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STEWART INVESTORS (NZ) MANAGED INVESTMENT SCHEME

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 Stewart Investors (NZ) Managed Investment Scheme (the "**Scheme**") in collaboration with Stewart Investors ("**Stewart Investors**"), an investment group within First Sentier Investors (Australia) IM Ltd ("**First Sentier Investors**" or "**Investment Manager**" or "**FSI**") 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 Stewart Investors Worldwide Leaders Sustainability Fund (the "**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 First Sentier Investors, 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 First Sentier Investors does it; and most present both. It is important when reading these statements to consider these arrangements, and the respective responsibilities, to understand the Funds' strategy in relation to CRR&O.

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

The investment manager for the Scheme is FSI, as detailed in the Scheme's governing documents and the Product Disclosure Statements for the Fund. First Sentier Investors is a global asset management group focused on providing high quality, long-term investment capabilities to clients. It brings together teams of specialist investment managers who share its common commitment to responsible investment principles.

Stewart Investors is a sub-brand of First Sentier Investors, which is 100% owned by Mitsubishi UFJ Trust and Banking Corporation (MUTB), a wholly owned subsidiary of Mitsubishi UFJ Financial Group, Inc.

Stewart Investors operates as a semi-autonomous investment team which includes the investment team, support functions, and business management. Stewart Investors is also supported by FSI in various areas and is subject to FSI's governance and oversight arrangements.

In recognition of this structure, Stewart Investors and FSI are referred individually to make clear FSI's governance, oversight and operational support for Stewart Investors' business, alongside Stewart Investors' approach to climate change when managing client funds and how it fits within the broader FSI business and strategy. FSI and Stewart Investors have taken this approach to demonstrate that climate-related actions and controls operate at both levels in a complimentary manner to achieve an integrated approach to managing climate change risks.

1.1. Adoption Provisions

In preparing these Statements, FundRock made use of the following adoption provisions found in the Aotearoa New Zealand Climate Standard 2 (the "**CS2**"):

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(A) Adoption provision 2 (Anticipated financial impacts);
(B) Adoption provision 7 (Analysis of trends);
(C) Adoption Provision 8 (Scope 3 GHG emissions assurance).

1.2. Cautionary Note and Limitations

This report is a summary of FundRock and FSI's assessment of future CRR&O and their resulting strategy. It contains FundRock and FSI's current assessment of the future CRR&O which could affect their business and customers, as well as their 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 and FSI's current planning to address related risks. By their very nature, forward-looking statements require FundRock and FSI 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 and FSI have set out the basis and limitations of our analysis in these Statements and reserve the right to revisit their assumptions and assessments as they develop their 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 and FSI have taken due care in preparing these Statements, including its scenarios and assumptions, FundRock and FSI make no representation as to their accuracy, completeness, or reliability, in particular in relation to FundRock and FSI's assumptions regarding future events. FundRock and FSI expressly disclaims responsibility for, and make no representation, and give 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 and FSI 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 and FSI reserve the right to revise statements made and their 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

_____
Jeremy Valentine

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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.

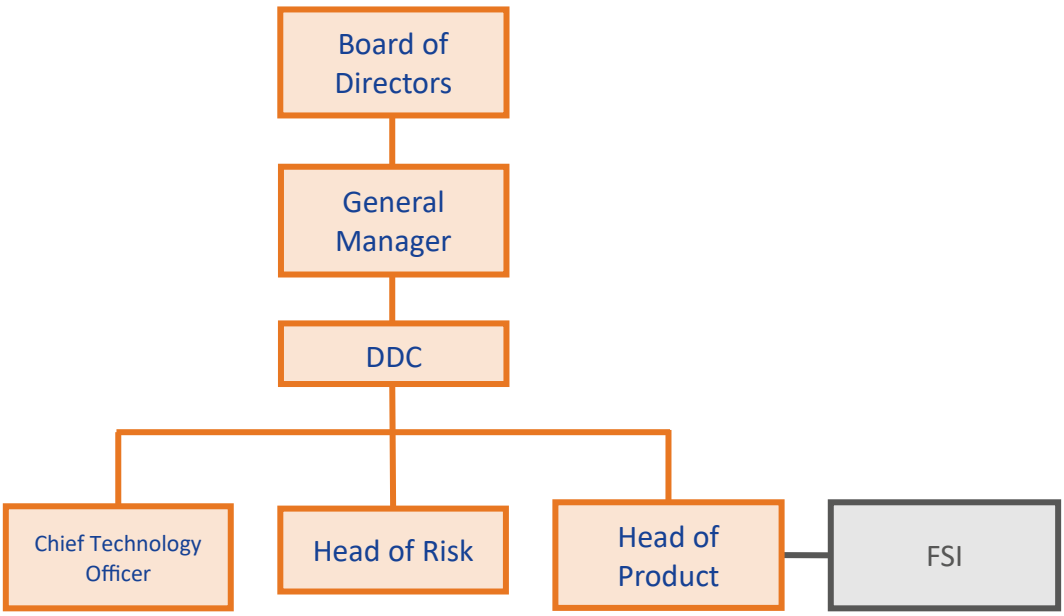
The Board takes into account compliance and regulatory risks arising from possible changes to the regulatory framework of Aotearoa New Zealand's investment industry when developing and overseeing the implementation of FundRock's strategy. CRR&O that are specific to a Scheme or Fund (such as those associated 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 First Sentier Investors are managed by the Product team (led by the Head of Product). As part of its role, the Product team engages with First Sentier Investors regarding their climate-related 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.

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- **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.

2.1.1.1. FSI and Stewart Investors

FSI has built a Stewardship and Responsible Investment ("**RI**") strategy on a governance framework that supports and is supported by Stewart Investors in managing climate change and other risks. FSI provides shared services to Stewart Investors and other investment teams so that they can rely on the diverse resources and expertise of FSI's different teams.

Climate-related risks and opportunities of the investments of the Fund, including investment decision-making and stewardship activities, are the responsibility of the Stewart Investors' investment team and ultimately the Portfolio Manager(s). Supported by Stewart Investors' management team and senior investors, each member of its investment team is accountable for ensuring Stewart Investors executes its stewardship responsibilities in line with its investment philosophy and Hippocratic Oath. Its management team ensures that the investment team has the support it needs to deliver on Stewart Investors' objectives.

Stewart Investors also participates in and is subject to the governance arrangements of the wider First Sentier Investors group. Members of Stewart Investors' team sit on FSI's ESG Impacts Committee. Stewart Investors' investment strategies are overseen by FSI's Executive committee, risk assurance and internal audit functions.

FSI's Responsible Investment framework ensures that complex issues, which have implications for multiple investment teams, including Stewart Investors, are captured and managed through the governance structures and committees.

Further details of FSI's governance framework across the firm can be found in First Sentier Investors' entity-level 2024 Climate and Nature Report on the reports and policy section of the First Sentier Investors website.

2.1.2. Skills & Competencies

The Board continues to develop the skills and competencies of its members in respect to CRD and CRR&O. There were two changes to the Board's composition in August 2024, including the investiture of a director with extensive experience in ESG and assurance. The Board remains committed to receiving training on CRD and CRR&O at its quarterly meetings (see Section 2.1 above).

2.1.3. Metrics & Targets

The General Manager will report to the Board quarterly on the Fund's 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 Fund; for more about this, see Section 5.6 below.

2.2. Management

2.2.1. FundRock

The DDC reviews key deliverables of the CRD regime as they are prepared, and the most material CRR&O (at the entity level) quarterly (see 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, contacts First Sentier Investors throughout the reporting period and receives updates on their CRD-related processes and their status.

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2.2.2. FSI and Stewart Investors

The Stewart Investors investment team is responsible for assessing and managing CRR&O at the Fund level.

The FSI Executive Committee ("**ExCo**") is the main forum for oversight of investment performance and risk within FSI. The ExCo is chaired by the Chief Executive Officer of FSI, it meets quarterly and is responsible for monitoring the management of investment risks, including ESG and climate risks within the Fund.

The FSI Investment Product, Research and Assurance ("**IPRA**") team supports the ExCo in carrying out the investment assurance activities to facilitate the required investment risk oversight in relation to all pooled funds, portfolios and strategies managed by the FSI Group, including the Fund. IPRA conducts an independent assessment of the Fund's climate change risk analysis, the Fund's net zero targets and a review of the engagement and proxy voting by the Fund.

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

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3. STRATEGY

The Fund was launched in September 2022. The Fund aims to invest in 30-60 high-quality global companies which contribute to, and benefit from, sustainable development. For the purposes of this Fund, the term 'Leaders' is a reference to the investee companies that the Fund can invest in being larger capitalisation companies with a minimum investible market cap (free float) of USD 5 billion at the time of initial investment.

Since 2005, Stewart Investors' investment philosophy has explicitly sought to invest in companies, it believes, are well positioned to contribute to and benefit from sustainable development. The investment decisions made by the investment team across Stewart Investors' various investment strategies consider the sustainability positioning of each company from the bottom-up and include:

- **(A)** Company analysis, including written company reports and ongoing monitoring of investee companies.
- **(B)** Investment team discussion and debate.
- **(C)** Weekly team and strategy meetings to discuss investment opportunities, risks, and decisions.
- **(D)** Meetings with company management and key stakeholders, from competitors to NGOs (Non-Governmental Organisation).
- **(E)** Commissioned research on various aspects of business quality, including understanding climate and related risks.
- **(F)** Consideration of other third-party research.

Through its analysis, the investment team seeks to understand how rising to the challenge of reducing greenhouse gas emissions ("**GHG Emissions**") in line with global goals might influence a company's business, and how each company can help the world achieve its carbon-reduction targets. Some companies Stewart Investors invest in directly support or otherwise enable the emission reductions needed to meet global climate goals. Obvious examples include renewable energy and electric vehicles. Less obvious examples include companies supporting energy efficiency, sustainable agriculture, and waste reduction.

The output from many years of employing this investment philosophy has resulted in portfolios that have lower carbon footprints than their corresponding benchmarks, are free of fossil fuel-extracting companies, and have a minimum of 40% of companies contributing to climate change solutions. The Fund also meets those characteristics.

Stewart Investors believes that over time companies' CRR&O will manifest in different ways depending on their industry, location and position in a product or service's value chain. Stewart Investors employs a bottom-up assessment of each investee company, which considers these unique characteristics and the context that the company operates in. No single metric could capture the diversity or size of different companies' contribution to sustainable development or the risks they face from a changing climate.

3.1. Investing in Quality Companies

Stewart Investors believes that while positive sustainability positioning is important, it is not enough to protect client assets from climate-related risks or to capture opportunities. In Stewart Investors' view, high-quality companies are in a better position to make the long-term investments and changes needed to transition their businesses to net-zero emissions and build resilience to the physical impacts of a changing climate. Stewart Investors invests in companies that it believes have strong management teams and cultures, enduring franchises with strong market positions and reputations, and sound financials, including low or no debt, sustainable margins, and free cash flow.

3.2. Engagement

Company engagement is a critical part of Stewart Investors investment process. Engagement helps the investment team to build confidence in company management and to encourage companies to improve. Stewart Investors believe

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that constructive engagement is vital for the success of investors with a long-term investment horizon. Climate change has long been an area of engagement topic with companies and sees it as a key lever in achieving its climate targets.

3.3. Current Climate-Related Impacts

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

Stewart Investors have observed an increase in disclosure and targets being set by companies as it relates to CRR&O and many companies have identified climate change as a material issue in annual reports and other disclosures like responses to CDP (formally the Carbon Disclosure Project). Because Stewart Investors exclusively seeks to invest in companies that, it believes, are well-positioned for sustainable development and avoids companies and sectors which are misaligned with a shift to a net-zero economy, transition risks have been muted to date. Stewart Investors engages with companies that are not disclosing sufficient information or who have not set targets to encourage them to do so.

In terms of physical risks, while chronic and extreme weather-related impacts have direct and indirect costs for companies invested in by the fund, to date, information does not exist that can directly attribute these at the company or portfolio level. As stated earlier, the quality of individual companies will play a large role in determining their resilience to these impacts. Assessing quality is the primary means by which Stewart Investors seeks to protect clients' capital from these and other climate-related risks and impacts.

Stewart Investors has commissioned research on relevant CRR&O like the water risks for Indian companies, risks for smallholder farmers in the supply chains of consumer goods companies and the responsible lending policies of banks in Asia. This research along with Stewart Investors' own bottom-up investment analysis supports engagement activities aimed at encouraging companies to build resilience in their direct operations and supply chains.

3.3.1. Current Financial Impacts

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

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

These challenges are in addition to the challenge of determining what is an event caused by climate change. Diversified investment funds have dynamic holdings, the real-world assets that sit under their portfolios (i.e., the facilities, infrastructure, etc. connected to its investees) are geographically dispersed, and the universe of events affecting them is too broad for meaningful analysis. It took more than a year after cyclone Gabrielle hit Gisborne in early 2023 for a team of scientists to conclude that it was made 10% worse by climate change ; 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.

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

3.4. Scenario Analysis

Stewart Investors have yet to integrate scenario analysis tools into its investment decision making as it believes these top-down models are not sufficiently developed to be compatible with its bottom-up investment philosophy. However, the First Sentier Investors' Responsible Investment team independently conducts scenario analysis on Stewart Investors portfolios and provides this analysis to Stewart Investors. Results of this analysis is provided in the sections below on anticipated impacts.

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

The Sector Scenario Analysis included a *Climate Risk Database*, on which FundRock and the FSI Responsible Investment team relied to identify and assess the risks for the Scheme and Fund, as indicated in Schedule A below. The risks found in the Sector Scenario Analysis were systematised by FundRock and First Sentier's RI team to allow for their application to the Fund.

Diversified investment funds will be exposed to most, if not all, climate-related risks. For example, it is likely that at least one of their investees will be exposed to the impacts associated with rising sea levels or stranded assets. FundRock and Stewart Investors have chosen to highlight the risks that were assessed to be material to the Scheme and Fund. The table in Schedule B below lists climate-related risks identified by FundRock and First Sentier Investors' Responsible Investment team.

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

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

3.4.3. CRR&O & Decision Making

Management of entity-level CRR&O has been integrated into FundRock's overall risk management framework. That framework involves discussing risks in risk controls meetings attended by the General Manager. If the relevant risk cannot be properly addressed at this level, they may be highlighted in the quarterly 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 prioritised based on their likelihood and expected impact.

As outlined in Sections 2 and 3 above, Stewart Investors manages climate-related risk and opportunities through its longstanding investment philosophy and process focused on investing in high-quality companies that are contributing to and benefiting from sustainable development.

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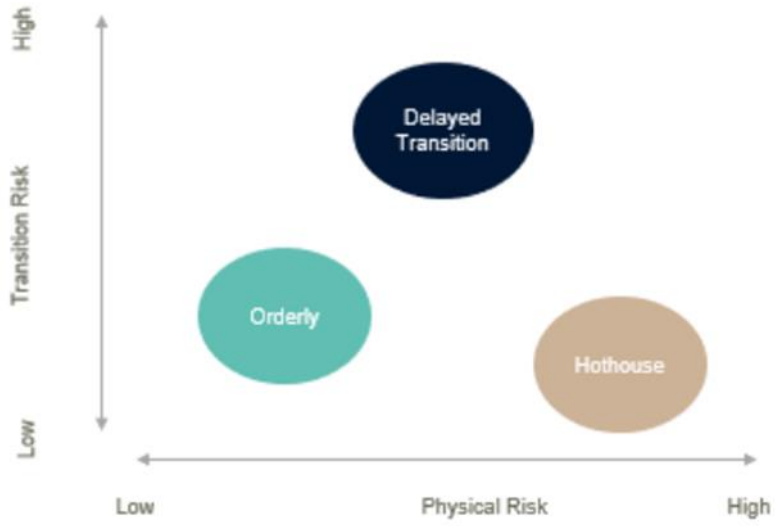
3.5. Anticipated Impacts

From a fund management perspective, FundRock continues to see changes to the cost of compliance with climate-related policies and regulations as the main anticipated 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.

At a Fund level, FSI's Responsible Investment team performed a qualitative analysis based on the assumptions made under the three scenario narratives for the 'Orderly', 'Delayed Transition' and 'Hothouse' scenarios developed by the Network for Greening the Financial System, in addition to IEA Net Zero Scenario ("**NZE**"), Announced Pledges Scenario ("**APS**") and Stated Policies Scenario ("**STEPS**") carbon budget data. FSI's Responsible Investment team has conducted a scenario assessment of the CRR&O for the Fund.



Source: NGFS scenario portal[1]

The 'Orderly' transition scenario assumes that climate policies are introduced smoothly and likely limit global warming to 1.5 degrees Celsius. The 'Delayed transition' assumes that climate policies are delayed leading to a disorderly transition requiring steeper emission reductions at a higher cost to limit temperature rise to 1.5 degrees Celsius. The late and aggressive policy shift results in higher transition risks, including economic disruptions and stranded assets. The 'Hothouse' scenario assumes that some climate policies are implemented in some jurisdictions, but globally efforts are insufficient to halt significant global warming. The scenario results in higher physical climate impacts and severe social and economic disruption.

[1] NGFS Scenarios Portal

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For transition risk exposure, FSI considered stranded asset and carbon pricing risk by measuring the portfolio's exposure to investee companies' involvement in fossil fuel related activities[2], whether they have set climate change related targets, and the sector's contribution to portfolio emissions (see Section 5 below). For the physical risk impact exposure, FSI focused on 5 hazards (wildfire, water stress, sea level rise, floods, and temperature rise) and potential exposure to business/supply chain interruption.

The key results of the qualitative scenario analysis are that when climate policy action is high, the portfolio showed higher transition risk in the short and medium term compared to the less ambitious climate scenarios. However, as the portfolio has little exposure to carbon-intensive sectors and includes many companies actively contributing to climate solutions, the exposure to stranded asset and carbon pricing risks is less than for the portfolio's benchmark. While rapid decarbonisation will have implications for all companies, Stewart Investors' focus on companies with high-quality management teams, enduring franchises, and strong balance sheets should allow these companies to better adapt to a rapidly changing economy.

3.6. Transition Plan Aspects of Strategy

3.6.1. FundRock

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

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

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

3.6.2. Stewart Investors

Climate change and other sustainability challenges have been key considerations in Stewart Investors' investment process since the launch of their first sustainable development focused fund in 2005. In 2022, Stewart Investors published a Climate Report where it set baselines and targets for 2025, 2030 and 2050.

Stewart Investors invests in companies achieving positive social outcomes and that contribute to far-reaching sustainable development challenges such as poverty alleviation, inequality, and biodiversity loss. Climate-related targets do not diminish the investment team's focus on these other areas rather the team see them as being intrinsically connected and interdependent.

As a team, Stewart Investors continues to critically assess the effectiveness of its investment approach and the goals it sets for helping to achieve a net-zero carbon economy.

[2] Exposure to companies involved in fossil fuels as defined by Sustainalytics, this includes (i) exploration, mining, extraction, distribution or refining of hard coal and lignite; (ii) exploration, extraction, distribution (including transportation, storage and trade) or refining of liquid fossil fuels; and (iii) exploration, extraction, distribution (including transportation, storage and trade) of gaseous fossil fuels.

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3.6.2.1. Stewart Investors Climate Commitments

To deliver on its targets (see Section 5.6 below), Stewart Investors established four climate change commitments in 2021:

- **(A)** Allocate capital to high-quality companies developing and implementing solutions to alleviate climate change and biodiversity loss while not investing in fossil fuel companies.
- **(B)** Provide full transparency of Stewart Investors' investments and map these within the Portfolio Explorer tool to frameworks such as Project Drawdown climate change solutions to both illustrate how companies are contributing to emission reductions and to help inform and focus Stewart Investors' engagement efforts.
- **(C)** Encourage companies to take positive actions and use their influence across their value chains to drive emission reductions while also striving to ensure equitable treatment of all their stakeholders in the transition to a carbon-constrained economy.
- **(D)** Reduce emissions in Stewart Investors' operations and offset whatever Stewart Investors cannot remove. Stewart Investors has a target of net zero Scope 1 and 2 emissions from business operations and Scope 3 emissions from employee travel and commute by 2030.

3.6.3. Transition Plan

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

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

In accordance with its commitments, Stewart Investors has continued to allocate capital to companies it believes are contributing to climate change solutions. Stewart Investors maps companies it invests into Project Drawdown's categories of climate change solutions. Founded in 2014, Project Drawdown is a non-profit organisation that seeks to help the world reach 'drawdown' — the future point in time when levels of greenhouse gases in the atmosphere stop climbing and start to steadily decline. Project Drawdown's has deeply researched a collection of circa 90 climate change solutions, which if scaled up, can deliver the Paris Agreement's 1.5°C temperature goal. The full set of solutions along with the research that backs them are publicly available on www.drawdown.org.

Information on how companies are mapped, and which companies have been mapped to which solutions can be found on Stewart Investors Portfolio Explorer tool, available on its website. At the end of March 2025, 30 companies (81%) in the Fund were contributing to solutions.

When the Fund was launched in September 2022, 12 of the 41 companies it invested in did not have targets (11) or were not disclosing emissions (1). In March 2025, 12 of the 37 companies invested in did not have targets (8) or were not disclosing emissions (4). Stewart Investors has committed to engaging with these companies to encourage them to set targets and improve their disclosure.

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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 3.4.3 above.

The largest climate-related risks Stewart Investors faces relate to its ability to manage investment risks on behalf of its clients and ensuring that its disclosures and communications remain consistent with its practices. Stewart Investors has processes in place to manage risks within Stewart Investors, supported by FSI.

As described in earlier sections, Stewart Investors has embedded climate change and other sustainability considerations into its investment philosophy and processes. CRR&O are considered alongside other sustainability related risks and opportunities for companies.

In addition to its internal analysis, Stewart Investors commissions specialist investment research to support its knowledge-building, decision-making, and engagement activities. This research spans diverse topics from political lobbying in health care to the lead content in paints. In terms of climate change, Stewart Investors has commissioned research on subjects including sustainable palm oil, alternatives to palm oil, sustainable sourcing of soy, the ecosystem impacts of consumer products, fossil fuel-dependent capital goods, and the loan-book assessment of Asian banks.

This research helps Stewart Investors understand how the size and the speed of the net-zero transition is likely to impact the companies it invests in and provides information Stewart Investors can use to support its engagement activities.

4.1. Prioritisation Process

FundRock prioritizes entity-level risks based on their likelihood and expected impact. Risks are classified across both axis and assigned a risk rating. Both inherent and residual ratings are considered[3].

These ratings are assessed according to the processes summarised in Section 3.4.3 above.

Stewart Investors' bottom-up investment analysis prioritises risks and opportunities for prospective investments based on the unique characteristics of each company including considerations like industry, locations of operation, product and service characteristics, supply chain risks, and end of life product impacts. For companies to be eligible for investment they must by deemed to be high-quality and contributing to and benefiting from sustainable development.

Stewart Investors prioritises its engagement activity based on what it perceives are the most relevant and important issues for each company in generating long term returns, managing risks, and improving the quality and resilience of the company. CRR&O are incorporated into this analysis. Many issues which Stewart Investors engages with companies on are relevant to multiple issues including climate change. For example; increasing demand for the minerals needed to decarbonise the energy system can exacerbate human rights risks in conflict zones where some of these commodities are sourced. Stewart Investors have been engaging with companies in the electronics sector on improving supply chain due diligence of these minerals.

Even where Stewart Investors' bottom-up analysis finds that other issues may be more directly important for an individual company, it will engage with companies where they are not disclosing carbon footprint data and/or where they have not set targets to reduce those emissions.

[3] 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.

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

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

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

Stewart Investors values companies on a ten-year view but manages risks over all periods.

4.3. Parts of Value Chain Not Included

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

4.4. Assessment Frequency

FundRock assesses entity-level risks every other month, following the processes summarised in Section 3.4.3 above.

Stewart Investors assesses asset level risks on an ongoing basis, as part of its investment management responsibilities.

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5. METRICS & TARGETS

The following metrics are used as part of Stewart Investors' assessment of CRR&O across the portfolio. The metrics include the Carbon Footprint, Weighted Average Carbon Intensity and Total Emissions of the portfolio as recommended by the Task Force on Climate-Related Financial Disclosures ("**TCFD**"). Cash is excluded.

The Fund did not have high exposure to carbon-intensive sectors during the reporting period; however, aside from fossil fuel companies, other high emitting sectors like cement and steel are not explicitly excluded and are eligible for investment if an individual company can meet Stewart Investors' quality and sustainability standards.

Emissions data, as reported in the First Sentier Investors (NZ) Scheme Climate Statement ending period 31st March 2024, may differ from similar data in the Climate Statement ending 31 March 2025 (as set out in the tables below) due to updated data becoming available at the time of publishing the 2025 report.

All data below marked as *2025* refers to 31 March 2025, and all data marked as *2024*, to 31 March 2024.

5.1. Data Challenges and Progress

During 2023, FSI and Stewart Investors changed data providers for carbon emissions data reporting and have been developing internal reporting tools for carbon and other sustainability metrics so they can better monitor and report. As part of the process of changing providers, FSI and Stewart investors conducted company-by-company verification checks to ensure the data is accurate as they found differences between the two providers' emissions data. These differences are largely due to differences in GHG Emissions' modelling approaches used for companies who have not disclosed emissions data, along with other timing and interpretive differences.

FSI and Stewart Investors recognise that carbon footprint information will never be perfect. Various issues from long timing lags to the decisions individual companies make on how they account for and report their emissions will influence the outcomes. For example, FSI and Stewart Investors' data provider releases emissions data in January of each year for the year before last to ensure all disclosed data has been captured (e.g. in January 2025, all 2023 data disclosed during 2024 was released), meaning that depending on when a company discloses their emissions and when a carbon footprint report is run the carbon data can be up to three years old. FSI and Stewart Investors use the 2023 emissions data for both 2023 and 2024. This means that differences in footprint values between 2023 and 2024 relate to which companies are held and in what proportion because the carbon footprint information is the same in both years for companies held during both periods.

5.2. GHG Emissions

MIS Managers are not required to disclose Scope 1 and 2 GHG emissions because section 461O 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 Funds. The breakdown of the investees' emissions into Scope 1, 2, and 3 in these Statements reflects industry practices and takes the perspective of the investees themselves.

In all metrics below:

- Assets under Management ("**AUM**"): NZ$ 126.00 million

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- AUM value covered: NZ$ 119.19 million[4]
- Benchmark: Benchmark: MSCI All Country World Index (NZD)

5.2.1. Emissions Data Availability and Disclosure

Measures the percentage of AUM that is covered with company-reported versus modelled GHG Emissions data. Measuring GHG Emissions is a critical first step as it enables companies to identify the different types of direct and indirect emissions throughout the value chain and as such enables them to design robust decarbonisation plans.

Percentage of covered AUM invested in holdings where reported Scope 1&2 emissions data is available from Stewart Investors' data provider	Percentage of covered AUM invested in holdings where estimated Scope 1&2 emissions data is available from Stewart Investors' data provider
89% (33 companies)	11% (4 companies)

Source: Stewart Investors, ISS ESG

Stewart Investors engages with companies and encourages them to disclose emissions as Stewart Investors does not believe emissions estimates (by any provider) are accurate. Stewart Investors does not validate the estimates provided.

5.2.2. Total Carbon Emissions for Portfolio

This metric measures the absolute GHG Emissions associated with a portfolio (Scope 1, 2 and 3) expressed in tCO2e[5]. Scope 1, 2 and 3[6] emissions are allocated to investors based on an equity ownership approach (if an investor owns 10% of a company's total enterprise value, then they are allocated 10% of the company's emissions). AUM is provided as, all other things being equal, higher AUM results in higher emissions.

Scope 3 emissions are difficult to calculate in most sectors and under reported. Most scope 3 emissions are modelled top down based on industry averages and so do not differentiate the efforts of leading companies to reduce emissions in their supply chains[7] and product use.

The carbon footprint of the benchmark is calculated by assuming that the benchmark has the same total value of investments within the particular portfolio.

Use cases: To track the carbon footprint of a portfolio over time and compare to benchmark emissions. Not for comparison between portfolios or asset managers as the data is not normalised.

Financed Emissions	31 March 2025 tCo_2e	31 March 2024 tCo_2e
Scope 1 Emissions	672	299

[4] Cash is excluded.

[5] Not all greenhouse gases warm the atmosphere equally, some gases (such as methane) have a greater global warming potential, or warming effect, than carbon dioxide. To account for this, the term CO_2e is used and means that greenhouse gases other than carbon dioxide can be converted, or normalized, to the equivalent amount of CO_2, based on their relative contribution to global warming. This provides for a single, uniform means of measuring emissions reductions for multiple greenhouse gases. Source: UN-REDD (https://www.un-redd.org/glossary/carbon-dioxide-equivalent-co2e).

[6] **Scope 1**: An organisation's direct GHG Emissions from owned or controlled sources.
Scope 2: An organisation's emissions associated with the generation of electricity, heating/ cooling, or steam purchased for own consumption.
Scope 3: All indirect emissions (not included in scope 2) that occur in the value chain of the reporting company and is divided across 15 categories for both upstream (supply chain) and downstream (lifecycle of products) activities. Scope 3 emissions are almost entirely modelled by third party providers and Stewart Investors believes that they are not reliable at the company level.

[7] Supply chain: the linear sequence of processes, actors and locations involved in the production, distribution and sale of a commodity from start to finish.

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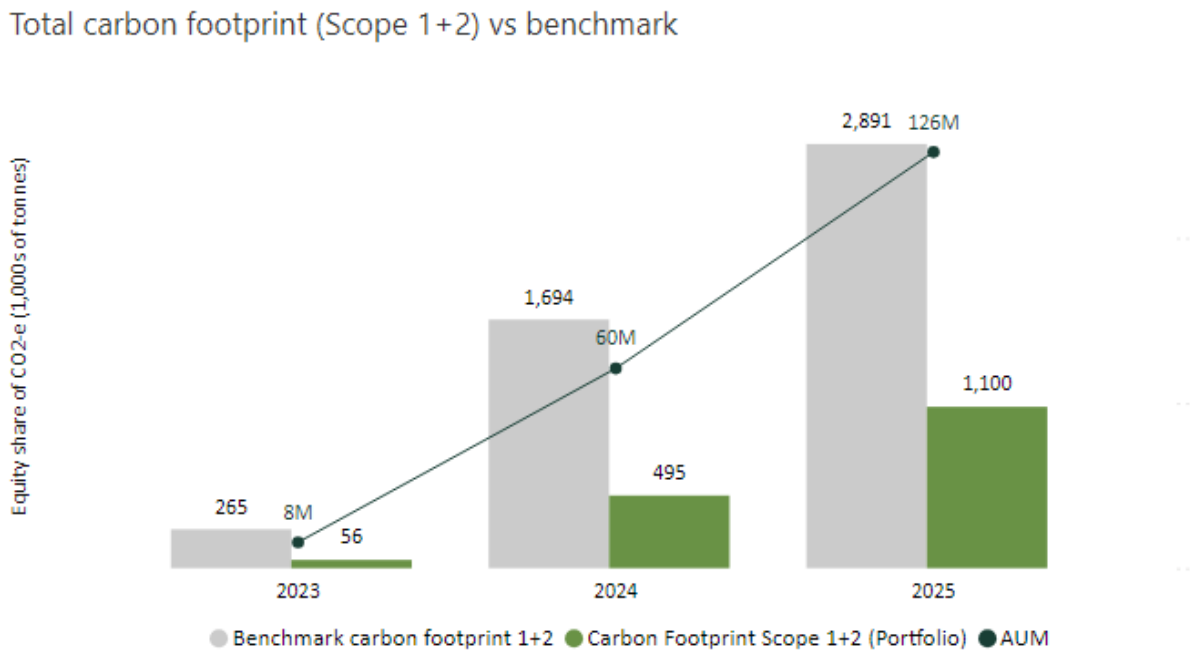
Financed Emissions	31 March 2025 tCo_2e	31 March 2024 tCo_2e
Scope 2 Emissions	428	196
Total Scope 1&2 emissions	1,100	495
Scope 3 emissions	28,520	14,251
Total Scope 1,2 & 3 emissions	29,620	14,746

Source: Stewart Investors and ISS ESG

5.2.3. Total Carbon Footprint (Scope 1+2) Portfolio versus Benchmark



Source: Stewart Investors, ISS ESG

Because the PCAF[8] methodology allocates emissions to shareholders based on the percentage of ownership, the highest contributors to portfolio emissions are not the same as the highest emitters overall. The two charts below show the highest contributors to portfolio emissions based on ownership and the highest emissions in the portfolio overall.

[8] PCAF or the Partnership for Carbon Accounting Financials is a partnership for financial institutions working together to create a harmonised approach to assess and disclose GHG Emissions associated with investments.

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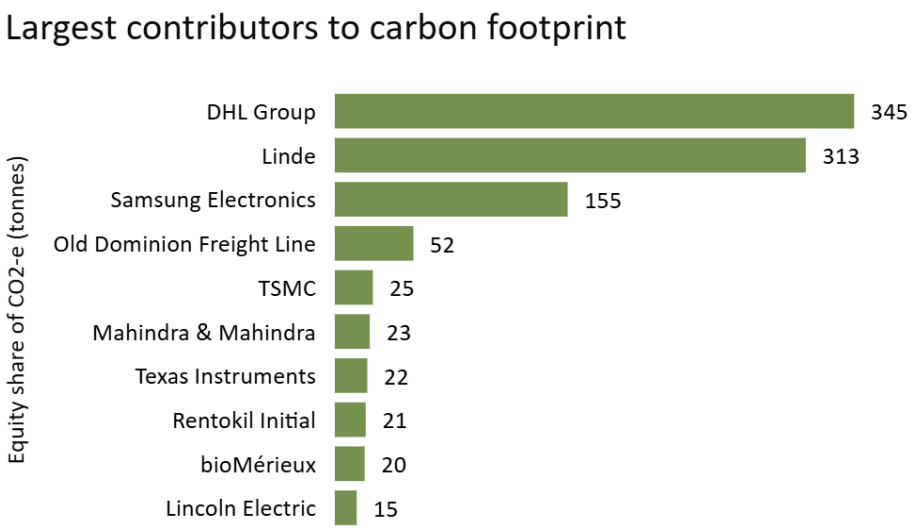
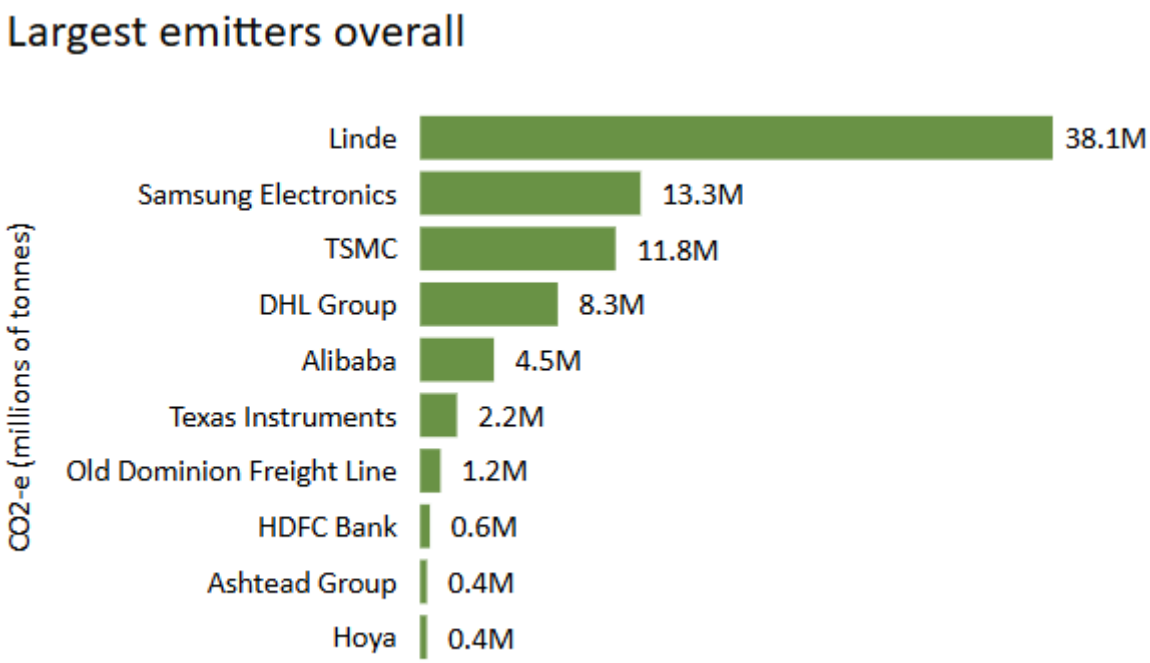
Largest Contributors to portfolio carbon footprint



Source: Stewart Investors

Largest Emitters overall



Source: Stewart Investors

Stewart Investors encourages companies to improve their disclosure and set targets for GHG Emission reductions, among other climate related initiatives. For example, Stewart Investors has been engaging with the companies in the electronics sector on their management of risks associated with conflict minerals as these minerals will become

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increasingly important as the energy system transitions to renewable energy. More information on Stewart Investors' approach to engagement can be found in its Annual Stewardship Review report.

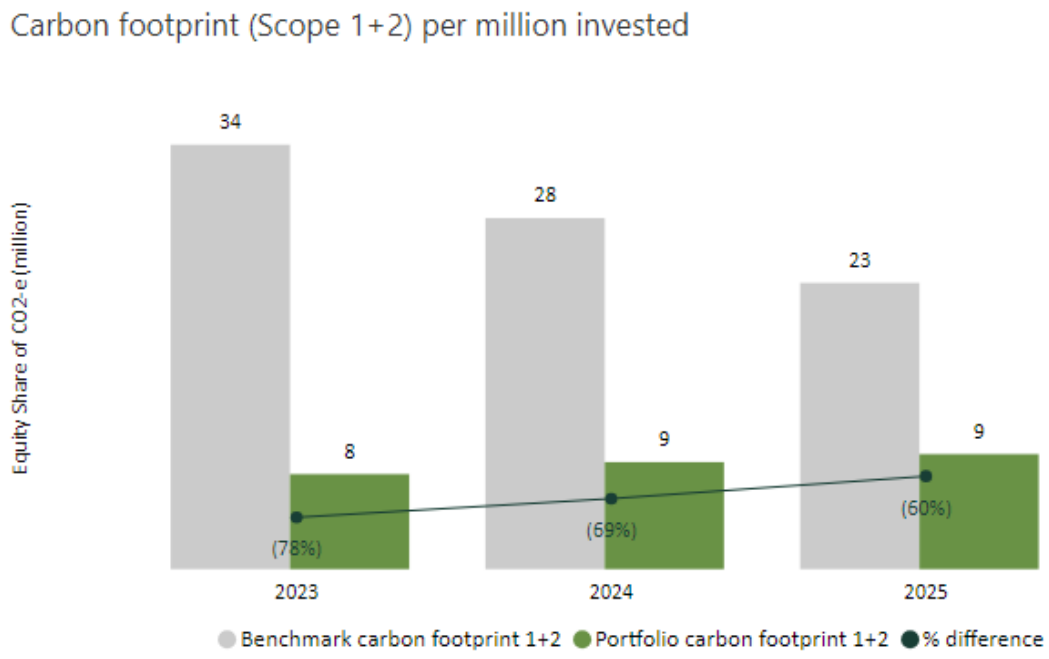
5.2.4. Relative Carbon Footprint for Portfolio

The relative carbon footprint is the portfolio's total carbon emissions normalised by the market value of the portfolio, expressed in tCO2e per million NZ$ invested. It enables for easier comparison with a benchmark, between portfolios, and between individual investments. (See Schedule C below for Methodology). On 31 March 2025, the portfolio's relative carbon footprint was 59.78% lower than the benchmark's relative carbon footprint.

Relative carbon footprint	Scope 1&2 emissions (tCO2e) per million NZ$ invested as at 31 March 2025	Scope 1&2 emissions (tCO2e) per million NZ$ invested as at 31 March 2024
Portfolio	9.22	8.58
Benchmark	22.95	28.15

Source: Stewart Investors

5.2.5. Relative Carbon Footprint per Million NZD Invested



Source: Stewart Investors, ISS ESG as at 31 March 2025

5.2.6. Weighted Average Carbon Intensity ("WACI")

This metric captures each company's GHG Emissions intensity (Scope 1 & 2) by dividing emissions by sales (in millions of New Zealand dollars). The emissions intensity is then averaged, weighted by the value of each holding in the portfolio. Intensity normalises company emissions by total sales, which means larger companies (with more revenues and emissions) can be compared to smaller companies. It should show which company is more carbon efficient; however, it does not consider other variables that influence a company's revenues like currency or commodity price changes. For example, an increase in iron ore prices would make an iron ore producer's emission intensity fall even if

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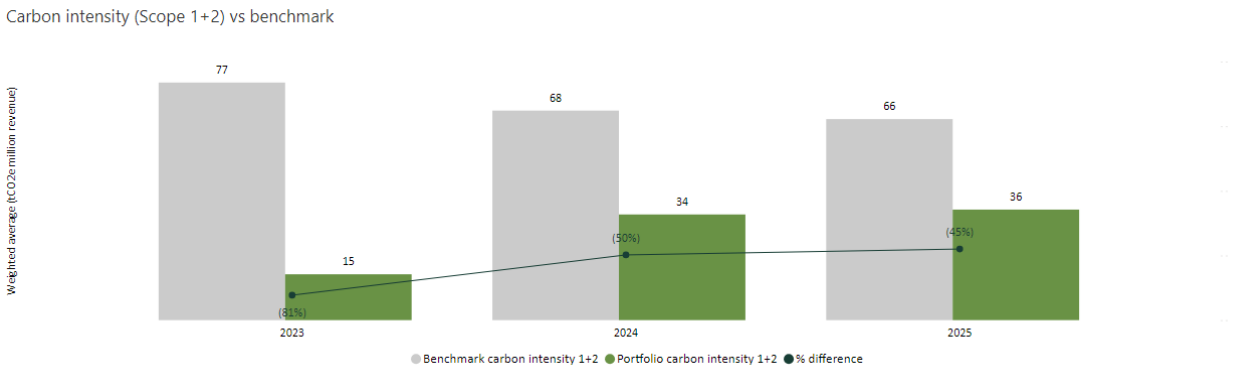
they have taken no action to reduce emissions. The metric also treats all industries the same despite some being more energy or carbon-intensive and so may not distinguish the actual efforts to reduce carbon emissions between companies.

Largest contributors to carbon intensity and highest intensity companies overall uses the same method as for the carbon footprint.

Use cases: To compare emissions intensity against a benchmark or other portfolio.

Weighted Average Carbon Intensity	Scope 1&2 emissions (tCO2e) per million NZ$ revenue as at 31 March 2025	Scope 1&2 emissions (tCO2e) per million NZ$ revenue as at 31 March 2024
Portfolio	36.04	34.45
Benchmark	65.55	68.32

Source: Stewart Investors



Source: Stewart Investors, ISS ESG

5.3. Transition Risks

5.3.1. Exposure to Fossil Fuel (Transition Risk)

This indicator measures the portion of exposure to companies involved in fossil fuels as defined by Sustainalytics, this includes:

- **(A)** exploration, mining, extraction, distribution or refining of hard coal and lignite;
- **(B)** exploration, extraction, distribution (including transportation, storage, and trade) or refining of liquid fossil fuels; and
- **(C)** exploration, extraction, distribution (including transportation, storage, and trade) of gaseous fossil fuels[9].

This measure is useful in understanding the potential stranded asset risk within the portfolio as the world is transitioning to a low carbon world.

During the reporting period, Stewart Investors had no exposure to fossil fuel companies, which its position statement on harmful and controversial products and services defines as companies generating 5% or more of revenue from exploration, production or generation of fossil fuel energy.

[9] Stewart Investors does not invest in companies that have a material exposure to the exploration, production, or generation of fossil fuel energy. Stewart Investors defines fossil fuels as coal, unconventional oil & gas (arctic drilling, oil sands, shale energy), and conventional oil & gas. The Stewart Investors' Funds consider exploration, extraction, power generation, transportation, distribution, refining or providing dedicated equipment or services as part of the value chain. See Stewart Investors' website for their position on harmful and controversial products and services.

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Stewart Investors also considers whether companies provide dedicated products and services to fossil fuel companies into its investment analysis as these revenues may be at risk as the world moves away from fossil energy. During the year, one company was flagged by Stewart Investors outsourced service provider for generating more than 5% of revenue from dedicated services to the sector. Details for this company are provided in the table below.

Company	Reason for exception
WEG	WEG's renewable energy solutions are used in solar and wind power as well as in hydroelectric and biomass power plants. It is thereby helping society to shift away from its dependence on fossil fuels. It also manufactures energy-efficient electric motors, helping its customers to reduce their energy requirements and so lower greenhouse-gas emissions. According to Stewart Investors' external research provider, WEG's sales of oil and gas supporting products and services accounted for 2.5% of its revenues during fiscal year 2022 with those of thermal coal supporting products and services accounting for another 2.5%. It thereby breached – just – Stewart Investors' 5% rule. The estimate that WEG's exposure to products and services supporting thermal coal was added by Stewart Investors' external research provider in early 2023. Stewart Investors contacted the company directly to check those estimates. Given that coal is not a strategic market for WEG, it suggested that a more accurate estimate would be that this segment actually accounts for less than 1% of its revenues. **Update:** Stewart Investors' holding in WEG triggered this policy in the first half of 2024. Later in the year, its external service provider lowered its estimate of WEG's exposure to thermal coal revenues from 2.5% to 1%, taking its overall exposure to fossil fuel revenues back below its 5% threshold.

5.3.2. Companies with Climate-Related Targets.

Stewart Investors has noted a steady increase in company targets being set across its portfolio and as a proportion of its carbon footprint, although due to portfolio changes there is one less company with targets than for the same period last year for the fund. Stewart Investors engages with companies that are not disclosing emissions or that have not set targets to encourage them to do so.

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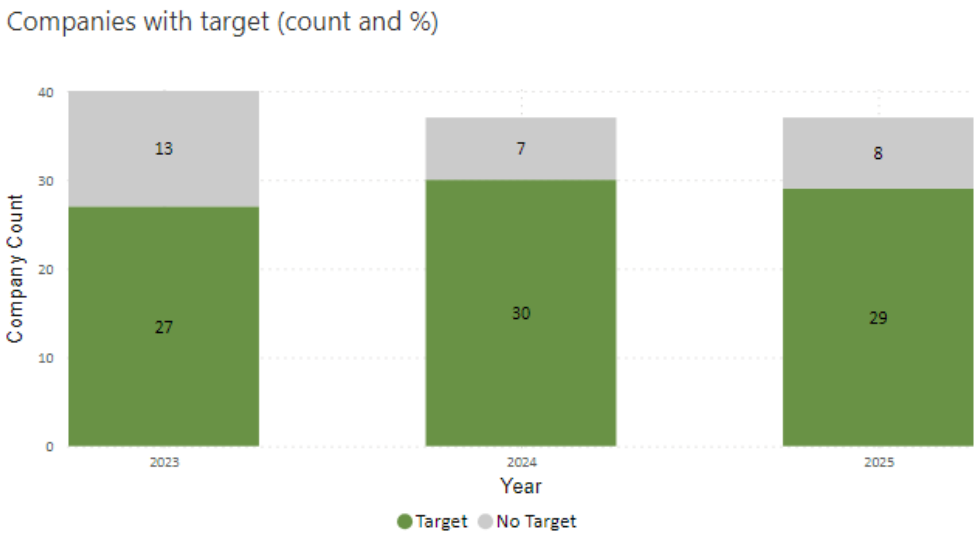
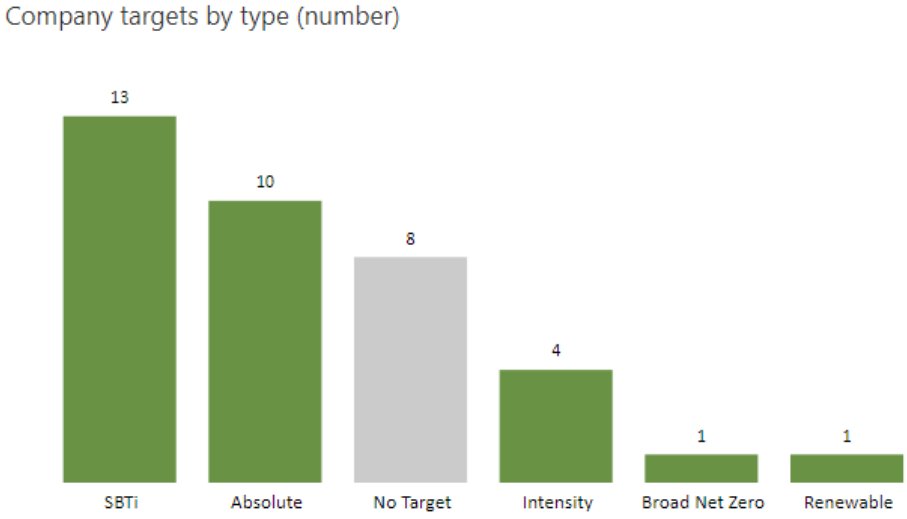


Source: Stewart Investors and Net Purpose as at 31 March 2025.



Source: Stewart Investors and Net Purpose as at 31 March 2025.

Some companies have multiple types of targets. Stewart Investors only counts each company once in the following hierarchy with SBTi targets considered the highest quality and broad net zero the lowest:

- **Broad net zero**: refers to long-term net zero targets set by companies, typically by 2050.
- **Renewable energy**: Targets for renewable energy can relate to Scope 1, 2 or 3 emissions or all three. However, renewable energy is only one piece in the decarbonisation puzzle for most companies.
- **Intensity**[10]: Targets to decrease emissions on a relative basis, normally revenue but sometimes per unit of production or other relevant metric.

[10] While demonstrating increased carbon efficiency, absolute emissions can still grow under these targets if the unit of measure grows faster than emissions.

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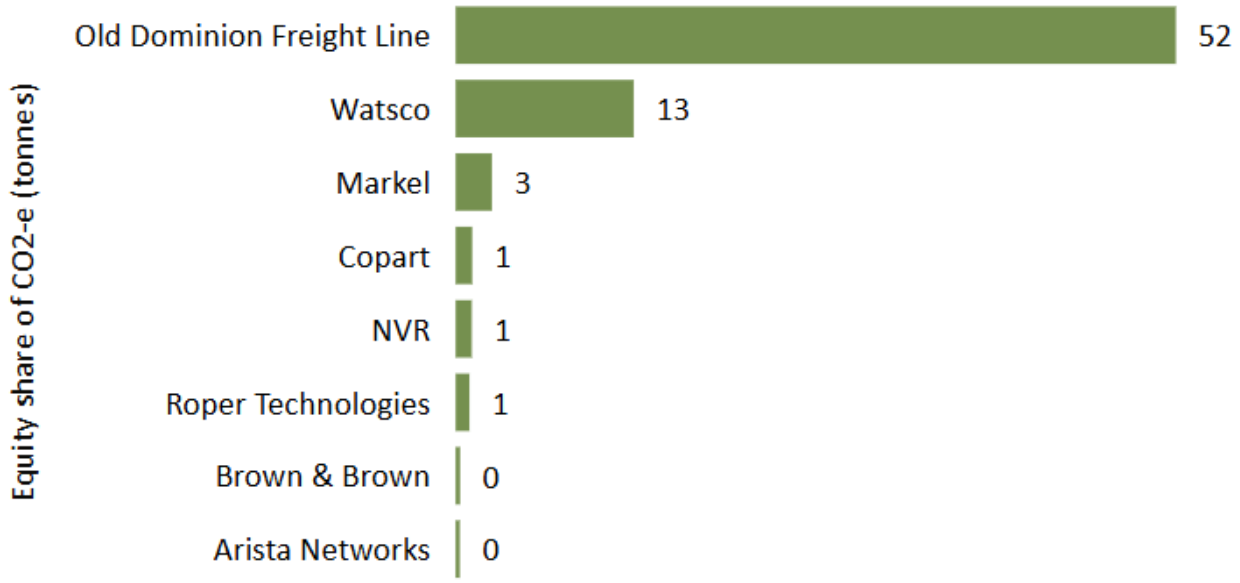
- **Absolute**: Targets for absolute emissions reductions regardless of the growth of the company.
- **SBTi**: Targets or commitments to set targets approved by the Science Based Targets initiative.

The companies below are the largest contributors to the portfolio's carbon footprint without carbon reduction targets. Stewart Investors actively engage with these companies to encourage them to set targets.

Largest Contributors to carbon footprint without targets



Source: Stewart Investors, ISS ESG as at 31 March 2025

5.4. Opportunities

Stewart Investors maps the companies it invests in against Project Drawdown's categories of climate change solutions. Project Drawdown's deeply researched collection of circa 90 climate change solutions, which if scaled up, can deliver the Paris Agreement's 1.5°C temperature goal. The full set of solutions along with the research that backs them are publicly available on www.drawdown.org.

Information on how companies are mapped, and which companies have been mapped to which solutions can be found on Stewart Investors Portfolio Explorer tool, available on its website.

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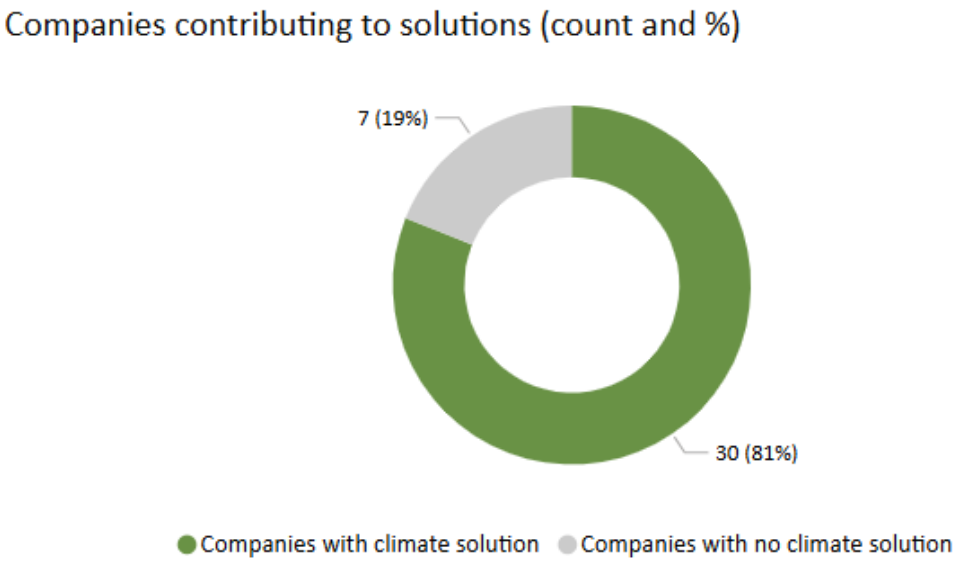
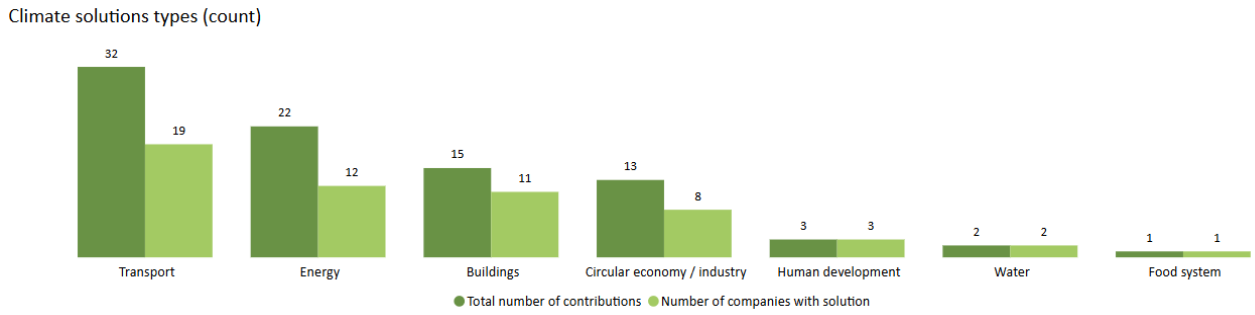


Source for Climate Solutions: © 2014–2024 Project Drawdown (drawdown.org)

Stewart Investors have aggregated Project Drawdown's climate change solutions into eight areas, the split between the number of solutions (each company can contribute to multiple) and the number of companies contributing to solution types is broken down below. Rather than specifically targeting solution areas, this breakdown results from Stewart Investors' bottom-up analysis of high-quality companies contributing to sustainable development.



Source for Climate Solutions: © 2014–2024 Project Drawdown (drawdown.org)

5.5. Management Remuneration

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

5.5.1. Stewart Investors

Stewart Investors does not have CRR&O embedded in its remuneration approach explicitly; however, all of Stewart Investors' long-term incentives are invested in Stewart Investors funds which explicitly consider CRR&O as part of its investment process.

5.6. Targets

Stewart Investors has set climate-related targets consistent with its commitments. Stewart Investors targets are not fund specific and relate to all its investment portfolios and its business operations. In 2022, Stewart Investors released

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its first climate report, which set a baseline for its portfolio and operational emissions and established targets. It also signed up to the Net Zero Asset Managers initiative (NZAMi).

A summary of Stewart Investors performance at the end of 2024 in relation to these targets is:

Target 1: 100% of investee companies disclosing emissions by the end of 2025

The proportion of companies reporting emissions has plateaued since 2022. For companies held at the end of December 2024, 88% (178) reported emissions for 2023 while 12% (25) did not.

Target 2: 80% of financed emissions covered by targets by 2025 and 100% by 2030

Stewart Investors met its goal ahead of time with 80% of the financed emissions across our portfolios being subject to targets.

Target 3: 50% reduction in financed emissions by 2030 and net zero by 2050

The carbon footprint of Stewart Investors portfolios has grown by 64% since its baseline year (2019). This has been driven by changes in the composition of its portfolios. Despite the increase, Stewart Investors' portfolio carbon footprint was 88% lower emissions than its aggregate benchmarks at the end of 2024.

Target 4: Targeting net-zero Scope 1, 2, & 3 (business travel) by 2030

Stewart Investors limited Scope 1 emissions as it does not have any activities that directly generate emissions. Stewart Investors continued to reduce Scope 2 emissions (under the market-based reporting method). However, its Scope 3 emissions (primarily from business travel) continued to increase.

In 2024, Stewart Investors reviewed its climate-related targets with the objective of:

- Simplifying and better aligning its targets with the organisation's investment philosophy.
- Using measures that better reflect real-world emissions performance.
- Focusing on those areas where Stewart Investors can have the greatest influence.

For 2030 its updated targets are:

- On average, the companies Stewart Investors invest in will have reduced their carbon intensity[11] by 7% per annum over five years.
- 100% of companies will be disclosing Scope 1 & 2 emissions.
- 80% of companies will have emission targets.
- Stewart Investors' operational emissions will be net-zero (Scope 1 & 2).

These targets align with Stewart Investors investment philosophy, aiming to reduce emissions urgently while supporting opportunities for people globally, especially in emerging economies. However, Stewart Investors recognises that targets can result in unintended consequences and so will not compromise on its quality, sustainability or valuation requirements that have driven the positive outcomes Stewart Investors have achieved to date.

5.6.1. Reliance on Offsets

Stewart Investors does not rely on offsets for investment portfolio.

[11] Carbon intensity is emissions per million dollars of revenue in US dollars.

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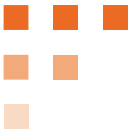

Stewart Investors purchases offsets for its direct operations. Purchasing carbon offsets[12] helps Stewart Investors incorporate a cost of carbon into its business while supporting the transition to a carbon constrained economy, particularly for those people and communities most vulnerable to climate change. Stewart Investors only purchase high quality offsets, such as those certified by the Gold Standard or Plan Vivo[13].

For further information on FSI's operational net zero targets, and the use of carbon offsets, can be found in FSI's Corporate Sustainability Report.

[12] Carbon offsets allow individuals or companies to invest in carbon reducing environmental projects in order to balance out their own carbon footprint.

[13] See more details on https://www.offsetguide.org/understanding-carbon-offsets/carbon-offset-programs/.

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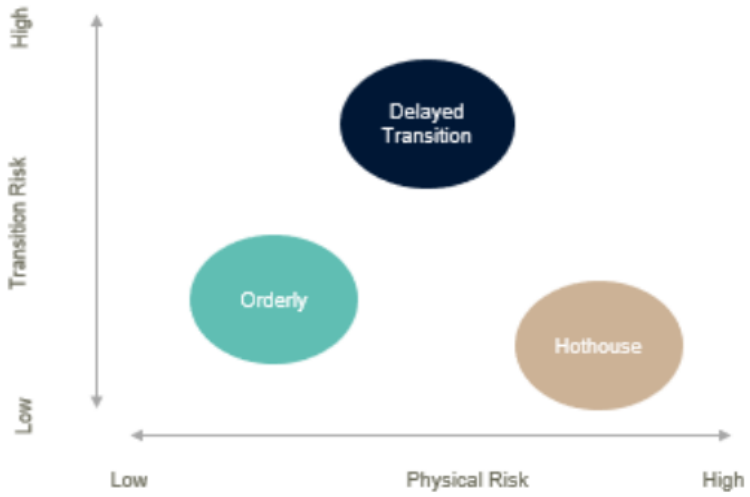
SCHEDULE A. SCENARIO ANALYSIS

A.i. Climate Scenarios

As mentioned in Section 3.4 above, the First Sentier Investors' Responsible Investment team independently conducted scenario analysis on Stewart Investors portfolios and provided this analysis to Stewart Investors and the FSI Executive Committee as described in Section 2.2.2 above. Results of this analysis are provided in Section 3.5 above.

The sector scenario analysis prepared by First Sentier Investors' Responsible Investment Team based on the information derived from the NZ Financial Services Council's *Climate Scenario Narratives for the Financial Services Sector*, which was made specific for the Fund in an iterative process.



Source: NGFS scenario portal[14]

A.ii. Scenario Narratives

A.ii.a. Scenario 1: Orderly Transition (1.5 degree)

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 GHG Emissions occur nonetheless, but the coordinated and timely action succeeds in preventing the worst. Increasing carbon prices and regulatory requirements (such as mandatory climate reporting) result in increasing costs for emissions-intensive entities.

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.

A.ii.b. Scenario 2: Delayed Transition (1.7 degrees)

The Delayed Transition is a scenario that assumes annual emissions do not decrease until 2030. Strong policies are needed shortly after 2030 to limit global warming to below 2°C. Negative emissions are limited. This scenario assumes

[14] NGFS Scenarios: NGFS Scenarios Portal.

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new climate policies are not introduced until 2030 and the level of action differs across countries and regions based on currently implemented policies. The availability of Carbon Dioxide Removal technologies is assumed to be low pushing carbon prices higher than in Net Zero 2050. As a result, emissions exceed the carbon budget temporarily and decline more rapidly than in Well-below 2°C after 2030 to ensure a 67 % chance of limiting global warming to below 2°C. This leads to both higher transition and physical risks than the Net Zero 2050 and Below 2°C scenarios.

The delay in action leads to a disorderly transition, requiring more abrupt and stringent policies post-2030. These policies include high carbon prices, rapid decarbonization, and accelerated deployment of clean technologies. Despite the delayed action, the scenario aims to limit global warming to below 2°C, which helps mitigate long-term physical climate risks compared to scenarios with no additional policy action.

A.ii.c. Scenario 3: Hothouse (3 degrees)

The Hot House World scenario from the NGFS (Network for Greening the Financial System) represents a future where climate policies are either absent or insufficient, leading to severe and irreversible physical climate impacts. In this 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.

A.iii. Time Horizons

Time horizons considered for the analysis are up to 2030, 2030 and 2050.

The FSI Responsible Investment team considered the following time horizons:

- **(D) Short Term (0-5 Years)**: up to 2030.
- **(E) Medium Term (5-10 years)**: 2030, aligns with the science-based target timeframe for the world to halve GHG Emissions by 2030 in order to remain on course for keeping global warming to 1.5 degree Celsius by 2050. This is also a reasonable timeframe in which First Sentier Investors can see the potential outcomes of its climate action plan and stewardship efforts.
- **(F) Long Term (10+ years)**: 2050, aligns with First Sentier Investors' net zero by 2050 ambition.

A.iv. Emissions Reduction Pathways

A.iv.a. Orderly Scenario NGFS Net Zero by 2050: Emissions Pathways

Global emissions fall at accelerating rates, averaging a 5% reduction per year. Net global emissions reach 26.3 $BtCO_2e$ (billion tonnes of CO_2-equivalent) by 2030 and −1.8 $BtCO_2e$ by 2050.

A.iv.b. NGFS Delayed Transition Scenario: Emissions Pathways

Emissions fall steadily and at accelerating rates (particularly after 2030), steeper than in the Net Zero scenario in that period than in the *Orderly* scenario, averaging about 3.6% per year. Global emissions reach 43,2 $BtCO_2e$ by 2030 and 7 $BtCO_2e$ by 2050.

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A.iv.c. Hothouse Scenario: Emissions Pathways

Emissions increase slightly until 2025, and then decrease at discrete rates, averaging about 0.25% per year. Global emissions reach 43.2 BtCO2e by 2030, and 40.4 BtCO2e by 2050[15]

A.v. Relevance of Scenarios

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 scenarios[16], and are relevant and appropriate for the following reasons:

- 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.
- The Orderly and Hothouse scenarios:
  - represent extremes, and therefore allow better articulation of how the Fund is exposed to different climate risks under the most challenging circumstances; and
  - are widely used by businesses, both in financial services and other industries – their widespread adoption will make it easier for investors to compare offers and products.
- The *Too Little Too Late* and *Disorderly* scenarios were considered as the third option[17]. The *Disorderly* scenario reflects a more real-world likelihood that climate policies may not be implemented smoothly or early enough. It accounts for sudden regulatory shifts, market volatility, and social resistance, which are common in practice. It also serves as a middle-ground narrative; not as catastrophic as a hothouse but more turbulent than an orderly transition.

The scenarios are set against the backdrop of "Middle-of-the-road" socioeconomic development, where "the world follows a path in which social, economic, and technological trends do not shift markedly from historical patterns". This backdrop is the second of five "shared socioeconomic pathways" (i.e. SSP2) which were developed by the academic community as an input to climate scenario analysis.

A.vi. Sources of Data

The scenarios described in this Statement were produced using data from the Sector Scenario Analysis. First Sentier Investors Responsible Investment team has also consulted the Network for Greening the Financial System's ("**NGFS**") scenarios portal[18] to enhance its understanding of climate change Sector Scenario Analysis in particular. In addition, the climate risk assessment was also underpinned by the NGFS scenario data through the International Monetary Fund (IMF) Climate Dashboard[19]. First Sentier Investors has also relied on the emissions pathway carbon data for the equivalent International Energy Agency Transition Scenarios (Net Zero, APS and STEPS) provided by third-party vendor ISS ESG.

A.vii. Scenario Analysis Process

A.vii.a. Integration & Governance

The scenario analysis was conducted by First Sentier Investors' Responsible Investment team as a standalone process which was not integrated into the investment process. However, its results (particularly the risks exposure which

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15 Climate Scenario NGFS Phase 5 Scenario Explorer, https://data.ece.iiasa.ac.at/ngfs/#/workspaces/22

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

17 See NGFS Scenario Portal

18 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.

19 NGFS | Climate Change Indicators Dashboard (imf.org) IMF Climate Data and Dashboards.

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identification and assessment it enabled) were presented to the FSI Global Investment Committee (see Section 2.2.2 above) and integrated into its risk monitoring processes.

A.vii.b. External Stakeholders

FundRock and the First Sentier Investors' Responsible Investment team have collaborated to complete scenario analysis for the Fund. FundRock provided First Sentier Investors' Responsible Investment team with a scenario analysis framework (derived from the Sector Scenario Analysis, as described above), a structured plan, and output requirements, and both parties engaged throughout the process for its success. By doing this, FundRock benefited from First Sentier Investors' Responsible Investment team thorough knowledge of the Fund's portfolio while ensuring that results met the regulatory requirements.

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SCHEDULE B. CLIMATE-RELATED RISKS MATRIX

As per Section 3.4.1 above, the Stewart Investors team has identified the following risks which are expected to emerge from climate change and responses to it. As a diversified fund with global exposure, the Fund is likely to be exposed to most if not all of the risks below. Stewart Investors considers these risks in its bottom-up company analysis.

Climate -Related Risk Category	Risk event	Type	Term	Description
Market and Business Transition - Transitioning to a lower-carbon economy may entail extensive changes to the underlying companies Stewart Investors invest in	Increased Carbon Price	Transition	Medium/Long	• Emissions may be subject to carbon price, increasing operational costs. • Energy, materials, operations, or transport/distribution increasing in cost due to carbon price.
	Stranded Assets (Transition)	Transition	Short/Medium	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	Failure to or unsuccessful investment in low-emissions technologies during adaptation phase.
Regulatory and Legal Risk - Climate-related regulation either attempts to constrain actions that contribute to climate change or to promote adaptation to or investment in climate change solutions	Litigation Risk	Transition	Short/Medium	Lawsuits being raised against companies failing to meet climate expectations or requirements.
	Policy Intervention & Regulatory Impacts	Transition	Short/Medium	• Increasingly stringent climate change regulations (e.g. disclosure, emissions reduction, green buildings requirements, etc.) creating additional processes and costs. • 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. • Minimal policy intervention, leading to GHG emissions intensity likely remaining and entities likely continuing operations as usual. The economy may face second order impacts.

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Reputational Risk - Changing client and/or community perceptions of an organisation's contribution to or detraction from the transition to a lower-carbon economy	Social license to operate	Transition	Short/Medium	Companies and industries connected to expansion of fossil fuels, high emissions and failure to transition to a low carbon economy all risk losing their social licence to operate and becoming stranded assets.
Physical Impacts - Physical risks resulting from climate change can be event driven (acute) or longer-term shifts (chronic) in climate patterns	Stranded Assets (Physical)	Physical	Medium/Long	• Extreme weather events (such as inundation, storm surge, wildfires, or floods) damaging or devaluing assets or properties.
	Disruption to Business Operations	Physical	Medium/Long	• 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	• · 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 Health and Safety issues), affecting productivity (e.g., decreased crop yield or machinery performance caused by excess heat), or requiring additional controls. • Physical impacts upstream (supply chain) and downstream 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.

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	Increased Demand for Services/Products	Physical	Medium/Long	Increased demand caused by industry-specific factors [e.g., cardiovascular and respiratory illnesses, malnutrition, skin cancer, climate anxiety, and heat stress for health industry], creating overload risk.
	Wildfires	Physical	Medium/Long	Wildfires can cause significant damage to infrastructure, including: • Deterioration of air quality. • Loss of property, crops, resources, animals, and human lives. • Damage to utility infrastructure, power lines, and homes.
	Sea Level Rise	Physical	Medium/Long	Sea levels rising due to the thermal expansion of the oceans and the melting of ice sheets and glaciers.
	Increasing temperatures	Physical	Medium/Long	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.
	Floods	Physical	Medium/Long	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.
	Water Stress & Drought	Physical	Medium/Long	Lack of adequate precipitation causing reduced soil moisture or groundwater, diminished stream flow, crop damage, and general water shortage.

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SCHEDULE C. FURTHER DETAILS ON METRICS' METHODOLOGIES

C.i. GHG Emissions Measurement Standards

Stewart Investors follows the PCAF GHG Standard for calculation financed emissions and WACI.

For listed companies:

$$Attribution\ factors_c = \frac{Outstanding\ amount_c}{Enterprise\ Value\ Including\ Cash_c}$$

According to PCAF[20], EVIC is defined as:

> "The sum of the market capitalization of ordinary shares at fiscal year-end, the market capitalization of preferred shares at fiscal year-end, and the book values of total debt and minorities' interests. No deductions of cash or cash equivalents are made to avoid the possibility of negative enterprise values".

For listed companies:

$$Financed\ emissions = \sum_c \frac{Outstanding\ amount_c}{Enterprise\ Value\ Including\ Cash_c} \times Company\ emissions_c$$

WACI for listed companies:

$$\sum_n^i \left(\frac{Current\ value\ of\ investment_i}{Current\ portfolio\ value} \times \frac{Issuer's\ Scope\ 1\ and\ Scope\ 2\ GHG\ Emissions_i}{Issuer's\$M\ Revenue_i} \right)$$

The Greenhouse Gas Protocol (GHG Protocol)[21] Corporate Accounting and Reporting Standard provides guidance on preparing corporate GHG inventory. Additionally, the GHG Protocol includes five reporting principles relevant for emissions: relevance, completeness, consistency, transparency, and accuracy. Emissions data used in carbon foot printing consist of reported and estimated data. First Sentier Investors and Stewart Investors' emissions data provider (ISS ESG) supplies company-reported emissions data using various sources such as Sustainability Report, CSR[22] Report, Integrated Report, or data reported on company websites, additionally data reported by the company to CDP[23]. ISS ESG expects that data reported by the corporates are following requirements set in the GHG protocol with respect to five reporting principles. For non-reporting companies, ISS ESG provides estimated emissions, which act as a proxy, in absence of data reported by the corporates publicly. ISS ESG's sophisticated methodology for estimating the carbon emissions of non-reporting companies was developed over three years with researchers from the Swiss Federal Institute of Technology. Unlike conventional approaches, which usually use a single key metric such as revenue to estimate emissions of non-reporting companies, ISS ESG's approach draws on about 800 sub-sector specific models. It uses proprietary industry classification system based on their carbon profile and company's financial as well as operational parameters. Industry Classification System consists of 8 industries, 54 sectors and 123 sub-sectors that were specifically designed to group companies according to their GHG emission profile.

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20 The Global GHG Accounting and Reporting Standard; Financed Emissions p. 53.

21 See the GHG Protocol website.

22 Corporate Sustainability Report.

23 Carbon Disclosure Project CDP is a not-for-profit charity that runs the global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts. https://cdp.net.

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C.ii. GHG Emissions Consolidation Approach

Companies account for and report their consolidated GHG data according to either the equity share or control approach. First Sentier Investors is guided by the carbon data provided by ISS ESG, and the First Sentier Investors preference is to use the control approach. Where ISS ESG, First Sentier Investors' service provider, provides a different emissions number, which can happen for reporting entities in the Oil and Gas sector that may provide equity-based emissions, First Sentier Investor's Responsible Investment team has an override procedure in place to replace the equity-based with operational-based data if the data can be extracted from the investee company's climate-related reporting.

C.iii. Source of Emissions Factors

For reported emission data, corporates generally use IPCC[24] recommended emission factors and global warming potential (GWP[25]), or they may use regional or country level emission factors recommended by respective authorities based on fuel mix of the grid for calculating and reporting emissions from electricity consumption. First Sentier Investors and Stewart Investors' vendor ISS ESG uses IPCC emission factors in some sectors to estimate emissions if it is not reported by the corporate.

Bottom-up modelling is used for utility companies, for example – the GHG emission is calculated either based on the electricity generation production mix by source of production (coal, gas, water, solar, etc.) or – where this is not available – generation capacity mix based on source of production.

C.iv. Summary of Exclusions

Partial emissions reporting by companies is avoided (Scope 1 and 2). If an issuer has included at least 90% of its scope (either operational or equity approach) in their reported numbers, the numbers may be kept "as is." If a company reports less than 90% of its scope (either operational or equity approach), the reported emissions may be discarded and replaced with proprietary models for estimating emissions. Reporting of Scope 3 emissions data goes through quality checks, and it is discarded if material and relevant categories of emissions are not included in the reported data by the corporates depending on various sectors.

C.v. Methods & Assumptions

For non-reporting companies, Stewart Investors' third-party vendor provides estimated emissions. Over the years, ISS ESG's 800 sub-sector specific models have been continuously back tested against new reporting numbers and, where necessary, refined. As more and more companies begin to report their emissions, it becomes increasingly possible to back-test models. This is done by comparing the deviation of new reported emissions numbers from the modelled estimates. Where significant deviations are found, regressions are recalculated to ensure the best possible data and approximation model is used. For the carbon foot printing exercise, it is assumed that estimated data is the only available option to provide comprehensive assessment of emission footprint for the portfolio.

FSI and Stewart Investors have made best efforts to ensure the data in this report is accurate and reliable. This has included comparing two different sources of information for emissions data (ISS ESG) and company targets (Net Purpose); however, a significant number of companies still do not disclose their emissions, or their disclosures are not

[24] UN Intergovernmental Panel on Climate Change, a United Nations body for assessing the science related to climate change. https://ipcc.ch.

[25] Global Warming Potential developed to allow comparisons of the global warming impacts of different gases as different GHG have different effects on the earth's warming. Source: https://www.epa.gov/ghgemissions/understanding-global-warming-potentials.

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consistent with widely adopted reporting standards like the Greenhouse Gas Protocol. There will also be a lag between information provided by data providers and the most recent published by companies. Where emissions information is not available, FSI and Stewart Investors have relied on estimates provided by the data providers. Estimates require assumptions that do not match individual companies' circumstances in the real world. Stewart Investors engages with investee companies to disclose emissions as Stewart Investors believes that emissions data provided by companies is more reliable than emissions estimated by third-party data providers.

C.vi. Quantification Uncertainties & Their Effects

Globally, GHG emission accounting is maturing slowly and steadily, corporates are adopting the GHG Protocol standard, and it is noted that often companies restate their emissions data or improve coverage of their GHG inventory in terms of boundary settings and assumptions. ISS ESG supplies reported emission data that may contain some uncertainty inherently flowing through reported emissions data of corporates. In terms of estimated emissions of non-reporting companies, ISS ESG's methodology is a top down best available approach to estimate emission for large set of non-reporting companies.

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SCHEDULE D. FURTHER LEGAL NOTICES

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First Sentier Investors subscribe to Institutional Investment solutions (ISS) for climate information and analysis. ISS are a world leading provider of environmental, social, and governance solutions for asset owners, asset managers, hedge funds, and asset servicing providers. ISS ESG solution provides climate data, analytics, and bespoke services to help financial market participants understand, measure, and act on climate-related risks and opportunities across all asset classes. ISS ESG platforms are capable of providing carbon foot printing and climate risk and opportunity analysis across portfolio assets. The methodologies employed for carbon foot-printing depend on the assets within the portfolio and data available. The carbon footprint assessment approach used by ISS for equity and fixed income portfolios is aligned with PCAF guidance.

ISS ESG takes an exhaustive approach for data collection, analysis and delivery to its clients. The ISS ESG methodologies provide details about the underlying models used for estimating non-disclosed data. The ISS ESG methodology documents describe the limitations and uncertainties attached to the models; and subsequently detail the ways to address these limitations using multiple metrics and via continuous improvement of these models.

For more details on ISS ESG methodology, see https://www.issgovernance.com/esg/methodology-information/

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