



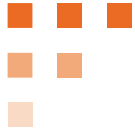
FOUNDATION SERIES FUNDS

Climate Statements

31st March 2025

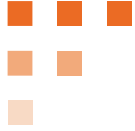
Prepared by FundRock NZ Limited in

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 Foundation Series Funds (the “**Scheme**”) in collaboration with InvestNow Saving and Investment Service Limited (“**InvestNow**”) 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**”):

- Foundation Series Balanced Fund (“**Balanced Fund**”);
- Foundation Series Growth Fund (“**Growth Fund**”);
- Foundation Series Total World Fund (“**Total World Fund**”);
- Foundation Series US 500 Fund (“**US 500 Fund**”);
- Foundation Series Hedged US 500 Fund (“**Hedged US 500 Fund**”);
- Foundation Series Hedged Total World Fund (“**Hedged Total World Fund**”);
- Foundation Series High Growth Fund (“**High Growth Fund**”);
- Foundation Series US Dividend Equity Fund (“**US Dividend Equity Fund**”); and
- Foundation Series Global ESG Fund (“**Global ESG 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 InvestNow, 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 InvestNow 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’ strategies in relation to CRR&O.

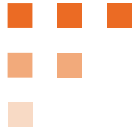
FundRock is part of the Apex Group, which has published a [Sustainability Report](#) where more details on the group’s approach to sustainability can be found. At the level of schemes and funds (that at which these Statements were prepared), FundRock’s approach to climate-change varies and is strongly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

InvestNow is the investment manager for the Scheme, as detailed in the Scheme’s governing documents and the Product Disclosure Statements for the Funds. InvestNow, like FundRock, is part of the Apex Group.

InvestNow operates an online investment platform that offers investment products that includes managed funds and bank term deposits. In addition to offering investment products managed by external investment managers, InvestNow is also the appointed investment manager for certain schemes including the Foundation Series Funds.

InvestNow’s overarching investment philosophy is to offer investors with greater investment value and choice. This means offering access to a broad range of investment options, including ‘vanilla’ investment options as well as investment options that incorporate responsible investing or environmental, social and governance (“**ESG**”) considerations within their underlying investments or strategies.

InvestNow recognises that investors are increasingly interested in responsible investing considerations to address evolving investment beliefs, goals and constraints. InvestNow acknowledges that there are valid rationales for why an investor may want to include exposure to investments that incorporate responsible investment considerations, whether this is for financial reasons, non-financial reasons, or a combination of both.



InvestNow also equally acknowledge that there are valid reasons why an investor may be interested in more ‘vanilla’ investment options, or investment options that do not explicitly incorporate responsible investment considerations.

As part of the overall value proposition of InvestNow to decrease the barriers to investing and offer greater investment value and choice, InvestNow is committed to providing access to a broad range of investment options within the schemes it is the investment manager for. This includes offering options that provide exposure to underlying investments that incorporate responsible investment considerations within their investment strategies.

Within the Foundation Series Funds specifically, the primary objective of the Scheme is to offer investors with low-cost, tax-efficient investment exposure, with a focus on offering investors greater value on an after-fees and tax basis. Any responsible investing considerations that may ultimately be implemented within the Scheme would thus need to align with this directive.

- The Scheme’s investment approach is predominantly passive, due to the cost-efficiencies, pursuant to its objective to offer low-cost access to a broad range of investment strategies.
- By utilising passive investment approaches and largely offering broad market exposure, the Scheme’s investment exposure will naturally evolve and adapt as the market reacts to changes and new information. This includes as/when climate-related issues come into mainstream business practices, which may have an impact the value proposition and thus make-up of the underlying indexes or investable universe the Scheme is exposed to.
- Further, as the Foundation Series Funds aims to offer a broad range of low-cost investment strategies to meet a wide range of investing beliefs and approaches, the Foundation Series Funds’ investment options will naturally evolve and adapt to changing investor preference and beliefs (which can be influenced by changing economic and environmental conditions). This means that the broad and evolving suite of investment offerings provided within the Foundation Series Funds (which includes offerings that do and do not incorporate responsible investment considerations) is already set up to cater to adaptive investor choices.

InvestNow thus believes that the Scheme is positioned to cater to an economy transitioning towards a low-emissions, climate-resilient future, due to the adaptive nature of its menu of predominantly broad-based passive holdings.

1.1. Adoption Provisions

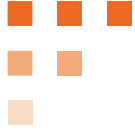
In preparing these Statements, FundRock relied on the following adoption provisions in the Aotearoa New Zealand Climate Standard 2 (the “CS2”):

- (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).

1.2. 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.

1.3. Directors' Approval and Statement of Compliance

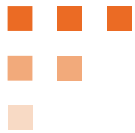
Signed on 28 July 2025 by the Directors identified below on behalf of FundRock, approving compliance with the Standards:

Hugh Stevens

Hugh Stevens

A handwritten signature in black ink, appearing to read "Jeremy Valentine".

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.

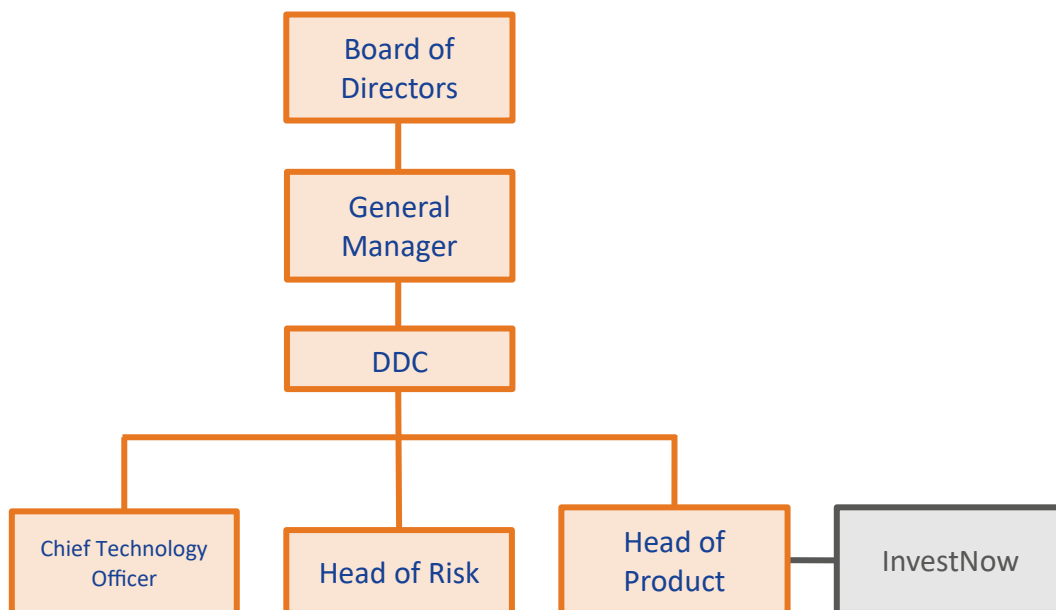
The Board takes into account compliance and regulatory risks arising from possible changes to the regulatory framework of Aotearoa New Zealand’s investment industry when developing and overseeing the implementation of FundRock’s strategy. CRR&O that are specific to a Scheme or Funds (such as those associated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

2.1.1. CRR&O Governance Structure

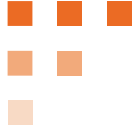
The Board engages quarterly with FundRock’s General Manager, who reports on the most material entity-level CRR&O. These reports are reviewed by the Due Diligence Committee (the “**DDC**”) prior to being made available to the General Manager. The DDC also reviews key deliverables of the Climate-Related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

For CRD purposes, the interactions with InvestNow are managed by the Product team (led by the Head of Product). As the DDC, the Product team is also responsible for this role in connection with other aspects of scheme and offer management. As part of its role, the Product team engages with InvestNow 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.

InvestNow partially benefits from FundRock's efforts to develop its climate change skills: members of InvestNow's Investment Committee ("**InvestNow IC**") are FundRock employees and received internal training on this subject (one of them as part of the Board)¹. InvestNow's Senior Portfolio Manager has also attended a course on CRD and CRR&O. Going forward, InvestNow expects that it will continue to benefit from FundRock's efforts.

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, key performance indicators, or remuneration incentives 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 below.

2.2. Management

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 Section 2.1.1 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 InvestNow throughout the reporting period and receives updates on their CRD-related processes and their status.

At InvestNow, the Senior Portfolio Manager is responsible for formulating and reevaluating on a regular basis the strategy for assessing and managing climate-related issues for the Schemes and Funds. This involves (among others):

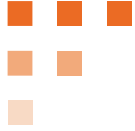
- (A) preparing the scenario analysis;
- (B) identifying, assessing, and determining how to manage CRR&O; and
- (C) recommending a transition plan.

The Senior Portfolio Manager also provides updates to the InvestNow IC on the status of work on CRD in the current reporting period and CRR&O.

The InvestNow IC reviews and approves the strategy for assessing and managing climate-related issues and provides oversight on the status of work on CRD in the current reporting period and CRR&O. The InvestNow IC meets at least annually to consider these matters.

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

¹ Since the end of the reporting period, one of said members of the InvestNow IC has resigned from all his roles at FundRock (but remains as a member of the InvestNow IC).



3. STRATEGY

3.1. Current Impacts

At the entity level, the costs of compliance with CRD regulations continue to be the most significant impact of CRR&O. FundRock and InvestNow have dedicated material resources to ensure compliance with it. While these costs may not be passed on to the investors directly, mounting regulation may lead to fee increases.

InvestNow has observed no material immediate impacts of CRR&O on the Scheme or Funds besides those mentioned just above.

3.1.1. Current Financial Impacts

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

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 results².

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 are 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 change³; 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.

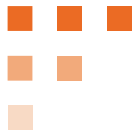
3.2. Scenario Analysis

FundRock has used the sector scenario analysis produced on behalf of the Financial Services Council to conduct its own scenario analysis (the *Climate Scenario Narratives for the Financial Services Sector* and the *Climate Risk Database*, hereinafter jointly called the “**Sector Scenario Analysis**”). The reasons for making this choice were:

- (A) adoption of the Sector Scenario Analysis across the industry makes it easier for investors to compare the climate-related strategies adopted by fund managers;
- (B) the Sector Scenario Analysis benefits from the knowledge of experts; and
- (C) adopting the Sector Scenario Analysis firmly grounds FundRock in a framework that is compliant with applicable regulations.

² 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.

³ 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).



The Sector Scenario Analysis was not adopted without judgement, however. In an iterative process, FundRock **(1)** identified the driving forces underlying development of the three scenarios, **(2)** modelled their relationship⁴, and **(3)** identified those with deeper or broader impacts on the scenarios (i.e., the key driving forces). Further along the process, FundRock analysed the risks identified in the Climate Risk Database, integrating the information across the Sector Scenario Analysis and systematizing the risk classification for use with diversified portfolios. Finally, the portfolio of the Funds was used to identify the most critical risks and how they may impact the Funds within the timeframe of the scenario analysis.

InvestNow has discussed the options with FundRock and agreed that adapting the Sector Scenario Analysis for the Scheme and Funds would be appropriate, for the reasons above but also because the lack of scale within the Scheme and Funds results in limited resourcing and hence the recommendation towards general reliance on FundRock's guidance.

3.2.1. Methods & Assumptions

FundRock and InvestNow have analysed the three scenarios from the Sector Scenario Analysis: Orderly (1.5°C), Too Little, Too Late (2°C), and Hothouse (3°C)⁵. These scenarios are informed (respectively) by the Intergovernmental Panel on Climate Change ("IPCC") SSP 1-1.9, SSP 2-4.5, and SSP 5-8.5 scenarios⁶, and are relevant and appropriate for the following reasons:

- (A) They comply with the regulatory requirements, which stipulate that climate reporting entities must analyse a 1.5°C, a 3°C scenario, and a third scenario of their choice.
- (B) The Orderly and Hothouse scenarios:
 - (i) represent extremes, and therefore allow FundRock to analyse how the Scheme and Funds would fare under the most challenging circumstances; and
 - (ii) are widely used by businesses, both in the financial services and other industries – their widespread adoption will make it easier for investors to compare offers and products.
- (C) The *Too Little, Too Late* and the *Disorderly* scenarios were considered as the third option, and the former was selected as per the Sector Scenario Analysis Report⁷ this was deemed the most likely path for Aotearoa New Zealand. It is also more challenging than the *Disorderly* scenario, which assumes lower physical and transition risks and a lower long-term temperature increase⁸.

The description of the scenarios and certain further details on methodology can be found in Schedule A below.

3.2.2. Scenario Analysis Process

The scenario analysis followed the six-step process detailed in the guidance published by the External Reporting Board ("**XR**B"), particularly the *Staff Guidance Entity Scenario Development*⁹. An overview of the process is provided below:

- (A) *Engage with Stakeholders*: see Sections 3.2.2.1 and 3.2.2.2 below for details.
- (B) *Define the Problem*: the focal question was adopted from recommendations by the Task Force on Climate-Related Financial Disclosures ("**TCFD**")¹⁰ and all Funds were considered in scope. For information on time horizons, see Subsection A.a below.

⁴ See footnote No 11 for the meaning of "model" in the context of scenario analysis.

⁵ The scenario analysis was completed for the 2024 statements and was not materially reviewed in the current reporting period.

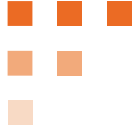
⁶ *Climate Scenario Narratives for the Financial Services Sector*, p 12.

⁷ See Sector Scenario Analysis Report, p 12.

⁸ See *Network for Greening the Financial System, NGFS Scenarios for central banks and supervisors*, November 2023, pp 11 and 20.

⁹ Which is itself an adaptation of *Task Force on Climate-Related Financial Disclosures, Guidance on Scenario Analysis for Non-Financial Companies*, October 2020 – also consulted.

¹⁰ Task Force on Climate-related Financial Disclosures, *Guidance on Scenario Analysis for Non-Financial Companies*, 2020 p 72.



- (C) *Identify driving forces and critical uncertainties*: the Sector Scenario Analysis was reviewed and analysed to produce a conceptual model¹¹.
- (D) *Select temperature outcomes and pathways*: temperature outcomes and pathways were adopted from the Sector Scenario Analysis (see Section 3.2 above for more details).
- (E) *Draft narratives and quantify*: narratives were adapted from the Sector Scenario Analysis, taking into consideration the distinctions of the schemes and funds. No quantification was attempted.
- (F) *Assess strategic resilience*: completed in collaboration with InvestNow.

InvestNow relied on FundRock for completing the scenario analysis; its Senior Portfolio Manager engaged with FundRock to discuss the process, driving forces, narratives, and outputs. The outcomes of this engagement (particularly the scenario narratives and an overview of key risks for the Funds) were presented to the InvestNow IC, who approved them. The InvestNow IC also agreed to:

- (A) integrate scenario analysis within its strategy process as much as practical;
- (B) accept the Senior Portfolio Manager's view that there are no material immediate climate-change impacts on the Funds, and therefore no changes to overarching strategy for the Funds are currently required; and
- (C) review its position at least annually, as the scenario and risk analysis are reviewed, updated, and present for its consideration again.

3.2.2.1. Integration & Governance

The Board set the governance for scenario analysis, ensuring appropriate processes were in place; and FundRock's management has reviewed and approved the scenario analysis framework (which was based on the Sector Scenario Analysis, as described above) and its results (as reflected in this statement).

Scenario analysis was conducted by FundRock as a standalone process, but its results (particularly the risks and impacts which identification and assessment it enabled) were shared with investment managers for their consideration and (when material for FundRock as an entity) integrated into FundRock's risk management processes.

At InvestNow, the scenario analysis was equally a standalone process. However, the participation of both the InvestNow Senior Portfolio Manager and the InvestNow IC within it ensures that the insights obtained via the scenario analysis are fully integrated into strategy and planning processes.

3.2.2.2. External Stakeholders

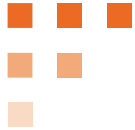
FundRock has reviewed the scenario analysis and its application to the Scheme and Funds and shared the results with InvestNow (as described in Section 3.2.2.1 above). By doing this, FundRock benefited from the InvestNow's thorough knowledge of the Funds while ensuring that results met the regulatory requirements.

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

The Sector Scenario Analysis included a *Climate Risk Database*, on which FundRock and InvestNow relied to identify and assess the risks for the Scheme and Funds. As indicated in Section 3.2 above, the risks found in the Sector Scenario Analysis were systematized by FundRock to allow for their application across the variety of schemes and funds we manage.

The table in Schedule A below is a list of the climate-related risks identified by FundRock and InvestNow. Diversified investment funds will be exposed to most, if not all, climate-related risks. For example, it is likely that at least one of

¹¹ A conceptual model is a "simple representation of a system focused on the relationship expected to be seen between variables" (XRB, *Staff Guidance Entity Scenario Development*, 2023, pp 11 and 27).



their investees will be exposed to the impacts associated with rising sea levels or stranded assets. Nonetheless, following the scenario analysis InvestNow has identified the following risks as material for the Scheme and Funds¹²:

- (A) Increased Carbon Price;
- (B) Large Amount of Policy Intervention;
- (C) Mean Temperature Increase;
- (D) Physical/Transition Risks Impacting Government; and
- (E) Stakeholder Preference Changes;

Said risks were identified as material because of their direct impact on the Scheme or Funds, their nature as key driving forces in the scenario analysis, or their broad impacts – the Funds’ investment approach is predominantly passive, due to the cost-efficiencies, pursuant to its objective to offer low-cost access to a broad range of investment strategies. In addition, by utilising passive investment approaches and largely offering broad market exposure, the Scheme’s investment exposure will naturally evolve and adapt as the market reacts to changes and new information.– as climate-related issues come more into light, they may have an impact on the value proposition and thus make-up of the underlying indexes or investable universe to which the Funds are exposed.

Nonetheless, as InvestNow continues to develop its understanding of climate-change, it may review its understanding of key CRR&O.

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

The time horizons used for the scenario analysis (see Section A.a below) were used for the purpose of analysing the timeframe of climate-related risks.

3.3.2. 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 risks cannot be properly addressed at this level, they may be highlighted in the quarterly 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.

At InvestNow risks are identified and assessed by the Senior Portfolio Manager and reported at least annually to the InvestNow IC, as described in Section 2.2 above. Additional support is provided by the broader structure of the Apex Group in New Zealand.

The InvestNow IC has considered the risks identified and assessed through the scenario analysis and their potential impact to the Scheme and Funds. Going forward, it will continue to regularly assess the Scheme’s value proposition (providing low-cost, tax-efficient investment exposure, with a focus on offering investors greater value on an after-fees and tax basis), the range of its Funds, their roles in the Scheme and capital allocation, and the selection of underlying

¹² More details on these risks are found in Schedule A.



investment managers and sub-funds. CRR&O will be part of this process as part of wider universe of risks and opportunities in undertaking this assessment.

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, as it is the data on GHG Emissions will be subject to assurance from the 2025/2026 reporting period onwards. This would significantly increase compliance costs.

InvestNow acknowledges that CRR&O are likely to impact the Scheme and Funds, particularly in the medium- and long-term¹³. Transition risks are likely to have the strongest impact in the *Orderly* scenario and a minor impact in the *Hothouse* scenario, while physical risks are expected to behave in a diametrically opposed manner. In all scenarios physical risks are not expected to materially impact the Scheme or Funds until the medium-term. The main impact of these risks may be an increase in the Funds' volatility.

That said, InvestNow has formed no view on the likelihood of the various possible climate scenarios eventuating, and therefore has no opinion on the likelihood of the impacts mentioned above or their magnitude.

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.

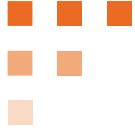
Our business model is very resilient to investment risks (climate-related or otherwise) thanks to the broad variety of schemes and funds we can accommodate. As long as there is continued demand for managed investment schemes in Aotearoa New Zealand, we can evolve and adapt to political, economic, and 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.

InvestNow has positioned the Funds within the Scheme to provide low-cost, tax-efficient investment exposure, with a focus on offering investors greater value on an after-fees and tax basis. It is predominantly a passive approach, due to the cost-efficiencies, pursuant to its objective to offer low-cost access to a broad range of investment strategies.

By utilising passive investment approaches and largely offering broad market exposure, the Scheme's investment exposure will naturally evolve and adapt as the market reacts to changes and new information. This includes as/when climate-related issues come into mainstream business practices, which may impact the value proposition and thus make-up of the underlying indexes or investable universe to which the Scheme is exposed.

¹³ See Section A.a for the definitions of medium- and long-term.



Further, as the Foundation Series Funds aims to offer a brand range of low-cost investment strategies to meet a wide range of investing beliefs and approaches, the Scheme's investment options will naturally evolve and adapt to changing investor preference and beliefs (which can be influenced by changing economic and environmental conditions). This has already been reflected with the introduction of new investment offerings within the Scheme that offer exposure to investment strategies that incorporate responsible investment considerations.

This means that the broad suite of investment offerings provided within the Scheme (now including offerings that do and do not incorporate responsible investment considerations) is already set up to cater to adaptive investor choices.

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 3.3.2 above) and governance (see Section 2.1.1 above) processes.

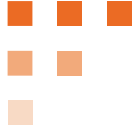
Going forward, FundRock expects that the level of resources dedicated to address CRR&O will increase to accommodate assurance requirements. Otherwise, resourcing and costs are likely to remain stable (in real terms). We expect the funds to pay for all costs associated with the CRD regime and CRR&O via 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.

InvestNow's ongoing climate change initiatives include consideration of transitioning the underlying investment solutions within its diversified funds range into solutions that incorporate a passive responsible investment lens through screening. The driver of this initiative was the focus on providing an additional value proposition to the Scheme's offerings (by introducing a responsible investment lens to some of its underlying solutions) whilst still doing so within a low-cost and tax-efficient structure, and thereby remaining committed to the Scheme's core principles.

While this workpiece was initiated before InvestNow started working on its climate-related statements or completed the scenario and risk analysis, this ongoing process will be informed by both, as any transition to underlying investment solutions that incorporate responsible investment considerations will be governed by oversight of the InvestNow IC, which is also fully engaged in the management of CRR&O¹⁴.

InvestNow notes however that transition to solutions with a passive responsible investment lens does not fundamentally change the strategy of the Scheme, given it still remains committed first and foremost to providing low-cost, tax-efficient investment solutions. This includes the Scheme continuing to provide offerings that invest into underlying solutions that have no explicit responsible investment considerations within its investment approach. Instead, this simply reflects the adaptive nature of the investment offerings within the Scheme, which has been designed to meet a wide range of investor preferences and beliefs, which naturally evolve over time with changing environmental and economic conditions. The rise of responsible investment as an increasingly material consideration in the investment process for everyday investors is one such example of these evolving beliefs being reflected in the underlying investment exposure offered within the Scheme. No doubt this will continue in relation to other evolving investor preferences and beliefs, whether climate-related or not.

¹⁴ See Section 2.2 and 3.2.2.1.



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 above.

InvestNow has relied on the scenario analysis to identify and assess the key CRR&O for the Funds. Its process for monitoring CRR&O is summarised in Sections 2.2 and 3.3.2 above.

4.1. Prioritisation Process

FundRock and InvestNow both follow the Apex Group's approach to prioritizing risks, which is based on their likelihood and expected impact. Risks are classified across both axis and assigned a risk rating. Both inherent and residual ratings are considered¹⁵.

These risk ratings are reassessed every other month according to the processes summarised in Section 3.3.2 above.

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

For CRR&O, FundRock and InvestNow use the time horizons adopted for scenario analysis (see Section A.a below) for risk assessment.

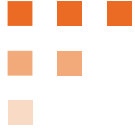
4.3. Parts of Value Chain Not Included

The risk assessment process considered fund management, investment management, and the Funds' 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.

4.4. Assessment Frequency

FundRock and InvestNow assess entity-level risks every other month, following the processes summarised in Section 3.3.2 above.

¹⁵ 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.



5. METRICS & TARGETS

FundRock has decided not to publish metrics for the Funds in these statements.

In late 2024, Adoption Provision 4 was amended to exempt climate-reporting entities from publishing Scope 3 emission in their first *and second* reporting period¹⁶. In the statements for its first reporting period, FundRock opted *not* to use this adoption provision; however, changes in circumstances have led to a review of this decision. While FundRock was aware that MIS managers may have been exempted from publishing GHG emissions in their first reporting period, at the time it was uncertain whether this was an acceptable interpretation of legal and regulatory requirements. It has since become clearer that all funds' emissions are considered Scope 3 from perspective of the CRD regime, allowing FundRock to reconsider this decision.

Specifically regarding GHG emissions, FundRock relies on the exemption granted by Adoption Provision 4. FundRock considered publishing metrics in other categories¹⁷ and has come to conclude that (under current circumstances) they are not material for the Funds, for the following reasons:

- (A) **Lack of Comparability:** while GHG emissions metrics have shortcoming which makes it difficult for investors to compare the values reported by different fund managers, these challenges are exponentially increased when it comes to other metrics. There is little to no consistency on which metrics are reported, and even metrics that share a name (such as climate value at risk or temperature alignment) can vary significantly with data provider.
- (B) **Lesser Utility:** thanks to the higher reliability of GHG emissions, they are generally seen as the standard by which funds' climate performance is assessed. They also provide context for the interpretation of other metrics. Publishing other secondary metrics only (without the underlying GHG emissions data) would not allow investors to make informed decisions – in fact, they could be misleading, as investors may not appreciate their shortcomings.
- (C) **Lesser Relevance:** the Funds make no ESG, sustainability, or “green-ness” claims. FundRock does not expect climate metrics to play a material role in investors and prospective investors' decisions to invest in or divest from the Funds. Furthermore, since the publication of the climate statements for the previous reporting period FundRock has seen no evidence that investors are interested in this data.
- (D) **Cost:** there are substantial costs associated with acquiring climate metrics from data providers, which are borne by the Funds' investors. Given the above, FundRock does not believe these costs to be justified.

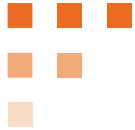
These decisions will be reviewed for the next reporting period.

5.1. 2024 Metrics Restatement

The metrics for the Balanced and Growth funds published in the statements for 2024 contained a material error. In the process of collecting the necessary data, the portfolio of certain underlying funds was duplicated, resulting in higher gross emissions and otherwise affecting the calculations of other metrics. The correct metrics can be found in Schedule C.

¹⁶ See [CS2](#). Note that MIS Managers are not required to disclose Scope 1 and 2 GHG emissions because S4610 of the Financial Markets Conduct Act 2013 defines MIS Managers as climate reporting entities in respect of the schemes they manage, and those schemes do not have Scope 1 and 2 GHG emissions. In accordance with the Greenhouse Gas Protocol (GHG Protocol), all the emissions of the investee companies are considered Scope 3 (financed) emissions for the Fund[s].

¹⁷ Transition risks, physical risks, climate-related opportunities, capital deployment, internal emissions price, and remuneration, as per CS1, 22.



SCHEDULE A. SCENARIO ANALYSIS

A.a. Time Horizons

FundRock and InvestNow adopted the time horizons set in the Sector Scenario Analysis:

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

This decision was made to maintain consistency with the Sector Scenario Analysis and for the reasons below:

- (A) Short-term horizon is aligned with short-term investment goals (e.g., an overseas holiday next year).
- (B) Medium-term horizon is aligned with strategic planning and medium-term investment goals (e.g., first home acquisition).
- (C) Long-term horizon is aligned with aspirational planning (e.g., mission and purpose), long-term investment goals (e.g., retirement) and international decarbonisation targets.

A.b. Scenario 1: Orderly Transition

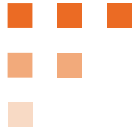
In the *Orderly* scenario there are steady and constant changes to technology, policy, and behaviour to support the transition to a low carbon global economy – including increasing carbon prices. The long-term chronic impacts from historic greenhouse gas emissions (“**GHG Emissions**”) occur nonetheless, but the coordinated and timely action succeeds in preventing the worst.

Increasing carbon prices (NZD 250 and USD 400 by 2050, in Aotearoa New Zealand and globally respectively) and regulatory requirements (such as mandatory climate reporting) result in increasing costs for emissions-intensive entities. Societal changes, supported by legally mandated reporting, lead investors and lenders to withdraw financing and funding from emission-intensive sectors and entities in favour of those supportive of decarbonisation.

The development of low-emissions technology, coupled with customers’ preference for low-emissions products and business, impacts the viability of entities who offer neither, especially in the energy and transport sectors. Emissions-intensive sectors and entities are driven to last ditch decarbonisation attempts to maintain the viability of their businesses as they struggle with increasing costs and disinterest from investors and lenders.

While the reduction in global GHG Emissions helps minimise the most significant physical impacts of climate change, minor impacts on sectors and entities reliant on the natural environment for their outputs or service delivery are nonetheless felt.

At a geography level, entities in economies that historically relied on emissions-intensive sectors and that have been slow to transition face economic impacts in the short-term – as do governments, who feel the economic impacts as worsening conditions reduce their revenue and expenditure is required to keep pace with transition being made by the rest of the world (e.g., electrification of transport infrastructure).



A.b.i. Emissions Pathways

Global emissions fall at accelerating rates, averaging a 3.4% reduction per year. Net global emissions reach 25.9 BtCO₂e (billion tonnes of CO₂-equivalent) by 2030 and –294.82 MtCO₂e by 2050¹⁸. This is cause and effect of the following¹⁹:

- Consumer preferences shift towards low-emissions products and services. Climate activism (including through litigation) and negative media attention impact entities perceived as not taking action. Population growth slows down in the medium term, reaching 8.5 billion in 2050.
- Policies [e.g., national and international emissions reduction requirements, carbon taxes (including border adjustments), and the ban of emission-intensive activities] are adopted globally. Global carbon prices reach USD 124 per tonne in 2030 and USD 400 by 2050.
- Development of low emissions and emissions abatement technology accelerates, and technologies are rapidly adopted. Electric vehicles see widespread adoption but heavy trucks and aviation struggle to reduce emissions. 55% of global energy production (and 61% of electricity) comes from renewable sources by 2030, and 67% by 2050 (88% of electricity). Emissions from processes such as cement and steel making remain hard to abate, however.
- Farmers implement ambitious changes to become more emission-efficient, reducing biogenic methane through widespread adoption of new technology and low emissions stock variants, and conversion of land from livestock to horticulture is substantial. The waste sector also reduces methane emissions, with nearly three quarters of organic waste recovery rate by 2050 and major expansion of landfill gas capture.
- Successful limitation of GHG Emissions curbs the most significant physical impacts of climate change. Global average temperature increases by 1.4°C by 2100.
- The global economy benefits from a stable transition to a low carbon economy, with global GDP reaching USD 289 trillion by 2050 (recovering from USD 176 trillion in 2030). The Aotearoa New Zealand economy is also positively impacted. The challenges of transformational change (such as job losses and skill shortages) are managed effectively with the help of stable climate, economy, and international relations.

A.c. Scenario 2: Too Little, Too Late

In the *Too Little, Too Late* scenario, transition to a low carbon economy is misaligned and delayed across different parts of the world. Certain geographies (as designated in the *Climate Scenario Narratives for the Financial Services Sector*: the European Union, Japan, China, the United Kingdom, the United States²⁰, Canada, and Aotearoa New Zealand —the “**Early Movers**”) introduce policies that bring about net-zero emissions by 2050. But in other parts of the world there is very little action, with fossil-fuelled development continuing throughout much of the remaining first half of the century. Global efforts to address climate change begin to align and exceed those by Early Movers from mid-century, but changes come too late to prevent wide ranging acute and chronic physical climate impacts.

Emissions-intensive entities located in Early Mover economies face the following pressures:

- increased costs, resulting from increased carbon emissions prices and regulatory requirements; and
- those without emissions reduction or climate-risk management plans, reduced sales and revenue, increased difficulty and cost for raising funds, decreased employee attraction and retention, and supply chain impacts, resulting from changes to stakeholder preferences.

Impacts are lesser outside these regions – except for exporters, who experience the same impacts as entities in Early Movers’ regions, including through carbon taxes.

Significant physical climate risks impact sectors and geographies at varying degrees:

¹⁸ *Climate Scenario Narratives for the Financial Services Sector*, p 31.

¹⁹ The emissions pathways described in Subsections A.b.i, A.c.i, and A.d.i below were adapted from *Climate Scenario Narratives for the Financial Services Sector*.

²⁰ Recent developments in American politics would challenge the assumption that the United States would be an early mover. Scenario analysis looks 30 years forward, though, and it is still too early to determine the long-term impact of these developments.



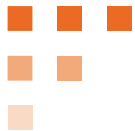
- Agricultural output and renewable energy generation are impacted by extreme weather events and gradual weather changes, which decrease revenue and increase costs. More fertiliser is needed to grow crops, and coal or gas is needed to generate energy, increasing emissions and physical impacts.
- Extreme weather events impair the ability of entities in the communication, utilities, information technology, and transport sectors to provide services. Customer satisfaction and revenue decline, and operational costs (repair costs and higher insurance premiums) increase.
- Significant financial impacts reduce demand for discretionary products and services.
- The health sector deals with increased demand as physical climate impacts and reduced economic stability affect individuals' health.
- At a geography level, Asia (ex China and Japan) and the Middle East are the most impacted, both because of the magnitude of impacts and inadequate adaptation. In Asia, this manifests as floods; in the Middle East, as water stress and drought. Food security, water availability, and housing challenges increase, leading to political unrest and migration. There are wide-ranging effects on governments and economies in these regions: the costs of disruptions and remediation are high both for public and private entities, and the latter face increased costs and reduced revenue.

A.c.i. Emissions Pathways

Emissions fall steadily and at accelerating rates (particularly after 2030), but slower than in the *Orderly* scenario, averaging about 1% per year. Global emissions reach 35.1 BtCO₂e by 2030 and 26.7 BtCO₂e by 2050 – 31% less than 2020²¹, but substantially more than zero. This is cause and effect of the following:

- High transition risks and medium physical risks lead to significant financial impacts and a decline in economic growth by the medium term: global GDP reaches US 274 trillion by 2050. Coupled with a global population of 9.2 billion people, standards of living decline for many across the globe.
- Behavioural changes and social pressure drive decarbonisation in Europe, the United States, Canada, Australia, and Aotearoa New Zealand in the short term, but the same does not occur elsewhere until the medium term. Developed nations prioritise their own transition costs; regions with limited resources experience higher negative physical impacts. Marginalised nations are further exposed to poverty and instability (political and economic). Migration and geopolitical tensions increase. Challenges in agriculture, food security, and water availability exacerbate these trends.
- The Early Movers adopt climate policies in the short term, but elsewhere there is very little action until the mid-century, when climate policies begin to align and accelerate. Global carbon prices reach USD 34 per tonne in 2030 and USD 50 in 2050.
- Development of low emissions and emissions abatement technology is delayed; even early movers make limited progress until closer to the medium term. 19% of global energy production (and 46% of electricity) comes from renewable sources by 2030, and 37% by 2050 (71% of electricity). Much of Aotearoa New Zealand's progress is driven by the rise in renewable electricity and the conversion of low-process heat boilers to biomass and electricity.
- Delay in abatement efforts results in the materialisation of various physical climate risks. Average temperature increases by 2.7°C by 2100. The increased energy contained in the atmosphere drives greater extreme weather events, especially in the latter half of the century. Impacts are distributed unevenly: temperatures increase more at higher latitudes and in the Northern hemisphere; precipitation decreases in parts of northern and central Europe, eastern Africa, and southern Australia, but increases in parts of South and East Asia; and Sub-Saharan Africa experiences both increases and decreases in precipitation. Sea levels rise by 0.20m in 2050 (0.56m by 2100), affecting coastal areas and island countries. These changes impact food security (especially in marginalised regions); cause loss of land, damage to infrastructure, and displacement of populations; and impact coastal ecosystems and trade routes.

²¹ *Climate Scenario Narratives for the Financial Services Sector*, p 40.



A.d. Scenario 3: Hothouse

In the *Hothouse* scenario there is little change towards a low emissions future despite increasing social, economic, and environmental degradation. Emissions continue to grow higher throughout the remaining 21st century and lead to the increasing severity of extreme weather in its first half, with the addition of rising sea levels in the later half.

Entities in most sectors have increased costs (such as repair and remediation costs) and reduced productivity, and therefore reduced profitability.

In the agricultural sector, the increased frequency of extreme weather events and gradual weather changes (such as temperature and precipitation) have significant impacts on:

- stock and crop quality and yield;
- property, plant, and the equipment required to run facilities, provide access to water and food access, and prevent pest proliferation; and
- the infrastructure required for both downstream and upstream supply chain access.

There are also material impacts to the utilities sector, with a risk to potable water supplies, production of energy (particularly hydropower), and delivery of services (such as wastewater treatment). Transport infrastructure and services are affected too.

There is increased demand in the health sector, as in high-emitting sectors – increased cooling requirements because of higher mean temperatures, increased need for coal and gas energy because of impacts upon renewable energy generation, and increased need for fertilisers. With growth in high-emitting sectors limited by climate policies, entities enjoy increased profit margins.

All geographies are affected by physical climate impacts, which are exacerbated by the lack of investment in adaptation infrastructure by governments in the short- and medium-term.

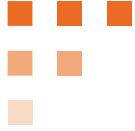
Financial impacts follow. Demand for sectors such as consumer discretionary falls, and sectors providing necessities deal with impacts on margin and difficult questions as costs increase but consumers' ability to pay for goods and services is reduced. Food and water shortages and declining health and financial outcomes drive political unrest and further destabilise economies. Governments come under increasing pressure to support individuals, businesses (especially those providing essential services), and public health services while facing significant repair and remediation costs. Financial flow on effects reduce tax income, putting them under further strain.

A.d.i. Emissions Pathways

Emissions increase slightly until 2025, and then decrease at discrete rates, averaging about 0.4% per year. Global emissions reach 38.6 BtCO₂e by 2030, and 34.3 BtCO₂e by 2050²² (28% more than in the *Too Little, Too Late* scenario). This is cause and effect of the following:

- Behavioural change and social pressure for decarbonisation are limited. The focus on growth by any means necessary drives higher rates of economic inequality, increasing political instability and geopolitical tensions. There is an increase in displaced people seeking to migrate to safer living conditions while physical impacts increase logistics and construction costs.
- The European Union, the United Kingdom, the United States, Canada, and Aotearoa New Zealand are early adopters of progressive climate policy, but eventually roll them back. Japan, China, and Australia pause the development and implementation of climate policies currently under development. Global carbon prices drop to USD 6 per tonne in 2030 and remain stable until 2050. Investment in adaptation is minimal.

²² *Climate Scenario Narratives for the Financial Services Sector*, p 49.



- There is little technological change to support emissions reduction, and fossil fuels continue to be the dominant source of primary energy: 16% of global energy production (and 42% of electricity) comes from renewable sources by 2030, and 26% by 2050 (60% of electricity).
- Unabated productivity by emission-intensive industries pushes for high economic growth, but the physical impacts of climate change eclipse that: global GDP reaches USD 175 trillion in 2030, and USD 273 trillion in 2050. With a global population of 8.6 billion people by 2050, means average living standards are lower than that in the *Orderly* scenario, but better than that in the *Too Little, Too Late* scenario (though “surplus” is not evenly distributed). Logistics are affected by events such as storms and flooding, disrupting trade.
- Fossil fuel-based fertilisers and machinery underpin agricultural growth, but in the long term the impacts of extreme weather makes it increasingly difficult to sustain said growth.
- Global average temperature rises by 4.4°C by 2100, leading to severe physical impacts. They are similar to those in the *Too Little, Too Late* scenario, but worse across the board.

A.e. Sources of Data

The scenarios described in this Statement were produced during the 2023/2024 reporting year using data from the Sector Scenario Analysis. FundRock has also consulted the Network for Greening the Financial System’s scenarios portal²³ to enhance its understanding of climate change in general and the Sector Scenario Analysis in particular.

²³ See <https://www.ngfs.net/ngfs-scenarios-portal/>. This includes the *Guide to climate scenario analysis for central banks and supervisors* mentioned above, the *Phase 4 Scenario Explorer*, *NGFS Scenarios for central banks and supervisors*, and *Climate impact explorer*.



SCHEDULE B. CLIMATE-RELATED RISKS

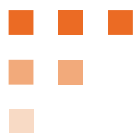
| Name | Type | Term | Sector/Geography | Description |
|--|------------|-------------|------------------|--|
| Disruption to Business Operations | Physical | Medium/Long | All/Global | <ul style="list-style-type: none"> • Increase in extreme weather events causing damage to physical assets [e.g., facilities, 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. |



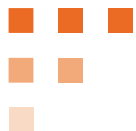
| Name | Type | Term | Sector/Geography | Description |
|--|------------|--------------|------------------|---|
| Environmental Damage | Physical | Medium/Long | All/Global | <ul style="list-style-type: none"> Increased flooding increasing the risks of discharge by coal mines of contaminated water into 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. |
| 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. |
| Litigation Risk | Transition | Short/Medium | All/Global | Lawsuits being raised against companies failing to meet climate expectations or requirements. |
| 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. |
| 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. |
| 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. |



| Name | Type | Term | Sector/Geography | Description |
|---|------------|--------------|------------------|--|
| 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. |
| 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 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. |
| 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. |



| Name | Type | Term | Sector/Geography | Description |
|--------------------------------------|------------|-------------|------------------|---|
| 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. |
| 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 (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/Global | 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. Wildfires can cause death, extreme infrastructure damage, soil fertility and health conditions of livestock/individuals exposed to smoke. |



SCHEDULE C. 2024 METRICS RESTATEMENT

C.a. GHG Emissions

| Fund | Investees' Scope 1 | Investees' Scope 2 | Investees' Scope 3 | Total Gross Emissions |
|---------------|--------------------|--------------------|--------------------|-----------------------|
| Balanced Fund | 554.00 | 31.00 | 2,386.00 | 2,971.00 |
| Growth Fund | 819.00 | 88.00 | 6,552.00 | 7,458.00 |

| Fund | Carbon Footprint ²⁴ | WACI |
|---------------|--------------------------------|-------|
| Balanced Fund | 32.77 | 38.09 |
| Growth Fund | 24.32 | 48.90 |

| Fund | Coverage | PCAF Score |
|---------------|----------|------------|
| Balanced Fund | 100% | 2.67 |
| Growth Fund | 100% | 2.72 |

C.b. Transition Risks

C.b.i. Carbon Budget Overspend

C.b.i.1. Balanced Fund

| Fund | 2030 | 2050 |
|----------------|----------|--------|
| 1.5°C Scenario | 2,085.00 | 33.36% |
| 2°C Scenario | 1,472.00 | 11.76% |
| 3-4°C Scenario | 1,054.00 | 1.17% |

C.b.i.2. Growth Fund

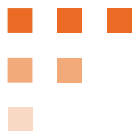
| Fund | 2030 | 2050 |
|----------------|----------|--------|
| 1.5°C Scenario | 5,795.00 | 44.88% |
| 2°C Scenario | 4,259.00 | 16.28% |
| 3-4°C Scenario | 3,069.00 | 1.64% |

C.b.ii. Potential Carbon Liability

C.b.ii.1. Balanced Fund

| Fund | 2030 | 2050 |
|----------------|--------|----------|
| 1.5°C Scenario | 19.89% | 2,318.00 |

²⁴ Carbon footprint is exclusive of Scope 3 Emissions, as recommended by TCFD (*Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures*, p 53).



| Fund | 2030 | 2050 |
|----------------|-------|----------|
| 2°C Scenario | 4.22% | 1,814.00 |
| 3-4°C Scenario | 1.23% | 992.00 |

C.b.ii.2. Growth Fund

| Fund | 2030 | 2050 |
|----------------|--------|----------|
| 1.5°C Scenario | 25.14% | 6,696.00 |
| 2°C Scenario | 5.88% | 5,273.00 |
| 3-4°C Scenario | 1.72% | 2,906.00 |

C.b.iii. Emissions Reduction Requirements

C.b.iii.1. Balanced Fund

| Fund | 2030 | 2050 |
|----------------|--------|--------|
| 1.5°C Scenario | 29.02% | 29.02% |
| 2°C Scenario | 11.03% | 11.03% |
| 3-4°C Scenario | 6.50% | 6.50% |

C.b.iii.2. Growth Fund

| Fund | 2030 | 2050 |
|----------------|--------|--------|
| 1.5°C Scenario | 31.65% | 31.65% |
| 2°C Scenario | 14.29% | 14.29% |
| 3-4°C Scenario | 8.78% | 8.78% |

C.c. Temperature Alignment

| Fund | Temperature Alignment |
|---------------|-----------------------|
| Balanced Fund | 2.77°C |
| Growth Fund | 3.16°C |