booster

Booster Savvy Scheme

Climate Statements 2024

Booster Investment Management Limited is the issuer and manager of the Booster Savvy Scheme.

Introduction

Opening remarks

Booster Investment Management Limited (**Booster, we**) as manager of the Booster Savvy Scheme is responsible for preparing and lodging climate statements for the Fund. These climate statements constitute the first disclosures prepared by Booster for the Fund under the new Aotearoa New Zealand Climate Standards. Reflecting on the experience of preparing these climate statements, and in evolving business processes to better support climate considerations, Booster realises that we are on a journey, as we believe is much of the broader industry noting New Zealand is among the first countries to require mandatory climate reporting. These climate statements should be read with these challenges and limitations in mind.

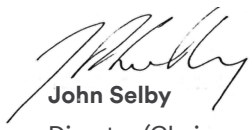
In recognition of such constraints, challenges and ongoing work, Booster has elected to use the following adoption provisions contained in NZ CS 2 Adoption of Aotearoa New Zealand Climate Standards which exempt Booster from disclosing:

1. **Adoption provision 1:** Current financial impacts of physical and transition impacts identified
2. **Adoption provision 2:** Anticipated financial impacts of climate-related risks and opportunities
3. **Adoption provision 3:** The transition plan aspects of its strategy, instead describing current progress
4. **Adoption provision 4:** The Fund's gross greenhouse gas (GHG) emissions classified as scope 3
5. **Adoption provision 5:** Comparatives for scope 3 emissions
6. **Adoption provision 6:** Comparative information for metrics
7. **Adoption provision 7:** An analysis of the main trends for metrics

It is also important to note that the Fund is as at the date of these climate statements fully invested in cash, and its Statement of Investment Policy and Objectives limits the Fund to investing in what has been classed as cash and cash equivalents. Because of this, information you might find on other funds offered by Booster may not be included in these climate statements (for example financed emissions for the Fund).

The Directors present the climate statements for the Funds for the year ended 31 March 2024. These climate statements comply with Aotearoa New Zealand Climate Standards (**NZ CS**) issued by the External Reporting Board (**XRB**).

Signed for and on behalf of the Board on 29 July 2024.



John Selby
Director (Chairman)

Allan Yeo
Managing Director

Funds included within this document

This document includes the climate statements for the following fund (**Fund**) within the Booster Savvy Scheme:

- Booster Savvy Fund

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The following disclosure objectives relating to the Aotearoa New Zealand Climate Standard 1 (NZ CS 1) are covered within this climate-related disclosure:

1.0 Governance

This section discusses how Booster oversees, assesses and manages climate-related risks and opportunities in relation to the Booster Savvy Fund (Fund).

1.1 Who does what at Booster?

There are a number of roles and responsibilities within Booster that are relevant to the oversight and management of climate-related risks and opportunities in relation to the Funds.

The Board

The Board of Booster (the '**Board**'), which meets at least quarterly, has ultimate responsibility for and oversight of investment management. This includes oversight of how climate-related risks and opportunities (and other risks and opportunities) are considered as part of the management of the assets of the Fund. The Board has delegated key responsibilities related to investment management to the Booster Investment Committee (**Investment Committee**) and receives at least quarterly reporting from the Investment Committee to enable its oversight of investment management. However, it is worth noting that the Fund is (as at the date of this climate statement) fully invested in cash and the Board will be consulted before any change to invest in cash equivalents (as allowed for in the Statement of Investment Policy Statement) is agreed. From 2024, reporting from the Investment Committee will include information on climate-related risks and opportunities, including metrics and targets at least annually. See also the Risk Management section which discusses how the Booster Group Risk Management Framework links in with climate-related risks and opportunities.

Booster Investment Committee

The Investment Committee usually meets bi-monthly, or more frequently if required, and is responsible for the management and monitoring of investment management for the Fund, supporting Board oversight, including relating to climate-related risks and opportunities. This includes:

- Approving investment-related policies including the Approach to Responsible Investing Policy (**RI Policy**), which outlines Booster's approach to considering Environmental (including Climate-related) risks, Social and Governance risks in portfolios, with material changes subject to approval by the Board.
- Monitoring ongoing compliance with Statements of Investment Policy and Objectives (**SIPOs**) via assurance reports from sub-committees.

The Investment Committee utilises sub-committees to support this work, including the Responsible Investment Committee (see below) that are responsible for monitoring climate-related risks and opportunities. The Booster Investment Committee retains oversight of these sub-committees by way of quarterly reporting.

The Portfolio Management Team is primarily responsible for the preparation of material for the relevant committees. Other relevant Booster staff prepare material as required.

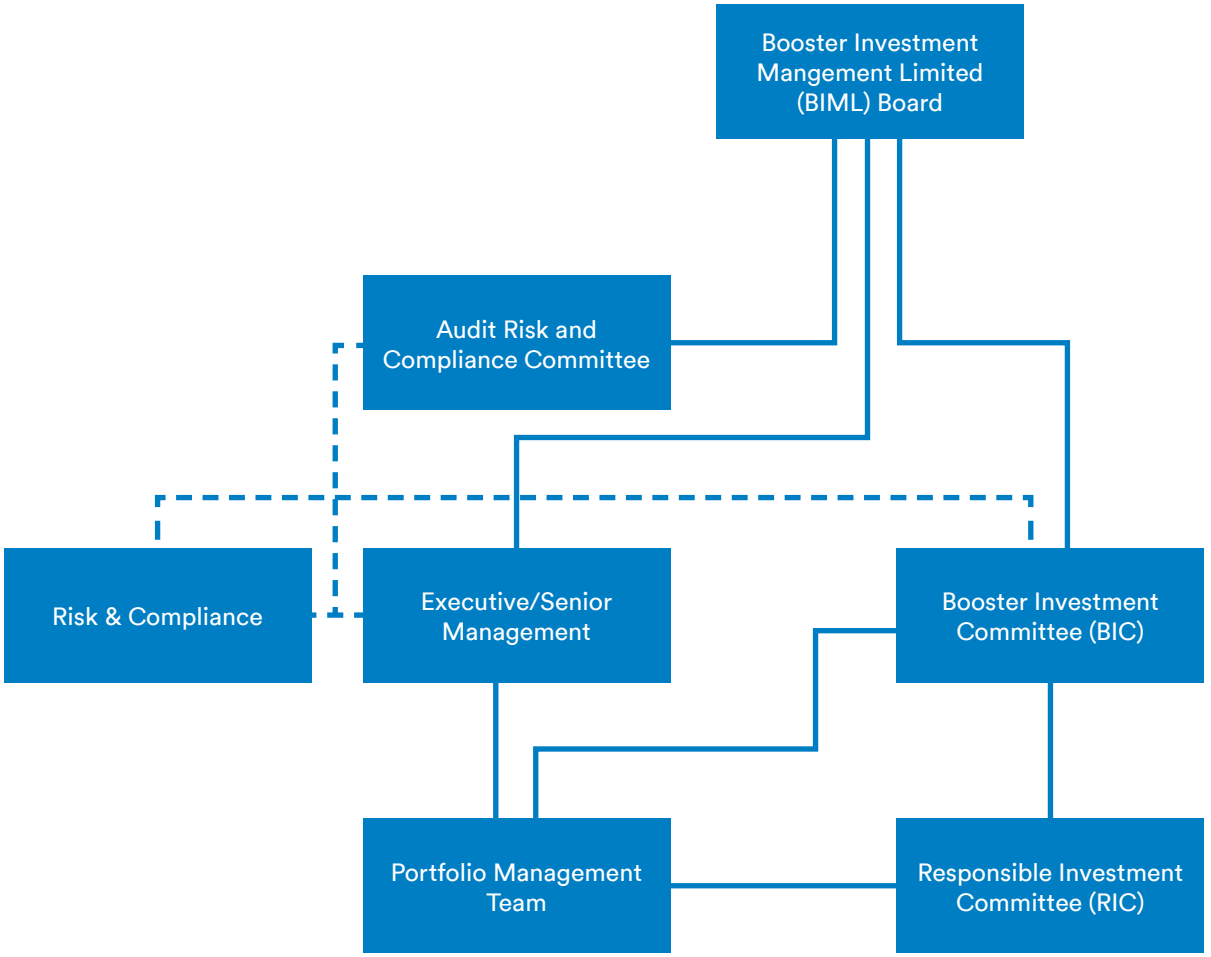
Responsible Investment Committee

The Responsible Investment Committee meets quarterly to formally monitor and discuss climate-related risks and opportunities across listed asset classes and at a multi-sector fund level. This includes considering climate-related risks and opportunities at least annually. The cash and cash equivalent asset class is not considered in the same way, instead we in large part rely upon the monitoring of relevant debt issuers for climate-related risks by external credit rating agencies. However, the Responsible Investment Committee does undertake some responsibilities relevant for the Fund. The Reponsible Investment Committee is responsible for:

- Development of Booster's responsible investment policies, for approval by the Booster Investment Committee.
- Monitoring of Booster's responsible investment policies and activities, including the application of negative screens, ESG integration, and active ownership initiatives.
- Monitoring of climate-related factors including risks, metrics, and performance against targets.
- Monitoring adherence to the RI Policy and requirements in Statements of Investment Policy and Objectives. Any instances of non-compliance are escalated to the Booster Investment Committee.
- Memberships, certifications, and regulatory requirements. This includes consideration of membership of responsible investment-related organisations, for approval by the Booster Investment Committee, and the monitoring of existing memberships.
- Monitoring best practice responsible investment activities and trends.

Portfolio Management Team

The Portfolio Management Team, headed by the Chief Investment Officer, has responsibility for the day-to-day management of investment matters related to the Funds. This includes integrating ESG matters such as climate-related considerations into decision making as outlined in Booster's Approach to Responsible Investment Policy or as discussed in this document. Oversight is performed by the Booster Investment Committee utilising the Responsible Investment Committee and specialist committees for unlisted investment funds where these form part of fund strategy. Executive management (which includes two members of the Board) maintain general oversight of the Portfolio Management Team and the Chief Investment Officer reports to this Executive Office.



Note – Booster's parent company Booster Financial Services Limited (**BFSL**) and Booster have entered into a services agreement whereby BFSL provides services and support for Booster, including employing all Booster Group staff. For simplicity this has not been included in the above diagram.

1.2 Skills and competencies

The ensure that the Board has the appropriate skills and competencies to function as an effective board, it has adopted a fitness analysis matrix which is considered annually. Funds management, which includes consideration of risks and opportunities including in the ESG space relating to investment management, is noted as one of the key skillsets. To support the continued development of knowledge, the Board participates in 'deep dive' sessions focusing on a range of topics, with climate related disclosures having been covered during 2024 (post balance date). Board members also develop experience through their executive roles, including for some on investment committees, or their governance roles at other organisations.

Appointments to the Investment Committee are subject to consultation with the Board, which includes consideration of relevant skillsets. To ensure appropriate skills and competencies are available to oversee, manage and monitor climate risks and opportunities in relation to investment management, the Responsible Investment Committee and the Portfolio Management Team support the Investment Committee, which in turn supports the Board, by:

- Monitoring industry practices regarding management of climate-related risks and opportunities in investment management;
- Considering what organisations Booster is a member of to ensure access to resources to inform Booster's approach to assessing and managing climate risks and opportunities. Booster is currently a member of Climate Action 100+, the Investor Group for Climate Change and the Climate Disclosure Project;
- Maintaining and utilising access to a number of external research and data providers to support this work. These services supplement our internal knowledge capabilities related to climate risks and opportunities and provide further resource and analysis to inform our climate-related assessments.
- Encouraging the Portfolio Management Team to undergo regular training / research to support the performance of their roles.
- Two members of the Responsible Investment Committee (also members of the Portfolio Management Team) are members of the Investment Committee.

1.3 Integrating climate into investment strategy

The Investment Committee is responsible for setting (with consultation with the Board), reviewing and overseeing the implementation of the investment management strategy for the Fund. Investment management is multifaceted, with risk management being a component. As part of this, the Investment Committee reviews the RI Policy at least annually and consults with the Board on material changes to it. As the Fund is only invested in cash / cash equivalents, climate-related factors are not integrated into investment strategy via our ESG integration approach. However, see section 2.3 for how climate-related matters are considered for this asset class.

In addition to this, the Investment Committee has developed, and the Board has approved, key approaches to investment strategy in relation to climate matters. Consistent with the RI Policy, key approaches of note include:

- Booster takes a holistic view of risks and opportunities that are relevant to portfolios and their investments. Climate-related risks and opportunities are an important consideration but are considered proportionately alongside other risks and opportunities depending on their materiality.

The Investment Committee utilises sub-committees to support the monitoring of Environmental risks, including a Responsible Investment Committee for the Fund, with reporting to the Booster Investment Committee and Board as outlined earlier.

1.4 Metrics and targets

As part of considering and approving the key approaches to investment strategy in relation to climate matters, the Investment Committee and the Board consider the type of targets that should be adopted to support the implementation of the investment strategy in relation to climate matters. The setting of specific targets is delegated to the Investment Committee.

When deciding whether to set climate related targets, the Investment Committee may consider third party research, industry practice, performance against targets, market developments, the SIPO (which includes Booster's overall investment philosophy), and other investment considerations, as well as the key approaches to investment strategy in relation to climate matters discussed above.

The Responsible Investment Committee monitors various climate-related metrics and performance against targets for funds across Booster's schemes, however as the fund is fully invested in cash there are limited relevant metrics for the Fund and no targets have been adopted. The Investment Committee in turn reports to Board on these matters at least annually as outlined above.

Booster's approach to overall staff remuneration takes into account a range of factors, including contribution to overall business objectives, customer and adviser servicing, productivity, and contribution to the delivery of solutions and portfolios for clients. Contribution to responsible investing and ESG elements of strategy (including climate-related matters) are part of the overall consideration.

2.0 Strategy

2.1 Current climate-related impacts on the Funds[1]

Climate-related impacts on the Fund can arise from two types of risks – physical risk and transitional risk.

Physical risk impacts on the Funds

Physical risks are risks related to the physical impacts of climate change. Physical risks emanating from climate change can be event-driven such as increased severity of extreme weather events. They can also relate to longer-term shifts in precipitation and temperature, increased variability in weather patterns, and sea level rise.

As the Fund is fully invested in cash with a New Zealand registered bank, we have not identified any material physical risk impacts on the Fund.

Transitional risk impacts on the Funds

Transitional risks are risks related to the transition to a low-emissions, climate-resilient global and domestic economy, such as policy, legal, technology, market and reputation changes associated with the mitigation and adaptation requirements relating to climate change.

We have not identified any material transitional risk impacts on the Fund.

2.2 Scenario analysis

To better understand the climate-related risks and opportunities that might arise for the Fund over the short (1-3 years ending 2025), medium (5-10 years ending 2030) and long-term (30 plus years ending 2050+), a scenario analysis exercise has been undertaken. Three different climate scenarios, each representing an alternative potential future, were considered.

Climate scenarios - summary

- **Orderly:** represents collective action towards a low carbon global economy resulting in an average global temperature increase of approximately 1.5 degrees Celsius above pre-industrial (1850-1900) levels by 2100;
- **Too little too late:** represents a misaligned and delayed transition to a low carbon global economy, resulting in an average global temperature increase of greater than 2 degrees Celsius above pre-industrial (1850-1900) levels by 2100;
- **Hothouse:** represents minimal action towards a low carbon global transition, resulting in an average global temperature increase of greater than 3 degrees Celsius above pre-industrial (1850-1900) levels by 2100.

See the table below for more details regarding each scenario.

Process undertaken – scenario construction

Booster has utilised the collation of climate scenario narratives (**Scenario Narratives**) developed for Financial Services Council of New Zealand (**FSC**) and Boutique Investment Group (**BIG**) members in a process (see Figure 1 in appendix) supported by Ernst & Young (**EY**). The Scenario Narratives were collated in a report titled 'Climate Scenario Narratives for the Financial Services Sector' dated June 2023 (**Scenario Narratives Report**).

The Scenario Narratives were developed following a process which included:

1. Stakeholder engagement: Workshops were held including industry members to introduce topics and discuss options. Working groups were used to gain consensus on key decisions via vote. A steering committee was formed to determine the direction of the project and track project timelines, delivery outputs and stakeholder satisfaction. External stakeholders (FMA, XRB, NZBA, Insurance Council of New Zealand etc) were engaged throughout the project.
2. Determination of scope: This included determining key climate related risk categories and time-horizons.
3. Identification of driving forces: An analysis of key social, technological, environmental, economic and policy driving forces was undertaken. The most appropriate scenarios that aligned with these drivers were identified.
4. Selection of scenarios & pathways: The scenarios were presented to the working group and key climate-related risks, impacts and opportunities were identified.
5. Drafting narratives & quality control including incorporating feedback from stakeholders.
6. Use of credible sources: underlying assumptions used to create the various scenarios based on credible information produced by reputable sources such as the New Zealand Climate Change Commission (**NZCCC**), the Intergovernmental Panel on Climate Change (**IPCC**), the Network for Greening the Financial System (**NGFS**) and the National Institute of Water and Atmospheric Research (**NIWA**).

[1] Booster has elected to apply adoption provision 1 of NZ CS 2. This exempts it from disclosing in its first reporting period the current financial impacts of the physical and transition impacts identified.

Data sources for the Scenario Narratives

Orderly **1.5˚C**	Too Little Too Late **>2˚C**	Hothouse **>3˚C**
• NGFS, 2023 • NIWA, 2023 • IPCC 2021, 2022 • NZCCC, 2021	• NGFS, 2023 • NIWA, 2023 • IPCC, 2021 • Nazarenko, 2022	• IPCC 2021 • NIWA, 2023 • MfE, 2017, 2018 • NASA, 2023

External stakeholders that have been involved include:

- Industry participants
- Financial Markets Authority
- Reserve Bank of New Zealand
- External Reporting Board
- Ministry for Environment
- New Zealand Bankers' Association
- Insurance Council of New Zealand
- Responsible Investment Association of Australasia
- Corporate Trustees Association
- Investor Group on Climate Change
- United Nations Principles for Responsible Investment
- Centre for Sustainable Finance

Booster has considered if the scenarios are appropriate to support our understanding of climate-related risks and opportunities that might arise for the Funds and how that relates to Booster's investment management approach. This process included the matter being reported to the Investment Committee and Board (aspects of which occurred after balance date). Below are some of the reasons why Booster considers the scenarios presented are appropriate.

Orderly **1.5˚C**	Too Little Too Late **>2˚C**	Hothouse **>3˚C**
• Broadly representative of an approximately 1.5°C increase therefore meeting the NZ CS scenario requirement • Broadly aligns with the stated goal of the Paris Agreement to pursue efforts to limit temperature increase to no more than 1.5°C above pre-industrial levels. • Is a commonly used scenario that will help with comparability with other funds managers in New Zealand.	• Meets the NZ CS requirement for a third climate-related scenario. • Balanced between the orderly and hothouse scenarios, representing imperfect efforts (misaligned and delayed) to cut GHG emissions. • Is potentially a commonly used scenario that will help with comparability with other funds managers in New Zealand.	• Meets the NZ CS requirement for a >3°C aligned scenario. • Most likely to eventuate if society does not make concerted efforts to cut GHG emissions. • Is a commonly used scenario that will help with comparability with other funds managers in New Zealand.

Scenarios in detail

The three scenarios consider short, medium and long term time horizons, however most of the investment management relating to the Fund focuses on the short-term given the nature of the Fund. The scenarios account for how relevant social, technological, environmental, economic and policy related driving forces would drive plausible future impacts. In addition to considering the outcomes of the drivers, the drivers themselves have also been something Booster has found helpful when considering how future climate related risks and opportunities could evolve.

Orderly: **Approximately 1.5˚C**	Too Little Too Late: **> 2˚C**	Hothouse: **>3˚C**
The Orderly scenario represents coordinated and timely global action to prevent the worst predicted impacts of climate change. Emissions reduce steadily in a manner that is consistent with achieving a net zero goal by 2050. As a result, global average temperatures increase to 1.4°C (min 1, max 1.8) above pre-industrial (1850-1900) levels. This will help to minimise the increase in severity of extreme weather events. A key driving force is that society puts pressure on entities to decarbonise. There is a concerted change in behaviour including preference changes towards low emissions products or services, climate activism, and negative media attention oriented towards entities with a lack of appropriate action towards climate change and/ or greenwashing allegations. This is accompanied by progressive policy globally, such as the implementation of emissions reduction requirements, mandatory climate-related reporting, emissions trading schemes, stringent carbon prices, carbon taxes (including border adjustments) and an increase in legislation that bans emissions-intensive activities. An increase in research and development will occur resulting in a rapid uptake of existing low-emissions and emission abatement technologies across all sectors. There is increased electrification of transportation and a high proportion of renewable electricity generation. Overall, the global economy benefits from the stable transition to a low carbon economy. All countries face internal challenges brought by transformational change to their economies, including job losses and skill shortages. However, these issues are managed effectively with the help of a stable climate, economy, and international relations. The rate of physical risk remains relatively low in this scenario. Transition risks initially increase in the short and medium term before reducing as society shifts to a low carbon economy. Short term transition risk is more pronounced for entities that are more exposed to emission intensive sectors and slow to transition.	This scenario represents a misaligned and delayed transition to a low carbon economy. Some countries action the transition to net zero by 2050. Others delay, introducing accelerated efforts to address climate change by mid-century. Emissions reduce gradually and are still significantly higher than zero by 2050. As a result, global average temperatures reach 2.7°C (min 2.1, max 3.5) above pre-industrial (1850-1900) levels by 2100. Globally, precipitation fluctuations will lead to increased incidence of drought and floods. The Artic, North America, Europe, and Asia experience warming of twice the global average by 2050. New Zealand experiences an increased frequency of extreme weather events in the long term, including a significant increase in the number of hot days, a 10% decrease in precipitation, and increased drought. Coastal areas worldwide are projected to face increased risk from storm surges, flooding, and sea level rise. Societal pressure to decarbonise is more varied across regions and inequities will increase for the world's more marginalised nations. There is an increase in geopolitical tensions with increased challenges in agriculture, food security and water availability. Most developed countries implement climate policy early while other parts of the world align climate policy only from mid-century. There is a more moderate level of carbon pricing. There is delayed development of low emissions and emissions abatement technology. Progress on electrification and renewables will be slower than the Orderly scenario. Changes come too late to prevent wide ranging acute and chronic physical climate impacts. The global economy is likely to suffer significant financial impacts. There is a lower standard of living for many across the globe. Extreme weather events and gradual weather changes such as temperature and precipitation levels are likely to pressure revenue and increase costs for some sectors. The rate of physical risk climbs steadily out to the long term. Transition risk increases rapidly in the short term, plateau in the medium term, and increase again in the long term due to increased global action and the emergence of new technologies facilitating decarbonisation.	The Hothouse scenario represents minimal action towards a low carbon global transition with little shift in social and political traction towards a low emissions future. Emissions reduce very gradually and fall well short of net zero. As a result, the global average temperature reaches 4.4°C (min 3.3, max 5.7) above pre-industrial (1850-1900) levels by 2100. Transition risk is limited but there is a significant materialisation of acute and chronic physical risks. The rate of physical risk increases exponentially out to the long term. Environmental outcomes are more severe, coastal areas worldwide will face increased risk from storm surges, flooding, and sea level rise. Regions at high latitudes will have the most significant temperature increases, with warming forecast to be three times the global average by 2050. Regions that are already prone to water stress, see increased frequency and intensity of both droughts and floods. Coastal areas worldwide will face increased risk from storm surges, flooding and sea level rise. There will be variability increases across New Zealand, with some regions seeing a 40% increase in precipitation, and others an increase in drought intensity. There is limited behaviour change or social pressure to drive decarbonisation globally. The focus on global growth by any means necessary drives higher rates of economic inequality, increasing political instability and geopolitical tensions around the world. Early adopters of progressive climate policy reverse, revoke or otherwise roll back climate policies. Others pause further development and implementation of climate policies currently under development. Global carbon prices and investment in adaptation is minimal. There is an overall lack of technological change to support emissions reduction. By 2050, fossil fuels continue to be the dominant source of primary energy, even after accounting for current technology trends. The global economy is likely to see surmounting costs from increasingly pervasive chronic physical impacts. Risk increases exponentially out to the long term. Acute physical risk events will result in widespread displacement and reduced productivity. Financial impacts are felt across all economies, impacting on individuals, businesses, and governments.

Source: Scenario Narratives report.

Process undertaken – analysis of scenarios

The Scenario Narratives include not only scenarios and assumptions, but also an impact assessment on different sectors and asset classes, with the cash and cash equivalents sector being the most relevant for the Fund. Booster has utilised the scenarios to consider the resilience of its investment philosophy and strategy. This process included an analysis paper and has included reporting to the Investment Committee and Board (aspects of which occurred after the balance date). The scenario analysis was undertaken as a stand-alone activity, but in the future aspects of it may be incorporated into Booster's strategic asset allocation review process.

2.3 Risks and Opportunities

Climate-related risks relating to the cash and cash equivalents asset class may include:

- Probability of loan default increases as a result of the economic impacts of climate change on both commercial and retail customers increasing cash flow volatility and creating liquidity issues and impacting on their credit rating and ability to pay interest payments.
- Higher inflation as result of climate-related physical and transition impacts thereby devaluing current cash assets.

We have not identified any climate-related opportunities for the Fund.

How we consider climate-related risks and opportunities in investment management

- **Cash and cash equivalents** - climate-related risks and opportunities are generally considered as part of the assessment undertaken by external rating agencies, which also consider a range of other risk factors. External rating agencies such as Fitch, S&P, and Moody's acknowledge the material impact that physical and transition risks pose and incorporate considerations for them through their ESG frameworks.
- Booster conducts scenario-based stress testing as part of its annual Strategic Asset Allocation Review. We intend to broaden this stress testing to explicitly consider climate scenarios in future reviews.

2.4 Anticipated impacts of climate-related risks and opportunities[2]

Climate-related risks for underlying investments are discussed above. As the Fund currently only invests in cash / cash equivalents, it is expected the impacts of climate-related risks and opportunities are relatively muted.

2.5 Booster's investment management approach and the climate-transition[3]

Booster's investment management approach

Booster was founded over 25 years ago by a handful of industry experts who felt there was a better way to help New Zealanders look after their money. We've grown a lot since then, but our mission is still the same. Whatever your financial goals, we want to help you achieve them - whether it's helping you get started towards your savings goals, financial planning and advice, or growing an investment portfolio.

Since we began, Booster has consistently managed client portfolios with a strong awareness of downside risk management within a "core + satellite" investment philosophy. In determining the appropriate investment strategy and investments for the Fund's assets, Booster takes into account the following philosophies:

- Risk and return are positively correlated: All investments involve some form of risk. The Manager has defined and addressed the key risks relevant to the Portfolio by stipulating either minimum investment requirements or specific constraints.
- Time horizon is important when investing: The structure and asset allocation setting of the portfolio is designed with the portfolio's objectives and minimum investment timeframe in mind. Individual investors should consider their time horizon to ensure it matches that of their chosen investment option.
- High quality research and experienced investment management are essential: Developing sound investment portfolios involves in-depth research and analysis of available investments and selecting those according to a consistently applied and disciplined decision-making framework.
- Overall, investors' success in achieving their long-term goals depends a lot on their resolve in maintaining a disciplined investment program. This can be heavily influenced by the advice and support they receive, especially when returns are negative. Effective communication and support therefore need to be a seamless part of delivering client portfolios, especially in times of volatility.

Application across the Funds

The Manager offers one Fund in the Scheme. In considering this and the above investment philosophies in this context we note that:

- **Savvy Fund** – invests solely in income assets which are currently entirely cash / cash equivalents.

Transition planning

As the Fund is entirely invested in cash / cash equivalents, there is no transition plan for this Fund. This may be reviewed in future years if our view of the materiality of climate-related risks and opportunities for this Fund changes.

[2] Booster has elected to apply adoption provision 2 of NZ CS 2. This exempts it from disclosing in its first reporting period the anticipated financial impacts of climate-related risks and opportunities, and the time-horizons over which these could reasonably be expected to occur.

[3] Booster has elected to apply adoption provision 3 of NZ CS 2. This exempts it from disclosing the transition plan aspects of its strategy, including how its business model and strategy might change to address its climate-related risks and opportunities; and the extent to which transition plan aspects of its strategy are aligned with its internal capital deployment and funding decision-making processes. Instead, in its first reporting period Booster provides a description of its progress towards developing the transition plan aspects of its strategy.

3.0 Risk Management

3.1 How we identify, assess and manage climate-risk for the Fund

Section *2.3 Strategy – Risks and Opportunities* outlines how climate risks are considered. Here we provide some additional information to help readers further understand Booster's processes for the various funds it manages. As the underlying investments of the Fund are entirely cash and cash equivalents, climate-related risks are considered immaterial and therefore have a commensurate focus in the process highlighted below.

The process involves:

- Portfolio Management Team – this team is responsible for identifying, assessing, and managing ESG risk including climate risk. The Portfolio Management Team has access to various resources to inform the identification, assessment and management of climate-related risks and opportunities, including Climate Action 100+, IGCC, CDP, ISS ESG Research, and research by various brokers.
- Responsible Investment Committee – the Portfolio Management Team reports to this committee on ESG risks including climate-related risk, and this committee monitors how they are considered and managed in the Fund.
- Section *1.0 – Governance* outlines further details on the different roles within Booster relevant to the management and oversight of climate risk.

The Responsible Investment Committee is reported to and meets on a quarterly basis to monitor and consider key matters relevant to the management of ESG risk including climate risk – this typically includes ESG considerations, outcomes from engagement activity, and (more recently) portfolio carbon intensity and physical and transition risk. This process is less relevant for the cash and cash equivalent asset class. Instead, we rely in large part on the monitoring of relevant debt issuers for climate-related matters by external credit rating agencies as outlined in section 2.3.

Where investments require an internal credit rating assessment (which as noted earlier may consider climate-related risks), these are conducted by the Portfolio Management Team, typically following the release of the latest financials. Reports from credible scientific research organisations, industry bodies and stakeholder engagement may be taken into consideration as and when required, although this is more relevant for Booster's other funds.

As investments in the Fund are (as at the date of these climate statements and throughout the reporting period) on-call, the relevant time horizon is short-term for climate-related risks.

Frequency of assessment

Climate-related risks are formally monitored at least annually. Scenario analysis is expected to be reviewed annually.

Tools and methods used

The tools and methods we utilise to identify and assess climate-risk include:

- Scenario analysis as outlined in the section 2.2
- Value at risk assessments are intended to be considered in the future, subject to the availability of suitable data
- ISS ESG and Climate Research from external providers
- EY Research
- External credit assessments, and internal assessments as necessary
- Reports from relevant industry bodies

We note that the above tools, climate-related metrics, scope of investee value chains and our climate assessments could be based on limited and highly uncertain data/information. It is expected that the reliability and availability of data will improve as climate risk reporting becomes more mainstream.

3.2 How the above processes are integrated with our overall risk management processes

Integration with broader investment management risk processes

Booster takes a holistic view of risks that are relevant to the Fund and its investments. All investments involve some type of risk and risk management techniques can vary across investments. Climate-related risks are an important consideration but are considered alongside other risks.

Section *2.0 Strategy* outlines how climate-risks are considered within overall risk management processes.

Integration with our Risk Management Framework

Booster Group has an approved Risk Management Framework in place with relevant risk registers to support the identification, assessment and management of key risks at Booster. This framework is broader than risk management relating to funds or investment management, however there are a number of risks that are identified and monitored in the investment management space – most relevantly this includes Macro Environmental Risk - including ESG & Climate Change Factors, which cover climate risk from a fund management perspective. Given the Fund is solely invested in cash / cash equivalents, this risk is not expected to be as relevant for this Fund relative to other funds. Another relevant risk is Regulatory & Other External Reporting Management Risk – this includes coverage of the regulatory and disclosure aspect of climate risks.

The Risk and Assurance team at Booster monitors these risks using relevant risk metrics and undertakes regular interactions with relevant teams internally. Regular reporting to the Board and/or ARCC highlights the assessed residual risk and whether this is within risk tolerance or not, and trends in the relevant underlying metrics.

4.0 Metrics and Targets

As the Fund is invested entirely in cash, we do not consider that there are any relevant metrics to disclose. This is because:

- **Operational emissions:** Booster has determined that the operational emissions for the Fund are immaterial and therefore, those emissions have been omitted from the GHG emissions inventories.
- **Financed emissions:** We have not calculated emissions for the Fund as it is not clear that cash investments have emissions associated with them. We may review this approach in the future as market practice in this space becomes clearer.
- **Climate Related Risks:** Are generally categorised as either physical risks or transition risks as outlined in 2.0 Strategy. Although we expect that all investments have some exposure to these risks, we do not consider these to be material for the Fund given it is solely invested in cash / cash equivalents.
- **Climate-related opportunities and capital deployment:** Noting the investment strategy and Statement of Investment Policy and Objectives settings, we have not identified any material climate-related opportunities for the Fund.
- **Climate-related targets:** We have elected not to adopt targets for the Fund, reflecting the nature of its investment strategy and underlying investments. This may be reviewed in future years should the factors behind this decision change.

booster

We're here to help.

To find out more about the Booster Savvy Scheme visit our website, call us on **0800 336 338** or talk to your financial advice provider.

booster.co.nz

Booster Investment Management Limited, PO Box 11872, Manners Street, Wellington 6142, New Zealand