

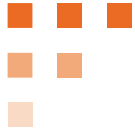


RUSSELL INVESTMENT FUNDS

Climate Statements

31st March 2025

Prepared by FundRock NZ Limited in
Compliance with the Aotearoa New Zealand Climate Standards

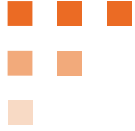


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1. INTRODUCTION

FundRock NZ Limited (“**FundRock**”) has prepared these climate statements (the “**Statements**”) for Russell Investment Funds (the “**Scheme**”) in collaboration with Russell Investment Group Limited (“**Russell Investments**”, which is a member of the global “**Russell Investments Group**”) and in compliance with the requirements of the Aotearoa New Zealand Climate Standards (the “**Standards**”). These Statements cover the reporting period between 1st April 2024 and 31st March 2025 (inclusive) and the following funds (collectively, the “**Funds**”):

- Russell Investments Global Fixed Interest Fund (“**Global Fixed Interest Fund**”);
- Russell Investments Global Listed Infrastructure Fund (“**Global Listed Infrastructure Fund**”);
- Russell Investments Global Shares Fund (“**Global Shares Fund**”);
- Russell Investments Hedged Global Shares Fund (“**Hedged Global Shares Fund**”);
- Russell Investments NZ Fixed Interest Fund (“**NZ Fixed Interest Fund**”);
- Russell Investments NZ Shares Fund (“**NZ Shares Fund**”);
- Russell Investments Sustainable Global Shares Fund (“**Sustainable Global Shares Fund**”);
- Russell Investments Global Listed Real Estate Fund (“**Global Listed Real Estate Fund**”).

FundRock is a fund hosting business; we issue and manage funds on behalf of investment managers who want to provide Aotearoa New Zealand investors with access to their investment solutions via Portfolio Investment Entities (PIE funds) under our MIS (managed investment scheme) manager licence. FundRock’s goal is to provide Aotearoa New Zealand investors with access to leading global and boutique domestic investment managers. Our funds cover all major asset classes and a broad variety of strategies.

While FundRock retains sole authority over all aspects of fund management, all decisions about investments are made by Russell Investments, in accordance with the Investment Management Agreement. These Statements reflect this arrangement: certain sections are focused on how FundRock manages Climate-Related Risks and Opportunities (“**CRR&O**”); certain others, on how the Russell Investments Group does it; and still others – in fact, most – present both. It is important when reading these statements to consider these arrangements, and the respective responsibilities, to understand the Funds’ strategy in relation to CRR&O.

FundRock is part of the Apex Group, which has published a [Sustainability Report](#) where more details on the group’s approach to sustainability can be found. At the level of schemes and funds (that at which these Statements were prepared), FundRock’s approach to climate-change varies and is strongly influenced by the fund’s investment manager.

The investment manager for the Scheme is Russell Investments, as detailed in the Scheme’s governing documents and the Product Disclosure Statements for the Funds.

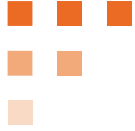
1.1. Russell Investments Group

The **Scheme** leans on the global operating model of the Russell Investments Group for its overall climate strategy for investing – therefore please refer to the Russell Investments Group’s TCFD-aligned **2025 Climate report** (the “**RI Climate Report**”) to read alongside this CRD report. The RI Climate Report can be accessed [here](#).

1.2. Adoption Provisions

In preparing these Statements, FundRock relied on the following adoption provisions in the Aotearoa New Zealand Climate Standard 2 (the “**CS2**”):

- (A) Adoption provision 2 (Anticipated financial impacts);
- (B) Adoption provision 4 (Scope 3 GHG emissions);



- (C) Adoption provision 5 (Comparatives for Scope 3 GHG emissions);
- (D) Adoption provision 6 (Comparatives for metrics);
- (E) Adoption provision 7 (Analysis of trends); and
- (F) Adoption Provision 8 (Scope 3 GHG Emissions Assurance).

1.3. Cautionary Note and Limitations

This report is a summary of FundRock's assessment of future CRR&O and its resulting strategy. It contains FundRock's current assessment of the future CRR&O which could affect its business and customers, as well as its current planning to address these risks. This process necessarily involves estimates, projections, and assumptions about the future, which are inherently uncertain and are not forecasts of future performance.

This report contains statements that are, or may be deemed to be, forward looking statements, including climate-related goals, targets, pathways, ambitions, and related risks and opportunities, as well as FundRock's current planning to address related risks. By their very nature, forward-looking statements require us to make assumptions and are subject to inherent risks and uncertainties, many of which are beyond our control and give rise to the possibility that our predictions, forecasts, projections, expectations or conclusions will not prove to be accurate, that our assumptions may not be correct, and that our objectives, vision, commitments, goals, targets, and strategies to mitigate and adapt to CRR&O will not be achieved. FundRock has set out the basis and limitations of its analysis in these Statements and reserves the right to revisit its assumptions and assessments as it develops its understanding of CRR&O and its response to climate change. This section should be read together with the limitations identified elsewhere in these Statements. Many of the assumptions, standards, metrics, and measurements used in preparing these Statements continue to evolve and are based on assumptions believed to be reasonable at the time of preparation, but should not be considered guarantees.

In light of the above, while FundRock has taken due care in preparing these Statements, including its scenarios and assumptions, FundRock makes no representation as to their accuracy, completeness, or reliability, in particular in relation to FundRock's assumptions regarding future events. FundRock expressly disclaims responsibility for, and makes no representation, and gives no warranty, assurance, or guarantee, as to the accuracy, completeness, or reliability of any contents of these Statements. To the greatest extent possible under New Zealand law, FundRock also expressly disclaims all liability for any loss (direct, indirect, consequential, or otherwise) or damage arising from the use of these Statements. We recommend you seek independent advice before acting or relying on any information in this report. FundRock reserves the right to revise statements made and its strategy or business activities described in these Statements without notice.

1.4. Directors' Approval and Statement of Compliance

Signed on 28 July 2025 by the Directors identified below on behalf of FundRock, approving compliance with the Standards:

Hugh Stevens

Hugh Stevens

Jeremy Valentine



2. GOVERNANCE

2.1. Governance Body

FundRock’s Board of Directors (the “**Board**”) is the governance body for the Scheme (as well as all the schemes and funds managed by FundRock). It is accountable for the long-term stewardship and resilience vis-à-vis potential impacts of climate change.

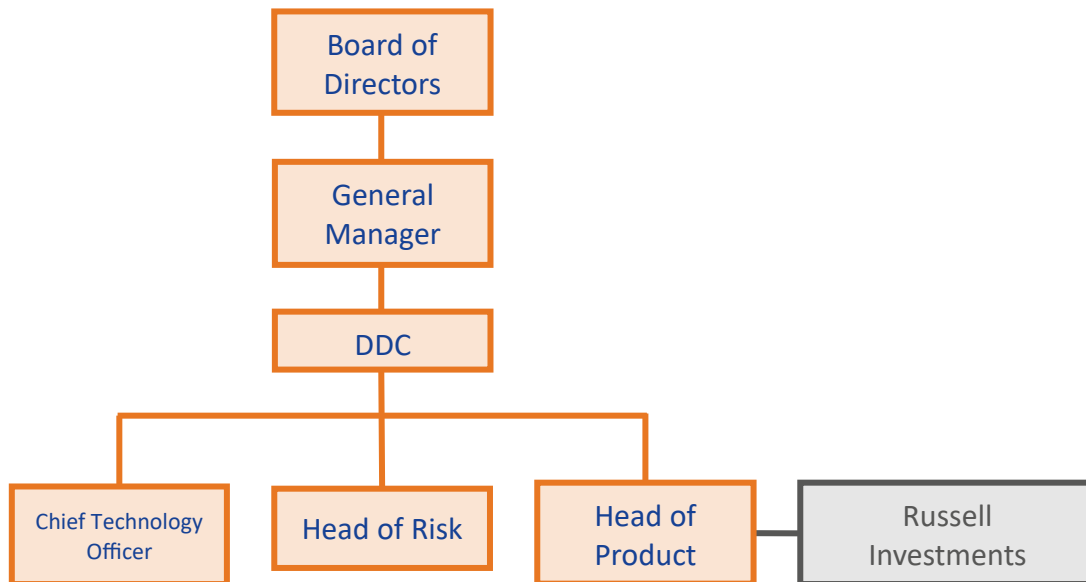
The Board takes into account compliance and regulatory risks arising from possible changes to the regulatory framework of Aotearoa New Zealand’s investment industry when developing and overseeing the implementation of FundRock’s strategy. CRR&O that are specific to Scheme or Funds (such as those associated with the assets held by a fund) are addressed at the management level.

2.1.1. CRR&O Governance Structure

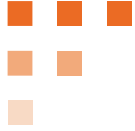
The Board engages quarterly with FundRock’s General Manager, who reports on the most material entity-level CRR&O. These reports are reviewed by the Due Diligence Committee (the “**DDC**”) prior to being made available to the General Manager. The DDC also reviews key deliverables of the Climate Related Disclosure (“**CRD**”) regime (including these Statements) and either approves them or attests their orderliness for submission to the Board.

For CRD purposes, interactions with Russell Investments are managed by the Product team (led by the Head of Product). As part of its role, the Product team engages with Russell Investments regarding their climate-related practices and objectives.

The chart below illustrates the structure described above:



- **Board:** performs the role of governance body, as described in this Statement.
- **General Manager:** ensures project is adequately resourced, defines success, and acts as liaison between the Board and FundRock’s management.
- **DDC:** manages CRD-related activities, as described in this Statement.
- **Head of Product:** leads the execution of CRD-related activities.



- **Head of Risk:** leads the management of CRD-related compliance risks and provision of risk management expertise.
- **Chief Technology Officer:** leads the provision of IT support and data expertise.

2.1.2. Skills & Competencies

The Board continues to develop the skills and competencies of its members in respect to CRD and CRR&O. There were two changes to the Board’s composition in August 2024, including the investiture of a director with extensive experience in ESG and assurance. The Board remains committed to receiving training on CRD and CRR&O at its quarterly meetings (see p 6 above).

2.1.2.1. Russell Investments Group

The Investment Division Responsible Investing Council (“**IDRIC**”), a sub-committee of the Investment Strategy Committee (“**ISC**”), is responsible for: (i) ensuring that the Scheme has sufficient portfolio management resources to execute on the firm’s chosen fund strategies and to manage CRR&O; (ii) ensuring that appropriate knowledge and practices support the Schemes’ investment processes, and the chair of the IDRIC is a member of the ISC. The Scheme is monitored by the ISC and IDRIC; further details on these sub-committees is provided in the table in Section 2.2.2 below.

Section 1.4.2 of the RI Climate Report provides further details on Russell Investments’ approach to internal associate development.

2.1.3. Metrics & Targets

The General Manager will report to the Board quarterly on the Funds’ performance against their metrics (to the extent that the Funds are publishing metrics and data is available) and targets (if any).

The Board has not set CRD or CRR&O-related targets or key performance indicators for any of FundRock’s staff or the Scheme. Nonetheless, the investment manager may choose to set such targets or indicators for the Scheme or Funds; for more about this, see Section 5.4 below.

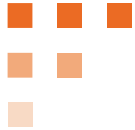
2.2. Management

2.2.1. FundRock

The DDC reviews key deliverables of the CRD regime as they are prepared, and the most material CRR&O (at the entity level) quarterly (see p 6 above). It also engages with the Product team regarding the work on CRD in the relevant reporting period and associated risks and opportunities. The Product team, in turn, is in contact with the Russell Investments Group throughout the reporting period and receives updates on their CRD-related processes and their status.

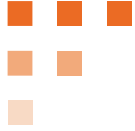
2.2.2. Russell Investments Group

The Scheme leans on the Russell Investments Group global operating model. Board-level oversight, escalation and management of climate-related risks and opportunities follows the Russell Investments Group’s operating model. For the Scheme, the [RI Climate Report](#) touches on CRR&O, but the New Zealand CRD regulations set out more specific requirements which are addressed in the below table:



Disclosure Requirements	Summary Disclosure	Global Report Section	Global Report Page
<p>How climate-related responsibilities are assigned to management-level positions or committees.</p>	<p>Governance</p> <p>Russell Investments Group’s Board of Directors is ultimately responsible for strategic priority, corporate governance, and long-term stewardship of the firm. The Board has delegated oversight of the management of climate-related risk to the Executive Committee (“ExCo”).</p> <p>The ExCo provides oversight of the firm’s strategy and investment risk as it relates to climate-related considerations, both directly and through delegated entities including the ISC and the Global Risk Management Committee (“GRMC”).</p> <p>Page 7, Exhibit 1 of the RI Climate Report, depicts the organisational structure of Russell Investments Group containing descriptions of the relevance management-level positions and committees.</p> <p>Management Level Positions (i.e. Portfolio Managers)</p> <p>The IDRIC, a sub-committee of the ISC, is responsible for:</p> <ul style="list-style-type: none"> • Monitoring and managing practices that mitigate investment sustainability risks, including CRR&O. • Ensuring that the Scheme has sufficient portfolio management resources to execute on the firm’s chosen fund strategies and to manage CRR&O. • Ensuring that appropriate knowledge and practices support the Schemes’ investment processes, and the chair of the IDRIC is a member of the ISC. The Scheme is monitored by the ISC and IDRIC. <p>Members of the IDRIC are both sustainability subject matter experts and senior investors representing distinct functions (research, portfolio management, equities, fixed income, quantitative research, etc.). Members are charged with supporting, evolving and disseminating best practices. The IDRIC is chaired by the Russell Investments Group’s Head of Sustainable Investment Management who leads a dedicated Global Responsible Investing Team (“GRIT”). GRIT supports the work of the IDRIC and ensures investment professionals are sufficiently aware of and compliant with investment practice through training and the development of tools and analysis.</p> <p>The IDRIC meets monthly. The ExCo approves CRR&O strategy annually and as needed. Presentations on CRR&O are made to the ISC and GRMC a minimum of once per annum by policy, but more frequently in practice.</p>	1	7
<p>Processes and frequency by which management is informed about CRR&O, makes decisions on, and monitors it.</p>	<p>Portfolio managers are the front line of defence in CRR&O; portfolio-level climate risks and opportunities are monitored via the Russell Investments Group’s in-house portfolio management system, PARIS. Portfolio managers also employ risk management processes during the quarterly review cycle, as established via the Russell Investments Group’s internal Sustainability Risks Policy. The portfolio management function is guided by the IDRIC which reports to the ISC, and the ISC reports directly to the ExCo.</p>	3	25

Section 4 – Risk below provides more details on the risk management process.



3. STRATEGY

3.1. Current Impacts

3.1.1. FundRock

At the entity level, the costs of compliance with CRD regulations continue to be the most significant impact of CRR&O. FundRock and the Russell Investments Group have dedicated material resources to ensure compliance with it, and the cost of data for the metrics in Section 5 below remains significant. While these costs may not be passed on to the investors directly, mounting regulation may lead to fee increases.

3.1.2. Russell Investments Group

As a global business, the main costs to the Russell Investments Group, including the Scheme and Fund levels, relate to entity-level external climate vendor data as well as resources to support compliance with the CRD regulatory reporting. The costs of data and reporting are rising, though the funds did not experience any material climate impacts during the reporting period.

3.1.3. Current Financial Impacts

FundRock is unable to provide a meaningful, reliable, and quantifiable measure of the financial impacts that climate change had on the Scheme or Funds during the current reporting period for the following reasons.

The price of a financial asset reflects investors' expectations of its returns for an undetermined future period. These expectations are based on all material information regarding the asset that is publicly available, and it is impractical to segregate the impact of one piece of information from that of another. A price movement can sometimes be linked to a specific event, but this is ephemeral: new developments eventuate, and soon it becomes impossible to establish a quantifiable connection between the asset's price and the event of interest. In addition, using an arbitrary timeframe to measure the impact of events would produce arbitrary results¹.

These challenges are *in addition* to the challenge of determining what is an event caused by climate change. Diversified investment funds have dynamic holdings, the real-world assets that sit under their portfolios (i.e., the facilities, infrastructure, etc. connected to its investees) are geographically dispersed, and the universe of events affecting them is too broad for meaningful analysis. It took more than a year after cyclone Gabrielle hit Gisborne in early 2023 for a team of scientists to conclude that it was made 10% worse by climate change²; FundRock is not equipped to determine (with reasonable certainty and within the timeframe available to complete these Statements) which, of all events that affected the assets it holds in a certain year, can be linked to climate change – let alone to quantify their effects.

These reasons also mean that it is difficult to provide a qualitative assessment of the current financial impacts of climate change.

¹ An example is the Deepwater Horizon explosion and consequent oil spill. The explosion happened on 20 April 2010, local time – before the London market opened on the 21st. The shares of BP plc, owner of the platform, closed at GBP 6.42 on 19 April, GBP 6.48 on 21 April, GBP 4.35 on 20 October (six months from the event), and GBP 4.66 on 20 April 2011 (a year from the event) (prices were sourced from [yahoo!finance UK](https://finance.yahoo.com) and may differ from other sources). The amount of a hypothetical investor's loss with the event would depend on which of these dates is chosen to measure it.

² See Stone, Dáithí A. *et alii*, *Cyclone Gabrielle as a Design Storm for Northeastern Aotearoa New Zealand Under Anthropogenic Warming*, available at <https://doi.org/10.1029/2024EF004772> (consulted on 11 Sep 2024).



3.2. Scenario Analysis

Scenario analysis for the Scheme and Funds leans on the Russell Investments Group’s operating model. The methods and assumptions, time horizons, scenario descriptions, emissions pathways, sources of data, and process for climate scenario analysis (including modelling) can be found in the following sections of the [RI Climate Report](#):

Disclosure Item	Summary Disclosure	Global Report Section	Global Report Page
Description of the scenario analysis undertaken	The Russell Investments Group uses the Network for Greening the Financial System (“ NGFS ”)’s Climate Scenarios for its climate risk analysis. The NGFS scenarios are widely used in the industry and explore a range of lower and higher risk outcomes, which cover a range of physical and transition risks. Of the six possible NGFS scenarios, the Russell Investments Group chooses three scenarios which broadly represent possible climate futures. These three scenarios are used for the Funds.	2.2.2	16-17
Brief description of each scenario narrative and the time horizons considered, including endpoints	The Russell Investments Group uses three NGFS scenarios: the hot house world scenario, a net zero 2050 scenario, and a delayed transition scenario. The climate scenarios are modelled out to 2050, discounted back to today.	2.2.2	16-17
Describe the various emissions reduction pathways in each scenario and the assumptions underlying pathway development over time,	A key input in scenario analysis is the scenario narrative, or the underlying assumptions to each scenario – the key scenario reduction emissions pathways are linked to NGFS which is covered in the referenced section of the RI Climate Report .	Exhibit 6	17

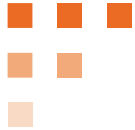
Below are the outputs of the scenario analysis performed for the Scheme, with scenario impacts expressed as valuation impacts as a percentage of each Fund’s net present value (as of 31 March 2025):

Fund	Delayed Transition Scenario	Hot House World Scenario	Net Zero by 2050 Scenario
Global Shares Fund ³	-3.2%	-1.1%	-3.4%
Sustainable Global Shares Fund	-0.7%	-1.0%	0.2%
NZ Shares Fund	18.5%	-0.4%	55.5%
Global Fixed Interest Fund	-0.7%	-0.3%	-1.1%
NZ Fixed Interest Fund	0.0%	-0.1%	0.3%
Global Listed Infrastructure Fund	-4.7%	-1.1%	6.0%
Global Listed Real Estate Fund	-4.2%	-2.2%	-5.2%

Commentary:

- Some of the Funds experience a negative valuation impact in the Net Zero 2050 scenario. In this scenario, the economy undertakes a rapid transition to a decarbonised economy, starting immediately. This rapid

³ Metrics for the Global Shares Fund (Hedged) are proxied using the unhedged version



transition means that most of the financial impact stems from transition-related risks such as the introduction of a large and sudden carbon price. A notable exception is the NZ Shares funds which holds a few positions expected to perform strongly in the net zero transition.

- The Russell Investments Group acknowledges that it may be surprising that, for some funds (e.g. the Global Fixed Interest Fund), the delayed transition and net zero scenarios show greater negative financial impacts than the hot house world scenario. However, those scenarios involve more short and medium-term risks (largely transition-related). Because these risks are discounted back to present day, they dominate the longer-term physical risks of the hot house world scenario. Moreover, models struggle to capture tipping points and non-linear events. On the [RI Climate Report](#), page 18, Russell Investments discusses its approach to overcoming physical risk measurement challenges.
- It is also important to note that this scenario analysis only extends to 2050. Thus, understating the worst physical hazards in the hot house world, which will continue to materialise after 2050.
- Valuation impacts at the portfolio level mask significant variation within the portfolio at both the sector and security level.

3.2.1.1. Integration & Governance

The FundRock Board sets the governance for scenario analysis, ensuring appropriate processes were in place; and FundRock’s management has reviewed and approved its results (as reflected in this statement).

3.2.1.1.A. Russell Investments Group

The Scheme’s processes and tools used to produce the scenario analysis are managed on an ongoing basis by members of the GRIT, and these actions fall under the oversight of the IDRIC and the ISC. The Russell Investments Group’s broader governance process is outlined in Section 2.2.2 above.

3.2.1.2. External Stakeholders

FundRock and the Russell Investments Group have collaborated to complete scenario analysis for the Scheme.

3.2.1.2.A. Russell Investments Group

Additionally, in recognition that climate scenarios are both an important component of the CRD regulations but also require considerable domain expertise, the Russell Investments Group has partnered with Planetrics to expand its climate risk modelling capabilities. Its climate risk working group (overseen by its IDRIC) leads vendor selection in this area and periodically reviews the vendor alongside potential alternatives.

3.3. Climate-Related Risks & Opportunities (CRR&O)

The New Zealand Financial Services Council’s Sector Scenario Analysis includes a *Climate Risk Database*, on which FundRock relied to identify and assess its entity-level risks for the Scheme.

The risk of policy and regulatory impacts is material for all schemes and funds managed by FundRock, including those in these Statements’ scope:

Name	Type	Term	Sector/Geography	Description
Policy & Regulatory Impacts	Transition	Short/Medium	Aotearoa New Zealand	Increasingly stringent climate change regulations (e.g. disclosure, emissions reduction, green buildings requirements, etc.) creating additional processes and costs.



The publication of mandatory climate statements is an early manifestation of this risk (as mentioned in Section 3.1 above). Other material CRR&O are listed in the table in Schedule A below.

3.3.1.1. Russell Investments Group

For the Scheme funds, Russell Investments considers a range of climate-related risks, with material exposures concentrated in both transition and physical categories. Transition risks include increased carbon pricing and policy shifts that may adversely affect emissions-intensive sectors, leading to the devaluation and stranding of assets. Physical risks material to the Scheme includes the impacts of flooding, sea level rise, water stress and drought, and temperature increases, which are particularly relevant for real assets, infrastructure, and agricultural exposures. Further details are provided in the table below (which can also be found in the [RI Climate Report](#)). In addition, Russell Investments believes the more granular climate-related risks listed in Schedule A below to be material to the Scheme’s underlying funds due to their exposure to a wide range of asset classes, securities, sectors, and geographies.

RISK OR OPPORTUNITY IDENTIFIED	DESCRIPTION	EXAMPLES OF ASSESSMENT TOOLS	MOST RELEVANT TIME HORIZON
Transition Risk	Risks arising from the shift to a low carbon economy	Scenario analysis (esp. transition scenarios), metrics	Medium-term
Changes in cost	Price on carbon, costs of abatement	Carbon footprinting metrics	Short and medium-term
Changes in demand	Demand destruction and creation arising from shifts in demand	Scenario analysis (esp. transition scenarios), metrics on green revenues or climate solutions, exposure to potentially stranded assets	Short and medium-term
Physical risks	Physical risks can be acute or chronic	Scenario analysis, (esp. hot house world scenarios)	Long-term
Acute	Increased severity of extreme weather events	Scenario analysis (esp. hot house world scenarios), asset-level risk mapping	Relevant short-term but increasing severity long-term
Chronic	Changes in weather patterns, rising temperatures, rising sea levels	Scenario analysis (esp. hot house world scenarios), estimated sensitivity to productivity impacts, heating/cooling days	Medium and long-term

Carbon metrics are used to monitor and manage CRR&O.

Additionally, Russell Investments’ manager research team assigns an ESG score to underlying funds when assigning an overall ranking. This is an indication of the underlying managers’ ability to identify and manage environmental risks. For scenario analysis, the specific metrics, methodologies, and limitations are discussed in “Section 2.2.2. Measuring climate in our investments” of the [RI Climate Report](#). For the Scheme, scenario analysis outputs are covered in Section 3.2 of this report while metrics and targets (including carbon footprinting) are discussed in Section 5 below.

3.3.2. Definitions of Short-, Medium-, & Long-Term

For entity-level CRR&O, FundRock has used the time horizons found in the New Zealand Financial Services Council’s Sector Scenario Analysis:

Term	Time Horizon
Short	1-3 Years
Medium	5-10 Years
Long	30+ Years



3.3.2.1. *Russell Investments Group*

Climate risk is characterised by a longer time horizon than many traditionally managed risks. To make this more explicit, short-to-medium-term horizons in the [RI Climate Report](#) (page 19, exhibit 8) refer to three- and ten-year horizons, and a long-term horizon refers to the period out to 2050, although the Russell Investments Group notes these are rough approximations.

3.3.3. CRR&O & Decision Making

Management of entity-level CRR&O has been integrated into FundRock’s overall risk management framework. That framework involves discussing risks in risk controls meetings attended by the General Manager. If the relevant risk cannot be properly addressed at this level, they may be highlighted in the quarterly FundRock Board reports (see Section 2.1.1 above). Should the Product team identify the need for reviewing the level of resources dedicated to addressing climate risks, it would express its view to the General Manager in the relevant meeting or through the Board report. Senior management and directors would consider said needs within the context of FundRock’s goals and the environment in which it operates, and make capital deployment decisions as required by their duties, taking into account the Apex Group’s policies.

At FundRock, entity-level CRR&O receive the same treatment as all other risks and opportunities in all risk-related process and procedures and at all levels of the organization. As a rule, risks are prioritized based on their likelihood and expected impact.

3.3.3.1. *Russell Investments Group*

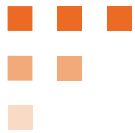
Management of entity-level CRR&O has been integrated into the Russell Investments Group’s overall risk management framework (see Section 2.2.2 above for further details). The Russell Investments Group’s portfolio managers use both top down (scenario analysis) and bottom up (metrics) analyses wherever available and appropriate. Quantitative scenario analysis considers the total anticipated valuation impact across the three NGFS scenarios (sourced from Planetrics and discussed in Section 4.3). The Russell Investments Group is aware of the modelling limitations in this evolving space and thus do not explicitly manage the funds to the scenario outputs. Section 4 below provides information on the specific tools used by its portfolio managers to manage CRR&O.

3.4. Anticipated Impacts

From an institutional perspective, FundRock continues to see changes to the cost of compliance with climate-related policies and regulations as the main impact of CRR&O. The review of NZ CS 2 in late 2024 reduced the cost pressure for the current reporting year. Looking ahead, FundRock sees substantial uncertainty as both the Ministry for Business, Innovation, and Employment and XRB have opened or indicated their intention to open consultations on the future of the CRD regime. There is a chance that legislation and regulations emerging from these consultations will stabilize the cost of compliance with CRD requirements. Nonetheless, should nothing change, the data on GHG Emissions will be subject to assurance from the 2025/2026 reporting period onwards. This would significantly increase compliance costs.

3.4.1. Russell Investments Group

The Russell Investments Group decomposes physical and transition portfolio valuation impacts, as illustrated the [RI Climate Report](#), “Section 2.2 Measuring climate in our investments” page 19. The total valuation impacts across Russell Investment Group’s chosen NGFS scenarios are made available to the Scheme’s portfolio managers (which can be viewed in Section 3.2 above).



The Russell Investments Group does not currently perform the global portfolio analysis at fund-level (including the Scheme), though it is considering expanding its capabilities to cover the Scheme in the future. Nonetheless, Russell Investments acknowledges that CRR&O are likely to impact the Schemes and Funds, particularly in the medium- and long-term. Transition risks are likely to have the strongest impact in the *Net Zero by 2050* scenario and a minor impact in the *Hot House* scenario, while physical risks are expected to behave in a diametrically opposed manner. However, impacts of these climate risks is uncertain, and Russell Investments Group will continue to monitor them.

3.5. Transition Plan Aspects of Strategy

FundRock is a fund hosting business. We provide services to domestic and international investment managers who want to operate in Aotearoa New Zealand but would prefer to outsource fund management to us, normally because they believe this to be the most cost-effective way of offering their services in the country.

Our business model is very resilient to investment risks (climate-related or otherwise) thanks to the broad variety of schemes and funds we can accommodate. As long as there is continued demand for managed investment schemes in Aotearoa New Zealand, we can evolve and adapt to political, economic, and societal changes: we can work with existing investment managers to make strategic adjustment to their products, and whenever this proves impractical, new products (more aligned with prevailing market winds) may be developed in collaboration with current or new investment managers, replacing those retired.

FundRock's knowledge of and experience in Aotearoa New Zealand's investment funds market will be invaluable in the process of identifying the adaptations required and assessing the viability of both existing and prospective products. Understanding the CRR&O specifically associated with this market must be part of this.

3.5.1. Transition Plan

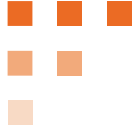
Given the resilience of FundRock's business model expressed above, it currently has no plans to change its strategic direction based on CRR&O or adopt any targets for itself. Our core concern will continue to be regulatory transition risks, which have already been integrated into our risk management (see Section 4 below) and governance (see Section 2.1.1 above) processes.

Going forward, FundRock expects that the level of resources dedicated to address CRR&O will increase to accommodate assurance requirements. Otherwise, resourcing and costs are likely to remain stable (in real terms). We expect the funds to pay for all costs associated with the CRD regime and CRR&O via the fees charged from investors. We have not yet increased fees to address these costs, but we may have to do this if they do not stabilize.

3.5.2. Russell Investments Group

Russell Investments' climate transition approach is grounded in a broad set of climate-aware capabilities, including targets, processes, and solutions designed to support climate-aware and net zero-aligned portfolio management. As the landscape evolves, Russell Investments continue to adapt by integrating emerging data, tools, and frameworks into our investment process.

Climate and broader ESG considerations are embedded across Russell Investments' investment process, regardless of whether a portfolio has an explicit sustainability objective. These elements are integrated through multiple investment processes, including manager research that evaluates ESG practices and ongoing risk oversight that incorporates sustainability factors. All portfolios also benefit from Russell Investments' active ownership program, which includes proxy voting and engagement on climate-related issues. Through this multi-layered approach, Russell Investments' capabilities support long-term financial resilience and are increasingly responsive to the climate transition, even in strategies not formally designated as sustainable.



Russell Investments' climate transition planning is embedded within a fund's investment strategy and reflects a diversified approach to managing climate-related risks. Implementation varies by fund, based on its objectives, asset classes, and available data. Strategies may include exclusion policies, carbon footprint reduction targets, ESG integration, and proactive tilting using climate-aware techniques. Together, these approaches support the shift toward lower-emissions, more climate-resilient portfolios, while adapting to the evolving climate data landscape and regulatory expectations.

Russell Investments supports the global goal of net zero greenhouse gas emissions by 2050 and recognise the critical role that investment strategies play in enabling a timely and orderly transition. Russell Investments captures its approach to transition planning in its [RI TCFD Report](#), "Section 3. Climate-aware investment management", page 21. More detail on Russell Investment's net zero targets can be found in Section 4.1 – Risk Management below.

As climate-related data, policy, and expectations continue to evolve, Russell Investments remains committed to adapting its strategies. In the foreseeable future, the application of transition planning in the New Zealand Scheme funds will continue to mature, benefiting from new data, tools, and regulatory developments. While transition planning is currently tailored to each fund's profile, ongoing enhancements are expected, including potential tightening of targets, expanded use of climate scenario analysis, and refined risk assessments aligned with global best practice. This forward-looking evolution will support the Scheme's ambition to maintain resilient and responsible investment strategies amid the accelerating climate transition.

See the SIPO (Statement of Investment Policy and Objectives for information on how these strategies are applied to Scheme's funds.



4. RISK MANAGEMENT

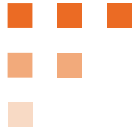
FundRock manages entity-level CRR&O directly. We have identified them by referencing applicable regulations, and assessed them by appraising their expected impact, the processes and controls we have in place, and the resources of which we dispose. The processes for monitoring and managing said CRR&O are summarised in Section 3.3.2.1 above.

4.1. Russell Investments Group

The Scheme leans on the Russell Investments Group's global operating model for climate risk management. Following the identification and assessment of climate-related risks and opportunities, the Russell Investments Group turns to management. The Russell Investments Group adopts a multi-layered approach to managing climate issues, including formal policies, portfolio management practice, active ownership, climate-aware solutions, and target setting.

More details on the global process for the CRR&O management process can be found in see "*Section 2. Climate Risk Measurement*" of the [RI Climate Report](#), specifically:

- **Sustainability Risks Policy** ("Section 2.1 Policies and conditions", page 13): The Russell Investments Group's policy is to integrate sustainability risk management into its investment solutions by identifying, evaluating, and managing relevant risks in its investment manager review process, portfolio management, and through implementing proprietary solutions. This is formalised in the Russell Investments Group's Sustainability Risks Policy.
- **Portfolio management practices** (3.4 Portfolio management practices, page 24): Portfolio managers are the front line of defence in managing portfolio risks, and management of climate risk is no different. Rather than building a standalone team, the Russell Investments Group believes embedding deep expertise and awareness of sustainability risk within investment teams is key to fully integrating climate management into the Russell Investments Group's investment process.
 - Enhanced oversight ("3.4.2 Enhanced Oversight", page 25)
- **Active ownership** ("Section 3.5 Active Ownership, page 25): Active ownership is an important component of the Russell Investments Group's investment responsibilities and decision-making process. Russell Investments Group's active ownership program utilizes proxy voting, engagement, and industry collaborations to manage climate-specific risks in its portfolios. Fixed income investors do not have the advantage of voting rights, but large investors/lenders can exert meaningful influence on issuers. To bolster its fixed income efforts, Russell Investments Group leverages its size and cross-asset holdings when developing and executing its engagement plans. Within active ownership, our key levers are addressed in the [RI Climate Report](#), specifically:
 - Section 3.5.1 Proxy Voting (page 25-26)
 - Section 3.5.2 Engagement (page 26)
- **Climate aware solutions:** As sustainable investing has become more complex, Russell Investments Group's approach has evolved to address those complications for institutional investors. While a decade ago a climate-aware portfolio may have revolved around divesting from fossil fuels, Russell Investments Group's approach today is much more nuanced and now takes a total-portfolio view within its multi-manager framework; the key aspects of our approach are covered here:
 - 3.2 Investment solutions embedded with climate change considerations, page 22-23
 - 3.3 Quantitative solutions for climate considerations, page 24
 - 3.4 Portfolio management practices, page 24
 - 3.5 Active ownership, page 25
- **Russell Investments' net-zero approach** (page 36): Russell Investments recognises that greenhouse gas (GHG) emissions are a primary driver of climate change, which presents material physical and transition risks to companies, markets, and long-term investment outcomes. In response, Russell Investments is committed to supporting the global goal of achieving net zero GHG emissions by 2050. Russell Investments is actively working with clients and the broader investment ecosystem to contribute to a timely and orderly transition to a low-carbon economy. Russell Investments' efforts include:



- Collaborating with Clients: Partnering with interested asset owner clients and prospects to define and pursue decarbonisation goals aligned with their ambition to reach net zero emissions by 2050 or sooner.
- Setting and Reviewing Targets: Establishing interim targets for the proportion of assets managed in line with net zero objectives, guided by client mandates, and reviewing these targets at least every five years.
- Transparency and Accountability: Annually disclosing the share of assets under management (AUM) aligned with net zero goals, along with the investment approaches used.
- Stewardship and Engagement: Maintaining a responsive stewardship strategy that aligns with client-directed net zero objectives and evolving market dynamics.
- Market Collaboration: Engaging with market participants, including delegated managers, to foster the development of climate-aware investment products and services.
- **Progress against interim targets** (Section 5.2. Progress against interim targets, page 37)

4.2. Prioritisation Process

FundRock prioritizes entity-level risks based on their likelihood and expected impact. Risks are classified across both axis and assigned a risk rating. Both inherent and residual ratings are considered⁴.

These ratings risks are reassessed every other month according to the processes summarised in Section 3.3.2.1 above.

4.2.1. Russell Investments Group

As per Russell Investments Group's global operating model and for the Scheme, consideration of climate risks is on par with other portfolio risks and integrated within the investment process. Russell Investments Group has invested in data, tools, and processes which support a comprehensive understanding of climate risks, and it will continue to evolve. Frequency and depth of analysis is greater where data availability is high.

4.3. Short-, Medium-, and Long-Terms

For entity-level CRR&O, FundRock uses the time horizons mentioned in Section 3.3.2 above.

4.3.1. Russell Investments Group

For climate-related risks, the Russell Investments Group uses the timeframes mentioned in Section 3.3.2.1 above.

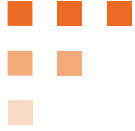
4.4. Parts of Value Chain Not Included

The risk assessment process considered fund management, investment management, and the Fund's investments. Distribution risks were not considered because they do not directly pertain to the Funds and FundRock does not believe their analysis would provide material information for the Funds' investors.

4.5. Assessment Frequency

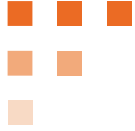
FundRock assesses entity-level risks every other month, following the processes summarised in Section 3.3.2.1 above.

⁴ An *inherent* risk is that before any controls or mitigations are applied, while a *residual* risk is that left after this is done. The inherent risk of losing a house to a fire is that of simply moving into it; the residual risk is that after smoke detectors and sprinklers have been installed and fire insurance has been acquired.



4.5.1. Russell Investments Group

The Russell Investments Group, including the Scheme, assess climate risks on a regular basis via its portfolio management monitoring tool, PARIS. Climate risks are also assessed via manager due diligence and fund review meetings, as well as through Russell Investments' corporate engagement activities.



5. METRICS & TARGETS

The Scheme leans on Russell Investments Group’s global operating model for the process & underlying methodologies of metrics & targets. Further details in metrics definitions, methodology, benefits and limitations can be found in the “Section 7. Appendix” (page 43) of the [RI Climate Report](#), with further methodological granularity for CRD provided in the following sections.

5.1. GHG Emissions

The table below outlines the key GHG Emissions metrics for the Scheme as of 31 March 2025 (data for 31 March 2024 in parenthesis):

Fund	Investees’ Scope 1 & 2 Gross Emissions (tCO ₂ e)	Investees’ Scope 3 Gross Emissions (tCO ₂ e)	Investees’ Carbon Footprint Scope 1 & 2 [Financed Emissions Intensity (CO ₂ e/\$1m invested)]	Investees’ WACI Scope 3 (CO ₂ e/\$1M revenue)
Sustainable Global Shares Fund	4,090,216 (4,117,028)	52,106,113 (48,592,310)	20 (22)	48 (48)
Global Fixed Interest Fund	2,264,850 (3,788,481)	31,699,813 (28,025,852)	12 (18)	75 (135)
Global Listed Infrastructure Fund	10,851,892 (11,381,024)	14,301,628 (11,960,479)	126 (119)	622 (556)

5.1.1. Methodology

Russell Investments Group sources carbon data from MSCI and the information in Sections 5.1.1.1 through 5.1.1.5 below was provided directly from MSCI.

5.1.1.1. GHG Emissions Measurement Standards

GHG Emissions are measured according to the Greenhouse Gas Protocol (“**GHG Protocol**”)⁵ standards.

5.1.1.2. GHG Emissions Consolidation Approach

MSCI (on behalf of FundRock and Russell) follows the GHG Protocol definitions of the two known approaches (Equity Share approach and Operational Control approach) when assessing company disclosures. There is no preference between these approaches when considering carbon emission data disclosure; the key consideration is the alignment between reported emissions and reported revenues to reflect an accurate representation of the company’s intensity data.

Under the Operational Control approach, a company accounts for 100% of emissions from operations over which it or one of its subsidiaries has operational control. A company has operational control over an operation if it or one of its subsidiaries has the full authority to introduce and implement its operating policies at the operation. This approach is consistent with the current accounting and reporting practices of many companies that report on emissions from facilities they operate (i.e., for which they hold the operating license). Under the Equity Share approach, a company accounts for GHG Emissions from operations according to its share of equity in the operation.

⁵ See the [GHG Protocol website](#).



The equity share reflects economic interest, which is the extent of rights a company has to the risks and rewards flowing from an operation. Typically, the share of economic risks and rewards in an operation is aligned with the company’s percentage ownership of that operation, and equity share will normally be the same as the ownership percentage.

5.1.1.3. Source of Emissions Factors

Carbon emissions are classified per the GHG Protocol. The greenhouse gases included in the GHG Protocol along with their global warming potential coefficient as per Intergovernmental Panel on Climate Change.

5.1.1.4. Summary of Exclusions

For a company that restated its reported emissions data, figures are not taken at face value. Russell Investments Group ensures that valid reasons justifying the data changes are available and explained in the sources. Analysts assess restatements of historical reported data based on the following justifications: inclusion of more sites in the company’s GHG inventory and admitted corrections in the GHG calculations made by the company, which are commonly verified through an assurance report from a third party. Restatements of historical data from companies that have undergone corporate actions, such as mergers and acquisitions, are not considered, as historical emissions are based on the company’s operational characteristics at the time of the report.

As users of the MSCI carbon data, Russell Investments Group hasn’t intentionally excluded any data and simply provide their outputs (dependent on coverage). The carbon data coverage for the Funds can be viewed in Section 5.1.1.5 below.

5.1.1.5. Quantification Uncertainties & Their Effects

The Scheme leans on the Russell Investments Group’s global operating model to explore uncertainties relevant to quantification of GHG Emissions, specifically data quality. For more detail, please refer to the [RI Climate Report](#) “Section 7. Appendix” (page 45) which contains the definition and methodology for carbon data quality. In short, in Russell Investments Group’s view, data quality is classified as *reported* (sourced directly from the company - high quality), *estimated* (proxied by MSCI – medium quality) or *unavailable* (low quality), with the three figures summing to 100%.

Scope 1& 2 carbon data quality metrics specific to the Scheme can be found below:

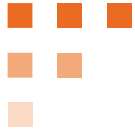
Fund	Carbon Data Reported	Carbon Data Estimated	Carbon Data Unavailable
Sustainable Global Shares Fund	86.4% (86.12%)	10.0% (7.85%)	3.6% (6.03%)
Global Fixed Interest Fund	29.1% (24.16%)	8.3% (7.76%)	62.6% (68.08%)
Global Listed Infrastructure Fund	87.2% (91.55%)	8.9% (5.11%)	3.9% (3.34%)

5.2. Management Remuneration

FundRock has not elected to link any part of management remuneration to CRR&O.

5.2.1. Russell Investments Group

In addition to Russell Investments Group’s senior portfolio managers, all of its associates with specific responsibilities for ESG, stewardship, and climate change have annual performance goals aligned with the success of the integration of these topics. These goals include evolving Russell Investments Group’s sustainable investing and stewardship practices



to be in line with global standards; collaborating with leading industry bodies to advance industry frameworks; driving Russell Investments Group’s engagement practices; and research and development. All these items are aimed at delivering robust stewardship practices to meet Russell Investments Group’s clients’ objectives. Success in meeting these specific stewardship and ESG-related performance goals is linked to remuneration.

5.3. Other Metrics

As referenced in the [RI Climate Report](#), Russell Investments Group uses temperature score to assess the alignment of a company or portfolio with the goal of limiting global warming to well below 2 degrees Celsius (see page 45, “Section 7. Appendix” of the [RI Climate Report](#) for more details on temperature alignment).

The temperature scores for the Funds are provided below:

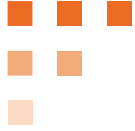
Fund	Temperature Alignment (°C)
Sustainable Global Shares Fund	2.7 (2.8)
Global Fixed Interest Fund	2.8 (3.2)
Global Listed Infrastructure Fund	2.9 (3.1)

5.4. Targets

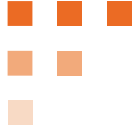
For the Scheme, Russell Investments Group doesn’t have explicit climate targets but a few of the funds have climate related parameters. These are outlined in the below table:

Fund	CRR&O Parameters ⁶
Global Fixed Interest Fund	<p>The Global Fixed Interest Fund promotes a reduction in “Carbon Emissions”. This is primarily achieved by excluding investments in all “Prohibited Coal Companies”. These companies have been identified by Russell Investments as having a relatively high exposure to carbon-intensive activities.</p> <p>The Global Fixed Interest Fund targets a “Carbon Footprint” reduction of at least 20% in respect of the “Corporate Debt” portion of its investments. The Carbon Footprint reduction target will primarily be met by excluding the Prohibited Coal Companies from investment. If, however, following the application of the exclusions policy the Russell Investments Global Fixed Interest Fund has not met its Carbon Footprint reduction target, Russell Investments will evaluate the Carbon Footprint of all remaining investments of the Russell Investments Global Fixed Interest Fund and will take measures to ensure that its holdings are adjusted to sufficiently reduce its Carbon Footprint in order to meet its Carbon Footprint reduction target.</p> <p>The Global Fixed Interest Fund does not currently have carbon emissions reductions targets in respect of its non-Corporate Debt investments, due to the low Carbon Emissions data coverage rates available for these investments. If Russell Investments becomes satisfied that sufficiently reliable Carbon Emissions data is available for any other portion of the Russell Investments Global Fixed Interest Fund investments, the carbon reduction targets may be revised to incorporate the Carbon Emissions resulting from these investments.</p>

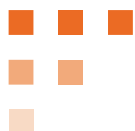
⁶ For more information, please refer to the offer and scheme documents, available on the [Disclose Register](#).



Fund	CRR&O Parameters ⁶
	<p>For the purposes of implementing the carbon exposure reduction strategy and evaluating the carbon exposure of an investee company, the Global Fixed Interest Fund will utilise third-party Carbon Footprint data sourced from independent vendors, as well as publicly available information, which may include company reports.</p> <p>Companies with more than 25% of revenue derived from thermal coal production, or coal power generation from coal, are excluded from the fund. Companies that derive between 10% and 25% of their revenue from coal power generation or thermal coal production will also be excluded unless they either:</p> <ul style="list-style-type: none"> • derive at least 10% of their power generation from renewable energy sources; or • have made a public commitment to divest from their coal related activities or reach zero emissions by 2050. <p>Investment in corporations breaching United Nations Global Compact principles is avoided, or otherwise reviewed and justified.</p>
<p>Sustainable Global Shares Fund</p>	<p>The Sustainable Global Shares Fund has non-financial performance targets that include:</p> <ul style="list-style-type: none"> • a reduction of 50% in carbon emissions and carbon reserves, as compared to the benchmark; • increased exposure to renewable energy, as compared to the benchmark; and • an improved aggregate ESG score, as compared to the benchmark. <p>These targets are achieved by having reduced weights, compared to the benchmark, in companies with high exposure to carbon-intensive activities and increasing the weights in those companies with positive ESG characteristics as well as those involved in the development of renewable energy.</p> <p>The Sustainable Global Shares Fund does not knowingly invest directly in companies which:</p> <ul style="list-style-type: none"> • produce components that are key and dedicated to the production of anti-personnel mines and/or cluster munitions; • manufacture tobacco products; • are involved, either directly or indirectly, in the production of the core nuclear weapon system, or components/services of the core nuclear weapon system, that are considered tailor-made and essential for the lethal use of the weapon; • receive greater than 10% of their revenue from involvement in the manufacture of key components of small arms, and the manufacture and sale of assault weapons and small arms for civilians and military/law enforcement customers; • have significant involvement in coal-related activities, the Funds exclude companies with significant involvement in coal-related activities as defined by companies with more than 10% of their revenue derived from mining thermal coal or coal power generation; or • whose primary business is uranium mining as classified as residing in this sector by a third-party data provider.

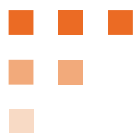


Fund	CRR&O Parameters ⁶
<p>Global Listed Infrastructure Fund</p>	<p>Russell Investments may identify securities held by a Sustainable Fund which engage in the activities listed above. When it becomes aware such securities are held, they will be divested within 60 business days.</p> <p>Companies with more than 25% of revenue derived from thermal coal production, or coal power generation from coal, are excluded from the fund.</p> <p>Companies that derive between 10% and 25% of their revenue from coal power generation or thermal coal production will also be excluded unless they either:</p> <ul style="list-style-type: none"> • derive at least 10% of their power generation from renewable energy sources; or • have made a public commitment to divest from their coal related activities or reach zero emissions by 2050. <p>Investment in corporations breaching United Nations Global Compact principles is avoided, or otherwise reviewed and justified.</p>



SCHEDULE A. CLIMATE-RELATED RISKS & OPPORTUNITIES

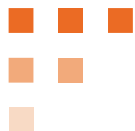
Name	Type	Term	Sector/Geography	Description
Compliance with CRD Regulations	Transition	Short	N.A./Aotearoa New Zealand	FundRock could fail to comply with one or more aspects of CRD regulations and expose itself to regulatory action by the FMA.
Disruption to Business Operations	Physical	Medium/Long	All/Global	<ul style="list-style-type: none"> • Increase in extreme weather events causing damage to physical assets [e.g., facilities, equipment, infrastructure (such as roads, airports, ports, or data centres)], disabling utilities (such as energy), or otherwise disrupting services or operations. • Increase in temperature increasing demand for energy. • Increase in extreme weather events impacting employees' ability to work or customers' ability to access services.
Disruption to Production & Supply Chain	Physical	Medium/Long	All/Global	<ul style="list-style-type: none"> • Disruptions to production caused by extreme weather events closing facilities, causing loss of power, damaging equipment, impairing employees' ability to work (e.g., because of H&S issues), affecting productivity (e.g., decreased crop yield or machinery performance caused by excess heat), or requiring additional controls. • Physical impacts upstream and downstream the supply chain impacting employee access to facilities, ability to get required materials, or ability to get products or services to market. • Droughts impacting water availability, affecting manufacturing processes. • Impacts to health of employees through heat stress, rise in infectious diseases, poorer water quality, and injury in extreme weather events, impacting on ability to work. • For Agriculture only: (i) gradual weather changes (such as temperature or precipitation) impacting stock and crop quality and yield; (ii) increase in proliferation of pests.
Economic Impacts on Customers (Physical)	Physical	Medium/Long	All/Global	Second order effects of climate-change (such as job-loss, potential declines in economic growth, population migration, geopolitical conflict, etc.) affecting financial position of customers/potential customers.
Economic Impacts on Customers (Transition)	Transition	Medium/Long	All/Global	Second order effects of climate-change (such as job-loss, potential declines in economic growth, population migration, geopolitical conflict, etc.) affecting financial position of customers/potential customers.



Name	Type	Term	Sector/Geography	Description
Environmental Damage	Physical	Medium/Long	All/Global	<ul style="list-style-type: none"> Increased flooding increasing the risks of discharge by coal mines of contaminated water into surrounding areas, causing environmental damage and impacting on community health and safety. Increased rainfall leading to chemical releases and oil spills (oil and gas), causing environmental damage and impacting on community health and safety.
Flood	Physical	Medium/Long	All/Global	Flood can damage property and local infrastructure, spread diseases, impact the fertility of soil, cause large destruction of infrastructure, and lead to an increase in refugees.
Increased Carbon Price	Transition	Medium/Long	All/Global	<ul style="list-style-type: none"> Energy, materials, operations, or transport/distribution increasing in cost due to carbon price. Emissions may be subject to carbon price, increasing operational costs.
Increased Demand for Services/Products	Physical	Medium/Long	All/Global	Increased demand caused by industry-specific factors [e.g., cardiovascular and respiratory illnesses, malnutrition, skin cancer, climate anxiety, and heat stress for health industry; energy (for cooling) in energy industry; water in utilities industry], creating overload risk.
Large Amount of Policy Intervention	Transition	Short/Medium	All/Global	Policy intervention (e.g. high carbon price, large climate funds, disclosure requirements, emission reduction targets) reducing an economy's GHG Emissions intensity and driving innovation.
Litigation Risk	Transition	Short/Medium	All/Global	Lawsuits being raised against companies failing to meet climate expectations or requirements.
Mean Temperature Increase	Physical	Medium/Long	All/Global	Increasing mean temperatures (i) making pests and pathogens (human, animal, and plant-based) outbreaks more frequent and severe, posing a threat to both human health and food security; (ii) negatively impacting agriculture yields due to the increased heat stress experienced by plants and animals; and (iii) increasing the risk of geographical movement disruption (people and goods) due to a desire to minimise spread of disease.
Migration	Transition	Medium/Long	All/Global	Mass migration to reduce impacts of physical climate perils in those areas that are worst affected, either within or to outside the region.
Physical Risk Impacting Government	Physical	Medium/Long	All/Global	Physical risk increasing governmental expenditure due to increased costs of infrastructure, increased demand on emergency services, and greater reliance on government for financial support. This is exacerbated by (i) the impacts of physical risk on the private sector reducing



Name	Type	Term	Sector/Geography	Description
				governmental revenue (decrease in income collected from taxation due to a weaker economy); and (ii) difficulty in obtaining finance due to decreasing government bond credit ratings.
Policy & Regulatory Impacts	Transition	Short/Medium	All/Global	Increasingly stringent climate change regulations (e.g. disclosure, emissions reduction, green buildings requirements, etc) creating additional processes and costs.
Political Unrest	Transition	Medium/Long	All/Global	Political unrest resulting from increased impacts of physical climate perils and inaction of governments.
Poor Climate Policies and Commitments	Transition	Medium/Long	All/Global	Minimal policy intervention, leading to GHG Emissions intensity likely remaining and entities likely continuing operations as usual. The economy may face second order impacts.
Reliance on Emissions Intensive Sectors	Transition	Medium/Long	All/Global	Economies reliant on GhG intensive sectors (e.g. oil and gas, agriculture, coal, manufacturing, fracking) being impacted as the world transitions to renewable energy and low carbon products.
Sea Level Rise	Physical	Medium/Long	All/Global	Sea levels rising due to the thermal expansion of the oceans and the melting of ice sheets and glaciers.
Slow Transition	Transition	Medium/Long	All/Global	The geography is seen as not transitioning fast enough to a low-emission economy, decreasing reputation and attraction.
Stakeholder Preference Change	Transition	Short/Medium	All/Global	Increasing stakeholder expectation of entity to be proactive in reducing their emissions and in addressing their climate-related risks.
Stranded Assets (Physical)	Physical	Medium/Long	All/Global	Extreme weather events (such as inundation, storm surge, wildfires, or floods) damaging or devaluing assets or properties.
Stranded Assets (Transition)	Transition	Short/Medium	All/Global	Emissions-intensive assets becoming costly to run due to increased carbon price (e.g., coal burners and diesel-fuelled tractors).
Technology Adoption & Implementation	Transition	Medium/Long	All/Global	Failure to or unsuccessful investment in low-emissions technologies during adaptation phase.
Transition Risk Impacting Government	Transition	Medium/Long	All/Global	Transition risk can increase governmental expenditure due to increased administrative costs for policy interventions and increased expenditure on infrastructure. This is exacerbated by (i) the impacts of transition risk on the private sector reducing governmental revenue



Name	Type	Term	Sector/Geography	Description
				(decrease in income collected from taxation due to a weaker economy); and (ii) difficulties obtaining finance due to decreasing government bond credit ratings.
Water Stress & Drought	Physical	Medium/Long	All/Global	Lack of adequate precipitation causing reduced soil moisture or groundwater, diminished stream flow, crop damage, and general water shortage.
Wildfire	Physical	Medium/Long	All / Australia & New Zealand	<p>A wildfire is an uncontrolled fire that burns in the wildland vegetation, often in rural areas. Wildfires can burn in forests, grasslands, savannas, and other ecosystems, and have been doing so for hundreds of millions of years. They are not limited to a particular continent or environment.</p> <p>Wildfires can cause death, extreme infrastructure damage, soil fertility and health conditions of livestock/individuals exposed to smoke."</p>