises its role in contributing to the transition to a sustainable and resilient economy. We understand that climate change presents both systemic risks to financial stability and unique challenges and opportunities for our customers, many of whom are directly impacted by climate events or are seeking to increase the resilience of their homes.

1 National Housing Supply and Affordability Council – State of the Housing System Report 2025.

2 As at 30 June 2026.

Our strategy

People First Bank's Climate Transition Plan supports the delivery of our strategy by translating our climate ambitions into practical actions and measurable outcomes.

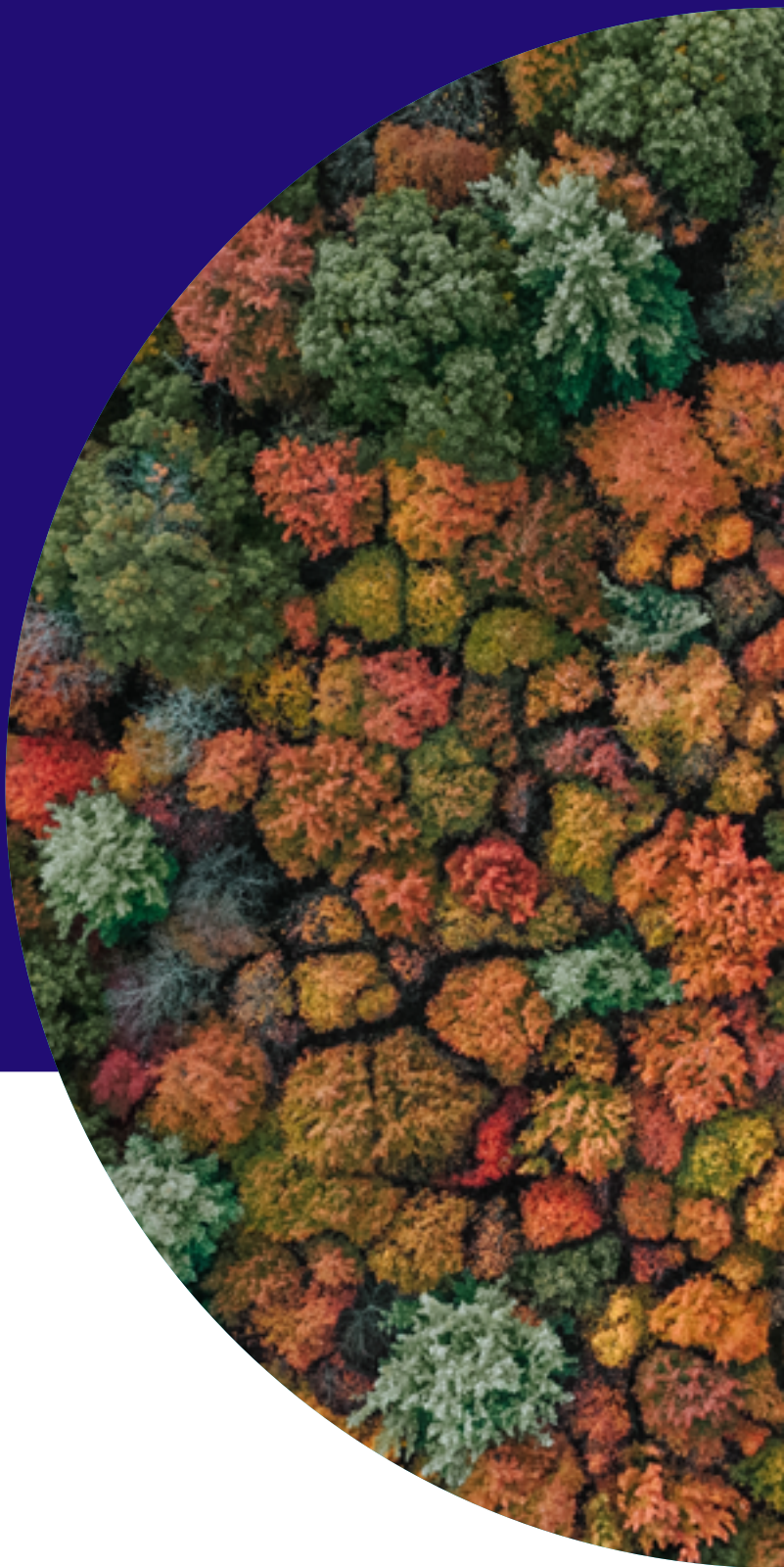
Consistent with our focus on putting people and communities first, making banking fair and easy, and taking a stand for the future, this Plan focuses on the areas where we can have the greatest impact through our operations, lending portfolio and industry partnerships.

Ambitions and targets

Our ambition is to support a just and orderly transition to a lower-emissions and more climate-resilient future. To support this ambition, we have established climate targets informed by climate science, the goals of the Paris Agreement and Australia's emissions reduction targets³. These targets provide a clear framework for measuring progress and guiding our actions over time.

The following targets translate our ambition into measurable, time-bound commitments. Our near-term targets have been validated by the Science Based Targets initiative (SBTi), supporting alignment with the latest climate science.

³ Australia's current national emissions reduction targets are a 43% reduction below 2005 levels by 2030, a 62–70% reduction below 2005 levels by 2035, and net zero emissions by 2050.



Our targets and commitments



Target category	Metric	Baseline year	Baseline value	Target year
Near-term targets				
Reduce absolute Scope 1 and Scope 2 GHG emissions 95%*	tCO ₂ e-	FY23	1,967	FY30
Increase active annual sourcing of renewable electricity to 100%*	% renewable energy	FY23	56%	FY30
Reduce mortgage portfolio CO ₂ emissions 38% per square metre*	kgCO ₂ e- per m ²	FY24	24.03	FY30
48% of the corporate bond portfolio, by invested value covered by SBTi-validated targets*	% of invested valued	FY24	17%	FY29
Long-term target				
Net-zero emissions**	tCO ₂ e-	FY23	11,300	FY50

* Validated (SBTi).

** To be completed in accordance with the SBTi Net Zero Target Standard for Financial Institutions v1.

Target measurement and reporting

The targets outlined in this Plan are supported by established methodologies, baseline assumptions and performance metrics. Progress against these targets, including the applicable emissions baselines, calculation methodologies and historical greenhouse gas emissions performance, is reported annually in our Climate Disclosure.

Our decarbonisation pathways

Delivering our climate ambition requires action across the areas where People First Bank can have the greatest influence and impact. Our Climate Transition Plan is therefore structured around three interconnected pathways and is supported by ongoing internal capability building:

01 Responsible Operations

02 Just Customer Transition

03 Sustainable Partnerships

Together, these pathways focus on reducing emissions within our operations, supporting customers through the transition and working with industry partners to contribute to broader change. They provide a practical framework for People First Bank to support a just and orderly transition to a lower-emissions future.



Pathway 1: Responsible Operations

This pathway focuses on reducing emissions from our operations and strengthening the resilience of our business. By improving energy efficiency, sourcing renewable electricity, transitioning our corporate fleet and engaging suppliers on emissions reduction, we aim to reduce our operational footprint while supporting our broader climate ambitions.



Action	Details	Timing
Operation Net Zero Goal	Achieve net-zero GHG emissions from directly controlled activities (Scope 1 and Scope 2).	FY30
100% Renewable Electricity	Maintain sourcing for all national offices and branches via GreenPower or decoupled Large Generation Certificates (LGCs).	Ongoing
Complete Corporate Fleet Transition to ZEVs	Transition the corporate vehicle fleet to zero-emission vehicles (ZEVs), where operationally viable.	FY30
Climate Vulnerability Assessment	Ongoing data improvements and modelling to assess the lending portfolio's exposure to acute and chronic climate risks.	FY28

Pathway 1: Responsible Operations

How we will deliver this pathway

Renewable energy and energy efficiency

Electricity consumption (Scope 2) has historically been the primary source of our operational footprint. We prioritised this reduction by achieving 100% renewable electricity sourcing in FY25 through accredited GreenPower and LGCs. This will be maintained in future reporting periods.

To ensure long-term physical sustainability, as our branches are refurbished under our consolidated People First Bank brand, we will consider deploying LED lighting, reuse furniture, fixtures and fittings and transitioning to high-efficiency electric appliances.

Fleet transition

In FY25, we commenced a pilot program to evaluate the logistical and economic viability of shifting our current hybrid vehicle fleet to a ZEV fleet.

While our goal is a 100% ZEV fleet by FY30, we recognise that certain requirements or regional constraints may not be operationally viable and require temporary exceptions.

Operational Scope 3

While financed emissions are our primary focus, we are actively managing our material operational Scope 3 emissions. People First Bank addresses these by integrating sustainability criteria into our supply chain and engaging suppliers to adopt their own credible reduction targets.

Related metrics

People First Bank will track the following metrics to evaluate the effectiveness of our operational decarbonisation efforts and ensure we remain on a credible pathway to our FY30 targets.

Total Operational GHG Footprint (tCO₂e-)

The absolute emissions across Scope 1, Scope 2 (market-based), and all material Scope 3 operational categories (Categories 1-14, excluding financed emissions).

Emissions Reduction Performance (%)

Our year-on-year percentage reduction in absolute Scope 1, Scope 2, and upstream Scope 3 emissions relative to our FY23 baseline, as validated by the SBTi.

Renewable Electricity Sourcing (%)

The proportion of total electricity demand across our national office and branch network met through renewable sources, including GreenPower and LGCs.

Fleet Electrification Progress (%)

The percentage of our corporate fleet (pool and tool-of-trade vehicles) that has transitioned to ZEVs.



Pathway 2: Just Customer Transition

This pathway focuses on supporting our customers through the transition to a lower-emissions and more climate-resilient future. We recognise that our role is to incentivise positive behaviours, and through our lending activities, customer support initiatives and access to practical information and tools, we aim to help customers improve the energy efficiency and resilience of their homes while supporting a just and orderly transition.



Action	Details	Timing
Climate Conscious Lending	Launch lending value proposition for climate-related improvements and promote the use of existing facilities to fund sustainable retrofits.	FY28
Just Transition and Resilience Support	Develop support initiatives for customers most exposed to transition risks, including those in high-risk climate zones or facing significant cost-of-living pressures.	FY28
Property Climate Risk Transparency	Provide property-level climate risk reports to new home loan customers to support their understanding of physical climate impacts and long-term resilience planning at the point of purchase.	FY28
Customer Empowerment and Advisory Services	Provide access to digital resources, energy-efficiency calculators, and verified information on government rebates to help customers make informed transition decisions.	FY28

Pathway 2: Just Customer Transition

How we will deliver this pathway

Climate-conscious lending and portfolio decarbonisation

Financed emissions are the largest component of our greenhouse gas footprint, accounting for approximately 90% of our total emissions. As a result, supporting the decarbonisation and resilience of residential housing represents one of the most significant opportunities for People First Bank to contribute to emissions reduction and long-term financial resilience. To drive meaningful change, we have established clear targets for our mortgage portfolio and our corporate bond investments.

The primary mechanism for decarbonisation is supporting improvements in the energy-efficiency and climate resilience of residential properties. By offering tangible financial benefits, such as preferential rates, we aim to help customers overcome the upfront cost barriers to adopting energy-efficient technologies and resilience measures. This not only reduces emissions but also strengthens the long-term value and resilience of the properties within our portfolio.

Supporting impacted customers

We recognise that physical and transition risks do not impact everyone equally. We will work to identify and support customers who may be disproportionately affected.

We are developing a support model that provides practical assistance before, during and after climate-related impacts, helping customers understand risks, improve resilience and recover from extreme weather events.

- **Targeted education:** Helping customers understand how climate-related risks may impact their property value or insurance costs through property-level reporting.
- **Direct assistance:** Prioritising energy-efficiency programs for households to help lower their long-term cost of living.
- **Community advocacy:** Working with industry bodies to improve the structural resilience of the communities where our customers live and work.
- **Disaster relief:** Providing support such as payment deferrals, fee waivers, claims assistance and emergency grants, while streamlining recovery pathways to help customers rebuild with greater resilience following extreme weather events.

Related metrics

People First Bank will track the following metrics across our mortgage and investment portfolios to assess how effectively we are supporting our customers' transition and reducing our exposure to climate-related risks.

Mortgage Portfolio Emissions Intensity (kgCO₂e- / m²)

Our primary metric for tracking the decarbonisation of the residential housing sector, aligned with our SBTi-validated near-term target.

Corporate Bond Portfolio Alignment (%)

The percentage of our corporate bond portfolio (by invested value) that has set its own SBTi-validated emissions reduction targets.

Customer Resilience Engagement (Count)

Number of customers utilising our resilience advisory tools or educational resources to mitigate physical climate risks.

Portfolio Insurance Coverage (%)

Monitoring the proportion of our residential collateral located in high-risk zones that maintains adequate and affordable insurance coverage.

Community Resilience Support (A\$)

Total financial investment in programs specifically designed to support energy-efficiency upgrades, disaster resilience and disaster recovery for customers facing heightened climate risk.



Pathway 3: Sustainable Partnerships

This pathway focuses on driving systemic change by collaborating across our value chain and supporting a fair and orderly transition. Through supplier engagement, industry collaboration and advocacy, we aim to strengthen climate capability beyond our direct operations and contribute to broader resilience and decarbonisation outcomes.



Action	Details	Timing
Supply Chain Decarbonisation	Implement a Sustainable Procurement Guide that gives appropriate weight to climate considerations when selecting new suppliers and assists existing partners in major categories, including IT, consultancy, and building services, to set credible emissions targets.	FY27
Proactive Policy Advocacy	Engage with industry groups including Community Owned Banking Association (COBA) and the Business Council of Co-operatives and Mutuals (BCCM) to advocate for regulatory environments that support green lending and enhance the physical resilience of Australian residential assets.	Ongoing

Pathway 3: Sustainable Partnerships

How we will deliver this pathway

Sustainable procurement and supplier engagement

People First Bank is committed to building a resilient and ethical supply chain. Through our Sustainable Procurement Guide, we will seek to integrate climate considerations into supplier selection and support key suppliers to improve their own climate capabilities and emissions reduction efforts. Our approach focuses on:

- **Supplier selection:**

Integrating sustainability performance into procurement processes and decisions, ensuring prioritisation of engagements with organisations that demonstrate transparent climate commitments, performance and reporting.

- **Supplier capability building:**

Supporting existing partners and suppliers, particularly small and medium-sized enterprises (SMEs), through guidance resources, carbon accounting tools, and engagement to help strengthen climate capability, encourage emissions reduction activities and drive broader change across the Australian economy.

Industry collaboration and advocacy

We regularly participate in relevant industry working groups, including COBA and BCCM. By sharing best practices and contributing to joint policy submissions, we contribute to the perspectives of customer-owned banks to the development of Australia's sustainable finance taxonomy and climate disclosure standards.

Related metrics

People First Bank will track the following metrics to monitor the implementation of our sustainable procurement approach.

Sustainable Procurement Alignment (%):

The percentage of our material suppliers (by spend) that meet the requirements of the People First Bank Sustainable Procurement Guide.



Governance

The successful delivery of this Climate Transition Plan relies on clear oversight, accountability and monitoring across the organisation. Governance arrangements support the implementation of the Plan, oversight of climate-related commitments and targets, and monitoring of progress against planned actions and outcomes.

Further details of People First Bank's governance framework, including Board and management roles and responsibilities, are available in our annual Climate Disclosure.



Building climate capability

Delivering this Plan requires our employees, management and the Board to have the knowledge and skills necessary to identify, manage and respond to climate-related risks and opportunities relevant to their roles. Building internal climate capability is a key enabler of our transition, supporting effective decision-making, risk management, customer outcomes and delivery of our climate commitments.



People First Bank understands that this capability must be developed and maintained through a structured and ongoing approach, including professional development, targeted training and capability building activities.

By FY28, we intend to implement a Climate Competency Framework that defines the role-specific climate knowledge expectations, supports professional development and embeds climate considerations into relevant performance frameworks. As climate science, regulation and market expectations continue to evolve, we will seek opportunities to strengthen capability across the organisation to support the effective implementation of this Plan and the achievement of our climate ambitions.

Investment allocation

Delivering this Plan requires investment in initiatives that support our climate ambitions and strengthen the long-term resilience of People First Bank. Climate-related considerations are integrated into our strategic planning, budgeting and forecasting processes to help ensure that resources are directed towards activities that support our climate commitments, strategic objectives and long-term resilience.

Investment in transition initiatives is considered through our annual strategic planning, prioritisation, and budgeting process. While our long-term climate targets remain fixed, the specific capital and operational expenditure is reviewed and approved annually by the Board. This approach enables us to remain agile and respond to evolving technologies, climate-related risks and opportunities and regulatory developments.

We are also committed to continually enhancing our methodologies for incorporating climate-related considerations into budget, forecasting and planning as data availability, analytical capability and regulatory guidance evolve.



The following mechanisms support the integration of climate-related considerations into planning, investment and decision-making across the organisation.

1

Alignment of Capital and Financial Planning



Strategic prioritisation

Identify potential discretionary capital and operational expenditure towards activities that directly contribute to a Just Customer Transition.

Climate stress testing integration

Insights from our Climate Scenario Analysis are incorporated into internal capital adequacy and stress testing processes to assess resilience of People First Bank's capital position under a range of possible climate pathways. This informs the potential provisioning levels to mitigate against any potential identified credit losses.

Performance tracking

Climate-related investments are tracked against the climate related metrics outlined in each of the decarbonisation pathways and reported in our annual climate disclosures.

2

Investment in Climate Conscious Lending and Services



Product development investment

Capital is allocated to the development, marketing, and technology required to successfully launch and scale climate conscious lending and associated services.

Financial incentives

Use of capital to fund the preferential interest rates and discounts. This represents a strategic investment that reduces financial risk to People First Bank by improving the long-term quality and resilience of the underlying collateral.

3

Operational Transition Expenditure



Renewable energy procurement

Investment through the purchase of GreenPower and LGCs to meet the 100% renewable electricity sourcing target.

Asset Decarbonisation

Capital and operational expenditure to accelerate the full replacement of the corporate vehicle fleet with EVs and invest in energy efficiency retrofits across our branch network and head offices.

Glossary

Term/Acronym	Definition
AASB S2	Australian Accounting Standards Board S2 Climate-related disclosures. The Australian mandatory sustainability disclosure standard for climate-related financial information, based on the global ISSB S2 framework.
Financed emissions (Scope 3)	Greenhouse gas (GHG) emissions associated with the loans, investments, and other financial products provided by a financial institution, representing the vast majority of a bank's climate footprint.
GHG Protocol	Greenhouse Gas Protocol – The most widely used global standard for measuring and managing GHG emissions from private and public sector operations.
Just transition	A framework that ensures the transition to a net-zero economy is conducted in a manner that is fair and inclusive, supporting employees, communities, and customers who might otherwise be negatively impacted.
Net zero	Achieving a balance between the amount of greenhouse gas emitted into the atmosphere and the amount removed, typically by 2050 to align with the Paris Agreement.
Paris Agreement	An international treaty adopted under the United Nations Framework Convention on Climate Change (UNFCCC) in 2015. The Agreement aims to limit the increase in global average temperatures to well below 2°C above pre-industrial levels and pursue efforts to limit warming to 1.5°C.
PCAF	Partnership for Carbon Accounting Financials – A global standard and collaboration that enables financial institutions to consistently measure and disclose the GHG emissions of their loans and investments.
Physical risk	The financial risks arising from the physical impacts of climate change, including both acute (event-driven, e.g., floods, cyclones) and chronic (long-term shifts, e.g., sea-level rise, chronic heat).
Scope 1 emissions	Direct GHG emissions from sources owned or controlled by the organisation (e.g., fuel in company cars, natural gas in buildings).
Scope 2 emissions	Indirect GHG emissions from the generation of purchased energy (e.g., electricity, steam) consumed by the organisation.
Scope 3 emissions	All other indirect GHG emissions that occur in the value chain of the organisation, including Financed Emissions, business travel, and purchased goods.
SBTi	Science Based Targets initiative – A global body that defines and promotes best practice in science-based target setting and independently assesses company targets against the latest climate science.
Transition risk	Climate-related risks associated with the transition to a low-carbon economy, including policy changes (e.g., carbon taxes), technological advancements, market shifts, and reputational damage.
ZEV	Zero Emissions Vehicle. A vehicle that does not emit exhaust gas or other pollutants from the onboard source of power.

