BT FUNDS MANAGEMENT (NZ) LIMITED 2025 CLIMATE STATEMENT

WESTPAC KIWISAVER SCHEME

29 July 2025

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STATEMENT OF COMPLIANCE

This Climate Statement complies with the Aotearoa New Zealand Climate Standards issued by the External Reporting Board. In preparing the FY25 Climate Statement for the Westpac KiwiSaver Scheme (and the funds within it), BTNZ has elected to use the following adoption provisions:

Adoption provision 6: Comparatives for metrics in paragraph 40 of NZ CS 3.

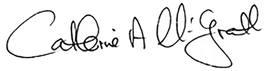
In FY25, this adoption provision permits BTNZ to provide only one year (rather than two years) of comparative information for each metric. BTNZ has used this adoption provision in relation to the percentage of assets in sectors vulnerable to higher transition risk metric.

Adoption provision 8: Scope 3 GHG emissions assurance in paragraph 25, 26(a)(iii), 26(b) and 26(c) of NZ CS 1.

In FY25, this adoption provision exempts BTNZ from having the funds' scope 3 GHG emissions mandatorily assured.

Signed on behalf of
BT Funds Management (NZ) Limited
on 29 July 2025

David Green
Chair, BTNZ Board



Catherine McGrath
Director, BTNZ Board

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INTRODUCTION

About this report.

This Climate Statement provides existing and potential investors with information on how we, BT Funds Management (NZ) Limited (**BTNZ**) understand and manage climate-related risks and opportunities that may impact our customers' investments. It covers the reporting period from 1 April 2024 to 31 March 2025 (**FY25**).

This Climate Statement covers the Westpac KiwiSaver Scheme (**scheme**), and the following funds:

- High Growth Fund.
- Growth Fund.
- Balanced Fund.
- Default Balanced Fund.
- Moderate Fund.
- Conservative Fund.
- Defensive Conservative Fund.
- Cash Fund.

The management of climate-related risks and opportunities is important and we're proud of the progress we have made to date. However, we expect that our approach will continue to develop over time as new methodologies emerge, and data accuracy, completeness and reliability improve.

Why climate change matters to investments.

The effects of climate change, along with actions to mitigate it, present risks to the underlying issuers in which the scheme, and the funds within it, invests. Examples of climate-related risks that companies face include extreme weather (such as droughts or storms), new legislation, or changes in consumer preferences. Conversely, climate change may present opportunities.

These risks and opportunities can impact on the financial performance of the companies, and in turn, the investment performance of the scheme, and the funds within it. As a result, it is essential to consider climate-related risks and opportunities in investment decisions in concert with other risks and opportunities.

This year, we have further articulated how we intend to respond to the risks and opportunities presented by climate change in our Climate Transition Plan. This Plan builds upon the four key pillars of our Sustainable Investment Policy: Exclusions; ESG (Environmental, Social, Governance) Integration; Stewardship; and Sustainable Themes.

Included in our Climate Transition Plan are the following six ambitions:

1. Understand and manage climate risks and opportunities.
2. Reach net zero portfolio emissions by 2050.
3. Increase the proportion invested in entities achieving net zero, or aligned or aligning to a net zero pathway.
4. Support the transition through company engagement, voting, and industry involvement.
5. Accelerate capital allocation in support of climate mitigation and adaptation solutions.
6. Maintain our fossil fuel exclusions.

The metrics included in the **Targets and Metrics** section enable us to monitor key climate-related risks and opportunities.

We also have short and medium-term greenhouse gas (**GHG**) emission reduction targets. This year we achieved our initial short-term (FY25) targets and have consequently updated our targets. While we are currently tracking well compared to our updated GHG emissions reduction targets, we acknowledge that internal and external factors will create challenges in achieving our targets.

How to read this Climate Statement.

This Climate Statement has four key sections:

Strategy

This section describes the climate-related risks and opportunities we have identified, the scenario analysis that has been undertaken, and the steps we are taking and plan to take to position the scheme as the global and domestic economies transition towards a low-emissions, climate-resilient future.

Targets and Metrics

This section sets out our climate-related targets and describes how we measure and monitor climate-related risks and opportunities.

Governance

This section describes the role BTNZ's Board of Directors plays in overseeing the identified climate-related risks and opportunities. It also describes the role Management has in assessing and managing these climate-related risks and opportunities.

Risk Management

This section describes the processes we use to identify and assess material (important) climate-related risks. This section also explains how these processes are integrated into our existing risk management processes.

In the appendices you will find detail on our climate scenarios, how we calculate GHG emissions, information on other metrics, and a glossary to help explain key terms.

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STRATEGY

This section describes the current plan to transition the scheme to a low-emissions, climate-resilient future. We also describe the scheme's identified climate-related risks and opportunities, the scenario analysis undertaken and the impacts to the scheme because of climate change.

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The business model for the investment scheme.

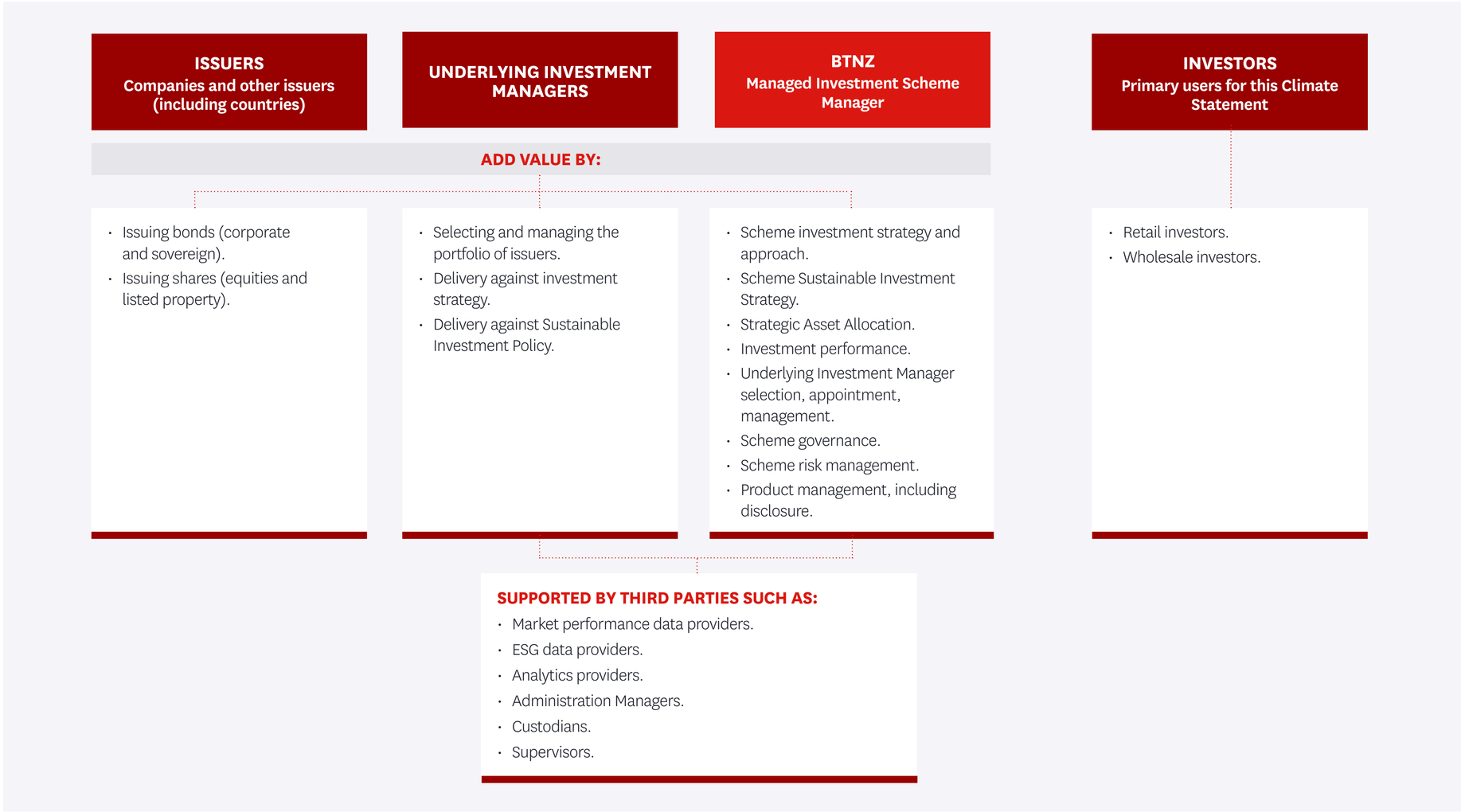
BTNZ is incorporated in New Zealand under the Companies Act 1993 and acts as Manager of managed investment schemes including the Westpac KiwiSaver Scheme, Westpac KiwiSaver Scheme, and the Westpac Retirement Plan. We are currently a default KiwiSaver Provider.

BTNZ is responsible for the overall investment management of the Westpac KiwiSaver Scheme (and the funds within it) including implementation of the investment strategy. BTNZ has established a range of funds with different risk/return profiles to suit the needs of a wide range of investors.

All investment decision-making responsibilities and authorisations are subject to the provisions of the governing documents of the relevant schemes and the requirements of applicable legislation. We must perform our responsibilities in accordance with the requirements of our New Zealand financial market services license as the manager of registered managed investment schemes under the Financial Markets Conduct Act 2013.

The business model we use to deliver the investment strategy for the Westpac KiwiSaver Scheme (and the funds within it) is described in **Figure A**.

Figure A: Our business model.



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Investment philosophy and strategy.

BTNZ determines an appropriate investment strategy for the Westpac KiwiSaver Scheme (and the funds within it). Each fund within the Westpac KiwiSaver Scheme has a specific investment strategy and objective, and invests in a different mix of investments. The investment strategy for the scheme (and the funds within it) dictates the approach to asset allocation, and underlying Investment Manager and security selection.

The investment strategy for the scheme is based on four broad principles:

- Diversification.
- Value for money.
- Use of specialist underlying Investment Managers for each asset class.
- Sustainable investment.

As shown in **Figure B**, our investment strategy is research-driven and focuses on identifying and managing risk while pursuing value-add opportunities. The use of these broad principles is intended to deliver more consistent risk-adjusted performance to investors. We believe investing sustainably helps us manage investment risk and opportunities.

Figure B: Our investment strategy.

Diversification

Diversification is achieved by investing across a range of growth and defensive (income) asset classes, and within each asset class investing in a diversified portfolio of issuers.

We achieve our desired market risk exposures for each fund through Strategic Asset Allocation.

Value for money

The overall investment strategy seeks to deliver appropriate value for money for investors (primary users).

Use of specialist Investment Managers

We adopt a multi-manager approach to diversify investment styles and generate more consistent performance outcomes.

We use both local and global managers.

Some assets are managed internally by BT Investment Solutions (NZ Cash and NZ Fixed Interest).

Sustainable investment

We aim to invest each fund in line with our Sustainable Investment Strategy and Sustainable Investment Policy.

We aim to invest in line with our climate commitments.

The approach we have adopted focuses on four key pillars.

These pillars are:

- Exclusions.
- ESG Integration.
- Stewardship.
- Sustainable Themes.

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What are climate-related risks and opportunities and how are they managed?

Climate-related risks and opportunities are the financial and non-financial impacts that climate change, including the transition to a low-emissions economy, may have on the Westpac KiwiSaver Scheme (and the funds within it).

Climate-related risks

are the potential negative impacts of climate change on an investment scheme or fund. Climate-related risks can originate from both;

Physical risks

such as increased droughts, storms, and sea level rise.

Transition risks

such as changes to climate-related policies, reputational risks, heightened litigation risks, and market risks.

Climate-related opportunities

are the potential positive impacts of climate change on an investment scheme or fund. Investment performance can benefit from potentially increased returns by investing in opportunities to adapt to and mitigate the impacts of climate change.

The Westpac KiwiSaver Scheme (and the funds within it) has exposures to these climate-related physical and transition risks and climate-related opportunities through the companies and other issuers it is invested in. These exposures in turn have the potential to impact investment performance.

Table 1 below describes the material climate-related risks we have identified, while **Table 2** describes the opportunities.

For details on how we identify and assess these risks, refer to the **Risk Management** section.

Table 1: Overview of the material climate-related risks identified and how they are managed.

Risk	What is the risk?	Transition or physical risk	Timeframe the risk applies to the most	How we manage and consider the risk in our capital deployment and decision-making processes
Market	The risk that companies and other issuers (within the fund(s)) experience negative investment performance from the impacts of climate change which consequently affects the investment performance of the fund(s).	Transition and physical	Short, medium and long-term	Our investment strategy integrates sustainable investment (which includes climate-related investment risks) into portfolio construction and underlying Investment Manager selection, appointment, monitoring, and review. We use a variety of metrics to monitor climate-related risks to underlying issuers within the funds (please see the **Targets and Metrics** section for more information).
Third party – use of underlying Investment Managers	The risk that the underlying Investment Managers fail to manage the assets within the scheme (and the funds within it) in-line with BTNZ's Sustainable Investment Policy.	Transition	Short to medium-term	We manage this through: • Underlying Investment Manager **selection processes**. Our policies include requirements for BTNZ to consider the manager's ability to deliver on the Sustainable Investment Policy commitments as well as integrate climate-related risks and opportunities into their processes. • Underlying Investment Manager **appointment processes**. This includes having Investment Management Agreements with each of the managers. These agreements include requirements for our underlying Investment Managers to manage portfolios, capital allocation and report in accordance with our Sustainable Investment Policy. In addition, we have established specific Climate Action Plans for our equity and listed property managers. • Underlying Investment Manager **monitoring processes**. This includes receipt and review of sustainable investment performance reporting from our underlying Investment Managers as well as quarterly meetings. • Underlying Investment Manager **review processes**. This includes conducting annual sustainable investment due diligence on our underlying Investment Managers.
Strategic	The risk that the scheme does not have an integrated strategy to address the transition towards a low-emissions, climate resilient economy.	Transition	Short-term	We have a Sustainable Investment Strategy supported by a Sustainable Investment Policy, both of which address climate change. For information on how these are governed and managed refer to the **Governance** Section.
Reputation	The risk that the scheme/fund does not provide transparent communications to primary users on its climate ambitions.	Transition	Short-term	To ensure communications are transparent, we rely on our internal disclosure verification and review processes, including our formal Due Diligence processes for the Climate Statements.

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Table 2: Overview of the material climate-related opportunities identified.

Opportunity	What is the opportunity?	Transition or physical opportunity	Timeframe this opportunity applies to the most	How we manage and consider the opportunity in our capital deployment and decision-making processes
Market (climate solutions)	The opportunity for the scheme/fund to invest in companies and other issuers supporting climate mitigation and adaptation.	Transition	Medium to long-term	We are working to invest in support of climate mitigation and adaptation solutions. At a portfolio level, we measure this through alignment with EU Sustainable Investment Taxonomy Articles 10 and 11.
Market (capital allocation)	The opportunity for the scheme/fund to invest in support of the climate transition.	Transition	Medium to long-term	We allocate a portion of our capital to investments which support a low-emissions, climate resilient economy. We have set interim GHG emission reduction targets and, since December 2021, we have allocated capital towards a Paris Aligned benchmark strategy (refer to **Targets and Metrics** section).
Strategic	The opportunity for BTNZ to have a Sustainable Investment Strategy, with clear climate ambitions.	Transition	Short to medium-term	Our climate ambitions are outlined in our Sustainable Investment Policy and Climate Transition Plan later in this section.

The current impacts of climate-related risks and opportunities.

A current impact is the effect of climate change occurring on the scheme within the current reporting period. Current impacts can be positive or negative and can be attributed to both transition and physical climate-related risks and opportunities.

In FY25, we have not identified any measurable and/or material impacts or any resulting financial impact on the Westpac KiwiSaver Scheme (and the funds within it) that can be directly and clearly attributed to climate change.

For FY25, to determine whether there were any current measurable transition and physical impacts (including financial impacts) on the scheme and underlying funds, we used the following methodology:

1. We reviewed the identified risks and opportunities, to see whether the impact of these had been experienced in the current reporting period.
2. We considered whether there had been any climate-related events, at a scale large enough, to impact the scheme and its underlying funds.
3. We also monitored key metrics as set out in the **Targets and Metrics** section.

Attributing current changes in investment performance to climate change.

Although we recognise and acknowledge that climate change has the potential to impact the investment performance of the funds, there is currently limited ability to determine and attribute the current financial impacts of climate-related risks and opportunities on the investment performance of a fund. We are aware this area is relatively novel globally and acknowledge there is limited international precedent and data to draw upon.

Critically, when determining current climate-related impacts (positive or negative), we need to be confident that changes in fund performance can be attributed directly to climate change. For example, the value of an investment can change during a period due to a variety of factors – of which climate change may only be one.

At this stage, we are unable to confidently quantify the current financial impact on the scheme (and the funds within it) that can be attributed solely to climate-related risks and opportunities.

Climate scenario analysis.

What is scenario analysis?

Scenario analysis involves assessing potential climate-related risks and opportunities under various future climate scenarios. This allows for the assessment of potential changes to investment performance in each scenario, and the distillation of key insights which may help influence investment strategy.

Climate scenarios are plausible representations of what may occur in the future but are not forecasts or predictions. Further, scenarios are not comprehensive and all-encompassing depictions of the future.

Why scenario analysis is important?

We consider climate-related scenario analysis to be an important tool to better understand the reasonably expected anticipated impacts that climate change could have on the investment performance of the funds that make up the Westpac KiwiSaver Scheme over the short, medium, and long-term.

The climate scenario analysis tool we have used simulates the investment portfolio under a range of possible future climate pathways and associated economic and market developments. It provides a quantified estimate of the impact to fund performance under each of these future pathways to test a fund's resilience over our selected time horizons. These insights, in turn, can then be used to support and inform investment decision-making.

What was the objective of our scenario analysis?

The key focal question of our scenario analysis was again *"how climate change could plausibly impact the investment performance of the Westpac KiwiSaver Scheme and funds within it over the short, medium and long-term"*. The results of the analysis are used to help assess our climate-related risks and opportunities and inform our Climate Transition Plan.

Our approach to scenario analysis.

The scenario analysis was completed, on a fund-by-fund basis, using portfolio holdings as at 30 September 2024. We also looked at sector and regional variations for the equities and listed property asset classes.

This was the second time that BTNZ has conducted climate-related scenario analysis. This year we included the Westpac KiwiSaver High Growth Fund, launched during FY25, and the Westpac KiwiSaver Cash Fund in the analysis.

In this reporting period, the scenario analysis process was conducted as a standalone exercise. We consider this to be appropriate because it allows us to assess the reasonably expected anticipated financial impact of climate change on the scheme.

External partners and other stakeholders involved in the scenario analysis.

To assist in completing our scenario analysis, we again partnered with Mercer who has expertise in climate research in investment-related scenario analysis. By partnering with Mercer, we can utilise climate-related scenarios developed by Mercer, Ortec Finance (and their ClimatePredict Model) and Cambridge Econometrics. These organisations have developed models that draw upon climate science and economic research to provide information of potential climate impact on investment performance. We rely on Mercer for their methodology, approach, and estimations.

The climate scenarios we used.

Table 3: A brief description of the plausible scenarios, their pathways and key driving forces we used.

	1.5ºC Rapid Transition	2ºC Orderly Transition	3.7ºC Failed Transition
Summary	Average temperature increases of 1.5°C by 2100 in line with the Paris Agreement. This scenario assumes sudden large-scale downward re-pricing across multiple securities in the short-term. This could be driven by a change in policy or realisation that policy change is inevitable, consideration of stranded assets or expected cost.	Average temperature increases by 2.0°C by 2100. This scenario assumes political and social organisations act in a co-ordinated way to implement the recommendations of the Paris Agreement to limit global warming to 2°C.	Average temperature increases above 3.7°C by 2100. The world fails to meet the Paris Agreement goals and global warming reaches 3.7°C above pre-industrial levels by 2100.
Transition impacts	Sudden short-term divestments, to align portfolios to the Paris Agreement goals, have disruptive effects on financial markets with sudden repricing followed by stranded assets and a sentiment shock.	Transition impacts do occur but are relatively muted across the broad market due to relatively slower and less ambitious policy implementation.	This scenario assumes the world fails to co-ordinate a transition to a low carbon economy with limited transition impacts.
Physical impacts	Physical damages are limited the most under this scenario, but still present due to the locked-in effects of current global warming.	Physical impacts are greater than the 1.5°C Rapid Transition scenario, but still somewhat limited. Gradual pricing in of physical risks occurs over time due to increasing chronic physical risk on economic productivity as well as increased exposure to acute physical risks.	Physical climate impacts cause large reductions in economic productivity and there are increasingly negative impacts from extreme weather events. These are reflected in re-pricing events in the late 2020s and late 2030s.
Alignment to internationally recognised scenario sets	Most closely corresponding to the 'lowest emissions' Intergovernmental Panel on Climate Change (IPCC) Shared Socioeconomic Pathway SSP1-RCP1.9 pathways and the Network for Greening the Financial System Net Zero 2050 scenario sets.	Most closely corresponding to the 'low emissions' IPCC SSP1-RCP2.6 pathway and the Network for Greening the Financial System below 2°C scenario sets.	Most closely corresponding to the 'high emissions' IPCC SSP3-RCP7.0[1] and the Network for Greening the Financial System Current Policies scenario sets.
Why scenario was considered appropriate	Aligns with our climate ambition. This scenario primarily tests the resilience to transition risk impacts, which are most dominant over the short-term in this scenario.	Serves as the middle-ground between the Rapid transition and the Failed transition scenarios. We selected an orderly transition as it provides an immediate and smooth policy reaction, with low regional policy variation as well as moderate technology change.	Represents a reasonably worst-case situation. This scenario primarily tests the resilience to physical risks, which are more dominant over the longer term (30-year horizon) in this scenario.

For additional information on the scenario narratives and assumptions please refer to **Appendix 1.**

1. IPCC Shared Socioeconomic Pathways are a series of scenarios synthesised by the IPCC, which outline different states of socio-economic prosperity and resilience by the year 2100, based on different possible trajectories of development. The Representative Concentration Pathways (RCPs) are a series of scenarios used by the IPCC, based on different projections of atmospheric concentrations of GHG emissions and other air pollutants, and land use, by the year 2100.

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Time horizons.

We undertook scenario analysis over short (1-5 years), medium (6-10 years) and long-term (11-30 years) time horizons. For more information on these time horizons, and how those are linked to investment strategy planning horizons, please refer to the **Risk Management** section.

The governance processes used to oversee and manage the scenario analysis process.

The BTNZ Investment Solutions team were responsible for managing the FY25 scenario analysis process, determining the time horizons used, providing the necessary data to the third-party data provider, and for reviewing the results. BTNZ Investment Solutions are responsible for integrating the key results of the scenario analysis into the overall investment strategy for the scheme.

In November 2024, the BTNZ Investment Committee discussed and approved the outputs and key findings of the FY25 scenario analysis.

The Board is responsible for reviewing and approving the climate-related scenarios and results and is also responsible for ensuring that the key results of the scenario analysis are integrated into the scheme investment strategy. In December 2024, the Board discussed and approved the scenario analysis findings and results.

Anticipated impacts identified through the scenario analysis.

The scenario analysis undertaken in conjunction with Mercer has enabled the assessment of the potential risks and opportunities that may impact the Westpac KiwiSaver Scheme and the funds within it. In-line with the focal question for the scenario analysis (how climate change could plausibly impact investment performance), these impacts are centred on identified market risks and opportunities. We do not reasonably expect material climate-related impacts (including financial impacts) on the scheme arising from other identified climate-related risks and opportunities, due to the tools and methods used to manage these risks as set out in the **Risk Management** section.

The key findings from our scenario analysis include:

- Transition risk is greatest in the rapid transition scenario and occurs sooner than physical risks.
- Physical risk is greatest in the failed transition scenario.
  - The impacts from physical risk in this scenario are likely to occur further out into the future but potentially will be more severe.
- Growth assets, such as equities, generally face greater transition and physical risks as compared to cash, and corporate and sovereign bonds due to their pricing generally reflecting a perpetual rather than fixed time horizon.
- Sector risks and opportunities:
  - The fossil-based utilities, coal & manufactured fuels, and oil & gas sectors, which have higher emissions, face the greatest level of risk under the rapid and orderly transition scenarios. However, they could be beneficiaries in a failed transition scenario where transition risks are not priced in.
  - The renewable energy sector may benefit from transition opportunities under the rapid and orderly transition scenarios. However, this sector faces risks to returns under the failed transition scenario.
- Allocations to Paris-Aligned strategies are likely to reduce exposure to near-term transition risk in rapid and orderly transition scenarios but may increase risk in a failed transition scenario.

These key findings have helped inform the development of our Climate Transition Plan which is set out later in this section. We also note these key findings broadly support our current investment strategy in relation to managing our climate-related risks and opportunities, including our GHG emissions reduction targets and our fossil fuel exclusions as set out in our Sustainable Investment Policy.

Table 4 outlines the key physical and transition impacts of climate change that can be reasonably expected on the Westpac KiwiSaver Scheme (and the funds within it).

Table 4: Summary of the reasonably expected anticipated impacts from the market-based climate-related risks and opportunities.

Climate-related risks and opportunities					
Risk/ opportunity class	**Risk/opportunity description**	**Key drivers**	**Timeframe to which this risk most applies**	**Most affected sectors**	**Anticipated impact under each scenario**
Market risk – transition	The risk that companies and other issuers (within the fund(s)) experience negative investment performance from the transition impacts of climate change which consequently affects the investment performance of the fund(s).	Policy changes Technology changes	Short to medium-term	Fossil-based utilities Coal & manufactured fuels Oil & gas	Greatest under Rapid Transition and Orderly Transition scenarios
Market risk – physical	The risk that companies and other issuers (within the fund(s)) experience negative investment performance from the physical impacts of climate change which consequently affects the investment performance of the fund(s).	Acute climate impacts Chronic climate impacts Availability of natural resources	Medium to long-term	Fossil-based utilities Coal & manufactured fuels Oil & gas Renewable energy	Greatest under Failed Transition scenario
Market (climate solutions) opportunities – transition	The opportunity for the scheme/fund to invest in companies and other issuers supporting climate mitigation and adaptation.	Policy changes Technology changes	Short to medium-term	Renewable energy	Greatest under Rapid Transition and Orderly Transition scenarios

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Anticipated financial impacts.

The scenario analysis has allowed us to identify reasonably expected anticipated financial impacts to the funds comprising the Westpac KiwiSaver Scheme from the market related risks and opportunities we have identified. We do not reasonably expect material climate-related financial impacts on the scheme arising from other identified climate-related risks and opportunities.

The reasonably expected anticipated financial impacts identified show the potential impact to fund returns over various time frames under the three scenarios outlined previously. While this approach is useful to gauge the relative impacts of each scenario and distil key findings, such financial modelling is highly uncertain and subject to key limitations as outlined previously and in **Appendix 1**. Investment performance can also change for many reasons unrelated to climate-related risks and opportunities.

The assessment of anticipated financial impacts is most relevant when viewed in conjunction with the modelled annual returns for each fund. The modelled annual returns used in **Figure C** are from the most recent Strategic Asset Allocation review conducted during FY25 and assume a 0% prescribed investor rate (PIR). As part of this review, we estimate returns and risk over a 10-year period for the various funds using several market inputs. Note that we do not currently disclose these modelled returns.

This 10-year forecasting period corresponds to our medium-term time horizon. Consequently, the assessment of anticipated financial impacts over this period does not capture longer-term impacts which are especially present under the Failed Transition scenario and driven by physical risks.

Of the three scenarios, over the medium-term, the Rapid Transition and Failed Transition scenarios have the potential to have the greatest impact on returns. For the Rapid Transition scenario, this is driven by the sharp pricing-in of transition risks in 2025, especially in the fossil fuel-based utilities, coal & manufactured fuels, and oil & gas sectors. For the Failed Transition scenario, this is driven by the initial pricing-in of some physical risks over the period.

Consistent with the key findings of the scenario analysis, funds with a higher share of growth assets have the potential to have returns impacted the most by climate-related impacts.

We are cognisant of the limitations of scenario analysis. We are also cognisant of the need to undertake multi-factor analysis when assessing investment risks. Accordingly, climate risks are not considered in isolation when determining our investment strategy.

As set out in our Climate Transition Plan, we will continue to investigate the integration of scenario analysis findings into the Strategic Asset Allocation process.

Figure C: Reasonably anticipated financial impact of climate scenarios relative to 10-year modelled returns for the Westpac KiwiSaver Scheme

Climate Transition Plan.

What is a Climate Transition Plan and why does it matter?

Our Climate Transition Plan outlines the transition plan aspects of our investment strategy and outlines the work we are undertaking to manage our identified climate-related risks and opportunities.

As demonstrated by the scenario analysis, climate change presents risks to the Westpac KiwiSaver Scheme and the funds within it, arising from both physical and transition risks to the underlying investments in the scheme. Conversely, the scenario analysis findings also indicate that climate change presents investment opportunities.

This Climate Transition Plan reflects our understanding of, and response to, these identified risks and opportunities as part of our overall investment strategy and process and focuses on climate-related market risks and opportunities. Our Climate Transition Plan focuses primarily on market risks and opportunities as these are the most significant climate-related risks and opportunities for the scheme.

We consider that the broad principles of our overall investment strategy (refer to **Figure B**) remain appropriate given identified climate-related risks and opportunities. Furthermore, we also consider the four pillars of our Sustainable Investment Strategy to be appropriate. This Climate Transition Plan builds on these four pillars and serves to guide our work in understanding and managing climate-related risks and opportunities.

Scope.

This Climate Transition Plan applies across the Westpac KiwiSaver Scheme and the funds within it.

While the Climate Transition Plan relates to all assets under management (**AUM**), specific actions, metrics and targets have greater applicability to certain asset classes than others owing to data quality and coverage, available investment strategies, and anticipated levels of risks and opportunities.

Guidance we considered when developing this Plan.

This Climate Transition Plan has been informed by current international guidance from the Glasgow Financial Alliance for Net Zero[2], an alliance of financial market participants that has developed tools and methodologies to support efforts to achieve net-zero and address climate-related risks and opportunities.

We have also reviewed the asset owners sector guidance from the Transition Plan Taskforce[3] and the Paris Aligned Investment Initiative (**PAII**) Net Zero Investment Framework (**NZIF**) when developing the Climate Transition Plan.

These are established guidance documents that reflect the specific situations and issues faced by asset managers and asset owners.

Whilst this international guidance has informed our approach, our Climate Transition Plan has been tailored to our investment strategy, business model, and Sustainable Investment Policy.

The focus of our Climate Transition Plan.

Our sustainable investment strategy has four pillars, as outlined in our Sustainable Investment Policy:

- Exclusions.
- ESG integration.
- Stewardship.
- Sustainable themes.

As shown in **Table 5**, our Climate Transition Plan builds on these four pillars, with six key ambitions:

- Understand and manage climate risks and opportunities.
- Reach net zero portfolio emissions by 2050.
- Increase the proportion invested in entities achieving net zero or aligned, or aligning, to a net zero pathway.
- Support the transition through company engagement, voting and industry involvement.
- Accelerate capital allocation in support of climate mitigation and adaptation solutions.
- Maintain our fossil fuel exclusions.[4]

As set out in our Sustainable Investment Policy, we have integrated sustainability into our investment beliefs. We rely on these pillars to help guide our investment analysis and decisions, both directly and through our external underlying Investment Managers. Further, our ambitions reflect how we intend to evolve our investment approach over time, including how we allocate capital, to respond to climate-related risks and opportunities we have identified. Our Climate Transition Plan contains our strategy and relevant specific targets to achieve the above ambitions. Our longer-term ambitions are not targets but are used to guide our investment strategy.

We have set short and medium-term targets to support our ambition to 'reach net zero portfolio emissions by 2050', with key actions underway to progress our achievement of these targets.

For other ambitions, while data limitations and availability of investment strategies limit our ability to set quantitative targets, we are pursuing actions in-line with our stated ambitions. We will continue to evolve our investment strategy, including our Climate Transition Plan, in response to climate-related risks and opportunities.

Further information on the targets and metrics referenced in our Climate Transition Plan can be found in the **Targets and Metrics** section. Please see **Table 1** and **Table 2** for more information on how our Climate Transition Plan responds to our identified climate-related risks and opportunities, and how we manage and consider these risks and opportunities in our capital deployment and investment decision-making processes.

Our membership of the Net Zero Asset Managers initiative (NZAMi).

Our ambitions to reach net zero portfolio emissions by 2050 and increase the proportion invested in entities achieving net zero or which are aligned, or aligning, to a net zero pathway, have previously been reflected in our membership of NZAMi. As at the time of publication, NZAMi has suspended its activities as it undertakes a review of the initiative. Our ambitions in these areas are unchanged.

2. Financial Institution Net-zero Transition Plans - Fundamentals, Recommendations, and Guidance. November 2022
3. Transition Plan Workforce, Asset Owners Sector Guidance. April 2024
4. Financial Institution Net-zero Transition Plans - Fundamentals, Recommendations, and Guidance. November 2022

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Our Climate Transition Plan.

Table 5: Our Climate Transition Plan.

	ESG Integration			Stewardship	Sustainable Themes	Exclusions
Ambition	**Understand and manage climate risks and opportunities**	**Reach net zero portfolio emissions by 2050**	**Increase the proportion invested in entities achieving net zero, or aligned or aligning to a net zero pathway**	**Support the transition through company engagement, voting and industry involvement**	**Accelerate capital allocation in support of climate mitigation and adaption**	**Maintain our fossil fuel exclusions**
How our ambition above links to managing climate-related market risks and opportunities[5]	Manage risks to meet investment objectives and build capability to fulfil ambitions of the Climate Transition Plan.	Reduce climate transition risks associated with entities with high emissions.	Reduce climate transition risks from entities misaligned with net zero pathway.	Protect and create long-term value through stewardship activities.	Pursue climate-related investment opportunities.	Reduce climate transition risks associated with exposure to fossil fuels.
Analysis or metrics to monitor risk and opportunities[6]	· Scenario analysis. · Assets in high-transition risk sectors. · Total Loss ratio. · ND-Gain Index (sovereign bonds). · ASCOR (sovereign bonds). · Number of underlying Investment Managers with signed IMAs that include sustainable investment requirements (including ESG integration).	· Equities, listed property and corporate bonds GHG emissions and emissions intensity metrics.[7] · Sovereign bond GHG emissions and emissions intensity metrics. · Number of underlying Investment Managers with agreed Climate Action Plans.	· Capital allocated to a Paris Aligned Benchmark strategy (or similar).	· Number of underlying Investment Managers with signed IMAs that include sustainable investment requirements (including voting and engagement requirements).	· Investments with EU taxonomy aligned revenue (Articles 10 and 11). · Investment in green bonds (domestic corporate and sovereign bonds).	· Number of underlying Investment Managers with signed IMAs that include sustainable investment requirements (including requirements to comply with our exclusions).
Interim targets	· Not applicable.	· Short (2030) and medium-term (2035) GHG emissions reduction targets (equities, listed property and corporate bonds).[8]	· Continuing to consider appropriateness of setting interim targets. This is currently limited by data availability and quality.			· The BTNZ Sustainable Investment Policy sets out fossil fuel exclusions criteria.
Key actions to date[9]	· Established process to conduct scenario analysis. · Established metrics to assess climate-related risks and opportunities. · Introduced requirements for all underlying Investment Managers to integrate ESG factors in their investment process.	· Measurement of GHG emissions and emissions intensity across equities, listed property, corporate bonds and sovereign bonds with baselines established. · Development of internal climate data dashboard. · Development of individual equities and listed property manager Climate Action Plans setting out short and medium-term GHG emission reduction objectives.	· The allocation to an underlying Investment Manager (Legal & General) utilising a Paris Aligned Benchmark strategy. · Inclusion of portfolio alignment objectives in one underlying Investment Manager Climate Action Plan.	· Introduced requirements for all underlying Investment Managers to undertake engagement activities with companies and issuers. · The inclusion of climate factors in our engagement priorities and voting principles. · Use of climate specific voting policies with some underlying. Investment Managers.[10] · Involvement in industry climate stewardship initiatives · Founding signatory of the Aotearoa New Zealand Stewardship Code.	· Measurement and monitoring of investment in issuers providing climate solutions. · Inclusion of sustainable themes objectives in some underlying Investment Manager Climate Action Plans. · The allocation to an underlying Investment Manager (Mirova) who seeks positive environmental impact alongside financial outperformance.	· Applied a range of fossil fuel exclusions (equities, listed property and corporate bonds).[11]
Next steps for FY26 and beyond	· Continue to investigate the integration of scenario analysis findings into the Strategic Asset Allocation process.	· Incorporate underlying investees' scope 3 GHG emissions into reporting and targets. · Consider expansion of GHG emission reduction targets to additional asset classes, as appropriate. · Develop and implement Climate Action Plans for fixed income underlying Investment Managers.	· Work to develop additional portfolio alignment metrics. · Consider inclusion of alignment objectives in additional underlying Investment Manager Climate Action Plans. · Explore additional investment strategies that support the transition to a low emissions economy.	· Continue to work with underlying Investment Managers to advance climate stewardship.	· Work to further understand the data and methodologies to support investment in climate solutions. · Consider inclusion of sustainable themes objectives in additional underlying Investment Manager Climate Action Plans.	· Continue to implement existing exclusions and review exclusions criteria as part of Sustainable Investment Policy reviews.

5. Our climate-related risks and opportunities, and details of the scenario analysis we used to identify them are set out in full in the **Strategy** section.
6. For descriptions of metrics please see the **Targets and Metrics** section. This includes detailed information of how capital deployment and funding decision-making are linked to the ambitions in our transition plan and see also details of our capital deployment in the reporting period.
7. For further information on our GHG emission reduction metrics, please see the **Targets and Metrics** section.
8. For further information on our GHG emissions reduction targets, please see the **Targets and Metrics** section.
9. For performance against targets and specific measurement against metrics defined in this table, please see the **Targets and Metrics** section.
10. For our voting principles and engagement focus areas see the BTNZ Sustainable Investment Policy.
11. See the BTNZ Sustainable Investment Policy for further information on our investment exclusions. Note that our exclusions have revenue and activity thresholds and do not capture the entire sectors identified as having higher climate-related risks in the key findings from our scenario analysis.

Key risks and dependencies to our Climate Transition Plan.

In developing this Climate Transition Plan, we are cognisant of the following key risks and dependencies which are largely outside of our control:

- **The global speed of the transition.** We acknowledge that the realisation of our climate ambitions relies on a range of factors including countries (governments) following through on their commitments to ensure the objectives of the Paris Agreement are met, investor appetite for net zero transition products and strategies, and companies maintaining their own commitments and having the ability to transition to a low emissions economy. Such factors may impact our ability to execute the Climate Transition Plan as set out above.
- **Data constraints.** We use the best data we have available to us, but acknowledge that we are working with sometimes incomplete, inaccurate and unreliable data. Consequently, there are several areas where we are focusing our efforts on understanding the available data, its limitations, and the data's links to investment performance. For these areas, we are not yet able to set quantitative targets. Nonetheless, we continue to pursue actions consistent with our ambitions.
- **Lack of suitable investment approaches to manage climate-related risks.** We acknowledge that challenges exist for some asset classes, including a lack of suitable investment approaches. This includes the sovereign bonds and cash asset classes. We are reliant on investment strategies for these asset classes being developed over time.

Our Climate Transition Plan is not static and will be updated to reflect the ongoing evolution of data availability and quality, methodologies, the global transition, and our subsequent investment approach to our identified climate-related risks and opportunities.

Furthermore, climate-related risks and opportunities analysis serves as only one component of our investment strategy and we must always consider other investment factors and broader risk/return trade-offs.

TARGETS AND METRICS

This section sets out our climate-related targets and describes how we measure and monitor climate-related risks and opportunities.

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Targets.

Our GHG emissions reduction targets.

Consistent with our ambition to achieve net zero portfolio emissions by 2050, we set short and medium-term GHG emissions reduction targets.

In FY25, we achieved our initial short-term (2025) targets. These targets were for a reduction in absolute gross GHG emissions and/or carbon footprint (scope 1 and 2 emissions) of 28.4% at linear or 41.3% at geometric progression compared to our baseline of 31 March 2019. Please refer to **Table 7** for definitions for both metrics. These targets applied to the equities and listed property asset classes across all AUM.

Since 31 March 2019, for the equities and listed property asset classes, we achieved a 73% reduction in carbon footprint, and a 43.3% reduction in absolute gross emissions across all AUM. The key drivers of the decrease in carbon footprint have been changes to underlying holdings, including due to changes in underlying Investment Managers, along with increases in company valuations (EVIC), changes in data coverage and overall reductions in underlying investee emissions. Absolute gross emissions decreased less than the carbon footprint, due to increases in AUM. Between FY19 and FY25, data coverage for these metrics increased from 70% to 88%.

Consequently, we have set new short and medium-term targets. The short-term target now covers the period to 31 March 2030 while the medium-term target covers the period to 31 March 2035. The targets have also been updated to account for the following factors:

- A change of the reporting period for GHG emissions from December to March due to improvements in the emissions reporting process.
- The inclusion of the listed property and corporate bonds asset classes in the targets due to improved data availability.
- The removal of absolute GHG emissions-based targets to focus on carbon footprint, better reflecting the way we manage the scheme and the funds within it.
- Simplification of the GHG emissions reduction pathways with one GHG emissions reduction target for each five-year period.

Our updated targets apply to the equities, listed property and corporate bonds asset classes. Reflecting our overall investment strategy, the targets apply across all AUM managed by BTNZ and are not scheme or fund specific. As our updated targets are based on carbon footprint, as set out in **Table 10**, they are intensity targets.

Our short- and medium-term targets are consistent with the UN-convened Net Zero Asset Owner Alliance Target Setting Protocol (fourth edition).[12] This protocol provides guidance for setting targets that are aligned with a 1.5°C temperature pathway. As a result, our short- and medium-term targets are 1.5°C aligned. Our net zero 2050 portfolio emissions ambition is consistent with the goals of the Paris Agreement. We acknowledge that we must maintain a flexible approach consistent with our responsibilities to investors and the range of possible future pathways which are largely dependent upon how governments follow through on their climate commitments.

As at 31 March 2025, the equities, listed property and corporate bond asset classes comprised 61.3% of total funds under management and 61.1% of the Westpac KiwiSaver Scheme.

To progress achievement of these targets, we have worked with our external underlying Investment Managers to develop Climate Action Plans to integrate GHG emissions reduction targets. As at 31 March 2025, Climate Action Plans have been agreed for all our external equities and listed property underlying Investment Managers.

We have not included asset classes such as cash, derivatives, and sovereign bonds in our GHG emissions reduction targets. For cash and derivatives, GHG emissions data is not currently available or sufficient. For sovereign bonds, we are evaluating government commitments, the data, the methods for setting reduction targets, and available product offerings before deciding whether to include this asset class in our GHG emissions reduction targets.

At the portfolio level, we do not currently rely on the use of GHG emissions offsets to achieve our short- or medium-term targets. For our net zero 2050 ambition, we will continue to develop our position on the use of offsets.

12. NZAOA Target-Setting Protocol Fourth Edition – United Nations Environment – Finance Initiative

Table 6: Our updated GHG emissions intensity reduction targets (equities, listed property and corporate bond asset classes).

Short-term GHG emissions intensity reduction target – 31 March 2030	• 55% reduction in carbon footprint (scope 1 and 2 emissions) compared to the 31 March 2019 baseline.
Medium-term GHG emissions intensity reduction target – 31 March 2035	• 70% reduction in carbon footprint (scope 1 and 2 emissions) compared to the 31 March 2019 baseline.

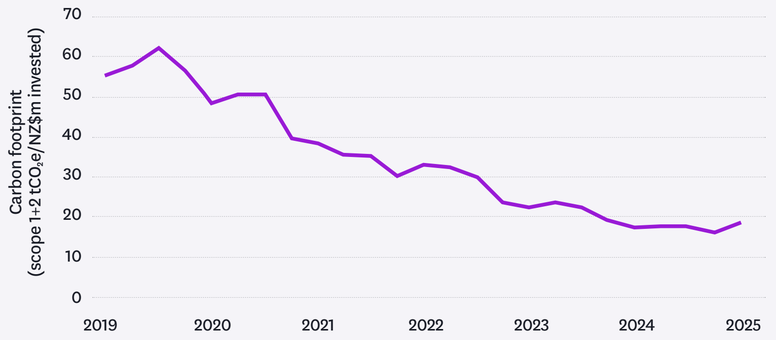
Performance against our updated targets.

Since the 31 March 2019 baseline, we have achieved a reduction in carbon footprint across the equities, listed property and corporate bonds asset classes of 67%.

Again, the key drivers of the decrease in carbon footprint have been changes to underlying holdings, changes to our underlying Investment Managers and their investment approach, along with increases in EVIC, changes in data coverage and reductions in underlying investee emissions. Between FY19 and FY25, data coverage for these metrics increased from 59% to 77%.

While we are tracking well against our updated short-term GHG emission reduction targets, internal and external factors may impact the continued achievement of our targets. Our forward-looking ambitions are made in the expectation that countries follow through on their commitments to ensure the objectives of the Paris Agreement are met. However, we are aware that economies are not moving as fast as science recommends. This is highlighted by the United States, the world's largest economy, recently again withdrawing from the Paris Agreement. This creates a challenge in achieving our targets and net zero ambition in the future.

Figure D: Carbon footprint – total equities, listed property and corporate bonds (all AUM).



Metrics.

Metric overview.

As identified in our Climate Transition Plan, we use a range of metrics to measure and monitor climate-related risks and opportunities. **Table 7 and 8** provides a summary of these metrics for the different asset classes. Metrics have different baseline dates reflecting data availability or when we began monitoring the metric.

Metrics are calculated in-line with the methodologies set out in **Appendix 2** (for GHG emissions) and **Appendix 3** (for all other metrics).

Table 7: Summary of metrics for the equities, listed property and corporate bond asset classes.

Metric category	Metric	Baseline date
GHG emissions	The absolute gross scope 1 and 2 GHG emissions in metric tonnes of carbon dioxide equivalent (tCO_2e) .	31 March 2019
GHG emissions intensity	**Carbon footprint:** Total Scope 1 and 2 GHG emissions per NZ$1 million invested. Also known as economic emissions intensity (tCO_2e/NZ$m invested).	31 March 2019
	Weighted average carbon intensity: Total weighted average Scope 1 and 2 GHG emissions per million dollars of revenue of the companies held by the scheme or funds (weighted average of tCO_2e/NZ$m company revenue).	31 March 2019
Transition risks	Percentage of assets in sectors vulnerable to higher transition risk.	31 March 2024
Physical risks	Total loss ratio (relative to cash flow) category – compares an issuer's physical asset damage and productivity losses to its projected cash flow to 2100.	31 March 2022
Climate-related opportunities and capital deployment	Percentage of revenues of companies and other issuers eligible and aligned to the EU Sustainable Investment Taxonomy (Articles 10 and 11) definition.	31 March 2022
	Percentage of total assets invested in a Paris-Aligned Benchmark strategy.	31 March 2021
Other metrics	ESG risk score.	31 March 2019

Table 8: Summary of metrics for the sovereign bond asset class.

Metric category	Metric	Baseline date
GHG emissions	**Absolute gross GHG emissions:** Scope 1 (million tCO_2e) from sources located within the country territory.	31 March 2025
	Total production emissions (million tCO_2e). Emissions attributable to emissions produced domestically by the country including domestic consumption and exports.	
	Total consumption emissions (million tCO_2e). Emissions that reflect the demand side of sovereign emissions and account for consumption patterns and trade effects.	
GHG emissions intensity	**Total consumption GHG emissions per capita** (million tCO_2e per capita)	31 March 2025
	Total production emissions by gross domestic product (GDP) (million tCO_2e)/GDP (in current international $) adjusted by purchasing power parity (PPP))	
	Carbon footprint: Absolute gross Scope 1 GHG emissions normalised by the market value of the scheme or fund (million tCO_2e /NZ$m invested)	
Transition risks	Exposure using ASCOR indicators	31 March 2025
Physical risks	Exposure using ND-GAIN Index (readiness and vulnerability)	31 March 2025
Climate-related opportunities and capital deployment	Percentage of New Zealand fixed interest assets invested in green bonds	31 March 2025

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Other metrics we monitor.

To help measure and manage our climate-related risks and opportunities, we also monitor:

- Proportion of underlying Investment Managers with agreed Climate Action Plans which support our Climate Transition Plan.
- Proportion of underlying Investment Managers with signed Investment Management Agreements that include requirements for the manager to align to our Sustainable Investment Policy commitments.

This is the first year we are providing the above two metrics and as such, comparatives or trend analysis is not available.

GHG emissions.

Emissions can be classified as either scope 1, 2 or 3[13]:

- Scope 1 emissions are direct emissions from sources owned or controlled by an entity.
- Scope 2 emissions are indirect emissions arising from entities' purchased electricity, steam, heating or cooling.
- Scope 3 emissions are all other indirect emissions occurring in the value chain of a company, both upstream and downstream.

The scheme and the funds within it have no material scope 1 and 2 emissions. The emissions disclosed in this report are the scope 3 emissions arising from the scheme's ownership of underlying assets.[14] We then break these emissions down to the emissions of the issuers in which the scheme invests. We currently report the scope 1 and 2 emissions of the investee issuers. Scope 3 data coverage is limited and incomplete at present and has been excluded from this Climate Statement due to challenges relating to the comparability and accuracy of this data.

The amount of the underlying investee's emissions that are attributed to the scheme and each fund is determined by the total percentage of the investee owned by the scheme or fund. For example, if the fund owns 1% of a company (including both the company's equity and debt), then 1% of the company's emissions are attributed to the fund.

For FY25, we have included corporate bonds into existing GHG emissions metrics. That means that for equities and listed property, we have restated our baseline GHG emissions to include corporate bonds. We have also added additional sovereign bond GHG emissions metrics. Due to limited compatibility, sovereign bonds are reported separately. Attribution for sovereign bonds is determined by comparing the value of the sovereign bond investment for the scheme or a fund to the country's Purchasing Power Parity (PPP) – adjusted GDP. PPP is a measure of the price of goods in different countries and is used to compare the purchasing power of countries.

For further information on our GHG emissions calculation methodology, assumptions, exclusions, limitations, and uncertainties please refer to **Appendix 3**.

GHG emissions – equities, listed property and corporate bonds.

Absolute gross emissions.

Absolute gross emissions show the total investment emissions for the scheme and the funds within it. As an aggregate metric, it is heavily influenced by the amount of AUM.

Since the March 2019 baseline, absolute gross emissions for the Westpac KiwiSaver Scheme have fallen by 13%, with reductions in emissions intensity largely offset by growth in AUM. Since 31 March 2024, absolute gross emissions have risen slightly due to an increase in emissions intensity and growth in AUM.

13. For sovereign bond scope definitions please see **Appendix 2**.
14. In accordance with the GHG Protocol, these are Category 15 (investments) scope 3 emissions.
15. Note that the KiwiSaver Cash Fund can include short-dated corporate bonds.

Table 9: Absolute gross GHG emissions - equites, listed property and corporate bonds.[15]

Fund	Asset class	FY19	FY23	FY24	FY25	% Change (FY19 -FY25)
High Growth Fund	**Total**	**-**	**-**	**-**	**5,483**	**-**
	Equities and listed property	-	-	-	5,471	-
	Corporate bonds	-	-	-	12	-
Growth Fund	**Total**	**34,994**	**33,785**	**34,859**	**34,113**	**-3%**
	Equities and listed property	33,379	31,325	32,281	30,588	-8%
	Corporate bonds	1,615	2,460	2,578	3,524	118%
Balanced Fund	**Total**	**33,684**	**21,748**	**20,232**	**19,821**	**-41%**
	Equities and listed property	29,965	17,796	16,367	15,156	-49%
	Corporate bonds	3,720	3,952	3,865	4,664	25%
Default Balanced Fund	**Total**	**-**	**6,228**	**6,592**	**7,600**	**-**
	Equities and listed property	-	4,721	4,890	5,246	-
	Corporate bonds	-	1,507	1,702	2,354	-
Moderate Fund	**Total**	**6,688**	**6,759**	**6,338**	**6,823**	**2%**
	Equities and listed property	5,117	4,522	4,195	4,119	-20%
	Corporate bonds	1,571	2,236	2,143	2,704	72%
Conservative Fund	**Total**	**31,562**	**21,191**	**19,475**	**20,741**	**-34%**
	Equities and listed property	19,527	10,114	9,441	8,738	-55%
	Corporate bonds	12,035	11,078	10,034	12,002	0%
Defensive Conservative Fund	**Total**	**2,493**	**1,576**	**1,398**	**1,522**	**-39%**
	Equities and listed property	1,409	666	600	549	-61%
	Corporate bonds	1,085	910	797	974	-10%
Cash Fund	**Total**	**2,557**	**53**	**67**	**1,747**	**-32%**
	Equities and listed property	-	-	-	-	-
	Corporate bonds	2,557	53	67	1,747	-32%
Westpac KiwiSaver Scheme	**Total**	**111,978**	**91,340**	**88,961**	**97,850**	**-13%**
	Equities and listed property	89,396	69,144	67,775	69,868	-22%
	Corporate bonds	22,582	22,196	21,186	27,982	24%

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Measuring emissions intensity using carbon footprint.

The carbon footprint normalises absolute gross emissions for each NZ$1m invested, enabling better comparison between funds and through time. The carbon footprint essentially shows the emissions the scheme or fund is responsible for per each NZ$1m invested.

Since the March 2019 baseline, the carbon footprint of the Westpac KiwiSaver Scheme has decreased by 68% due to changes in underlying holdings, underlying Investment Managers, company valuations (EVIC), issuer GHG emissions, and data coverage. Since 31 March 2024, there has been a small increase in the carbon footprint driven by the corporate bonds asset class.

Table 10: Carbon footprint - equites, listed property and corporate bonds.

Fund	Asset class	FY19	FY23	FY24	FY25	% Change (FY19 -FY25)
High Growth Fund	**Total**	**-**	**-**	**-**	**14.8**	**-**
	Equities and listed property	-	-	-	14.8	-
	Corporate bonds	-	-	-	50.8	-
Growth Fund	**Total**	**53.5**	**20.2**	**15.4**	**15.6**	**-71%**
	Equities and listed property	53.0	19.6	14.8	14.5	-73%
	Corporate bonds	65.3	33.4	32.2	40.4	-38%
Balanced Fund	**Total**	**55.4**	**21.2**	**16.5**	**16.8**	**-70%**
	Equities and listed property	54.7	19.6	14.7	14.3	-74%
	Corporate bonds	61.5	33.9	33.7	40.4	-34%
Default Balanced Fund	**Total**	**-**	**22.2**	**17.5**	**18.2**	**-**
	Equities and listed property	-	20.0	15.0	14.6	-
	Corporate bonds	-	34.1	33.5	40.4	-
Moderate Fund	**Total**	**54.4**	**22.8**	**18.2**	**19.5**	**-64%**
	Equities and listed property	52.2	19.6	14.8	14.5	-72%
	Corporate bonds	62.8	34.1	33.3	40.5	-36%
Conservative Fund	**Total**	**55.2**	**24.2**	**19.7**	**22.1**	**-60%**
	Equities and listed property	49.8	18.2	14.0	13.6	-73%
	Corporate bonds	66.7	34.7	32.3	40.6	-39%
Defensive Conservative Fund	**Total**	**60.7**	**26.1**	**21.3**	**24.2**	**-60%**
	Equities and listed property	53.5	19.5	14.7	14.1	-74%
	Corporate bonds	73.8	34.8	32.0	40.6	-45%
Cash Fund	**Total**	**115.5**	**4.2**	**2.9**	**50.8**	**-56%**
	Equities and listed property	-	-	-	-	-
	Corporate bonds	115.5	4.2	2.9	50.8	-56%
Westpac KiwiSaver Scheme	**Total**	**55.4**	**21.6**	**16.8**	**17.7**	**-68%**
	Equities and listed property	52.8	19.4	14.7	14.4	-73%
	Corporate bonds	69.0	33.7	31.7	41.0	-40%

Measuring emissions intensity using weighted average carbon intensity.

Weighted average carbon intensity compares absolute gross GHG emissions to NZ$1m of company revenue and is used to understand the exposure to GHG emission intensive companies of the scheme or fund.

Since the March 2019 baseline, the weighted average carbon intensity for the Westpac KiwiSaver Scheme has decreased by 50% due to changes in underlying holdings, underlying Investment Managers, issuer GHG emissions and revenue, and data coverage. Since 31 March 2024, there has been an increase in the weighted average carbon intensity largely driven by the equities and listed property, and the corporate bonds asset classes.

Table 11: Weighted average carbon intensity - equites, listed property and corporate bonds.

Fund	Asset class	FY19	FY23	FY24	FY25	% Change (FY19 -FY25)
High Growth Fund	**Total**	**-**	**-**	**-**	**44.1**	**-**
	Equities and listed property	-	-	-	44.2	-
	Corporate bonds	-	-	-	32.7	-
Growth Fund	**Total**	**96.9**	**53.5**	**42.2**	**45.3**	**-53%**
	Equities and listed property	97.4	52.9	41.2	43.8	-55%
	Corporate bonds	88.6	61.2	59.1	68.2	-23%
Balanced Fund	**Total**	**96.8**	**54.2**	**44.2**	**47.2**	**-51%**
	Equities and listed property	98.6	52.8	41.1	43.6	-56%
	Corporate bonds	86.6	61.3	62.6	68.2	-21%
Default Balanced Fund	**Total**	**-**	**55.1**	**45.5**	**48.9**	**-**
	Equities and listed property	-	53.2	41.3	43.9	-
	Corporate bonds	-	61.7	61.8	68.6	-
Moderate Fund	**Total**	**94.0**	**55.6**	**46.7**	**50.1**	**-47%**
	Equities and listed property	96.7	52.8	41.1	43.9	-55%
	Corporate bonds	87.3	61.9	61.5	67.0	-23%
Conservative Fund	**Total**	**92.9**	**57.2**	**48.7**	**52.8**	**-43%**
	Equities and listed property	95.0	51.4	40.4	42.8	-55%
	Corporate bonds	90.0	63.6	59.3	66.4	-26%
Defensive Conservative Fund	**Total**	**95.6**	**58.9**	**50.0**	**54.7**	**-43%**
	Equities and listed property	97.0	52.9	41.1	43.4	-55%
	Corporate bonds	94.2	64.0	58.8	66.1	-30%
Cash Fund	**Total**	**134.3**	**26.9**	**15.9**	**32.7**	**-76%**
	Equities and listed property	-	-	-	-	-
	Corporate bonds	134.3	26.9	15.9	32.7	-76%
Westpac KiwiSaver Scheme	**Total**	**95.9**	**54.6**	**44.3**	**47.5**	**-50%**
	Equities and listed property	97.2	52.7	41.1	43.7	-55%
	Corporate bonds	91.5	61.5	57.1	64.1	-30%

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GHG emissions – sovereign bonds.

Table 12 provides a summary of the GHG emissions and GHG emissions intensity for the sovereign bond asset class. Please see **Appendix 3** for the percentage of the scheme and each fund invested in the sovereign bond asset class.

Note that sovereign emissions have different scope definitions than those for equities, listed property and corporate bonds. Please see **Appendix 2** for further details regarding the calculation of GHG emissions for sovereign bonds.

The key absolute GHG emissions metrics for sovereign bonds are:

- **The total absolute emissions**, which represents the country's emissions of the three main greenhouse gases (CO_2, CH_4, N_2O) and fluorinated gases per sector and country. The most recent data available as at 31 March 2025 is from 2023 and is sourced from the EDGAR database.[16]
- **Production-based emissions** are estimated according to the residence principle and shows the GHG emissions from resident economic activities and households of a country. The most recent data available as at 31 March 2025 is from 2020 and is sourced from the OECD.
- **Consumption (demand) based emissions** encompass GHG emissions from the resident households of a country, as well as direct and indirect upstream emissions from its final expenditure of final goods and services. This metric provides a broader view of a sovereign's GHG emissions and tackles the issue of carbon leakage that arises because of production shifts from countries where goods and services are consumed later. The most recent data available as at 31 March 2025 is from 2020 and is sourced from the OECD.

It is important to monitor both production and consumption emissions as international trade practices can lead to a redistribution of GHG emissions between producer and consumer countries. For example, an economy can externalise its emissions by moving manufacturing offshore, and importing goods produced in countries with lower environmental standards.

This is our first year of monitoring these metrics, and as such we have not provided comparatives or completed trend analysis. We intend to monitor trends in sovereign GHG emissions metrics in the years ahead.

GHG emissions assumptions and limitations.

- GHG emissions reporting from issuers typically occur with a lag. Additionally, it takes time for our third-party research provider to collect and aggregate the data. While we report the most recently available information, the data used for GHG emissions disclosure reflects these lags.
- Due to incomplete GHG emissions reporting data from equities, listed property and corporate bond issuers, our third-party research provider estimates emissions for some issuers. Where data is absent, we do not provide our own estimates.
- We do not currently report the Scope 3 emissions of underlying companies and issuers. Scope 3 emissions can be significantly larger than Scope 1 and 2 emissions for some issuers.
- Changes to company valuations can drive changes in the emissions intensity. Additionally, currency fluctuations can drive changes to carbon footprint.

For more information on our GHG emissions calculation methodology, assumptions, exclusions, limitations, and uncertainties please refer to **Appendix 2**.

Table 12: FY25 Absolute gross GHG emissions and GHG emissions intensity – sovereign bonds.

	Absolute gross emissions: Scope 1	Carbon footprint	Total production emissions	Total consumption emissions	Emissions intensity (production emissions)	Emissions intensity (consumption emissions per capita)
	tCO_2e	tCO_2e/ NZ$m invested	tCO_2e	tCO_2e	tCO_2e/ GDP-PPP adjusted	tCO_2e per capita
High Growth Fund	618	217.9	549	639	193.4	18.4
Growth Fund	78,436	233.3	71,402	71,240	212.0	12.4
Balanced Fund	100,995	233.4	92,000	91,459	212.2	12.2
Default Balanced Fund	50,686	232.5	46,181	45,950	211.5	12.2
Moderate Fund	57,092	234.6	52,017	51,523	213.4	12.2
Conservative Fund	248,527	234.1	226,462	224,411	213.0	12.2
Defensive Conservative Fund	20,089	234.6	18,305	18,120	213.4	12.2
Cash Fund	0	-	0	0	-	-
Westpac KiwiSaver Scheme	**557,818**	**233.2**	**506,916**	**503,343**	**212.6**	**12.2**

16. Without prejudice to the rules applying to the information and data made available by the European Union (in particular the European Commission), as available here and to the maximum extent permitted by applicable law, the European Union ("the Union") and the International Energy Agency ("IEA") disclaim all responsibility or liability in relation to any and all information distributed, published or otherwise made available by them on the EDGAR website, in this dataset and/or in this publication.
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Transition risks.

This section covers the metrics relevant to measuring exposure to climate-related transition risks for equities, listed property and corporate bonds, as well as for sovereign bonds. These measures help with our understanding and management of climate-related transition risks and inform our monitoring of our underlying Investment Managers.

Transition risks – equities, listed property and corporate bonds.

To assess transition risk for equities, listed property and corporate bonds, we look at investments in issuers categorised as belonging to sectors identified as being at higher risk of climate-related transition impacts.

The Task Force on Climate-related Financial Disclosures (**TCFD**) identified non-financial sectors more likely to be financially impacted than others due to their exposure to transition risks. These sectors are grouped into four key areas: Energy; Transportation; Materials and Buildings; Agriculture, Food, and Forest Products. The sectors vulnerable to higher transition risk identified by the TCFD are listed in **Table 13**.

We have mapped the scheme and the funds' exposure to these sectors as shown in **Table 14**. We intend to complete more sector exposure analysis in the coming years using both this data and the results of the scenario analysis.

An important step taken to reduce exposure to sectors more vulnerable to transition risk was the introduction of fossil fuel exclusions in 2020. This is reflected in the relatively low percentage exposure in the Energy sector as shown in **Table 14**. Between FY24 and FY25, the percentage of assets in higher-risk sectors remained broadly consistent.

As identified in our Climate Transition Plan, we continue to assess the use of additional transition metrics, including evaluating the appropriateness of the methodology and the adequacy of the supporting data.

Higher transition risk sectors assumptions and limitations.

- This is a broad metric and does not consider company specific information including company emissions, transition plans and climate risk management.
- This metric is based on sector exposure and is not an issuer-level metric.

For more information on our metrics calculation methodology, assumptions, exclusions, limitations, and uncertainties please refer to **Appendix 3**.

Table 13: TCFD higher transition risk sectors.

TCFD Sector	Energy	Transportation	Materials and Buildings	Agriculture, Food, and Forest Products
TCFD Industry	Oil and Gas	Air Freight	Metals and Mining	Beverages
	Coal	Passenger Air Transportation	Chemicals	Agriculture
	Electric Utilities	Maritime Transportation	Construction Materials	Packaged Foods and Meats
		Rail Transportation	Capital Goods	Paper and Forest Products
		Trucking Services	Real Estate Management and Development	
		Automobiles and Components		

Table 14: Percentage invested in higher transition risk sectors.

	FY24					FY25				
Fund	Materials and Buildings	Transportation	Energy	Agriculture, Food, and Forest Products	Total	Materials and Buildings	Transportation	Energy	Agriculture, Food, and Forest Products	Total
High Growth Fund						17%	4%	4%	3%	**28%**
Growth Fund	19%	5%	4%	3%	**30%**	19%	4%	4%	3%	**30%**
Balanced Fund	18%	5%	4%	3%	**29%**	18%	4%	4%	3%	**29%**
Default Balanced Fund	16%	5%	4%	3%	**27%**	16%	4%	4%	3%	**27%**
Moderate Fund	16%	5%	4%	2%	**27%**	17%	4%	4%	3%	**27%**
Conservative Fund	17%	4%	4%	2%	**27%**	17%	4%	4%	3%	**27%**
Defensive Conservative Fund	14%	5%	4%	2%	**24%**	15%	4%	4%	3%	**26%**
Cash Fund	This fund has a limited exposure to asset classes covered by this metric resulting in the metric not being meaningful.									
Westpac KiwiSaver Scheme	**17%**	**5%**	**4%**	**2%**	**28%**	**18%**	**4%**	**4%**	**3%**	**28%**

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Transition risks – sovereign bonds.

All countries, to different extents, are facing the challenges of adapting to, and mitigating the negative impacts of climate change. Some countries are more vulnerable to the impacts of the transition to a low-emissions economy than others. Furthermore, some countries are more ready to take action to transition their economies. Please see **Appendix 3** for the percentage of the scheme and each fund invested in the sovereign bond asset class.

The metrics used to assess transition risk in sovereign bonds are less developed than for the equities, listed property and corporate bond asset classes. During FY25, we commenced measuring transition risks for sovereign bonds using the Assessing Sovereign Climate-related Opportunities and Risks (**ASCOR**) framework. We intend to continue this monitoring and to develop our understanding of transition risk assessment for sovereign bonds.

This framework assesses each sovereign's management of transition risk across multiple areas and enables us to build our knowledge around how sovereign bonds issued by different countries may be impacted by transition risk. ASCOR assesses sovereign issuers' emissions pathways, climate policies, and climate finance using a range of indicators.[17] We have reviewed the ASCOR framework and selected indicators most relevant to our Sustainable Investment Strategy. **Figure E** shows the performance of the sovereign bond holdings of the Westpac KiwiSaver Scheme against these indicators, with holdings weighted by their value.

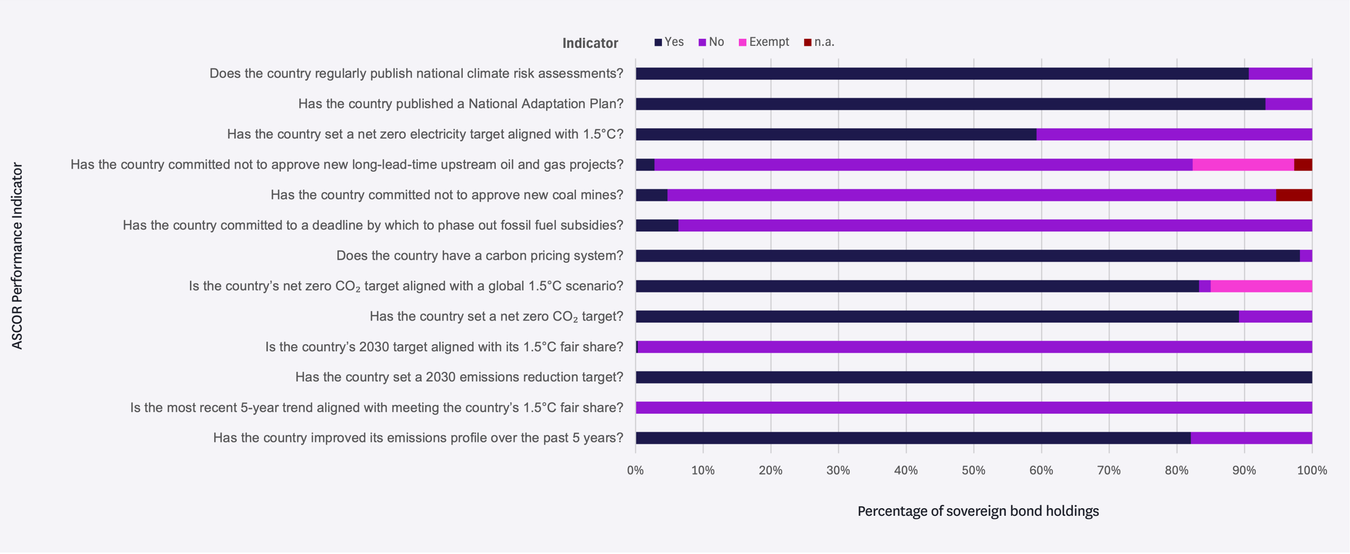
Our assessment against the ASCOR framework highlights that the sovereign bonds in which the scheme invests are generally issued by countries preparing national climate risk assessments, reducing their GHG emissions, and which have a National Adaptation Plan. However, it also shows us that governments are still open to approving new coal mines, providing fossil fuel subsidies and approving upstream oil and gas projects, while recent emissions trends fall below 1.5°C fair share. This presents challenges to achieving a transition to a low emissions economy.

ASCOR assumptions and limitations.

- Reliant on nationally reported data which may be incomplete, inaccurate or unavailable, especially in developing countries.
- Focusses primarily on assessment of sovereigns' management of climate-related risks, rather than the level of risks faced.
- Climate-related measures such as ASCOR are only one measure used to assess overall sovereign risk exposure.

For more information on our metrics calculation methodology, assumptions, exclusions, limitations, and uncertainties please refer to **Appendix 3**.

Figure E: ASCOR key indicators for the Westpac KiwiSaver Scheme.



17. ASCOR methodology document

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Physical risks.

This section covers the metrics relevant to measuring exposure to climate-related physical risks for equities, listed property and corporate bonds, as well as for sovereign bonds. These measures help with our understanding and management of climate-related physical risks and inform our monitoring of our underlying Investment Managers.

Physical risk – equities, listed property and corporate bonds.

To assess the direct and indirect acute and chronic physical risks associated with climate change, we use our third-party data provider's Physical Climate Risks Metrics dataset, specifically their Total Loss Ratio metric. The Total Loss Ratio is an accumulation of an issuer's physical asset damage and productivity losses to 2100, compared to an issuer's projected cash flow to 2100.

The Total Loss Ratio considers direct and indirect losses that issuers may experience:

- Direct losses are associated with the likelihood that climate hazards negatively impact the physical assets that the issuer owns and/or which the issuer has some level of control over.
- Indirect losses that an issuer can experience includes access to services and resources that the issuer does not own and/or have control over, including local critical infrastructure.

Losses are assessed against two warming scenarios:

- Representative Concentration Pathway (RCP) 2.6 (~2°C warming by 2100).
- RCP 8.5 (~3.2°-5.4°C warming by 2100).

Categorisation of severity is expressed through the issuer's ability to cover losses relative to cash flow from 2022 to 2050. Categories of physical risk severity rank from negligible, low, medium, high, severe, to severe (negative cash flow).

In FY25, we have not observed any material change in Total Loss Ratio as compared to previous reporting periods. We continue to monitor this metric to understand potential physical risk exposures.

Table 15 sets out the Total Loss Ratio for the Westpac KiwiSaver Scheme and the funds within it.

Total Loss Ratio assumptions and limitations

- This metric is reliant on complex modelling from our third-party data provider and location specific disclosure from issuers. Modelling, methodologies and the quality of underlying data will continue to evolve in the future.
- Losses are estimated under two plausible climate warming scenarios. However, other scenarios may play out.
- Data coverage for this metric remains low as outlined in **Appendix 3**.

For more information on our metrics calculation methodology, assumptions, exclusions, limitations, and uncertainties please refer to **Appendix 3**.

Table 15: Total Loss Ratio categories.

	RCP 2.6				RCP 8.5			
Fund	**FY22**	**FY23**	**FY24**	**FY25**	**FY22**	**FY23**	**FY24**	**FY25**
High Growth Fund				Medium				Medium
Growth Fund	Medium	Medium	Medium	Medium	Medium	Medium	Medium	Medium
Balanced Fund	Medium	Medium	Medium	Medium	Medium	Medium	Medium	Medium
Default Balanced Fund	Medium	Medium	Medium	Medium	Medium	Medium	Medium	Medium
Moderate Fund	Medium	Medium	Medium	Medium	Medium	Medium	Medium	Medium
Conservative Fund	High	Medium	Medium	Medium	High	Medium	High	Medium
Defensive Conservative Fund	High	Medium	High	Medium	High	High	High	High
Cash Fund	This fund has a limited exposure to asset classes covered by this metric resulting in the metric not being meaningful.							
Westpac KiwiSaver Scheme	**Medium**	**Medium**	**Medium**	**Medium**	**Medium**	**Medium**	**Medium**	**Medium**

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Physical risk – sovereign bonds.

As noted earlier, all countries are facing the challenges of climate adaptation. However, due to geographical location or socio-economic factors, some countries are more vulnerable to the impacts of climate change than others. Further, some countries are more ready to take on adaptation actions by leveraging public and private sector investments, through government action, community awareness, and the ability to facilitate private sector responses.

As investors, we are conscious of the physical risks posed by climate change and using this data enables us to build our knowledge around how the value of sovereign bonds may be impacted by the physical risks of climate change. The Notre Dame Global Adaptation Initiative (**ND-GAIN**)[18] index enables us to assess vulnerability and readiness of each country:

- **Vulnerability** of the propensity or predisposition of societies to be negatively impacted by climate hazards. This is made up of three components: exposure, sensitivity and adaptive capacity. Vulnerability is further assessed using six life-supporting sectors: food, water, health, ecosystem services, human habitat, and infrastructure. The vulnerability score takes the simple mean of the six sector scores, which are the average scores of component indicators. All vulnerability measures are weighted equally. A lower vulnerability is represented by a lower score.
- **Readiness** – the country's ability to leverage investments to support adaptation actions thanks to a safe and efficient business environment. It considers three components: economic readiness, governance readiness and social readiness. All readiness measures are weighted equally. A higher readiness is represented by a higher score.

Figure F: The ND-GAIN index matrix

The most recent data available as at 31 March 2025 is from 2022.

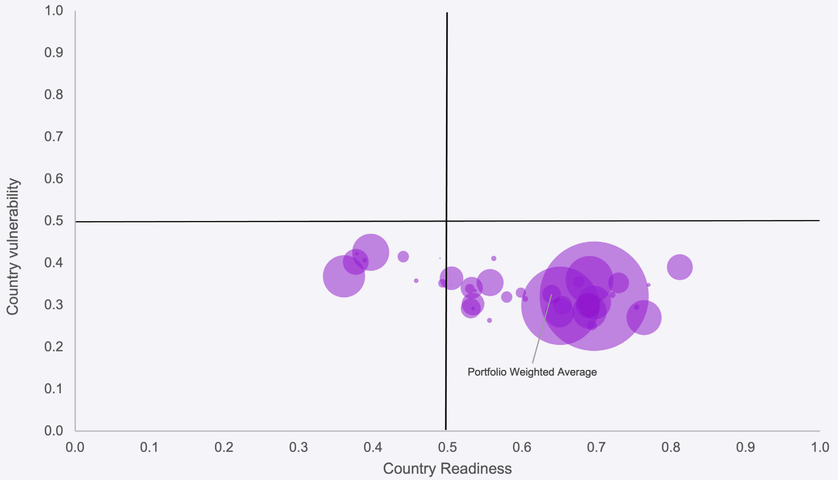
Figure G shows the performance of the sovereign bond holdings of the Westpac KiwiSaver Scheme against the ND-Gain vulnerability and readiness indices. The circles show relative total holding values.

Please see **Appendix 3** for the percentage of the scheme and each fund invested in the sovereign bond asset class.

For the overall index, half the countries fall to the left of the readiness median and half to the right. Similarly, half fall above the vulnerability median and half below. Our sovereign bond holdings tend to be issued by countries scoring relatively well compared to the overall set of countries included in the index, reflecting a skew towards developed market bonds including New Zealand and the United States.

This is the first year of monitoring this metric, and as such we have not provided comparatives or completed trend analysis.

Figure G: ND-GAIN index matrix for the Scheme.



ND-GAIN assumptions and limitations

- As with any metrics, there are inherent limitations in the methodology and the data.
- Climate-related measures such as ND-Gain are only one measure used to assess overall sovereign risk exposure.

For more information on our metrics calculation methodology, assumptions, exclusions, limitations, and uncertainties please refer to **Appendix 3**.

18. Notre Dame Global Adaptation Initiative, Environmental Change Initiative, University of Notre Dame. Accessed April 2025. Country Index // Notre Dame Global Adaptation Initiative // University of Notre Dame

Climate-related opportunities and capital deployment.

This section covers the metrics used to track the investments in climate-related opportunities:

- Capital allocated towards companies and other issuers with revenues supporting climate mitigation and adaptation.
- Capital deployed to a Paris-Aligned Strategy.
- Capital allocated to New Zealand green bonds.

Capital allocated towards companies and other issuers with revenues supporting climate mitigation and adaptation – equities, listed property and corporate bonds.

Consistent with our ambition to pursue climate-related opportunities, we are seeking to invest more in companies and other issuers that derive revenues from climate mitigation and adaptation solutions. We define climate mitigation and adaptation solutions in accordance with the EU Sustainable Investment Taxonomy (Articles 10 and 11) definitions.

- **Climate change mitigation** (Article 10 of the EU Sustainable Investment Taxonomy) refers to activities that contribute substantially to the stabilisation of GHG emissions in the atmosphere through the avoidance or reduction of GHG emissions or the increase of GHG removals.
- **Climate change adaptation** (Article 11 of the EU Sustainable Investment Taxonomy) refers to adaptation activities that substantially reduce the risk of the adverse impact of climate change on economic activity, or activities that provide adaptation solutions.

This metric assesses the percentage of revenue **eligible and aligned** with the EU sustainable Investment Taxonomy climate mitigation and adaptation articles, as determined by our third-party data provider. First, our third-party data provider's research identifies the share of a company's revenues eligible to meet the definitions within the EU Taxonomy. The next step involves checking whether these revenues are aligned with the criteria for Articles 10 and 11 and other sustainability screens (such as companies and other issuers not meeting minimum social safeguards).

In line with our Climate Transition Plan we are working with our external underlying Investment Managers to invest more in companies and other issuers that provide climate change mitigation and adaptation solutions. These may be companies and other issuers that gain revenue by providing renewable energy, energy efficiency, climate mitigation or adaptation solutions to substantially reduce the extent of climate impacts on the environment, people and assets.

Progress on implementing this is constrained by a lack of reporting by issuers, a lack of investment strategies, issues with data availability, changes to the EU taxonomy reporting adoption thresholds and other investment factors. Nonetheless, eligible and aligned revenue has generally increased since FY22 driven by allocation to companies with eligible and aligned revenue.

Table 16: Percentage of eligible and aligned revenue from issuers providing solutions in climate mitigation and adaptation.

	FY22	FY23	FY24	FY25
High Growth Fund				16.1%
Growth Fund	14.1%	13.6%	15.4%	15.9%
Balanced Fund	13.8%	13.5%	15.2%	15.7%
Default Balanced Fund	13.7%	13.4%	15.0%	15.8%
Moderate Fund	13.6%	13.5%	14.9%	15.7%
Conservative Fund	13.5%	13.6%	14.5%	15.2%
Defensive Conservative Fund	12.8%	13.5%	14.3%	15.2%
Cash Fund	This fund has a limited exposure to the asset classes covered by this metric resulting in this metric not being meaningful.			
Westpac KiwiSaver Scheme	**13.8%**	**13.5%**	**14.9%**	**15.5%**

EU taxonomy assumptions and limitations.

- Reporting is EU-centric and consequently, global coverage remains low for this metric, including in the US.
- In addition to reported data for both climate change mitigation and adaptation, our third-party research provider provides estimates for climate change mitigation only.
- Assessing alignment of revenue does not take into consideration an issuer's forward looking revenue projections.
- Due to reporting timelines, data is reported with a multi-year lag as outlined in **Appendix 3**.

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Capital deployed to a Paris Aligned strategy.

This metric measures the exposure of each scheme (and the funds within it) to the Paris Aligned Benchmark strategy managed by our underlying Investment Manager, Legal & General Investment Management (LGIM). In line with our Climate Transition Plan, the strategy integrates the 1.5°C target of the Paris Agreement into its portfolio construction process and is consistent with the EU Paris Aligned Benchmark requirements.

We commenced allocating to the Paris Aligned Benchmark strategy in 2021, following approval of our Sustainable Investment Strategy in 2020. The allocation to the Paris Aligned Benchmark strategy increased between FY21 and FY24. Between FY24 and FY25, the allocation to the Paris Aligned Strategy decreased slightly due to a tactical reduction in allocation to international equities, along with changes to positioning within the international equities portfolio.

Table 17 represents the exposure to a Paris-Aligned Benchmark strategy for the equities and listed property portion of the Westpac KiwiSaver Scheme and the funds within it.

Capital allocated to domestic green bonds.

Green bonds are bonds whose proceeds are exclusively applied to finance or re-finance, new and/or existing eligible green projects. Green project categories include climate mitigation and adaption, but also include categories not directly related to climate change (e.g. sustainable water and wastewater management). Green bonds can be issued by both corporate and sovereign issuers.

Along with demonstrating the use of proceeds, green bond issuers are required to have a process for project evaluation and selection, manage use of proceeds appropriately, and report on outcomes.

We currently report the percentage allocated to New Zealand green bonds held in our domestic fixed interest and cash funds[19], as assessed by our domestic fixed income portfolio manager. Consequently, the domestic green bond exposure of the scheme and the funds within it are driven by investment in these funds.

This is the first year of monitoring this metric, and as such we have not provided comparatives or completed trend analysis.

Table 17: Percentage of total AUM invested in Paris Aligned strategy.

	FY22	FY23	FY24	FY25
High Growth Fund	-	-	-	10.9%
Growth Fund	3.9%	6.8%	9.4%	8.2%
Balanced Fund	3.1%	5.2%	7.2%	6.3%
Default Balanced Fund	2.5%	4.5%	6.2%	5.3%
Moderate Fund	2.0%	3.4%	4.8%	4.1%
Conservative Fund	1.1%	1.9%	2.8%	2.5%
Defensive Conservative Fund	1.0%	1.6%	2.4%	2.0%
Cash Fund	This fund has no exposure to the equities asset class			
Westpac KiwiSaver Scheme	**2.3%**	**4.0%**	**5.8%**	**5.3%**

Table 18: Percentage allocated to green bonds held within our domestic fixed interest and cash funds.

	FY25
High Growth Fund	0.0%
Growth Fund	1.1%
Balanced Fund	2.1%
Default Balanced Fund	2.5%
Moderate Fund	3.1%
Conservative Fund	3.7%
Defensive Conservative Fund	4.0%
Cash Fund	2.1%
Westpac KiwiSaver Scheme	**2.3%**

19. The Westpac Wholesale NZ Bond No. 1 Trust. and the Westpac Wholesale Enhanced Cash Trust.

Other metrics.

ESG risk score – equities, listed property and corporate bonds.

To support the integration of ESG factors, we monitor the ESG risk scores of our equity, listed property and corporate issuers. The ESG risk score, provided by our third-party data provider, helps identify and understand important ESG factors. Examples of ESG factors considered when developing an ESG risk score include climate change, biodiversity, and water quality.

The ESG risk score ranges from 0 (low) to 100 (high). A lower score indicates fewer ESG risks within an issuer. As shown in **Table 19**, between FY19 and FY25, the ESG score has fallen.

Underlying external Investment Manager monitoring.

To support our climate ambitions, we have entered into Investment Management Agreements with our external underlying Investment Managers, which include sustainable investment requirements. We have also established Climate Action Plans with these external managers to support our Climate Transition Plan.

As at 31 March 2025:

- 100% of our external underlying Investment Managers have signed Investment Management Agreements that include requirements for the manager to align to our Sustainable Investment Policy commitments. This includes requirements relating to exclusions, ESG integration and stewardship (engagement and voting).
- 10 out of 14 underlying Investment Managers have agreed Climate Action Plans which support our Climate Transition Plan. This includes all external equities and listed property managers. We intend to develop Climate Action Plans with managers of the corporate bonds asset class.

Remuneration.

BTNZ's climate commitments form part of its Sustainable Investment Policy. For FY25, the Chief Executive's remuneration performance scorecard includes the KPIs related to achieving third-party certification/ recognition of BTNZ's Sustainable Investment practices. Remuneration is aligned to the WNZL financial year of 1 October 2024 to 30 September 2025.

Internal emissions price.

As an asset manager, we do not use an internal emissions price, as this is not an appropriate measure for our business model.

Table 19: The weighted average ESG risk score for equities and listed property assets of the scheme (and the funds within it).

	FY19	FY23	FY24	FY25
High Growth Fund	-	-	-	19.5
Growth Fund	24.5	20.9	20.7	19.5
Balanced Fund	24.9	21.0	20.7	19.4
Default Balanced Fund	-	21.2	20.8	19.6
Moderate Fund	24.8	21.2	20.7	19.6
Conservative Fund	24.9	21.3	20.4	19.5
Defensive Conservative Fund	25.1	21.6	20.7	19.7
Cash Fund	This fund has a limited exposure to asset classes covered by this metric resulting in the metric not being meaningful.			
Westpac KiwiSaver Scheme	**24.8**	**21.0**	**20.6**	**19.5**

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GOVERNANCE

This section describes the role BTNZ's Board of Directors (Board) plays in overseeing the identified climate-related risks and climate-related opportunities. It also describes the role Management has in assessing and managing these climate-related risks and opportunities.

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The role of the BTNZ Board in overseeing climate-related risks and opportunities.

BTNZ is managed under the direction and supervision of the Board. The Board is the governing body with ultimate responsibility for climate-related risks and opportunities for the Westpac KiwiSaver Scheme (and the funds within it).

The Board is responsible for approving BTNZ's strategy and providing oversight of significant strategic initiatives. This includes approving the Sustainable Investment Strategy and the Climate Transition Plan, as well as monitoring performance against the Sustainable Investment Policy (including climate-related risks and opportunities), applicable to the Westpac KiwiSaver Scheme and the funds within it.

In June 2024, a Board Risk and Compliance Committee (**BRCC**) was established to support the Board's oversight and review of risk and compliance matters. The BRCC assists the Board in the identification, assessment and management of material risks. This includes overseeing the identification, assessment, and management of material environmental (including climate change), social and governance related risks and opportunities and assessing their impact on relevant material risk classes.

For more information on BTNZ's Risk Management Framework (**RMF**) and BTNZ's key risk reporting (including that provided to the BRCC) refer to the **Risk Management** section.

Board skills and competencies.

The Board maintains a Board Skills Matrix which has been reviewed and will be assessed biennially or updated sooner if there are director changes to the Board.

The skills assessment component of the Board Skills Matrix specifically addresses director skills and experience in providing oversight of potential risks and opportunities associated with sustainable investing (including climate change). The most recent assessment of director sustainable investment and climate capability took place in November 2024. Board membership includes the WNZL Chief Executive Officer. The performance of the Board is also assessed annually.

Throughout the reporting period, the Board has participated in climate education with subject matter experts. The education focused on sustainable investment themes and opportunities, scenario analysis, global and domestic developments and regulatory framework updates. The Board will continue to undertake climate-related training, as required.

20. Formerly known as the Responsible Investment Principles and Strategy.

Table 20: The Board and BRCC processes for overseeing climate-related risks and opportunities, and frequency of their oversight.

	Responsibilities	Key processes and frequency
Board	**The Board is responsible for:** • Approving BTNZ's overall investment approach and investment strategy. • Approving and overseeing BTNZ's Sustainable Investment Strategy and commitments (including climate). • Setting sustainable investment standards and targets (including climate and including performance expectations) where appropriate. • Approving climate-related scenarios and ensuring the integration of key results of scenario analysis into scheme-level investment strategies. • Approving the BTNZ Risk Appetite Statement and any material variations to it. • Monitoring performance with BTNZ's Sustainable Investment Policy and practices to promote the scheme's long-term resilience to climate-related risks. • Approving the annual Climate Statement. • Determining the corporate goals and objectives relevant to the remuneration of the Chief Executive and evaluating the performance of the Chief Executive considering these goals and objectives as set out in the BTNZ Chief Executive's Scorecard.	• The Board meets quarterly, or more frequently if required. • The Board reviews the overall investment approach every three years. • The BTNZ Sustainable Investment Strategy was initially approved by the BTNZ Board in June 2020.[20] This was confirmed in June 2023. • The Board oversee progress of the Sustainable Investment Strategy (which includes climate), by receiving quarterly reports from Management. • The board receives draft proposals from Management and discusses them at Board meetings, as required. The revised GHG emission reduction targets were approved by the Board in June 2025. • The Board receives training on sustainable investment related matters (which includes climate), as required. • Key aspects of the Climate Transition Plan were discussed by the Board in December 2024. The final Climate Transition Plan was approved by the Board in June 2025. • Scenario analysis is undertaken when required. The FY25 scenario analysis was reviewed, and key findings approved, by the Board in December 2024. • The Board receives reports from Management about performance against the Sustainable Investment Strategy and discusses them during the quarterly Board meetings. • The Board approves Climate Statements annually. This Climate Statement was reviewed and approved in July 2025. • The Board reviews the Chief Executive's performance annually.
BRCC	**BRCC is responsible for:** • Considering and approving the BTNZ RMF. • Reviewing and recommending the BTNZ Risk Appetite Statement to the Board for approval. • Monitoring the alignment of BTNZ's Risk Profile with risk appetite as defined in the BTNZ Risk Appetite Statement. • Overseeing the identification, assessment, and management of material ESG (including climate-related) related risks and opportunities and assessing their impacts on relevant material Risk Classes.	• The BRCC meets quarterly, or more frequently if required. • The RMF was last reviewed by the BRCC in December 2024, with effectiveness reviews planned every two years. • The BRCC reviews and provides feedback on the draft Risk Appetite Statement, before recommending it to the Board for approval. This last occurred in March 2025. • The BRCC reviews and discusses the Risk Profile Review every six months. This was last completed in December 2024. • The BRCC reviews and discusses the Risk Appetite Dashboard quarterly. The Risk Appetite Dashboard contains a metric related to non-adherence with the Sustainable Investment Policy. Note: the material climate-related risks and opportunities were last reviewed and approved by the Board in March 2024, prior to the establishment of the BRCC.

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The role of Management.

BTNZ has several management committees responsible for assessing and managing climate-related risks and opportunities. These management level committees are existing committees tasked with assessing and managing investment related risks (which include sustainable investment risks). BTNZ has assigned responsibilities based on integrating climate-related responsibilities to existing committees and roles. The processes and frequency of the activities undertaken by these committees are provided in **Table 21**.

The BTNZ Chief Executive serves as the conduit between Management and the Board. Mechanisms by which the Board is informed about sustainable investment (including climate-related risks and opportunities) include quarterly reporting, and presentations and discussions at quarterly Board meetings.

Figure H: The related organisational structures showing where these management-level positions and committees lie, and how they engage with each other.

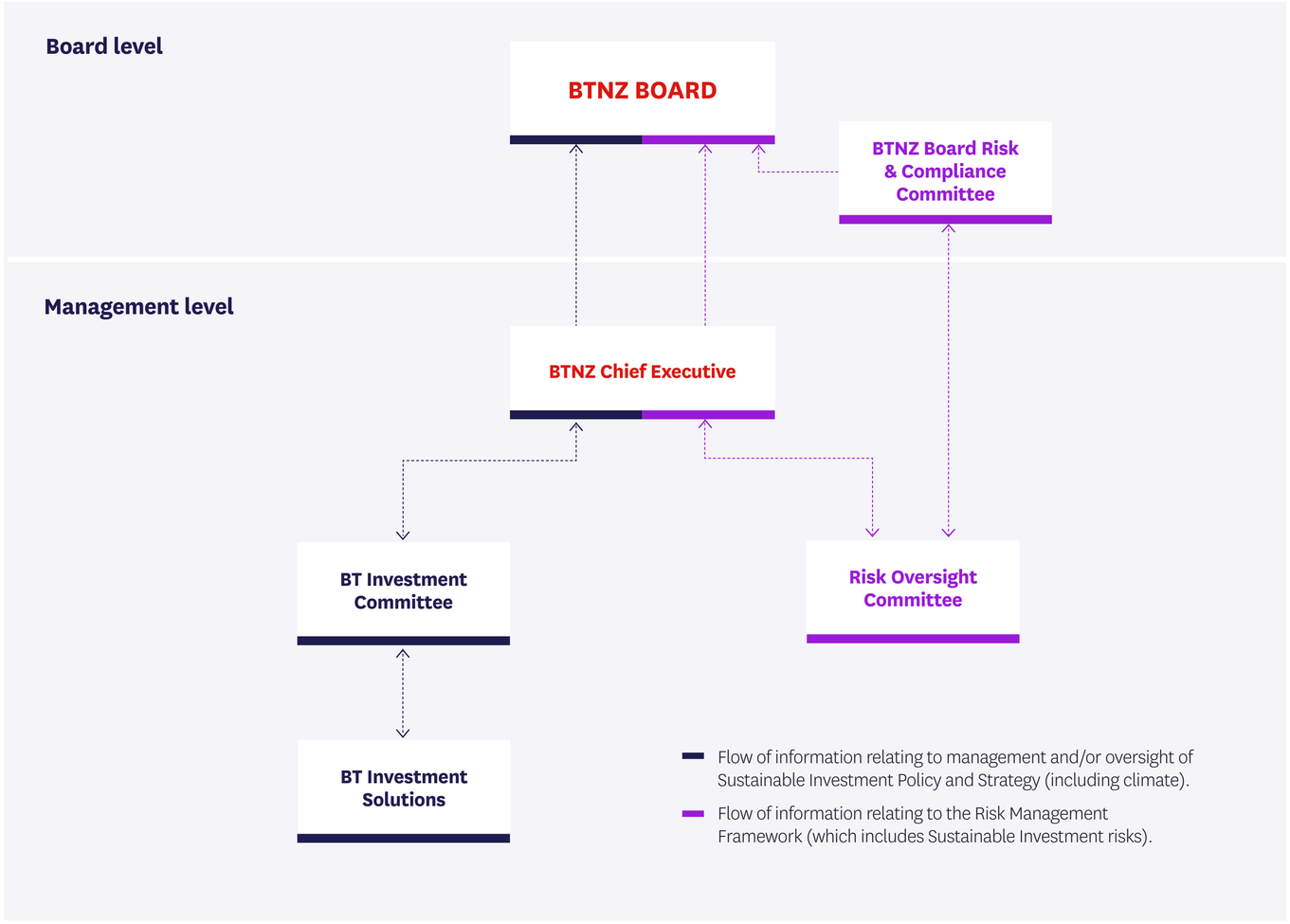

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Table 21: Management's processes for assessing and managing climate-related risks and opportunities, and frequency.

	Responsibilities	Key processes and frequency
BT Investment Committee (BTIC) BTIC is a management committee convened by the BTNZ Chief Executive. BTIC assists the Chief Executive to discharge their responsibilities relating to investment strategy (including the Sustainable Investment Strategy), policies (including the Sustainable Investment Policy), and processes to fulfil fiduciary and regulatory obligations in respect of the Westpac KiwiSaver Scheme. BTIC is chaired by the Chief Executive, and its role and responsibilities are outlined in the BTIC Charter.	**BTIC is responsible for:** · Making recommendations on BTNZ's overall investment approach, structure, and strategy. · Monitoring the implementation of BTNZ's Sustainable Investment Strategy and commitments. · Reviewing and approving the appointment and removal of external underlying Investment Managers. · Reviewing (at least biennially) and approving strategic asset allocations and benchmark indices for the funds. · Monitoring investment-related performance and data, which includes sustainable investment-related performance and data, including against commitments and agreed Key Performance Indicators (including climate). · Monitoring climate-related risk and opportunity performance and data, including outputs from climate-related scenarios analysis. · Monitoring the implementation of BTNZ's reporting obligations (including those of a Climate Reporting Entity).	BTIC meets at least four times per year, or more frequently, as necessary, with reporting (including in relation to sustainable investment) being prepared by the BT Investment Solutions team. During FY25, BTIC met four times. BTIC reviews sustainable investment-related performance data and reports at their quarterly meetings. BTIC approves underlying Investment Managers when needed. BTIC discussed the outputs and key findings of the FY25 scenario analysis in November 2024.
Risk Oversight Committee (ROC) The ROC oversees risk management, including oversight of current and emerging risks (including sustainable/climate-related risks), material incidents and issues, and the status of key risk metrics relating to BTNZ and its schemes, including the Westpac KiwiSaver Scheme. The ROC is chaired by the Head of Risk and Compliance and the ROC's roles and responsibilities are outlined in the ROC Terms of Reference.	**The ROC is responsible for:** · Overseeing the effectiveness of risk management processes of BTNZ within the context of the BTNZ RMF, including overseeing and monitoring the key components of BTNZ's risk culture and risk profile.	The ROC meets quarterly (or more often if required). The ROC receives and discusses quarterly risk reports before providing these to the BRCC. It also discusses emerging risks (including any climate-related emerging risks) and reviews and discusses the RAD.
BT Investment Solutions Team (BTIS) Investment management activities are managed by the BT Investment Solutions Team.	**BTIS's responsibilities include:** · Developing and implementing asset allocation (strategic and dynamic) policy and decisions. · Implementing the Sustainable Investment Strategy, standards and targets approved by the BTNZ Board. · Selection, appointment, monitoring, and review of external underlying Investment Managers. · Developing and implementing the Sustainable Investment Policy and Strategy. · Developing and overseeing the Investment Manager Agreements (IMAs). Each IMA for each external underlying Investment Manager includes sustainable investment (including BTNZ's climate-related commitments, requirements and reporting obligations). For more information on the selection and appointment of our underlying Investment Managers, refer to the **Strategy** section. · Monitoring the underlying Investment Managers' implementation of their commitments in line with BTNZ's Sustainable Investment Policy. · Investment risk monitoring and management · The identification, assessment (which includes scenario analysis) and management of climate-related risks and opportunities.	These responsibilities are undertaken on an ongoing basis. Strategic asset allocation reviews are undertaken at least every two years. Processes used include: · quarterly Portfolio Strategy team meetings · monthly Investment Manager monitoring meetings (BTIS only) · quarterly meetings with our external underlying Investment Managers which involve discussions on climate risks and actions · annual external underlying Investment Manager due diligence which includes climate-related considerations · quarterly Sustainable Investment updates (which include climate-related risks and opportunities) · undertaking scenario analysis and reviewing the outputs.

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RISK MANAGEMENT

This section describes the processes we use to identify and assess material (important) climate-related risks. This section also explains how these processes are integrated into our existing risk management processes.

For a description on the specific material climate-related risks we have identified, and the management of these, refer to the **Strategy** section.
For a description on the roles and responsibilities for the management and governance of risks refer to the **Governance** section.

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Processes for identifying and assessing climate-related risks.

The BTNZ RMF provides a structured approach to identifying, assessing, managing, and reporting on risks, including climate-related risks. Risks are assessed using the BTNZ Risk Matrix and form part of the BTNZ Risk Profile.

Risk identification processes begin with assessing the internal and external environment to identify issues that have the potential to limit our achievement of key business objectives (including compliance obligations). Risks are then classified into Risk Classes (as described in the RMF).

One of the key processes in identifying and assessing risks (including climate-related risks) is the Risk Profile Review. The Risk Profile Review is undertaken every six months, with the results presented to the BTNZ Board Risk and Compliance Committee (**BRCC**).

The BTNZ Risk Matrix is used to assess the likelihood, scope, size, and potential impact of identified risks. The risk impacts considered in this assessment include financial, customers, staff, regulatory compliance, reputation, social and environmental. One of the key outputs of this process is the production of the BTNZ Risk Profile which plots the risks visually relative to each other.

Timeframes used – short-term, medium-term, and long-term horizons considered.

The timeframes used when assessing climate-related risks and opportunities are shown in **Table 22**, which includes the rationale for why these timeframes are used.

Table 22: Time horizons considered when identifying and assessing climate-related risks.

Time horizon	Current year	Short-term	Medium-term	Long-term
Time Period		**1 – 5 years**	**6 – 10 years**	**11 – 30 years**
Year	**2025**	**2026 to 2030**	**2031 to 2035**	**2035 to 2055**
Rationale for selection	Current year	Aligns with dynamic asset allocation timeframe (which informs capital deployment).	Aligns with underlying Investment Managers' Climate Action Plans (equities and listed properties). Aligns with strategic asset allocation timeframe (which informs capital deployment).	Aligns with international emission reduction targets under the Paris Agreement. Aligns with the long-term climate ambition for the scheme.

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Value chain definition and exclusions.

The value chain encompasses the activities, resources, and relationships integral to the Westpac KiwiSaver Scheme. The value chain for the Westpac KiwiSaver Scheme in **Figure I**.

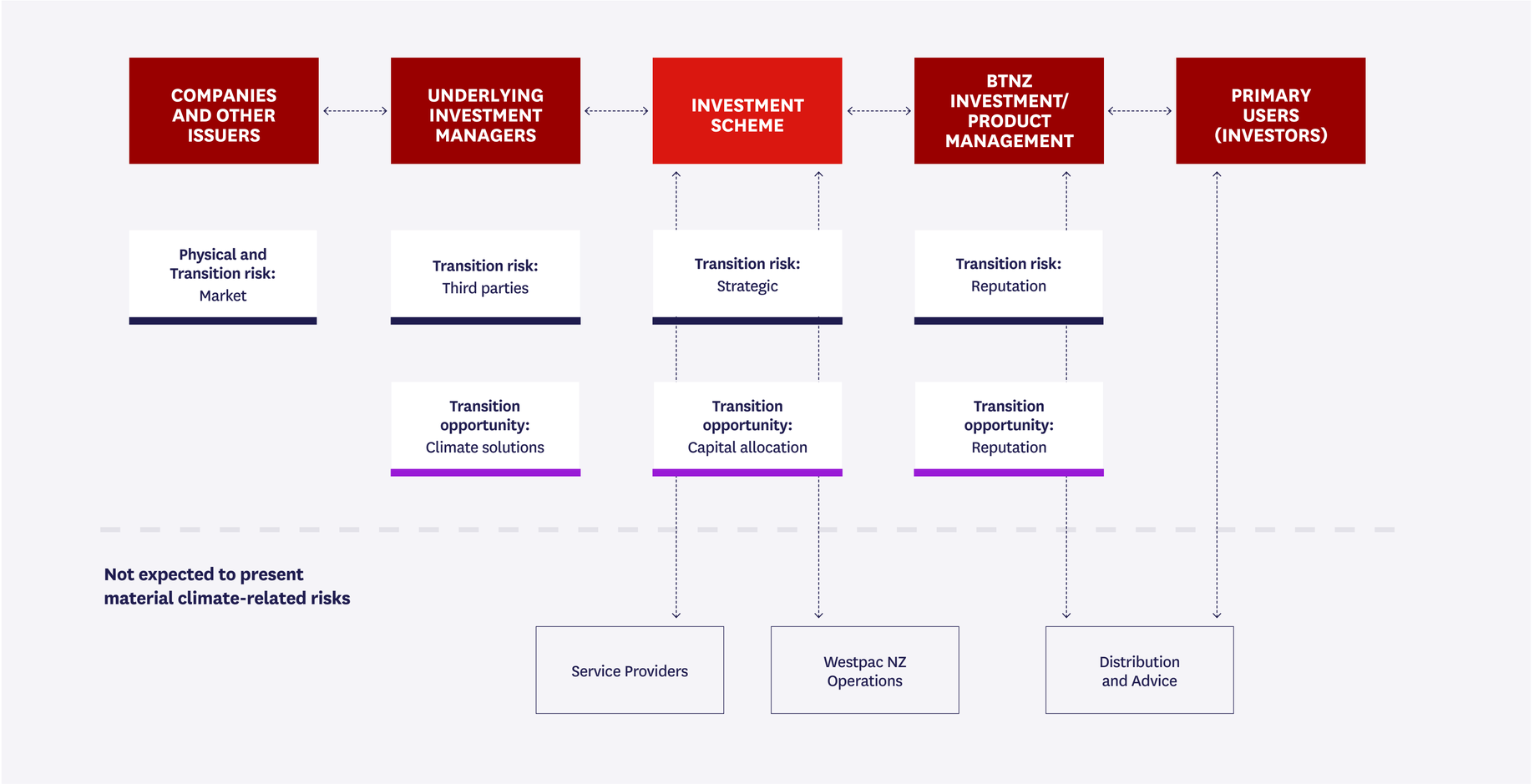
When considering Westpac KiwiSaver Scheme' exposures to material climate-related risks, we consider the risks associated with the investment portfolios managed by our underlying Investment Managers and the companies and other issuers they invest in.

We are primarily exposed to potential physical and transition climate impacts (positive and negative) through the companies and other issuers our underlying Investment Managers invest in.

No parts of the value chain have been excluded. The following parts of the chain are not expected to present material climate-related risks to the scheme:

- Service providers, such as internal and external Legal, internal Information Technology and Risk, third-party data providers, and our Administrator, Supervisor and Custodians.
- Westpac NZ Operations, such as facilities and staffing.
- Our distribution channels and financial advisors.

Figure I: BTNZ's value chain.



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How we prioritise climate-related risks relative to other types of risk.

In-line with BTNZ's RMF, prioritisation of material climate-related risks against other risks is dependent upon the likelihood, potential impact and timeframe of that climate-related risk occurring compared to those other risks, and its potential impact on those other risks.

The periodic reviews of the BTNZ Risk Profile enables Management and the BRCC to understand where the most significant risk exposure exists and ensures mitigating actions are appropriately prioritised.

Proportionality is also considered when deciding how to prioritise climate-related risks. The higher the likelihood and potential impact of a climate-related risk relative to other risks and the greater its potential impact on other risks, the higher priority it will receive.

Integration of climate-related risks into overall risk management processes.

To effectively manage risk, BTNZ's RMF has nine applicable key components underpinned by a robust risk culture. These components operate independently and interactively to provide a complete approach for managing risk and delivering our key business objectives.

For information on how risk is integrated into investment strategy and processes, please refer to the **Strategy** section.

In-line with BTNZ's RMF, material climate-related risks are managed, and integrated into the following risk management tools and processes:

Risk Management Framework	Purpose
Risk Appetite Statement (RAS)	Defines the desired risk profile and the maximum level of risk that BTNZ is prepared to take in the operation of its business.
Risk Appetite Dashboard (RAD)	The RAD supports and forms part of the RAS. The RAD contains key metrics against which BTNZ measures its adherence to the agreed risk appetite. The RAD contains a metric to measure any non-adherence with a fund's investment limits (limit breaks) and/or breaches of our Sustainable Investment Policy.
Policies and Frameworks	The RMF is implemented through the adoption and development of policies, frameworks, and standards. Some of the policies and frameworks relevant to climate-related risks include: • Sustainable Investment Policy. • Investment Governance, Policy, and Process Framework. • Underlying Investment Manager Policy. • Managed Investment Scheme (MIS) Due Diligence Policy for relevant disclosure documents.
Data and Information Systems	BTNZ uses management information systems for the monitoring and reporting of risks (including climate-related risks). Some of the key data and information systems used for the monitoring and reporting of climate-related risks are: • BTNZ/Westpac Group's Risk Management System • Data provided by FactSet. • Data provided by Morningstar Sustainalytics. • Data provided by ProxyEdge. • Data provided by various third-party sources for sovereign bond related metrics. • Bloomberg and other compliance monitoring systems • SQL. • PowerBI information system.
Control and assurance activities	BTNZ's key controls (including those designed to manage climate-related risks) developed to manage its risks are recorded in the Risk Management System. BTNZ's key controls are assessed annually by the BTNZ Risk and Compliance team. BTNZ is working towards obtaining limited assurance for future reporting periods over Selected Sustainability Indicators such as GHG emissions data.
Incident and breach management	The Westpac Group Incident Management Policy outlines the minimum requirements for identifying, reporting, and managing incidents across the Westpac Group. BTNZ uses the Risk Management System for recording and managing incidents and breaches (including climate-related incidents).
Issues and action management	Issues (and related actions) are also recorded in the Risk Management System, assessed and assigned accountability based on significance, and are reviewed regularly to support remediation and closure. This includes climate-related issues (as required and/or appropriate).
Risk Profile Review	Six-monthly reviews of BTNZ's Risk Profile are completed by Management. Climate-related risks are considered as part of the Risk Profile reviews (as required and/or appropriate).
Risk reporting	A quarterly Enterprise Risk Management Report (which includes climate-related risk matters as required) is prepared and presented to the BTNZ Risk Oversight Committee and the BRCC for discussion. Any changes to BTNZ's risks arising from the Risk Profile Review are included in these quarterly Reports. Sustainable investment reports are presented to BTIC and the Board on a quarterly basis.

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Tools and methods used to identify and assess climate-related risks.

The tools and methods we use to identify and assess material climate-related risks are presented in **Table 23**.

Table 23: Key tools and methods used to identify and assess climate-related risks.

Tools and methods	General frequency of assessment	Time horizon
Climate scenario analysis (including macro-economic factors) provides information on how climate could impact the scheme's and each fund's performance.	Reviewed annually and updated as required.	Short-term Medium-term Long-term
Monitoring of sustainable investment metrics including GHG emissions, metrics for transition and physical risk exposure, and the level of investments in climate-related opportunities.	Varies from quarterly to annually depending upon the metric.	Short-term
Sustainable investment reports from our underlying Investment Managers provide information on their progress towards achieving our sustainable investment commitments and managing our material climate-related risks.	Quarterly	Short-term
Sustainable investment due diligence of underlying Investment Managers provides information on their capabilities and performance around sustainable investment.	Annually	Short-term Medium-term
Risk Profile Review – reviews BTNZ key risk exposures.	Six-monthly	Short-term
We use the relevant FMA guidance notes to identify and assess requirements around providing primary users transparent communications.	Varies depending on when FMA guidance is published.	Short-term

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IMPORTANT INFORMATION

This Climate Statement is prepared in response to BTNZ's obligations, as a climate reporting entity in respect of the schemes for which it is manager, under New Zealand's Financial Markets Conduct Act 2013. It outlines BTNZ's approach to managing the climate-related risks and opportunities associated with the potential to impact the Westpac KiwiSaver Scheme (and the funds within it). The information covers the reporting period 1 April 2024 to 31 March 2025. This Climate Statement has a focus on climate and does not reflect the totality of the investment scheme's activities.

We recommend you seek independent advice before acting or relying upon any of the information contained within this Climate Statement. This Climate Statement is based on BTNZ's understanding of information which is novel, developing and complex, and on incomplete and emerging data and the judgements of BTNZ and third parties. For this reason, BTNZ cautions reliance on this Climate Statement. All opinions, statements and analyses expressed are current at the time of writing and from sources which BTNZ believes to be accurate, complete, and reliable but are based on information that has not been independently verified.

The information contained in this Climate Statement does not constitute an offer.

No financial advice.

The material in this Climate Statement is provided for information purposes only and is not advice, recommendations or opinions in relation to any BTNZ products or services. The information in this Climate Statement is general, and does not take into account the investment objectives, financial position, or needs of any particular investor or potential investor. Investors should not place undue reliance on the disclosures in this Climate Statement and should read the important guidance, assumptions, limitations, and important notices throughout this Climate Statement.

Climate change ambitions.

In a constantly developing industry, we reasonably expect that there may be changes to our ambition due to internal and external developments, and as practices change. These changes may inform changes to our Sustainable Investment Strategy and Sustainable Investment Policy. We also recognise that the global and domestic economies are not moving as fast as science recommends and that this creates a challenge in achieving our climate ambitions as currently stated. We acknowledge that we must maintain a flexible approach consistent with our responsibilities to investors and the range of possible future pathways which is largely dependent upon how governments follow through on their climate commitments.

Further, climate-related risks and opportunities analysis serves as only one component of our investment strategy. Consequently, in line with our Sustainable Investment Strategy, we also consider other investment factors and broader risk/return trade-offs.

Data and methodological constraints.

We acknowledge that, for some asset classes, additional challenges exist that limit the ability to transition. These challenges include lack of accurate, complete and reliable data as well as lack of internationally agreed transition methodologies. Consequently, there are several areas where we are focusing our efforts on understanding the available data, its limitations, and the data's links to investment performance.

We also acknowledge that challenges exist for some asset classes, including the lack of available investment products and approaches, most notably for sovereign bonds. Market practices in relation to these asset classes are expected to evolve over time.

Underlying Investment Managers.

We predominantly rely on underlying Investment Managers to manage the funds and to make investment decisions. These decisions will impact the outcomes of each fund and cannot be predicted with certainty. Where we delegate to external underlying Investment Managers, we select those managers using a multifaceted decision-making process and regularly monitor and review them.

Forward-looking statements.

This Climate Statement contains forward-looking statements, including targets, commitments, plans, forecasts, climate scenarios and assumptions. We use words such as 'will', 'may', 'expect', 'intend', 'seek', 'would', 'should', 'could', 'continue', 'plan', 'aim', 'goal', 'target', 'probability', 'risk', 'forecast', 'projection', 'potential', 'likely', 'estimate', 'anticipate', 'believe', or other similar words to identify forward-looking statements.

While forward-looking statements naturally carry a degree of uncertainty, this is further exacerbated given measurement and data availability challenges. These forward-looking statements reflect our current views, expectations, and intentions at the publication date of this Climate Statement. Although BTNZ considers forward-looking statements have a reasonable basis at the date of this Climate Statement, these statements are not certain and are subject to known and unknown risks and uncertainties, which are, in many instances, beyond our control. The judgements and data presented in this Climate Statement are not a substitute for judgements and analysis made independently by the reader.

Climate-related risks cannot be evaluated in the same way as more conventional financial risks. Reasons for this include:

1. Their unprecedented nature and complexity. Climate risks may manifest themselves over short, medium and long-term time horizons, and how these play out are inherently uncertain.
2. Understanding about how different climate-related risks could interact continues to evolve.
3. Climate-related risks may also interact with non-climate-related risks and compound impacts in ways not currently anticipated.
4. Climate change and the related impacts may be irreversible if certain limits are exceeded.

These factors lead to significant uncertainties which require assumptions and judgement. This may mean that forward-looking statements may be inaccurate. Actual future results, performance, outcomes, or circumstances may be materially different from those expected at the time this Climate Statement was prepared. This may further affect our ability to meet our climate ambitions.

While BTNZ has prepared this Climate Statement based on our current knowledge, expectations, and intentions and in good faith, given the uncertainty around the evolution and impact of climate change, we reserve the right to change our views and intentions in future as new information becomes available to us.

Measurement of GHG emissions and other metrics.

Measuring GHG emissions and other climate-related metrics is an inherently challenging task. We have aimed to apply consistent principles in how we measure and report GHG emissions and other climate-related metrics, and recognise that these are estimates and, in some cases, remain subject to significant

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uncertainty. Climate-related metrics require many methodological choices, estimates, judgements, and assumptions.

Further information on methodologies used for our key metrics in this Climate Statement are contained in:

- Appendix 2: Calculating the GHG emissions inventory: Basis for Preparation
- Appendix 3: Calculating our climate-related metrics: Additional assumptions and limitations
- Appendix 4: Glossary of key terms

Over time we expect that, our climate-related metrics will change as new methodologies emerge, and data accuracy, completeness and reliability improve. Furthermore, other developments could materially impact the metrics contained within this Climate Statement. This may mean subsequent statements do not allow a reader to compare metrics from one reporting period to another on a direct like-for-like basis. As a result, we cannot rule out the potential for restatement of metrics.

Third-party data sources.

This Climate Statement is based upon processes and data available at the time of preparation. Should any new data become available, we are under no obligation to retrospectively update this Climate Statement.

BTNZ relies on third-party data providers, and their internal data validation processes, to provide accurate, complete, timely and reliable data. Our third-party data providers in turn rely upon data provided by issuers (companies and countries).

Morningstar Sustainalytics.

We draw on a range of external data, which includes Morningstar Sustainalytics data sets. The information, data, analyses, and opinions contained herein:

1. includes the proprietary information of Morningstar Sustainalytics and/or its content providers;
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Emissions Database for Global Atmospheric Research (EDGAR) GHG emissions database.

Without prejudice to the rules applying to the information and data made available by the European Union (in particular the European Commission), as available here and to the maximum extent permitted by applicable law, the European Union ("the Union") and the International Energy Agency ("IEA") disclaim all responsibility or liability in relation to any and all information distributed, published or otherwise made available by them on the **EDGAR website**, in this dataset and/or in this publication.

The Union and the IEA provide any such information as-is and as-available, and make no representations, conditions or warranties of any kind concerning this information, whether express, implied, statutory, or other (including, without limitation, any warranties or conditions of title, non-infringement, merchantability, or fitness for a particular purpose).

To the maximum extent permitted by applicable law, in no event shall the Union or the IEA be liable to any third party on any legal theory (including, without limitation, negligence) or otherwise for any direct, special, indirect, incidental, consequential, punitive, exemplary, or other losses, costs, expenses, or damages arising out of the distribution, publication, making available or use of any such information.

For more information refer to the **EDGAR website**.

Assessing Sovereign Climate-related Opportunities and Risks (ASCOR)[21] database.

ASCOR is the first publicly available, independent, and open-source investor framework and database assessing the climate-related opportunities and risks of sovereign bond issuers.

Unless otherwise specified in the indicator methodology, assessments for ASCOR are undertaken using in-depth policy research drawing on public government documents. In the case of most quantitative metrics and some indicators, third-party data sources are used. Most relevant datasets are published under a Creative Commons licence; others require dedicated licensing agreements. All third-party data providers and their respective Terms & Conditions are listed in the References section of the ASCOR methodology note. More information can be found in their methodology note: **Methodology Note: ASCOR Framework - Transition Pathway Initiative**

Notre Dame Global Adaptation Initiative (ND-Gain) database.[22]

The ND-GAIN works to improve the world's understanding of adaptation. We use their Country Index (2024) to help us understand the physical risk exposure for sovereign bonds. We acknowledge the limitations to the data in the Country Index, as is the case with all indices. We acknowledge that we choose to use the data at our own risk. More information on their methodology can be found on their website: **Country Index // Notre Dame Global Adaptation Initiative // University of Notre Dame**.

Contact us.

Our registered office is Westpac on Takutai Square, 16 Takutai Square, Auckland 1010.

You can contact us by:

- Calling us on 0800 808 012
- Emailing **investments@westpac.co.nz**
- Writing to PO Box 695, Wellington, 6140

BTNZ is the scheme provider and issuer, and Westpac New Zealand Limited is a distributor of the Westpac KiwiSaver Scheme and the funds within it. You can get a copy of the Product Disclosure Statement from any Westpac branch in New Zealand. The scheme and the funds within it are subject to investment and other risks, including delays in payment of withdrawal amounts in some circumstances, and loss of investment value, including principal invested.

None of BTNZ (as manager), any member of the Westpac group of companies, The New Zealand Guardian Trust Company Limited (as supervisor), or any director or nominee of any of those entities, or any other person guarantees the scheme's performance, returns or repayment of capital.

The information in this report is subject to changes to government policy and law and to the applicable managed investment scheme. Investments do not represent bank deposits or other liabilities of Westpac Banking Corporation ABN 33 007 457 141, Westpac New Zealand Limited, or other members of the Westpac Group of companies.

Locations of disclosure.

This Climate Statement is available on the:

- Climate-related Disclosures Register;
- Westpac New Zealand website.

21. Scheer A, Honneth J, Hizliok S, Dietz S and Nuzzo C (2024) ASCOR framework: methodology note – Version 1.1. London: Transition Pathway Initiative Centre, London School of Economics and Political Science.
22. **Notre Dame Global Adaptation Initiative Country Index. 2024. University of Notre Dame**

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APPENDICES

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Appendix 1:

Climate scenario analysis.

Modelling used.

We partnered with Mercer to utilise climate-related scenarios they have developed (alongside Ortec Finance and Cambridge Econometrics) to systematically explore the exposure of the scheme (and the funds within it) to a range of plausible future events (potential impacts) and determine their impact on overall performance.

Ortec's ClimatePredict model combines the Cambridge Econometrics' E3ME model (a global model of energy systems, the environment, and the economy), with the Ortec Finance Scenarios. Together these models allow us to translate the transition and physical impacts on issuers into reasonably anticipated financial impacts on fund performance. We consider the Ortec ClimatePredict model to be appropriate given our global investment strategy, including because it considers global macroeconomic factors.

Key modelling assumptions.

Mercer uses several assumptions in its modelling of climate impacts. These include their assumptions on how markets price in climate impacts:

- A rapid transition sees pricing in of transition risks occurring sharply in the near-term. As a result of this aggressive market correction, a confidence shock to the financial system takes place at the same time.
- An orderly transition sees pricing in of the physical and transition impacts over the first four years. Thereafter, additional impacts, beyond 1.5°C, are assumed to impact investment performance on a year-by-year basis with no advance pricing in.
- A failed transition will see physical risks priced in over two different periods:
  - 2026 to 2030; and
  - 2036 to 2040.

Data sources for our scenarios.

The scenario analysis was completed, on a fund-by-fund basis, using portfolio holdings as of 30 September 2024. Data provided to Mercer also included a breakdown of holdings per asset class benchmark.

The Ortec ClimatePredict model, which supports the Ortec Financial Model, draws upon some key external source data such as United Nations data for hazard factors by city and World Bank data for Gross Domestic Product (GDP) projections, with most of the research being based on proprietary scientific research. These predictions are regularly calibrated, by Ortec Finance, against physical risk reference models such as that produced by Munich Re and EM-DAT for consistency and currency.

Further, the data used also closely aligned to historical extreme weather and natural catastrophe datasets such as Munich Re's NatCatService (data available from 1980 until 2018). Munich Re then categorises natural disasters into four categories: meteorological (tropical, extra-tropical, convective, and local storms); hydrological (flood, mass movement wet); climatological (extreme temperature, drought, wildfire); and geological (earthquakes, volcanism).

This data feeds into the Ortec ClimatePredict model. The Cambridge Econometrics E3ME model draws on external source data such as the UN World Population Prospects, ILO modelled estimates, OECD LF, World Bank GDP, UN National Accounts Gross, OECD STAN database, OECD National Accounts, Asian Development Bank (ADB) exports, WIOD database Gross output, gross value added, labour cost statistics, IEA Energy Balances Energy demand, Eurostat statistics and EDGAR GHG emission data.

Scenario analysis limitations.

The impacts of climate change are uncertain. Therefore, developing climate scenarios and undertaking scenario analysis requires modelling assumptions and simplifications.

As with any modelling approach, there are limitations, and no economic model can fully capture or reflect the unknown complexities of climate change. Attributing changes in fund performance to climate change is a very challenging and complex field of research.

Although modelling procedures are now established, each model requires extensive computations and academic effort. Whilst the overall trends and extent of climate attribution in the Ortec ClimatePredict model are consistent with the trends in scientific studies completed to date, the limitation of the model is that it is not possible to identify local factors that may modify or even reverse the effects of climate change.

A limitation of the Cambridge Econometrics' E3ME model is that, for developing countries and some smaller countries (including New Zealand), there is some uncertainty in results due to data availability. Assumptions have been made in the model for household income, skills availability, and static energy prices.

Scenario analysis modelling also does not account for actual holdings within sectors but considers allocations to asset classes, sectors, regions, and differentiated strategies (e.g. Paris Aligned strategies).

Specific limitations of the approach adopted include:

- The further into the future the analysis goes, the less reliable any modelling will be; scenario analysis cannot predict the future.
- There is a reasonable likelihood that physical impacts are underestimated by the market. Feedback loops or 'tipping points', like permafrost melting, are challenging to model – particularly around the timing of such an event and the speed at which it could accelerate.
- Financial stability and insurance 'breakdown' have not been modelled. A systemic failure in the financial system may be caused by either an 'uninsurable' 3.7°C physical environment, or due to the scale of mitigation and adaptation required to avoid significant global warming.
- Most adaptation costs and social factors are not priced into the models. These include population health, civil unrest, and climate-related migration.

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- The impact of adaptation measures on economic resilience have not been factored in.
- The carbon sequestration captured in the analysis relates to technology-based carbon capture & storage (**CCS**), but does not expressly cover carbon sequestration from afforestation, nature-based solutions or technology assumptions including negative emissions technology.

Climate change is affecting the frequency, clustering, and intensity of meteorological, hydrological, and climatological disasters. Whilst those are considered in the Ortec ClimatePredict model, geophysical disasters are considered to not be affected by climate change to a significant degree and are therefore excluded.

Additional information on scenario narratives, driving forces and key policy assumptions.

	1.5ºC Rapid Transition	2ºC Orderly Transition	3.7ºC Failed Transition
Physical risks considered (driving force)	In the Rapid Transition pathway, average global warming stabilises at 1.5°C by 2050. The world experiences comparably low acute and chronic physical impacts as the world adapts to the effects of climate change.	In the Orderly Transition pathway, average global warming peaks at 2°C in 2070. The world experiences comparably low acute and chronic physical impacts as the world adapts to the effects of climate change.	In the Failed Transition pathway, the planet will be around 3.7°C warmer than pre-industrial levels by 2100. In this scenario, multiple tipping points are reached, and many countries suffer from extreme drought and water shortages. Human health and crop yields suffer, driving a reduction in productivity. An exponential increase in extreme weather events leads to direct losses and indirect effects to the economy via supply chain disruption.
Key policy and socioeconomic assumptions (driving force)	Ambitious policies are introduced to decarbonise the global economy by encouraging energy efficiency and the take up of low carbon and renewable technologies. The policies applied go well beyond those currently in place or planned. Carbon pricing is extended to cover all world regions and all sectors. The global carbon price reaches over US$500/$tCO_2$ by 2060. Additional policies implemented include: · Investments in energy efficiency technologies to achieve substantial energy savings. · Generous subsidies for renewable technologies and electrification in high emissions sectors with renewables accounting for around 80% of electricity generation by 2060 and a full transition to electric vehicles achieved. · Taxes and phase-out regulation for fossil-fuel based technologies. · Ambitious biofuel blending mandate for road, rail and air transport · Investment in afforestation (and reduced rates of deforestation) leads to further emissions removal. · Carbon capture and storage (CCS) increases in importance.	Similar policies to those in the Rapid Transition scenario are implemented, but are delayed and slightly scaled back in comparison, but still go well beyond those currently implemented or planned. Carbon pricing is extended to cover all world regions and all fuel users. The global carbon price converges to around $250/$tCO_2$ by 2060. Additional policies implemented include: · Investments in energy efficiency technologies to achieve substantial energy savings. · Generous subsidies and kickstarts for renewable technologies in high emissions sectors. However, subsidies in steel making and heating are reduced to 50% of the level in the Rapid Transition scenario. · Taxes and phase out regulation for fossil-fuel based technologies is delayed in comparison to the Rapid Transition scenario · Ambitious biofuel blending mandate for transport sectors, other than road transport; · Carbon capture and storage is required for a portion of heavy industry's energy-related emissions.	Most current climate policies continue but with no further action to decarbonise the global economy. A carbon market continues in regions where one is already in place, but regional carbon prices do not converge towards a global price. The carbon price is, in most cases, applied only to power generation and energy-intensive industries.
Fuel demand (driving force)	Global primary fuel demand decreases by about 40% by 2060 relative to 2020 due to policy implementation. The share of biofuels in the fuel mix increases from 12% in 2020 to 50% in 2060. The share of oil & gas and coal conversely declines.	Global primary fuel demand decreases by about 27% by 2060 relative to 2020 due to policy implementation. The share of biofuels in the fuel mix increases from 12% in 2020 to 44% in 2060. The share of oil & gas and coal conversely declines.	Global primary fuel demand increases by about 10% by 2060 relative to 2020 due to policy implementation. The share of biofuels in the fuel mix increases from 12% in 2020 to 16% in 2060.

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	1.5ºC Rapid Transition	2ºC Orderly Transition	3.7ºC Failed Transition
Electricity generation technology (driving force)	Fossil fuels are largely phased out from power generation with coal completely phased out by 2050 leading to stranded assets. A small share of gas-fired power generation remains in the mix. The share of renewables increases steeply over time. By 2060, renewables account for 79% of the total generation.		Despite no new low-carbon policy, cost-competitiveness of renewables results in changes to the generation mix. The share of coal-fired power generation is gradually reduced in most regions. Globally, the share of fossil fuels in the electricity generation mix decreases from 62% in 2020 to 42% in 2060 – while renewables grow to 45% of the generation mix in 2060.
Transport (driving force)	Electric vehicles are rapidly adopted due to significant subsidies, carbon pricing and regulations to ban sales of new internal combustion engines. The electric vehicle proportion grows to reach 100% of the vehicle fleet in 2060. Hybrids have a limited role in the short term and are rapidly phased out as electric vehicles quickly dominate.	Electric vehicles are rapidly adopted due to significant subsidies, carbon pricing and regulations to ban sales of new internal combustion engines. The electric vehicle proportion grows to reach 95% of the vehicle fleet in 2060. Hybrids have a limited role in the short term and are rapidly phased out as electric vehicles quickly dominate.	The passenger transport mix shifts from being predominately diesel and petrol to a mix of different vehicle types. Electric and hybrid vehicles are more widely used, however, less than in the Rapid and Orderly Transition scenarios. By 2060, electric and hybrid vehicles make up 33% and 17% of the vehicle fleet.
Macroeconomic factor: Impact on GDP	Transition impacts on GDP are positive, driven, in the short term, by the stimulus effect of investments in low-carbon technologies and infrastructure. In the longer term, pay back of this investment creates a drag. Some economies benefit from increased exports of renewable technologies, or reduced imports of fossil fuels, while others are negatively affected by reductions in demand for their exports. Limited additional temperature rises under these scenarios and assumed climate change adaptation, leads to a net positive impact to GDP from physical impacts. However, extreme weather risks increase due to the locked-in effects of current global warming and the incapacity of many economies to overcome these effects.		Rapidly increasing temperatures drives a reduction in productivity and the adjustment to the higher average temperatures is costly. GDP impacts grow substantially with the most severe GDP impacts felt in the second half of the century. High to severe impacts on global GDP occur from acute physical risks, particularly in vulnerable and developing regions.
Macroeconomic factor: Impact on inflation	The world experiences inflation pressure in the short term due to low carbon investment stimulus. Carbon prices make fossil-based energy more expensive, pushing up prices. Later in the modelled period, the switch to cheap renewables leads to declining electricity prices and inflationary pressure while the application of expensive carbon capture and storage puts upward pressure on inflation.		Under this scenario, physical risk impacts are most prevalent. Global warming leads to decreasing crop yields for most crop types, due to volatile precipitation and stronger summer heat waves. This increases the prices of agricultural products, food, and the general price level of the economy, placing an upward pressure on inflation. Countries with a high food share in household expenditure and those with diets based on heat sensitive food types are more affected.

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Appendix 2:

Calculating the GHG emissions inventory: Basis for Preparation.

Part A: Overview of how we calculate the GHG emissions inventory for the scheme, and funds within it.

Purpose.

This appendix outlines how we calculate the financed (invested) GHG emissions inventory for the scheme, and the funds within it. This methodology covers the equities, listed property and corporate bond asset classes, along with the sovereign bond asset class.

This appendix includes the standards the GHG emissions have been measured in accordance with, the consolidation approach used, and the sources of GHG emission factors used (as applicable to an invested GHG emissions inventory).

This appendix also provides our assumptions, identified specific exclusions, and an explanation as to why the exclusions have been made (such as data availability).

Recognising the GHG emissions across the investment value chain – scope.

BTNZ, as a scheme manager, manages investments (such as the Westpac KiwiSaver Scheme) on behalf of its clients.

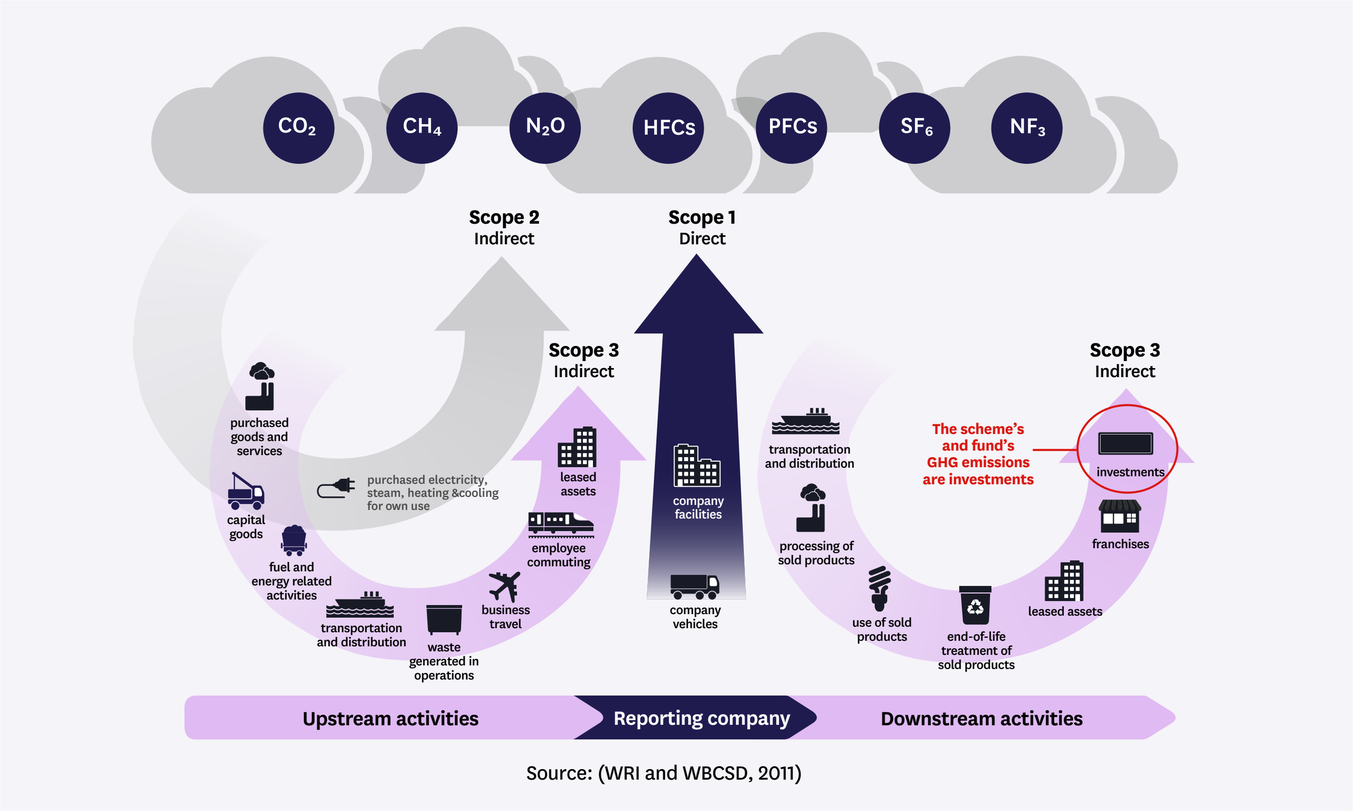
As the manager of registered schemes and funds, there are no materially significant Scope 1 or 2 GHG emissions. GHG emissions associated with BTNZ's scope 1 and 2 emissions (for example, staff electricity use) are captured by, and form part of, Westpac New Zealand Limited's annual GHG emission **inventory**.

For the registered schemes and funds, the primary source of GHG emissions lie within the downstream GHG emissions, within the financed (investment) emissions. These invested GHG emissions are recognised and defined, providing the requirements and guidance for companies and other organisations to prepare and publicly report a GHG emissions value chain inventory (Scope 3 GHG emissions).

Figure J below explains the different scopes and identifies where the investment GHG emissions lie within the overall investment value chain.

Using the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (**Scope 3 Standard**), investment GHG emissions are classified as S**cope 3, Category 15**. BTNZ reports its invested emissions as Scope 3, Category 15 emissions.[23]

Figure J: Overview of GHG Protocol scopes and emissions across the value chain.



Source: (WRI and WBCSD, 2011)

23. Corporate Value Chain (Scope 3) Standard | Greenhouse Gas Protocol (ghgprotocol.org)

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Standards used to measure the scheme and fund's GHG emissions inventory.

To derive the investment GHG emissions of the scheme, and the funds within it, we used the Scope 3 Standard.

To calculate the investment GHG emissions of the scheme, and the funds within it, we used the Global GHG Accounting and Reporting Standard for the Financial Industry[24] published by the Partnership for Carbon Accounting Financials (PCAF).

Part A of the PCAF Standard provides detailed methodologies to measure invested GHG emissions. Specifically, Chapter 5.1 covers how to calculate the GHG emissions inventory for the listed equities, listed property and corporate bond asset classes, and Chapter 5.7 covers the sovereign bond asset class.

Gases captured by the GHG emissions inventory.

For the equities, listed property and corporate bond asset classes.

The capturing of GHG emissions, and their conversion to carbon dioxide equivalent (CO_2e) is undertaken by the relevant issuers and is as supplied to us via our third-party data provider. For the equities and listed property assess class, based on our understanding from our data provider, issuers generally utilise the GHG Protocol to develop their inventories. This protocol requires issuers to capture seven categories of GHG emissions (CO_2, CH4, N2O, HFCs, PFCs, SF6 and NF3).

For the sovereign bond asset class.

For Scope 1 absolute domestic emissions, when using the Emissions Database for Global Atmospheric Research (EDGAR)[25] database, this generally stipulates countries report their absolute domestic emissions (Scope 1) in accordance with the United Nations Framework Convention on Climate Change (UNFCCC).

For other emissions, such as the Scope 1 and 2 production and consumption we used data available from the Organisation for Economic Co-operation and Development (OECD). This data base captures absolute emissions for the CO_2 gas only.[26]

About EDGAR.

The EDGAR (Emissions Database for Global Atmospheric Research) Community GHG Database is a collaboration between the European Commission, Joint Research Centre (JRC), the International Energy Agency (IEA), and consists of the following databases IEA-EDGAR CO_2, EDGAR CH4, EDGAR N2O, EDGAR F-GASES version 8.0, (2023) European Commission.

IEA-EDGAR CO_2 (v2) is a component of the EDGAR (Emissions Database for Global Atmospheric Research) Community GHG database version 8.0 (2023) including or based on data from IEA (2022) Greenhouse Gas Emissions from Energy, **www.iea.org/data-and-statistics**, as modified by the Joint Research Centre.

We acknowledge this source of the data and refer readers to the EDGAR report webpage **EDGAR – The Emissions Database for Global Atmospheric Research** and EDGARv8.0 website (**https://edgar.jrc.ec.europa.eu/dataset_ghg80**) and/or relevant reports.

Consolidation approach adopted.

The Scope 3 Standard has three consolidation approaches available: the equity share approach, the financial control approach, and the operational control approach. These approaches help define the organisational boundary for a GHG emissions inventory, and the selection of approach affects whether the scheme's and funds' value chain GHG emissions are categorised as direct emissions (i.e., Scope 1) or indirect emissions (i.e., Scope 2 and 3 emissions).[27]

In accordance with the PCAF Standard, the scheme and its funds have adopted the **financial control** approach, which allows for consistent reporting of financed (invested) emissions as Scope 3, Category 15 (investments) GHG emissions.

Using the financial control approach, the scheme and the funds within it report on the issuer GHG emissions where the scheme and its funds have the potential to benefit economically from the issuer's activities.

Attribution of GHG emissions.

According to the PCAF Standard (s.4.1), GHG emissions from investments should be allocated to the scheme and its funds based on the proportional share of lending or investment in the underlying issuer.[28]

Equities, listed property and corporate bond asset classes.

For equities, listed property and corporate bond asset classes, attribution is based on the annual GHG emissions of the investee/issuer. As a result, GHG emissions are reported on at least an annual basis by the issuer.

PCAF stipulates that to measure GHG emissions, these attribution principles apply:

1. Financed GHG emissions are always calculated by multiplying an attribution factor (specific to that asset class) by the GHG emissions of the borrower or investee.
2. The attribution factor is the share of absolute gross annual GHG emissions of the borrower or investee allocated to the loan(s) or investment(s).
3. The attribution factor is calculated by determining the share of the outstanding amount of loans and investments of a financial institution over the total equity and debt of the company, project, etc. to which the financial institution has lent money or in which it has invested capital. For equities, listed property and corporate bonds this is the Enterprise Value including Cash (EVIC).
4. To determine the outstanding amount, for equities and listed property the market value of securities at a given date is used. For corporate bonds, the notional value (or book value) is used.

Figure K: The general approach to calculate financed emissions.

For listed companies:

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

For the sovereign bond asset class:

PCAF requires using the following approach for attribution of emissions for sovereign bonds.

$$Attributed\ emissions = \frac{Exposure\ to\ Sovereign\ Bond\ (USD)}{PPP\text{-}adjusted\ GDP\ (international\ USD)} \times Sovereign\ emissions\ (tCO_2e)$$

24. PCAF (2022). The Global GHG Accounting and Reporting Standard Part A: Financed Emissions. Second Edition. **https://carbonaccountingfinancials.com/standard**
25. © European Union 2023, European Commission, Joint Research Centre (JRC), EDGAR (Emissions Database for Global Atmospheric Research) Community GHG database, comprising IEA-EDGAR CO2, EDGAR CH4, EDGAR N2O and EDGAR F-gases version 8.0 (2023). Unless otherwise noted, all material owned by the European Union is licensed under the Creative Commons Attribution 4.0 International (CC BY 4.0) licence. This means that reuse is allowed, provided that appropriate credit is given and any changes are indicated.
26. **OECD Data Explorer • Greenhouse Gas Footprints (GHGFP): Emissions embodied in bilateral trade**
27. PCAF (2022). The Global GHG Accounting and Reporting Standard Part A: Financed Emissions. Second Edition. **https://carbonaccountingfinancials.com/standard**
28. PCAF (2022). The Global GHG Accounting and Reporting Standard Part A: Financed Emissions. Second Edition. **https://carbonaccountingfinancials.com/standard**

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According to the general logic of PCAF, the share of emissions shall be proportional to the size of the scheme's (and the funds within it) exposure to the borrower's total value. Another key principle of PCAF is 'follow the money,' meaning that the money should be followed as far as possible to understand and account for the climate impact in the real economy.

For attribution, instead of using EVIC (which applies to equities, listed property and corporate bonds and is the 'value of the company'), for sovereigns the 'value of the country' is calculated using purchasing power parity (PPP) adjusted gross domestic product GDP (i.e., the value of a country's output is used as a proxy for the 'value of the country').[29]

GHG Accounting Period.

The GHG reporting period for the scheme and its funds aligns with the scheme's Fiscal Year, 1 April to 31 March, and is in line with PCAF s.4.2 on requirements for reporting financed emissions regarding equities and listed property.

We have derived GHG emissions figures for the sovereign bond asset class using the latest available GHG emissions data which is then weighted and aggregated with the holdings data as of 31 March 2025.

29. Ref: PCA (2022).
30. We are provided with figures in NZD by our external data provider FactSet and are therefore reliant on their exchange rate methodology from other currency sources it has drawn on.
31. Ref: PCA (2022).
32. **OECD Data Explorer • Greenhouse Gas Footprints (GHGFP): Principal indicators**
33. **OECD Data Explorer • Greenhouse Gas Footprints (GHGFP): Principal indicators**

Definitions for GHG emissions metrics.

For the equities, listed property and corporate bonds asset classes.

There are a variety of metrics the scheme, and the funds within it, use to measure investment GHG emissions from the equities, listed property, and corporate bonds asset classes, as shown in **Table 24**.

Under the financial control approach, Scope 3, Category 15 (investment) GHG emissions are attributed in proportion to the scheme's and its funds' share of exposure to each company or issuer relative to the total value of the issuer.

For the sovereign bonds.

This asset class includes sovereign bonds and treasury bills from sovereign debt maturities issued in New Zealand Dollar currency and in foreign currencies. Sovereign debt leads to the transfer of funds to the country, which in turn creates a debt obligation to be repaid by the borrowing country. Sovereign debt is typically issued by central government or treasury.

There are a variety of metrics the scheme, and the funds within it, use to measure investment GHG emissions from sovereign debt, as shown in **Table 25**.

In line with PCAF recommendations, we monitor both production and consumption metrics (absolute and intensity) when comparing and monitoring the performance of the sovereign asset class.[31]

Table 24: Summary of metrics used by the scheme (and funds within it) when measuring and assessing investment GHG emissions (equities, listed property and corporate bonds asset classes).

Metric	Description	Unit
Absolute gross GHG emissions: Sum of Scope 1 and 2	The absolute Scope 1 and 2 GHG emissions emitted associated with the scheme or fund.	Metric tCO_2e
Carbon (GHG) emission footprint: Scopes 1 and 2	Total GHG emissions for a scheme or fund normalised by the market value of the scheme or fund for Scope 1 and 2. This is used to understand emission intensities based on a monetary unit. This is also known as economic emissions intensity.	tCO_2e/NZ$1m invested[30]
Weighted average carbon (GHG) emission intensity: Scopes 1 and 2	Total weighted average GHG emissions per million dollars of revenue of the scheme or funds of Scope 1 and 2. This is used to understand the exposure to GHG emission intensive companies of the scheme or fund.	t CO_2e/NZ$1m company revenue

Table 25: Summary of metrics used by the scheme (and funds within it) when measuring and assessing invested GHG emissions (sovereign bonds).

Metric	Description (from PCAF Standard A, Chapter 5.7)	Unit
Absolute gross GHG emissions: Scope 1	These are the absolute domestic GHG emissions from sources located within the country territory.	metric tCO_2e
Total production emissions	Production emissions are 'those emissions attributable to emissions produced domestically by the country and include domestic consumption and exports'. The indicator provided by the OECD is: • GHG emissions based on production (i.e. emitted by countries) (PROD_GHG[32]	tCO_2e
Total consumption emissions	Consumption emissions 'reflect the demand side of sovereign emissions and account for consumption patterns and trade effects'. This metric provides a broader view of a sovereign's GHG emissions and tackles the issue of carbon leakage that arises because of production shifts from countries where goods and services are consumed later. The indicator provided by the OECD is: • GHG emissions embodied in domestic final demand (in both basic prices and purchasers' prices) (FD_GHG)[33]	tCO_2e
Emissions intensity for sovereign production emissions	Production emissions per $1m GDP-PPP adjusted.	TCO_2e/International $1m GDP-PPP Adjusted
Emissions intensity for sovereign (consumption emissions per capita)	Consumption emissions per capita.	tCO_2e/capita
Carbon footprint	The absolute domestic GHG emissions from sources located within a country territory by NZD million invested.	tCO_2e/NZ$m invested

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Current asset class exclusions from the GHG Emissions Inventory.

The scheme, and funds within it, invest in a diversified set of asset classes. These asset classes include equities, listed property, fixed interest split into sovereign bonds, corporate bonds, and cash.

For some asset classes, a lack of available data or lack of agreed methodology to calculate their GHG emissions means they are currently excluded from the calculations. A summary of current exclusions is outlined in **Table 26**.

For example, some cash or bond securities require the corresponding financial institution (e.g., a bank) to disclose their financed emissions. For some asset classes, a lack of an established calculation methodology (e.g., commodities) means they currently cannot be captured in the GHG emissions inventory.

Table 26: Summary of exclusions adopted for the scheme's and fund's invested GHG emissions inventory.

Asset class	Standard /methodology used	Asset class included in emissions inventory (Yes/No)	Exclusions
Equities, listed property and corporate bonds (international and domestic)	PCAF, Listed Equity and Corporate Bonds (Chapter 5.1)[34]	Yes	Scope 1 and 2 GHG emissions from underlying issuers are included, however, scope 3 emissions are excluded. Scope 3 coverage (incl. historical) is limited and incomplete at present and therefore limits comparability and accuracy over time and has therefore been excluded from this report.
Sovereign bonds	PCAF, Sovereign Debt (Chapter 5.7)	Yes	Exposure to debt from central banks is not covered by the PCAF standard, unless the debt is issued directly on behalf of the sovereign.
Sub-sovereigns, municipals, supranational, multi-lateral and intranational bonds such as agency debt	-	No	Lack of defined methodology and available data along with double counting of country-level emissions.
Green or sustainable bonds (known use of proceeds)	-	No	Not explicitly captured by the PCAF standard. Where data is available, the bond is captured as a sovereign bond or a corporate bond.
Commodities	-	No	Lack of defined methodology. Lack of available data.
Cash and derivatives	-	No	Lack of defined methodology. Lack of available data.
Asset backed and residential mortgage-backed securities	-	No	Lack of defined methodology. Lack of available data.

34. Note that PCAF 5.4 lists Commercial Real Estate investments listed in the stock market as classified as listed equity and is referred to 5.1.

Part B: Calculating the scheme's, and the funds within it, investment GHG emissions inventory – equities, listed property and corporate bond asset classes .

Equities, listed property and corporate bond: formulas used.

Table 27 presents the formulas used to calculate the investment GHG emissions for the scheme's, and funds within it, equities, listed property and corporate bonds assets.

EVIC is defined as enterprise value including cash, which is the sum of the market capitalisation of ordinary shares at fiscal year-end, the market capitalisation 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.[35]

EVIC is calculated as: Enterprise Value + cash and cash equivalents.

To determine the value of investment, for equities and listed property, the market value of securities at the reporting date is used. For corporate bonds, in accordance with PCAF, the notional value (or book value) is used.

Methodology overview of our third-party data provider.

Our third-party data provider supplies us coverage of GHG emissions data through the collection of issuer-reported data and fills remaining gaps with estimated data. Their GHG emissions dataset has two source types of data – reported and estimated. The PCAF data quality score associated with reported vs. estimated data is not currently provided by our third-party data provider.

Given that reported data falls high on the hierarchy and the estimation models are built on reported emissions data, it is important that the reported data is reliable and of high quality. For exceptional cases, our third-party data provider may disqualify the reported data, and an estimated value will be used instead.

35. PCAF (2022). The Global GHG Accounting and Reporting Standard Part A: Financed Emissions. Second Edition. **https://carbonaccountingfinancials.com/standard**

Table 27: Formulas used to calculate GHG emissions for equities, listed property and corporate bonds.

Metric	Formula	Unit	Baseline
Total gross GHG emissions of the portfolio: Total emissions (Sum of Scope 1 and 2))	$\sum_i \frac{\textit{current value of investment}_i}{\textit{issuer's EVIC}_i} \times \textit{issuer's Scope 1 emissions}_i$	metric tCO_2e	March 2019
Carbon (greenhouse gas) emission footprint (for Scopes 1 and 2) (economic intensity)	$\sum_i \frac{\frac{\textit{current value of investment}_i}{\textit{issuer's EVIC}_i} \times \textit{issuer's Scope 1 and Scope 2 emissions}_i}{\textit{current portfolio value (NZ\$M)}}$	metric tCO_2e/NZ$M invested	March 2019
Carbon (greenhouse gas) emission intensity (for Scopes 1 and 2) (WACI)	$\sum_i \frac{\textit{issuer's Scope 1 and Scope 2 emissions}_i}{\textit{Sales Revenue NZ\$M}_i} \times \textit{portfolio weight}_i$	metric tCO_2e/NZ$M company revenue	March 2019

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Equities, listed property and corporate bonds: methods, assumptions, exclusions, limitations, and uncertainties.

When calculating the invested GHG emissions for equities, listed property and corporate bonds, the following limitations and assumptions apply:

1. **Timing of the publication of GHG emissions and financial data:** invested GHG emissions reporting relies on the application of whole-of-year GHG emissions and activity data to provide a point-in-time exposure aligned with enterprise value data. There may be a lag in companies' and other issuers' GHG emissions or holding data reporting, which may not fully align with the period for companies or other issuers' financial reporting or the balance date. This may mean that GHG emissions data presented for a point in time in this disclosure does not represent the GHG emissions of the companies or other issuers at that time. Because of delays in receiving GHG emissions data from issuers, where we have stated dates, these refer to the date of the holdings within the fund used to weight and aggregate the emissions.
2. **Market value fluctuation:** When using EVIC as the denominator, calculated invested GHG emissions might change because of fluctuating market prices of the asset held, as mentioned as a limitation in the PCAF guidance.
3. **Currency fluctuations:** We report using New Zealand Dollar figures based on data being made available to us by our third-party provider(s). We rely on the data provider(s) to apply their exchange rate methodology to report to us in NZD. Changes in exchange rates can impact the economic intensity and WACI accordingly.
4. **Data availability:** Data availability impacts the issuer's reported GHG emissions. PCAF acknowledges that data comparability, coverage, transparency, and reliability of data provided by issuers varies. GHG emissions data used for the current Climate Statement is as at 31 December 2022 due to the dataset for this date being the most accurate, complete and reliable. We are under no obligation to update this Climate Statement as more accurate, complete and reliable data becomes available from our third-party data provider.
5. **Data uncertainty:** We report on GHG emissions metrics for issuers only where a reasonable quality of data is available. The reasonableness of the data has been evaluated by our third-party data provider using their methodologies. Where reported data is not available, an estimation methodology has been applied, which is derived from averaging across industry sectors and other factors. This may impact coverage of metrics per portfolio. Coverage of metrics per portfolio will be reported to mitigate disclosure concerns. Our data provider is developing their own methodology for data quality (PCAF) scores.
6. **Data coverage and issuer identification:** Data presented is unadjusted (except for a maintained list of companies and other issuers that have been exempt due to known data confidence or other issues) and is the data coverage available at the time of reporting. As data coverage improves, GHG emissions reported by companies or other issuers can also increase.
7. **Third-party data:** We rely on data supplied by our third-party data provider and therefore reliant on the accuracy, coverage, scopes, estimates, and reported data being regularly updated by our data provider. Our data provider relies on companies' and other issuers' reported data, supplemented with activity, and estimated GHG emissions.
8. **Global Warming Potentials (GWP):** GWPs are determined by countries and are applied by companies and other issuers based on their assessment of location of operation or application of a certain standard (such as the GHG Emission Protocol). Our third-party data provider does not modify the GWP equivalences reported by companies and other issuers and for estimated GHG emissions, uses an aggregate of all gases reported by issuers, drawing on CO_2e figures.
9. **Data quality of our third-party data provider:** Our third-party provider is committed to delivering products and services that conform to a high degree of quality. Activities include:
   - Accuracy – taking all commercially reasonable steps to ensure research and data is correct and precise. Any identified data inaccuracies are investigated promptly and remediated in accordance with the third-party provider's Incident Management Process.
   - Data consistency – delivering research and data in a consistent format, structure, and method.
   - Completeness – taking all commercially reasonable steps to provide comprehensive and extensive research and data.
   - Timeliness – taking all commercially reasonable steps to make data available in a timely manner.

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Part C: Calculating the scheme's, and the funds within it, invested GHG emissions inventory – sovereign bonds.

Sovereign bonds: formulas and data sources used.

Table 28 presents the formulas and data sources used to calculate the invested GHG emissions for the scheme's, and funds within it, sovereign bond asset class.

Generally, the financed emissions of sovereign debt are calculated by multiplying the attribution factor by the emissions of the respective sovereign borrower.[36]

Table 28: Formulas and data sources used to calculate GHG emissions for sovereign debt.

Metric	Description (from PCAF Standard A, Chapter 5.7)	Unit	Limitations
Absolute gross GHG emissions: Scope 1 (Used to calculate absolute emissions)	We extract data from the EDGAR Version 8.0 (2023) database.[37] **EDGAR – The Emissions Database for Global Atmospheric Research** We use the total GHG emissions in tonnes CO_2e using data from AR5 (based on the Fifth Assessment Report from the IPCC) as this is the most current. We calculate using this formula: $\sum \frac{\text{Notional Bonds Held}_{country}}{\text{PPP-Adj GDP}_{country}}$ X Country Emissions$_{(EDGAR)}$	tCO_2e	Data available to 2023
Total production emissions	We use data from the OECD as follows: **OECD Data Explorer • Greenhouse Gas Footprints (GHGFP): Principal indicators** Production-based emissions are estimated according to the residence principle. They refer to the GHG emitted from the resident economic activities and households of a country (Ref data set is PROD_GHG). We calculate using this formula: $\sum \frac{\text{Notional Bonds Held}_{country}}{\text{PPP-Adj GDP}_{country}}$ X Country Emissions$_{(OECD\ GHGFP\ production\ based)}$	tCO_2e	Data available to 2020 No GHG emissions data available for Bermuda or Panama
Total consumption emissions	We use data from the OECD as follows: **OECD Data Explorer • Greenhouse Gas Footprints (GHGFP): Principal indicators** Consumption / demand-based emissions encompass GHG emissions from the resident households of a country, as well as direct and indirect upstream emissions from its final expenditure of final goods and services (ref data set FD_GHG). We calculate using this formula: $\sum \frac{\text{Notional Bonds Held}_{country}}{\text{PPP-Adj GDP}_{country}}$ X Country Emissions$_{(OECD\ GHGFP\ consumption\ based)}$	tCO_2e	Data available to 2020 No GHG emissions data available for Bermuda or Panama
Emissions intensity for sovereign production	This is calculated using the production emissions calculated above divided by the GDP adjusted for PPP. World Bank Group **GDP, PPP (current international $) | Data (worldbank.org)** This indicator has the code NY.GDP.MKTP.PP.CD). The indicator provides values for gross domestic product (GDP) expressed in current international dollars, converted by purchasing power parity (PPP) conversion factor. GDP is the sum of gross value added by all resident producers in the country plus any product taxes and minus any subsidies not included in the value of the products. The PPP conversion factor is a spatial price deflator and currency converter that eliminates the effects of the differences in price levels between countries.[38] This database is sourced from the International Comparison Program, World Bank | World Development Indicators database, World Bank | Eurostat-OECD PPP Programme and retrieved from the OECD database above. We calculate using this formula: $\sum \frac{\text{Country Emissions}_{(OECD\ GHGFP\ production\ based)}}{\text{PPP-Adj GDP}_{country}}$ X Portfolio Exposure% X 1,000,000	tCO_2e/ International $1m GDP-PPP adjusted	Data is not available for all countries No GHG emissions data available for Bermuda or Panama Data available to 2020
Emissions intensity for sovereign (consumption emissions per capita)	This is calculated using the consumption emissions calculated above divided by the total population of the country World Bank Group **Population, total | Data (worldbank.org)** The total population is based on the de facto definition of population, which counts all residents regardless of legal status or citizenship. The values shown are midyear estimates. The indicator used has the code SP.POP.TOTL. We calculate using this formula: $\sum \frac{\text{Country Emissions}_{(OECD\ GHGFP\ consumption\ based)}}{\text{Population}_{country}}$ X Portfolio Exposure%	tCO_2e per capita	No GHG emissions data available for Bermuda or Panama
Carbon footprint	The absolute domestic GHG emissions from sources located within a country territory by NZD million invested. (Using EDGAR absolute emissions). We calculate using this formula: $\frac{\text{Absolute Gross Emissions}}{\sum \text{MVeligilble securities}/1{,}000{,}000}$	tCO_2e/NZ$1m invested	

36. PCAF (2022). The Global GHG Accounting and Reporting Standard Part A: Financed Emissions. Second Edition. **https://carbonaccountingfinancials.com/standard**
37. Crippa, M., Guizzardi, D., Pagani, F., Banja, M., Muntean, M., Schaaf E., Becker, W., Monforti-Ferrario, F., Quadrelli, R., Risquez Martin, A., Taghavi-Moharamli, P., Köykkä, J., Grassi, G., Rossi, S., Brandao De Melo, J., Oom, D., Branco, A., San-Miguel, J., Vignati, E., GHG emissions of all world countries, Publications Office of the European Union, Luxembourg, 2023, **doi:10.2760/953322**, JRC134504.
EDGAR (Emissions Database for Global Atmospheric Research) Community GHG Database, is a collaboration between the European Commission, Joint Research Centre (JRC), the International Energy Agency (IEA), and comprising IEA-EDGAR CO2, EDGAR CH4, EDGAR N2O, EDGAR F-GASES version 8.0, (2023) European Commission, JRC (Datasets).
All emissions, except for CO2 emissions from fuel combustion, are from the EDGAR (Emissions Database for Global Atmospheric Research) Community GHG database comprising IEA-EDGAR CO2, EDGAR CH4, EDGAR N2O and EDGAR F-gases version 8.0 (2023).
IEA-EDGAR CO2, a component of the EDGAR (Emissions Database for Global Atmospheric Research) Community GHG database version 8.0 (2023) including or based on data from IEA (2022) Greenhouse Gas Emissions from Energy, **www.iea.org/data-and-statistics**, as modified by the Joint Research Centre.
38. **GDP, PPP (current international $) | Data (worldbank.org)**

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Data sources used by EDGAR.

All emissions, except for CO_2 emissions from fuel combustion, are from the EDGAR (Emissions Database for Global Atmospheric Research) Community GHG database comprising IEA-EDGAR CO_2, EDGAR CH4, EDGAR N2O and EDGAR F-gases version 8.0 (2023).

IEA-EDGAR CO_2 (v2) data are based on data from IEA (2022) Greenhouse Gas Emissions from Energy, **www.iea.org/statistics**, as modified by the Joint Research Centre", licensed under CC BY-NC-ND 4.0. Users of IEA-EDGAR CO_2 data should contact the IEA at **compliance@iea.org** for permission to use.

Based on IEA-EDGAR CO_2 (v2), EDGAR CH4, EDGAR N2O, EDGAR F-gases, the components of the EDGAR (Emissions Database for Global Atmospheric Research) Community GHG database version 8.0 (2023), are derived (by EDGAR) from these data sources:

- IEA (2022) World Energy Balances, **www.iea.org/data-and-statistics**
- IEA Greenhouse Gas Emissions from Energy – 2022 Edition, **www.iea.org**, 2022b.
- IEA World Energy Balances – 2022 Edition, **www.iea.org/data-and-statistics**, All rights reserved, as modified by Joint Research Centre, European Commission, 2022a.
- BP Statistical Review of World Energy, June 2023 (**www.bp.com/statisticalreview**), Last access June 2023.
- IATA (2023), International Air Transport Association Statistics, **www.iata.org/en/iata-repository/pressroom/fact-sheets/industry-statistics**, 2022.
- IFA (2022), Urea consumption (updates 2010-2019) and production (updates 2020) statistics, 2022, **www.ifastat.org/**.
- FAOSTAT (2023), Statistics Division of the Food and Agricultural Organisation of the UN: **www.fao.org/faostat**, Last access May 2023
- USGS (2023), USGS Commodity Statistics (May 2023), (**www.usgs.gov/centers/nmic/commodity-statistics-and-information**), 2023
- World Bank (2023), data of GDP PPP, (constant 2017 international $) (expressed in 1000 US dollar, and adjusted to the Purchasing Power Parity of 2017) for 1990-2022, World Bank, July 2023.

World Steel Association, (worldsteel) (2023), Steel Statistical Yearbook 2023, **worldsteel.org**.

Sovereign bonds: methods, assumptions, exclusions, limitations, and uncertainties.

When calculating the invested GHG emissions for sovereign bonds, the following limitations and assumptions apply:

1. **Timing of the publication of GHG emissions and financial data:** there is up to a four-year lag between country level GHG emission data availability and the current reporting year. Whilst we have used the most currently available data, there is a misalignment between the reporting year and the GHG emission data.
   For our holdings, we have used portfolio holdings as at 31 March 2025. Therefore, data provided within this Climate Statement does not reflect GHG emissions of the reporting year. We are under no obligation to update this Climate Statement as more accurate, complete and reliable data becomes available.
2. **Reliance on third-party databases to provide country-level GHG emissions.** We calculate our GHG emissions data using third-party, publicly available, and global databases recommended by PCAF (e.g. those provided by the OECD and the EDGAR database).
   We base our calculations using their methodologies and make no modifications to data supplied through these global databases. We are also not able to query the methodologies used by the OECD or the EDGAR database. We are reliant on the accuracy, coverages, and estimates of GHG emissions provided through these publicly available databases.
3. **Global Warming Potentials (GWP)**. The GWPs used are selected by individual countries, generally in accordance with the recommendations contained within the IPCC Fifth Assessment Report, 2014 and as per the GHG Protocol. For more information, please see the IPCC website (**www.ipcc.ch**). For Scope 1 emissions, we have used the EDGAR database AR5 values as these are the most recent and recommended by the GHG Protocol.[39]

39. Global-Warming-Potential-Values.docx (ghgprotocol.org)

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Appendix 3:

Calculating our climate-related metrics – additional assumptions and limitations.

This appendix provides details on key assumptions and limitations which apply to the climate-related metrics provided in the Climate Statement, including asset class exposure, data coverage, and overall data assumptions and limitations.

Asset class exposure and data coverage.

Two key factors impact the percentage of the total scheme and each fund that a given metric covers:

- Asset class exposure (the percentage of the scheme or fund invested in asset classes to which a metric applies).
- Data coverage (the percentage of the asset class exposure where data is available for a given metric).

Asset class exposure.

We determine the asset class exposure that each fund has to the metric we are covering. Asset classes currently covered by our climate-related metrics include equities, listed property, corporate bonds and sovereign bonds.

Asset classes that are currently excluded from metrics include commodities, cash and cash equivalents, derivatives, sub-sovereign and supranational bonds, and asset backed and residential mortgage-backed securities. This is due to a lack of available methodologies and data.

To determine the percentage that each fund is covered by a particular metric, we calculate the asset class exposure. The asset class exposure ratio is calculated as:

- Exposure (%) in the relevant asset class = Sum of market value of relevant assets in fund or scheme/sum of market value all assets in the fund or scheme.

Each fund has a different weighting for each asset class. Accordingly, the metrics presented in this Climate Statement relate to the following percentages of each fund.

For FY25, the asset class exposure is presented in **Table 29** and **Table 30**.

Table 29: Asset class exposure – equities, listed property, corporate bonds.

Fund	Asset class	FY19	FY20	FY21	FY22	FY23	FY24	FY25
High Growth Fund	**Total**							92%
	Equities and listed property							92%
	Corporate bonds							0%
Growth Fund	**Total**	**74%**	**73%**	**79%**	**79%**	**76%**	**81%**	**80%**
	Equities and listed property	69%	67%	74%	75%	69%	75%	73%
	Corporate bonds	6%	5%	5%	5%	7%	6%	6%
Balanced Fund	**Total**	**63%**	**62%**	**67%**	**67%**	**65%**	**69%**	**67%**
	Equities and listed property	52%	51%	55%	56%	52%	57%	55%
	Corporate bonds	12%	11%	11%	11%	14%	13%	12%
Default Balanced Fund	**Total**				**61%**	**60%**	**63%**	**61%**
	Equities and listed property				47%	43%	47%	46%
	Corporate bonds				14%	17%	16%	15%
Moderate Fund	**Total**	**51%**	**49%**	**54%**	**54%**	**53%**	**56%**	**54%**
	Equities and listed property	34%	33%	37%	38%	34%	38%	37%
	Corporate bonds	17%	16%	17%	17%	20%	19%	18%
Conservative Fund	**Total**	**44%**	**40%**	**45%**	**45%**	**46%**	**48%**	**45%**
	Equities and listed property	23%	21%	23%	23%	21%	24%	23%
	Corporate bonds	21%	19%	22%	21%	25%	25%	22%
Defensive Conservative Fund	**Total**	**41%**	**37%**	**44%**	**42%**	**43%**	**45%**	**42%**
	Equities and listed property	19%	19%	20%	19%	16%	19%	18%
	Corporate bonds	21%	18%	24%	23%	26%	26%	23%
Cash Fund	**Total**	**21%**	**12%**	**8%**	**6%**	**12%**	**20%**	**23%**
	Equities and listed property	0%	0%	0%	0%	0%	0%	0%
	Corporate bonds	21%	12%	8%	6%	12%	20%	23%
Westpac KiwiSaver Scheme	**Total**	**54%**	**49%**	**57%**	**58%**	**57%**	**62%**	**61%**
	Equities and listed property	38%	35%	43%	45%	41%	46%	47%
	Corporate bonds	15%	14%	14%	13%	16%	15%	14%

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Table 30: Asset class exposure – sovereign bonds.

Fund	FY25
High Growth Fund	1%
Growth Fund	10%
Balanced Fund	19%
Default Balanced Fund	23%
Moderate Fund	26%
Conservative Fund	32%
Defensive Conservative Fund	33%
Cash Fund	0%
Westpac KiwiSaver Scheme	**19%**

Data coverage.

Not all metrics have a complete data set. We present data percentage coverage for each metric accordingly.

Data presented is unadjusted (except for a maintained list of companies and other issuers that have been exempt due to known data confidence or other issues) and is the data coverage available at the time of reporting.

Where there is no data provided by our third-party data provider for an issuer, the issuer has not been included in our calculations. We do not replace missing data with our own estimates.

As data coverage improves, the metric may change as a result.

Data coverage is limited for two key reasons:

Availability: Data coverage is impacted by the availability of reported data by issuers (companies and countries) and/or the ability for our data providers to estimate data based on the availability of alternative values from published data.

Traceability: Data coverage is impacted by companies and other issuers not being supplied with the correct Securities Identification Research Entity ID (REID) by our research provider. This can present challenges when issuers merge, and/or the REID number cannot be clearly linked to the issuer. Being unable to trace the issuer to a correct REID means we cannot include these issuers in the calculations.

Other data assumptions, exclusions, limitations, and uncertainties.

Data used to measure climate-related risks and opportunities come with a variety of limitations and uncertainties. These are identified below (with detail included in **Appendix 2**).

- Third-party data providers.
- Timing of the publication of climate-related metrics.
- Market value fluctuations.
- Currency fluctuations.
- Data uncertainty.

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Table 31: Emissions data coverage – equities, listed property and corporate bonds.

		Absolute gross emissions and carbon footprint				Weighted average carbon intensity			
Fund	**Asset class**	**FY19**	**FY23**	**FY24**	**FY25**	**FY19**	**FY23**	**FY24**	**FY25**
High Growth Fund	**Total**	**0%**	**0%**	**0%**	**88%**	**0%**	**0%**	**0%**	**99%**
	Equities and listed property	0%	0%	0%	88%	0%	0%	0%	99%
	Corporate bonds	0%	0%	0%	22%	0%	0%	0%	73%
Growth Fund	**Total**	**67%**	**86%**	**86%**	**85%**	**74%**	**96%**	**97%**	**97%**
	Equities and listed property	70%	91%	90%	88%	75%	99%	99%	98%
	Corporate bonds	34%	41%	40%	43%	56%	71%	74%	76%
Balanced Fund	**Total**	**64%**	**81%**	**81%**	**80%**	**73%**	**94%**	**95%**	**94%**
	Equities and listed property	71%	91%	90%	88%	76%	99%	99%	98%
	Corporate bonds	35%	44%	42%	43%	58%	75%	76%	76%
Default Balanced Fund	**Total**	**0%**	**78%**	**77%**	**77%**	**0%**	**92%**	**93%**	**93%**
	Equities and listed property	0%	91%	90%	88%	0%	99%	99%	98%
	Corporate bonds	0%	44%	41%	43%	0%	76%	76%	76%
Moderate Fund	**Total**	**58%**	**74%**	**74%**	**73%**	**68%**	**90%**	**91%**	**91%**
	Equities and listed property	69%	91%	90%	88%	74%	99%	99%	98%
	Corporate bonds	34%	44%	41%	43%	57%	75%	76%	76%
Conservative Fund	**Total**	**52%**	**65%**	**65%**	**66%**	**65%**	**85%**	**86%**	**87%**
	Equities and listed property	69%	91%	90%	88%	73%	98%	99%	98%
	Corporate bonds	34%	43%	40%	42%	56%	73%	74%	76%
Defensive Conservative Fund	**Total**	**49%**	**62%**	**61%**	**62%**	**60%**	**83%**	**84%**	**85%**
	Equities and listed property	66%	91%	90%	88%	71%	98%	99%	98%
	Corporate bonds	33%	43%	40%	42%	51%	73%	74%	76%
Cash Fund	**Total**	**29%**	**18%**	**19%**	**22%**	**36%**	**51%**	**74%**	**73%**
	Equities and listed property	0%	0%	0%	0%	0%	0%	0%	0%
	Corporate bonds	29%	18%	19%	22%	36%	51%	74%	73%
Westpac KiwiSaver Scheme	**Total**	**60%**	**77%**	**77%**	**77%**	**69%**	**91%**	**93%**	**93%**
	Equities and listed property	70%	91%	90%	88%	75%	98%	99%	98%
	Corporate bonds	34%	42%	39%	41%	54%	73%	75%	76%

Table 32: Emissions data coverage – sovereign bonds.

Fund	**Absolute gross emissions and carbon footprint**	**Total consumption and production emissions and emissions intensity**
High Growth Fund	100.0%	100.0%
Growth Fund	99.5%	99.4%
Balanced Fund	99.4%	99.4%
Default Balanced Fund	99.4%	99.4%
Moderate Fund	99.4%	99.4%
Conservative Fund	99.4%	99.4%
Defensive Conservative Fund	99.4%	99.4%
Westpac KiwiSaver Scheme	**99.4%**	**99.4%**

Table 33: Data coverage – Total loss ratio.

	RCP 2.6				RCP 8.5			
	FY22	**FY23**	**FY24**	**FY25**	**FY22**	**FY23**	**FY24**	**FY25**
High Growth Fund				62%				62%
Growth Fund	54%	54%	57%	58%	54%	54%	57%	58%
Balanced Fund	53%	51%	54%	54%	53%	51%	54%	54%
Default Balanced Fund	49%	50%	52%	53%	49%	50%	52%	53%
Moderate Fund	45%	46%	48%	49%	45%	46%	48%	49%
Conservative Fund	37%	37%	39%	41%	37%	37%	39%	41%
Defensive Conservative Fund	36%	36%	37%	40%	36%	36%	37%	40%
Westpac KiwiSaver Scheme	**48%**	**48%**	**50%**	**52%**	**48%**	**48%**	**50%**	**52%**

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Table 34: Data coverage – EU taxonomy.

	FY22	FY23	FY24	FY25
High Growth Fund				50%
Growth Fund	43%	49%	52%	50%
Balanced Fund	39%	47%	50%	50%
Default Balanced Fund	39%	45%	49%	48%
Moderate Fund	39%	45%	48%	48%
Conservative Fund	37%	43%	46%	47%
Defensive Conservative Fund	34%	41%	44%	45%
Westpac KiwiSaver Scheme	**40%**	**46%**	**50%**	**49%**

Table 35: Data coverage – ESG risk score.

	FY19	FY23	FY24	FY25
High Growth Fund				98%
Growth Fund	75%	93%	96%	96%
Balanced Fund	74%	90%	93%	93%
Default Balanced Fund		88%	91%	91%
Moderate Fund	71%	85%	88%	88%
Conservative Fund	70%	78%	81%	83%
Defensive Conservative Fund	69%	75%	78%	81%
Westpac KiwiSaver Scheme	**72%**	**87%**	**90%**	**91%**

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Appendix 4:

Glossary of key terms.

Term	Definition
Asset class	An asset class is a grouping of assets (or securities) that share common characteristics. BTNZ funds are made up of a mix of some or all the following asset classes; cash and cash equivalents; corporate and sovereign bonds; equities; and listed property.
Assets under management (AUM)	The total market value of all the assets (securities) that BTNZ manages on behalf of its customers.
Baseline (year)	An historical base date (in this Climate Statement, a specific year) against which an entity's metric is tracked over time.
Benchmark	In the investment context, a standard or point of reference for evaluating the performance of a scheme or fund.
Cash and cash equivalents	Refers to assets such as cash on hand and bank deposits, as well as short-term, highly liquid investments that are readily convertible to known amounts of cash such as floating rate notes, commercial paper, and other money market securities.
Climate Action Plan	An action plan that contains the agreed short- and medium-term targets, actions, and the approach to be taken by each underlying equity and listed property Investment Manager to help achieve BTNZ's climate ambition.
Climate mitigation and adaptation	Climate change mitigation (per Article 10 of the EU Sustainable Investment Taxonomy) refers to activities that contribute substantially to the stabilisation of GHG emissions in the atmosphere at a level consistent with the long-term temperature goal of the Paris Agreement through the avoidance or reduction of GHG emissions or the increase of GHG removals including through process and product innovations. Climate change adaptation (per Article 11 of the EU Sustainable Investment Taxonomy) refers to adaptation activities that either substantially reduce the risk of the adverse impact of the current climate and the expected future climate on economic activity, without increasing the risk of an adverse impact on people, nature or assets or activities that provide adaptation solutions.
Climate-related opportunities	The potential positive impacts from climate change on an investment scheme or fund. Investment performance can benefit from potentially increased investment returns by investing in opportunities to adapt to and mitigate the impacts of climate change (such as resource efficiency, renewable energy, new products, and services, and building in climate resilience).
Climate-related risks	The potential negative impacts of climate change on an investment scheme or fund. Climate-related risks can originate from the physical risks of climate change (such as increased droughts, sea level rise, increased storms) and/or from transition risks (such as new and/or changes to climate-related policies, reputational risks, heightened litigation risks, and market and technology risks through the climate transition).

Term	Definition
Climate-related scenario	A plausible, challenging description of how the future may develop, based on a coherent and consistent set of assumptions about key driving forces and relationships covering both physical and transition risks in an integrated manner. Climate-related scenarios are not intended to be probabilistic or predictive, or to identify the 'most likely' outcome(s) of climate change. They are intended to provide an opportunity for entities to develop their internal capacity to better understand and prepare for the uncertain future impacts of climate change.
Corporate and sovereign bonds	A debt instrument issued by a company (corporate) or government (sovereign) entity that promises to pay the investor a specified amount of interest for a specified time, with principal to be repaid when the bond matures.
Enterprise value including cash (EVIC)	The sum of the market capitalisation of ordinary shares at fiscal year-end, the market capitalisation 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. EVIC is calculated as Enterprise Value + short term investments (including cash).
Environmental, social and governance (ESG)	Environmental, social and governance factors are sustainability factors that assist assessing companies and other issuers on their environmental, social and governance performance. ESG integration refers to the ongoing consideration of ESG factors within an investment analysis and decision-making process with the aim to improve risk-adjusted returns.
Equities	Equities (or shares) represent a part ownership stake in a company or other entity. This ownership stake gives shareholders the potential for capital gains and dividend payments, through owning a share in the company's profits. Equities are generally listed on a stock exchange and are usually traded via a centralised exchange.
EU Paris-Aligned Benchmark (EU PAB)	An index where the underlying assets are selected in such a manner that the resulting benchmark portfolio's GHG emissions are aligned with the long-term global warming target of the Paris Climate Agreement and is also constructed in accordance with the minimum standards laid down in the relevant legislation.
EU Taxonomy	The EU Taxonomy is designed to help investors identify environmentally sustainable economic activities. The EU's Taxonomy Regulation, which entered into force on 12 July 2020, lays out six environmental objectives that set the framework for the EU Taxonomy.
Green bonds	Bonds whose proceeds are exclusively applied to finance or re-finance, new and/or existing eligible green projects.
Greenhouse gas (GHG)	The gases in the atmosphere that absorb the wavelengths of radiation that a planet emits, resulting in the greenhouse effect, which contributes to a rise in the surface temperature of the Earth. The main greenhouse gases included in the Kyoto Protocol are carbon dioxide (CO_2), methane (CH4), nitrous oxide (N2O), hydrofluorocarbons (HFCs), nitrogen trifluoride (NF3), perfluorocarbons (PFCs), and sulphur hexafluoride (SF6).

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Term	Definition
Gross Domestic Product (GDP)	The market value of all final goods and services produced within an economy in a given period of time (output definition) or, equivalently, the aggregate income earned by all households, all companies, and the government within the economy in a given period of time (income definition).
Holdings data	Refers to the scheme and/or fund's investments into companies or other issuers.
Impact	The effect, or result, of a material climate-related risk or opportunity occurring. An impact is the consequence of climate change on the scheme (and the funds within it).
Intergovernmental Panel on Climate Change (IPCC)	The United Nations body which releases reports assessing the science related to climate change.
Listed properties	Property companies whose predominant business is ownership and/or development of property, which are listed on a stock exchange and are usually traded via a centralised exchange.
Managed Investment Scheme (MIS)	The reference to managed investment schemes in this document means managed investment schemes under the Financial Markets Conduct Act 2013 as registered on the Disclose Register.
Materiality	The NZ Climate Standards state that information is material if "omitting, misstating or obscuring it could reasonably be expected to influence the decisions that primary users make" based on this Climate Statement. The Climate Standards then also state that the responsibility of making materiality judgements lies solely with the issuer, in this case BTNZ. To aid with making materiality judgements, we determine materiality by considering internal and external factors, such as whether the matter: · Could reasonably be expected to influence an investment decision; · Has been consistently raised by our primary users; · Could plausibly impact the Westpac KiwiSaver Scheme in the short, medium, and/or long-term; · Has the potential for direct financial impact on the Westpac KiwiSaver Scheme; · Has the potential for reputational risk; · Has a direct impact on the low-carbon transition; and · Is relevant and needed to provide context.
Nationally Determined Contributions (NDC)	Commitments made by individual countries outlining their intended contributions to achieving the goals of the Paris Agreement.

Term	Definition
Net Zero Asset Manager's initiative (NZAMi)	NZAMi is an international group of asset managers committed to supporting the goal of net zero GHG emissions by 2050 or sooner (operations are currently suspended pending review).
Net Zero GHG emissions	We define Net Zero GHG emissions as meaning net zero GHG emissions (tCO_2e) by 2050 or sooner.
Network for Greening the Financial System (NGFS)	A group of central banks and financial supervisors working together to accelerate the transition towards a sustainable economy.
New Zealand Climate Standards (NZ CS)	Climate Standards issued by the External Reporting Board that comprise the climate-related disclosure framework.
Paris Agreement	A global commitment, agreed at COP21 in Paris in 2015, to limit the increase in the global average temperature to below 2°C above pre-industrial levels.
Partnership for Carbon Accounting Fundamentals (PCAF)	A global industry-led initiative focused on standardising how financial institutions measure and disclose the GHG emissions associated with their loans and investments.
Readiness (sovereign bonds)	A country's readiness to make effective use of investments for adaptation actions thanks to a safe and efficient business environment is also considered when determining the ND-GAIN Index. Readiness considers three components: economic readiness, governance readiness and social readiness. All readiness measures are weighted equally. A higher readiness is represented by a higher score.
Reporting period	1st April 2024 – 31st March 2025
Representative Concentration Pathway (RCP)	RCPs, adopted by the IPCC, seek to capture how our climate may change in the future by making predictions of how concentrations of greenhouse gases in the atmosphere will change in future because of human activities. The numerical values of the RCPs (2.6, 4.5, 6.0 and 8.5) refer to the concentrations in 2100.
Securities Identification Research Entity ID (REID)	The mechanism BTNZ uses to assign a unique identification to each security within a scheme or fund.
Strategic Asset Allocation (SAA)	The process by which BTNZ sets out the asset class mix for each fund based on its risk and return objectives over the long-term.

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Term	Definition
Sub-sovereign and supranational bonds	Sub-sovereign issuers are defined as issuers with jurisdiction and influence over a certain territory within a country below sovereign level e.g., regions, cities, municipalities. Depending on the respective country, the administrative levels may be different in terms of structure (e.g. while some countries have three administrative sub-sovereign levels, others have more or less relevant levels) and naming (e.g. “states” in the US correspond to “provinces” in Canada). Supranational bonds are debt securities issued by international organisations, often called supranational entities, that operate above the national level. These organisations are typically created through agreements between multiple countries and aim to support economic development, financial stability, or other global goals. Supranational bonds are not issued by individual countries or governments, but by international organisations like the World Bank, the European Investment Bank, or the Inter-American Development Bank.
Sustainable Investment	Managing assets by integrating environmental, social and governance (ESG) factors and contributing to sustainable themes such as climate action. We build this into our investment analysis and decision making as we believe investing sustainably will help us manage investment risk and opportunities.
Sustainable Investment Strategy	Our Sustainable Investment Strategy is a key component of our overall investment strategy and sets out our ambitions around sustainable investment (which includes climate).
Task Force on Climate-related Financial Disclosures (TCFD)	The global Financial Stability Board (FSB) created the TCFD to develop recommendations on the types of information that companies should disclose to support investors, lenders, and insurance underwriters in appropriately assessing and pricing a specific set of risks related to climate change.
Value chain	The full range of activities, resources and relationships related to an entity’s business model and the external environment in which it operates. A value chain encompasses the activities, resources, and relationships an entity uses and relies on to create its products or services from conception to delivery, consumption and end of life.
Vulnerability (sovereign bonds)	Vulnerability of the propensity or predisposition of human societies to be negatively impacted by climate hazards. Vulnerability in ND-GAIN’s framework is made up of three components: exposure, sensitivity and adaptive capacity. Vulnerability is further assessed using six life-supporting sectors: food, water, health, ecosystem services, human habitat, and infrastructure. The vulnerability score takes the simple mean of the six sector scores, which are the average scores of component indicators. All vulnerability measures are weighted equally. A lower vulnerability is represented by a lower score.

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