CLIMATE STATEMENTS
NGĀ PŪRONGO ĀHUARANGI

ANZ KiwiSaver Scheme

For the financial reporting period 1 April 2023 to 31 March 2024

ANZ INVESTMENTS

CONTENTS

IMPORTANT INFORMATION

This document contains the climate statements for each of the funds within the ANZ KiwiSaver Scheme (**the Scheme**) for the financial reporting period 1 April 2023 to 31 March 2024.

In these climate statements, unless the context otherwise requires:

- **Bank** or **ANZ** means ANZ Bank New Zealand Limited.
- **ANZ New Zealand** means ANZ Bank New Zealand Limited and its subsidiaries.
- **ANZ Investments, we or our** means ANZ New Zealand Investments Limited as issuer and manager of the Scheme.

ANZ Investments is required to prepare annual climate statements in respect of each of the funds within the registered schemes for which it is manager under the Financial Markets Conduct Act 2013. ANZ Investments is a wholly owned subsidiary of ANZ. These climate statements solely relate to the funds within the Scheme and ANZ Investments' role as manager of the Scheme, and do not cover ANZ's banking activities. ANZ is required to publish its own climate statements in relation to its banking activities for the 12-month period ending 30 September 2024 by 31 January 2025.

The Scheme is comprised of the following funds (each a Fund and together the **Funds**):

- Conservative Fund
- Conservative Balanced Fund
- Balanced Fund
- Balanced Growth Fund
- Growth Fund
- High Growth Fund
- Cash Fund

Content in this report relates to the Scheme's 2024 financial year ending 31 March 2024, unless otherwise stated. Monetary amounts are reported in New Zealand dollars unless otherwise stated.

KPMG has been engaged to provide limited assurance over the Funds' Scope 3 financed emissions. KPMG's assurance is provided at page 59.

This document is not an offer document and does not constitute an offer or invitation or investment recommendation to distribute or purchase interests in the Funds or any other securities.

These climate statements contain general background information about ANZ Investments and the activities of the Funds within the Scheme as at 31 March 2024. They are not intended to be and should not be relied upon as financial advice to investors or potential investors and do not take into account the investment objectives, financial situation, or needs of any particular investor. Investors should use their independent judgement and seek independent advice before deciding to invest in the Scheme. To the maximum extent permitted by law, we do not accept any liability for any loss arising directly or indirectly from any use of the information contained in these climate statements.

Information in these climate statements regarding ANZ Investments' understanding of current and future climate-related risks and opportunities anticipated to impact the Scheme is subject to significant uncertainty, challenges, and limitations that may affect its usefulness, accuracy, and completeness. Users should refer to Cautionary statements for further guidance regarding forward-looking statements and opinions.

Important information in relation to the Scheme (including a copy of the guide and product disclosure statement) is available here.

The contents in these statements apply to all Funds within the Scheme unless otherwise stated.

STATEMENT OF COMPLIANCE

These climate statements have been prepared in compliance with the Aotearoa New Zealand Climate Standards (NZ CS). ANZ Investments has elected to use the following adoption provisions for the purposes of NZ CS 2:

- Adoption provision 6: Comparatives for metrics - we have not disclosed comparative information for the preceding two financial years.
- Adoption provision 7: Analysis of trends – we have not disclosed an analysis of the main trends evident from a comparison of each metric from previous two financial years to the current financial year.

Signed on behalf of ANZ New Zealand Investments Limited on 23 July 2024 by:

Ian Burns
Chair of the Board of Directors

Fiona Mackenzie
Executive Director

CAUTIONARY STATEMENTS

GUIDANCE ON FORWARD-LOOKING STATEMENTS AND OPINIONS

These climate statements contain forward-looking statements and opinions. These may include statements about ANZ Investments' intent, beliefs, or expectations regarding our investment approach, market conditions, sustainability objectives or targets, risk management practices, climate-related risks, opportunities, goals and ambitions, climate scenario estimates, and climate projections.

When used in these climate statements, words such as 'forecast', 'estimate', 'goal', 'target', 'metric', 'indicator', 'plan', 'pathway', 'project', 'intend', 'anticipate', 'believe', 'expect', 'may', 'probability', 'risk', 'will', 'seek', 'would', 'could', 'should' and similar expressions, as they relate to ANZ Investments and its management, signify forward-looking statements or opinions.

Statements in this document regarding ANZ Investments' understanding of current and future climate-related risks, opportunities, and impacts are subject to significant uncertainty, challenges, and risks, including:

- Availability and reliability of data – emissions and climate-related data may be incomplete, inconsistent, unreliable, or unavailable (including information from third-party investment managers and data providers). It may be necessary for us to rely on assumptions, estimates, or proxies where that is the case.
- Uncertain methodologies and modelling – climate models and scenarios that relate to future events or conditions are inherently uncertain and are based on a series of assumptions that cannot be verified. They are not reliable indicators of future events.
- Frameworks and standards used for calculations of climate-related metrics, modelling, and climate data are not universally applied, are rapidly evolving, and subject to change. This may impact the data modelling, approaches, and targets used in preparation of this report.
- Complexity of calculations and estimates – estimating financed emissions and other quantitative data is complex and relies on assumptions and judgements. When these estimates are made over long periods of time, the level of accuracy is likely to reduce further.
- Changes to climate-related governing frameworks – ANZ Investments' assessment of risk is subject to changes to climate-related policy, laws, and regulations, as well as changing market practices and standards and developments, including those resulting from legal proceedings and regulatory investigations.
- Lack of consistency in definitions and climate science terminology – definitions and standards for climate-related data and assessment frameworks used across industries and jurisdictions may vary, and terminology and concepts relating to climate science and decarbonisation pathways may evolve and change over time. These inconsistencies and changes can also make comparisons between different organisations' climate targets and achievements difficult or imprecise.
- Reliance on third parties for data or involvement – complexity of calculation requires the assistance of one or more external data and methodology providers. Reliance will need to be placed on information from third parties, which may be subject to change or uncertainty. ANZ Investments lacks control over (among other things) the methodology, scope, coverage, and frequency of updates to this information. Additionally, ANZ Investments and its customers are impacted by the action and/or inaction and continuing participation of third parties and stakeholders (including enterprises, financial institutions, and governmental and non-governmental organisations). Please refer to Data limitations for further information on third party data limitations.

Due to these challenges and uncertainties, statements, assumptions, judgements, calculations, estimates, or proxies made or used by ANZ Investments may turn out to be incorrect, inaccurate, or incomplete.

Information in these climate statements is current as at the date of publication in respect of the year ended 31 March 2024 and no representation is made as to its correctness on or after this date. ANZ Investments does not undertake any obligation to publicly release the result of any revisions to forward-looking information to reflect events or circumstances after the date of these climate statements.

MSCI DISCLAIMER

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ABOUT THESE STATEMENTS

Welcome to ANZ Investments' first annual climate statements for the Funds in the Scheme which are reported under the NZ CS climate-related disclosures.

We believe that climate change is a systemic challenge. More than a century of burning fossil fuels as well as unequal and unsustainable energy and land use has led to global warming of 1.1°C above pre-industrial levels.[1] This may seem like a small increase in temperature, but it's already having large impacts. The Intergovernmental Panel on Climate Change (IPCC) has highlighted that "All parts of the Earth's environment are interconnected, and each additional degree of warming has the capacity to drive increasingly significant changes to the natural environment. This has resulted in more frequent and more intense extreme weather events that have caused increasingly dangerous impacts on nature and people in every region of the world".

Climate change is an urgent issue of global significance. We recognise we have an important role to ensure that responsible investment is a core component in the way we research, select, and manage investments.

Responsible investment is a broad-based approach to investing which factors in people, society, and the environment, along with financial performance, when making investment decisions. We believe that environmental, social, and governance (ESG) factors are important drivers of long-term investment risks and returns.

Since climate-related risks and opportunities can materially impact investments, we've developed a specific climate approach. It forms part of our responsible investment approach which includes setting a 'Net Zero 2050' goal based on stewardship (i.e. how we engage with the investee companies in our Funds).

These climate statements:

- provide our assessment of the Funds' climate-related risks and opportunities, and the steps we're taking to decarbonise the Funds' investments by identifying, assessing, and managing climate-related risks and opportunities
- set out our climate strategy and how we take a stewardship-based approach with the Funds' investee companies, and
- describe our approach to assessing the short, medium, and long-term effects of climate change we anticipate on the Funds, and the steps we're taking to address these effects when managing the Funds.

While we acknowledge that responsible investment and climate change is complex and challenging, we've taken a number of steps on our climate journey already. We share our current activity with you in these statements and we look forward to updating you on our progress in future statements.

"Financial services and markets play an important role in New Zealand's transition to a clean, green and carbon-neutral future."

Commerce and Consumer Affairs Minister Dr David Clark "NZ passes world-first climate reporting legislation announcement 21 October 2021"[2]

WHAKATAUĀKĪ

ANZ's Proverb

Tākiri ā Rangi
The expansive universe above

Tākiri ā Nuku
The beauty of the proceeding lands below

Tākiri Te Awatea
A new dawn beckons

Kia Puāwai Ki Te Ao
A blossoming to the world

Te Kare A Roto E
With ripples of compassion and hope for all.

1. IPCC Press Release 20 March 2023
2. New Zealand Government Press Release 21 October 2021

ANZ INVESTMENTS' RESPONSIBLE INVESTMENT JOURNEY

2018 | 2020 | 2021 | 2022 | 2023 | 2024

2018
Became a signatory to the United Nations Principles for Responsible Investment (PRI).

2018
Joined the Responsible Investment Association Australasia (RIAA).

2020
Excluded investee companies that generate more than 10% of their revenue from unconventional oil and gas due to their greater exposure to climate transition risks.[1]

2021
The Bank became a founding member of Toitū Tahua – the Centre for Sustainable Finance.[2]

2022
Published enhanced Responsible Investment Framework.

2022
Became a member of the Financial Services Council Scenario Analysis Steering and Working Groups to help establish the Climate Scenario Narratives for the Financial Sector.

2022
Joined the Financial Services Council Climate and ESG Committee to share climate and ESG knowledge and best practice across the financial services industry.

2022
Joined the New Zealand Corporate Governance Forum, established to promote good corporate governance in New Zealand companies.

2022
Began publishing stewardship activities and proxy voting.

2022
Became a founding signatory of the Aotearoa New Zealand Stewardship Code.

2022
Five ANZ KiwiSaver Scheme Funds certified by RIAA under the Responsible Investment Certification Program.

2023
An additional 21 Funds certified under RIAA's Responsible Investment Certification Program from across the OneAnswer KiwiSaver Scheme, the OneAnswer Single-Asset-Class Scheme, OneAnswer Multi-Asset-Class Scheme and the ANZ Investment Funds Schemes.

August 2023
Joined the IFRS Sustainability Alliance, a global membership programme for sustainability standards, integrated reporting, and integrated thinking.

October 2023
Named a "Responsible Investment Leader 2023" by RIAA.

2023
ANZ Investments Head of Responsible Investment elected to join the RIAA Board.

March 2024
Published our 'Net Zero 2050' goal and interim targets.

1 This includes revenues from oil sands, oil shale (kerogen-rich deposits), shale gas, shale oil, coal seam gas, coal bed methane, and thermal coal mining. For more information on these exclusions, please refer to **www.anz.co.nz/comms/investments/about-anz-investments/responsible-investing**.

2 As part of ANZ's membership, we provide liaison and feedback on relevant Toitū Tahua investment related activities and consultation.

CLIMATE STATEMENTS DISCLOSURE SUMMARY

Our climate statements make disclosures against the four pillars of the NZ CS – **governance, strategy, risk management,** and **metrics and targets.** Here is a summary of our statements' key points, aligned with the NZ CS disclosure requirements, and where the disclosures can be read.

Summary of key points	Pages
Governance	10
• The ANZ Investments Board (**the Board**) is the governance body that oversees the Funds' climate-related risks and opportunities. The Board has responsibility for overseeing responsible investment risks and opportunities including setting, monitoring progress against, and overseeing the achievement of climate-related metrics and targets. • This year, the Board agreed a 'Net Zero 2050' goal based on stewardship. Our goal is to reach net zero greenhouse gas (GHG) emissions by 2050 across all our funds under management (FUM) (noting that this is not on a Fund-by-Fund basis). The Board also agreed a set of interim targets and a specific climate approach as part of our Responsible Investment Framework (RI Framework). • Management has operational responsibility for assessing and managing the Funds' climate-related risks and opportunities. Management provides six-monthly climate reports to the Board on climate metric analysis, progress against our climate strategy and targets, climate-related risks and opportunities, and GHG emissions. The Board also receives regular investment risk updates from Management. • ANZ Investments' investment management teams manage the Funds' New Zealand, and some Australian, investments, and we have a group of external fund managers we appoint to manage global investments. We have individual agreements with each of our external fund managers which allows us to specify requirements (including in relation to climate) to be implemented by the external fund managers.	
Strategy	15
• Scenario analysis is a strategic tool to understand and explore how different futures may unfold and is particularly useful in the context of the uncertainties that climate change will bring. This year we explored three possible scenarios over short, medium, and long-term horizons to 2050. • Our statements disclose that it is difficult to identify current climate-related physical or transition impacts on the Funds as there are many factors that influence the value of the Funds. • Our statements identify the anticipated impacts of climate-related risks and opportunities relevant to our Funds. We also quantify the Funds' potential exposure to climate-related risks and opportunities in the future. • As a step in the development of our transition plan towards a low-emissions, climate-resilient future, this year the Board set our 'Net Zero 2050' goal and interim 2030 and 2040 targets to enable us to track our progress towards such a future.	
Risk management	30
• We have integrated climate-related risk into our Funds' investments processes for several years. This year we have improved the tools and methods we use to identify, understand, and manage climate-related risks. • ANZ Investments' RI Framework is the overarching framework we use to identify, assess, and manage ESG risks throughout our Funds' investment processes. Climate-related risks are included in this framework. • We have taken several steps to integrate ESG risks, and specifically climate risks, into our overall risk management processes so that climate-related risk is considered at different stages throughout our investment process.	

Metrics and targets	35
• During the year we have enhanced the climate-related metrics we use to measure and manage the Funds' climate-related risks and opportunities. • Our Funds do not have scope 1 or scope 2 GHG emissions as the Funds themselves do not carry out activities causing GHG emissions. The Funds' only material source of GHG emissions is from the Funds' underlying investments. • We use carbon metrics to show the GHG emissions the Funds are responsible for financing (financed emissions). We report each Fund's financed emissions from its investments in corporate equities and bonds (including sovereign debt). We do not report financed emissions for our cash and derivative holdings as there is no globally recognised standard for measuring financed emissions for these assets. • This year, we are publishing numbers for each Fund's share of its investee companies' scope 1 and 2 GHG emissions (where data is available). We are not reporting each Fund's share of its investee companies' scope 3 GHG emissions because the data is largely estimated, with considerable variability in data quality and availability. KPMG has been engaged to provide limited assurance over the Funds' Scope 3 financed emissions. KPMG's assurance report is provided at page 59. • To measure our progress in achieving our 'Net Zero 2050' goal, this year we set interim 2030 and 2040 targets based on the Paris Aligned Investment Initiative's (PAII) Net Zero Investment Framework. Our interim targets are: - 50% of in-scope FUM[3] considered Achieving, Aligned, or Aligning by 2030; and - 100% of in-scope FUM[3] considered Achieving, Aligned, or Aligning by 2040. • To measure the effectiveness of our engagement with the companies we invest in, we also set a secondary target to reduce our in-scope FUM[3] weighted average carbon intensity (WACI) by 50% by 2030 from a baseline year ending 31 December 2022. • We disclose our performance against these targets. • After the end of the Scheme's 2024 financial year, MSCI released its final PAII framework methodology, which will impact how our investee companies are classified under the PAII framework in future reports. We will use this revised methodology for the Scheme's climate statements in the next financial year ended 31 March 2025. The methodology change is likely to result in us restating our PAII alignment metrics for the financial year ended 31 March 2024 in future climate statements. We will also review our interim targets and secondary WACI target during the next financial year. • We do not guarantee we will meet our 'Net Zero 2050' goal, or our interim 2030 or 2040 PAII alignment targets or secondary WACI target, as they rely on a number of factors outside of our control, including changes in the global and domestic economies, the pace and change of global temperature rise, supportive regulatory and policy settings addressing climate change, and companies' own actions, including their own stakeholder sentiment.	

3. Our interim climate targets apply to our 'in-scope FUM', which covers the scope 1 and 2 emissions of the companies we invest in within the listed equity, listed property, and corporate fixed interest asset classes. Cash and derivative assets are not included in our targets because there is currently no globally recognised methodology to calculate these emissions. In addition, due to the nature of sovereign debt and the difficulty in demonstrating alignment to the PAII framework, sovereign debt is also excluded from our targets.


GOVERNANCE
MANA URUNGI

We believe that climate change is a systemic issue. All our Funds' investments have some vulnerability to climate-related transition and physical risks, and all could - to varying degrees - align themselves to take advantage of climate-related opportunities. This section describes our governance structure, the different bodies and roles within it, and how we oversee, assess, and manage climate-related risks and opportunities.

GOVERNANCE BODY OVERSIGHT

Board oversight

The ANZ Investments Board has responsibility for overseeing and setting ANZ Investments' overall strategic direction and goals, including our investment and climate strategies, and overseeing our Funds' climate-related risks and opportunities.

Our investment beliefs create a foundation for our strategies. In 2023, the Board undertook a review of these beliefs. The Board agreed that climate change is a systemic challenge. In order to address this challenge in a systemic way we use stewardship - that is, engagement with the companies the Funds invest in (investee companies). Where this is ineffective, divestment and exclusions are appropriate tools. We explain our approach in more detail in Risk Management.

Recognising that climate-related risks and opportunities can impact investments, the Board agreed a long-term climate-related 2050 goal, a set of interim 2030 and 2040 targets, and a specific climate approach as part of our RI Framework. These are core components of our approach to considering climate-related risks and opportunities.

The Board has specific responsibility for overseeing responsible investment risks and opportunities including setting, monitoring progress against, and overseeing the achievement of metrics and targets for managing climate-related risks and opportunities. The Board also approves and monitors ANZ Investments' risk management strategy, including investment risk and climate risk.

Previous page:
Te Whare Rūnanga image courtesy of Waitangi National Trust.

Net Zero 2050 goal

Recognising that climate change and its associated risks and opportunities are systemic, the Board made the strategic decision to set a 'Net Zero 2050' goal based on stewardship.

Our goal is to reach net zero greenhouse gas (GHG) emissions by 2050 across all funds under management (FUM) in our managed investment schemes, although not on a Fund-by-Fund basis. 'Net zero' means cutting GHG emissions to as close to zero as possible, with any remaining emissions re-absorbed from the atmosphere.

To measure progress towards our 'Net Zero 2050' goal, the Board has set two engagement-based interim targets to monitor investee companies' progress to net zero by 2030 and 2040. To measure the effectiveness of our engagement with the investee companies the Funds invest in, the Board set an additional interim target to reduce the carbon intensity of our investee companies' emissions. For more information on our 'Net Zero 2050' goal and interim targets, including assumptions and limitations, please see Metrics and targets.

When agreeing the interim targets, the Board considered Management's review of international industry guidance, global market practices, and external fund manager practices. The Board considered whether the interim targets could be used to manage climate-related risks and opportunities and how reporting against these could inform the Board's oversight of climate-related strategy and risk management.

The Board now receives six-monthly climate reports from Management, which include a summary of climate metric analysis, progress against our climate strategy and targets, climate-related risks and opportunities, and GHG emissions. The Board also receives regular investment risk updates from the Investment Risk and Governance team. Management will report the process and outcome of climate scenario analysis to the Board annually. For more information on this, see the Strategy section.

The Board has incorporated responsible investment, including climate-related issues, as a regular agenda item in its Board plan. From time to time the Board may also oversee climate-related issues at special meetings. The Board meets at least six times a year and this year climate-related topics were on the agenda at eight meetings.

The Board's Audit Committee assists the Board by providing oversight, review and, where appropriate, constructive challenge of financial reporting and audit and assurance arrangements, as well as climate-related disclosures.

Board skills and training

Our directors bring a wide range of skills and experience to the Board. Details of individual directors can be found on our website.

The Board maintains a skills matrix, which provides a guide to the skills, knowledge, experience, personal attributes, and other criteria relevant to the effective governance of ANZ Investments and the exercise of its responsibilities. Each year, the directors' skills (including ESG skills) are rated and the results are used to guide succession planning and training. An education plan is developed annually, which includes training on climate.

In the last two years, the Board has been developing its climate-related competencies. To ensure it has access to relevant expertise, the Board has held several ESG and climate-specific training sessions including one led by the Responsible Investment Association Australasia (RIAA).

To deepen its knowledge of climate practice, the Board has also drawn on the expertise and experience of our external fund managers. Sessions covered a range of topics including their experience on integrating climate risk and opportunity management into investment processes and decision making.

During the year, the Board also received advice from external advisers on climate governance competencies focusing on climate reporting framework expectations for directors. Some members of the Board and Management attended Chapter Zero training on the fundamental principles of effective climate governance, hosted by the Institute of Directors New Zealand. The Board also has access to responsible investment reading material and topical climate-related news and information.

MANAGEMENT'S ROLE

Operational responsibility for assessing and managing climate-related risks and opportunities is delegated by the Board to Management as part of the management of the day-to day business and affairs of ANZ Investments. In addition to the six-monthly climate reporting noted above, under these delegations Management is required to periodically report to the Board on investment management, including market and performance, risk appetite reporting, material decisions of investment management committees, and responsible investment.

Our responsible investment approach influences the way we research, select, and manage investments. This is set out in our RI Framework. One of the ways Management is informed of climate-related risks and opportunities is through our scenario analysis. In its day-to-day investment research, the Investment Management team may also use external research and climate risk and opportunity tools as inputs into its research processes. The RI Framework also outlines how we monitor and report on our approach. More detail on our responsible investment processes can be found in the Strategy and Risk Management sections of this report.

The specific roles and responsibilities of Management and committees in relation to climate-related risks and opportunities are outlined below.

Key climate-related roles	Climate-related responsibilities
Managing Director Funds Management (Managing Director)	Delegated responsibility from the Board, including powers for managing, directing, and supervising the management of the day-to-day business and affairs of ANZ Investments. The Managing Director further sub-delegates day-to-day management of the Funds to the Chief Investment Officer.
Chief Investment Officer (CIO)	Ultimately accountable for applying responsible investment (including climate-related) strategies to the Funds, with oversight from the Board. The CIO also advises the Board on investment risk appetite and holds delegated authority from the Managing Director to appoint and remove external fund managers.
Head of Investment Risk and Governance	Responsibility for ANZ Investments' investment risk management and governance approach.
General Manager Product (GM Product)	Delegated responsibility for ensuring ANZ Investments' products meet current and future customer needs, including but not limited to climate-related disclosure matters.
Head of Responsible Investment	Leads the design, development, and integration of responsible investment, including climate-related issues throughout the investment process. Leads a team providing specialist climate support to the wider Investment Management team.
Responsible Investment Product Lead	Takes a lead role to include responsible investment as a part of ANZ Investments' products. Leads climate-related disclosures.
Investment Management Team	Integrates responsible investing into the different investment desks and research across ANZ Investments.
External fund managers	While we do not define the responsible investment policies (including those related to climate) of our external fund managers, we assess them against our responsible investment scorecard to assess their alignment with our RI Framework.

ANZ Investments has different internal management committees (forums) which meet regularly to discharge certain functions and responsibilities, which includes climate-related matters:

Management forum	Climate-related responsibilities	Meeting Frequency
Funds Management Risk Forum (FMRF)	• Supports the Board and Managing Director with operational risk and compliance management oversight, including by reviewing the identification of, and ANZ Investments' response to, new operational and compliance risks (climate is considered a cause of operational risk). Monitors performance against ANZ Investments' Risk Appetite Statement (RAS). The members of the FMRF include the Managing Director, CIO, GM Product, and Head of Investment Risk and Governance.	At least six times a year.
Investment Management Governance Forum (IMGF)	• Provides oversight of investment performance and investment risk management (including responsible investment risks) and assists the CIO to ensure investment risk is managed within ANZ Investments' risk tolerances. • The IMGF considers the investment management risks presented at ANZ Investments' Responsible Investing Forum and Credit Council (see below), and asset allocation meetings. • The IMGF is chaired by the CIO, and its core members are the heads of the Investment Management teams including our Head of Responsible Investment.	At least ten times a year.
Responsible Investing Forum (RIF)	• Responsible for the strategy and implementation of our responsible investment philosophy (which includes climate) and commitment to industry bodies such as the PRI and RIAA. • This forum undertakes climate scenario analysis and reviews and makes decisions on ESG incidents and exclusions based on company screening. • RIF is chaired by our Head of Responsible Investment, and members include the CIO and Investment Management team desk heads.	At least four times a year.
Credit Council	• Responsible for agreeing ANZ Investments' view on Australasian fixed income and cash issuers' credit risk, and oversees and monitors the list of investee companies that can be invested in. In undertaking this activity, it considers ESG factors (including climate) that may affect investee companies. Its core members include the Australasian Head of Fixed Interest and Cash, CIO, and Head of Responsible Investment.	As required, but generally monthly.
Temporary Investment Committee (TIC)	• Established on 19 February 2024, the TIC is a temporary body formed to enhance investment management governance and ensure we have robust challenge and oversight when we consider changes to our investment approach. • The TIC is responsible for endorsing key investment decisions prior to recommendation to the Board, including SAA benchmarks, the portfolio quality scorecard - a governance tool to assess the quality of our portfolios - and the appointment or termination of external investment partners. The TIC also endorses the appointment or termination of external fund managers prior to approval by the CIO. The TIC is chaired by the CIO and its members include the Managing Director, the heads of the Investment Management teams (including our Head of Responsible Investment), the GM Product and Head of Investment Risk and Governance.	As required, but generally monthly.

Resourcing and performance framework

A climate project team was established last financial year with further resources and internal capital commitments agreed by the business this year. The purpose of this team is to support the enhancement of climate-related processes, including risks and opportunities, transition planning, and the production of our climate statements. As part of the project, new roles were created within our Responsible Investment and Product teams. We have also deployed additional operating capital to increase our data capabilities and joined the International Financial Reporting Standards (IFRS) Sustainability Alliance as a member.

During the year, the individual performance objectives of the Managing Director were updated to add a new objective to: "Continue to make meaningful progress on responsible investment strategies, including by overseeing the effective implementation of ANZ New Zealand Investments Limited's Responsible Investment Framework and 'Net Zero 2050' goal." This new objective is one component of the 'Customer' pillar in the Managing Director's individual performance objectives.

Certain members of the Investment Management team have a performance objective of "Embedding responsible investment", including climate-related considerations, across the Funds to deliver long-term results. This objective is one component within the 'Risk and Reputation' pillar in those team members' performance objectives.

Objectives and measures, including those related to sustainability and climate, are considered as part of a holistic review of performance for the above individuals. This, along with ANZ Group and business performance, informs individual variable remuneration outcomes.

External fund managers

We have a process for selecting the external fund managers who manage some of the assets in our underlying funds. On 31 March 2024, around 57% of our FUM are managed by these external fund managers.

We assess each manager against various criteria, including their integration of responsible investing and alignment to our beliefs and RI Framework. Towards the end of the year, we expanded our assessment process further by revising our scorecard, which we use to review and appoint our external fund managers, to include factors such as how climate considerations are included in the external fund managers' investment and stewardship processes and activity. Our expanded process also includes a review of the external fund managers' climate-related metrics and targets, climate-related reporting, and exposure to climate-related risks and opportunities. As explained in Strategy, we also monitor our FUM alignment with the Paris Aligned Investment Initiative's Net Zero Investment Framework (PAII framework).

After any external fund manager selection process has been carried out, a recommendation will be made to the TIC for endorsement. The CIO is then responsible for the appointment of these managers. Once appointed, an external fund manager is subject to ongoing monitoring.

Our contractual relationship enables us to set instructions (investment mandates) and work with external fund managers to implement our RI Framework. In addition, quarterly reports are received from these managers to confirm they have acted in accordance with the legal agreements that govern the relationships; this includes acting in accordance with exclusion list instructions. The quarterly reports are reviewed by Management and IMGF will consider any recommendations on retention or replacement of the external fund manager. More detailed formal external fund manager reviews, covering investment and operational processes, are also conducted annually.

STRATEGY
RAUTAKI

ANZ New Zealand's purpose is to 'shape a world where people and communities thrive' – 'kia hanga i te ao e ora ai, e tupu ia te tāngata me te kainga'. This includes supporting Aotearoa New Zealand's transition to a low-emissions, climate-resilient economy.

OUR FUNDS

The Scheme offers seven Funds including six multi-asset-class Funds and one single-asset-class Fund:

Multi-asset-class Funds

- Conservative Fund
- Conservative Balanced Fund
- Balanced Fund
- Balanced Growth Fund
- Growth Fund
- High Growth Fund

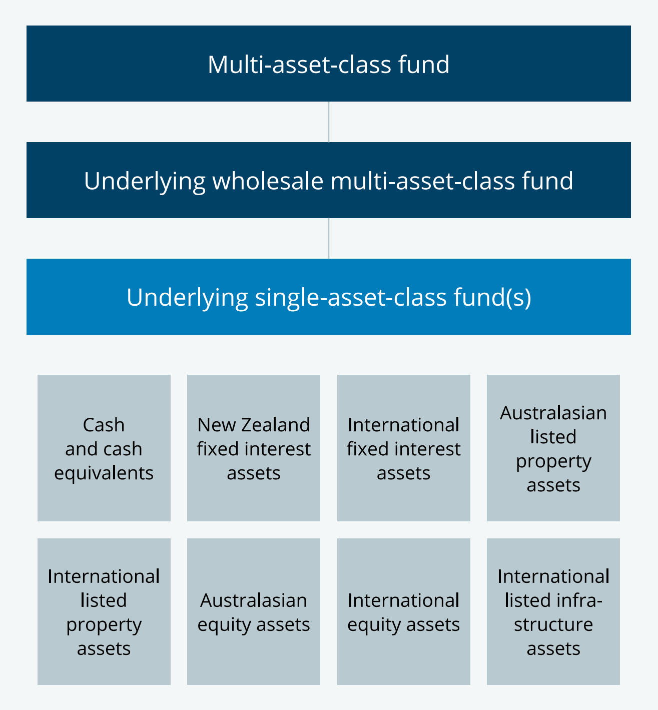
Each multi-asset class Fund will invest in its corresponding underlying wholesale multi-asset-class Fund as shown opposite. Our wholesale multi-asset-class Funds are managed by us.

Single-asset-class Fund

- Cash Fund

We choose to either manage all the assets of an underlying single-asset class Fund ourselves or appoint carefully chosen external fund managers to manage a portion of the assets.

A diagram of our multi-asset-class Fund investment structure is set out below.



Each Fund has a different investment strategy. The investment strategy of a Fund is made up of the:

- investment objectives
- target investment mix
- target investment mix ranges (or limits), and
- composite index that performance is measured against.

Our approach to responsible investment, which includes considering climate-related risks and opportunities, is a core component in the way we research, select, and manage investments. Our RI Framework sets out our strategic approach to responsible investment and how we apply it to our investment activities. The latest version of this framework can be found on the ANZ website.

As acknowledged in our RI Framework, we recognise that climate change is a systemic challenge. As such, we need to manage it across our Funds over the short, medium, and long term. We do this by:

- integrating ESG factors, including climate-related risks and opportunity considerations, into our investment processes,
- excluding some companies and industries based on their involvement in areas of harm or for breaching global norms, and
- using a stewardship-based approach (engagement and proxy voting) with our investee companies with the aim of reducing the Funds' financed emissions. This year we also set our 'Net Zero 2050' goal and set our interim 2030 and 2040 targets to track our progress towards this goal.

See Risk Management for more information on each of these components.

IMPACTS OF CLIMATE CHANGE

Managing climate-related risks and opportunities within our Funds is an important factor in our responsible investment strategy. Quantifying the impacts of climate change is an evolving field and there are still limitations in the available data.

This year, we assessed our Funds' climate-related risks and opportunities over the short-term (2025), medium-term (2030), and long-term (2050) in our scenario analysis (see more on scenario analysis below).

The risks to each Fund from climate change are classified as either physical or transition:

PHYSICAL RISKS

Relate to the physical impact of climate change. They can be from climate events (acute) such as increased severity of extreme weather events; for example, inland flooding, heatwaves, and bushfires. They can also relate to longer-term shifts (chronic) in climate patterns, such as rainfall and rising temperatures; and increased variability in weather patterns, such as sea level rise.

TRANSITION RISKS

Relate to the impact resulting from the transition to a low-emissions, climate-resilient global and domestic economy. They are the risks associated with the response of governments, markets, and society to climate change. This includes policy, legal and regulatory changes (e.g. emissions restrictions, trade regulation, and litigation), developments in technology (e.g. renewable technologies), and shifts in market preferences including investors, insurers and the community, and reputation changes.

Climate opportunities for our Funds are investment opportunities deriving from the transition to a low carbon and climate resilient economy. These may come from, for example, organisations' efforts to mitigate and adapt to climate-related risk via adoption of low-emissions energy sources and development of new technologies.

CURRENT IMPACTS

It is difficult to identify current climate-related physical and transition impacts on the Funds as there are many factors that influence the value of the Funds, and the exact cause of those changes is not always evident. We are unable to identify the impact of any one factor on the value of an underlying investee company. Factors can also be wide ranging; for example, cyber risks or management changes could potentially impact an investee company's value.

This means we cannot quantify the current climate-related financial impacts on our Funds. We investigated the climate-related financial impacts on our Funds using climate tools such as CVaR (discussed below), but due to the uncertainty of outputs, and the long-term nature of the models used, we concluded this was not a suitable approach. By way of specific example, we attempted to quantify whether there are current climate-related financial impacts on the Funds from the January 2023 North Island floods and Cyclone Gabrielle. Our findings were that in the days following these acute events, they had some residual impact on a small number of investee companies, but it did not have an impact on the Funds' overall performance.

The following example provides some climate-related risk and opportunities context applicable to one of our investee companies. It demonstrates that climate-related impacts are complex and why it is hard to quantify climate-related impacts on individual investee companies:

Investee company example

One of our external fund managers invests in American Electric Power (AEP), which is one of the largest regulated electric utilities in the United States. The US Inflation Reduction Act 2022 includes US$369 billion in investment to support the energy transition. For AEP, the package incentivises accelerated deployment of regulated renewables through tax credits, and supports the financing, siting, and planning of transmission infrastructure. Together, these fiscal support measures may enhance the growth opportunities available to AEP. While the transition presents opportunities for AEP and electric utilities more broadly, there are also risks associated with an acceleration in the pace of the transition. For instance, accelerated depreciation and/or write-offs from early closures of fossil fuel plants could translate to a decline in rate base and regulated returns.

SCENARIO ANALYSIS

Climate scenario analysis is a tool used to assess the potential impacts of climate change. It creates different scenarios of future climate conditions based on different assumptions about factors such as GHG emissions, land use changes, human impact, and technological developments. It allows us to explore how different futures may unfold within the context of the uncertainty that climate change may bring. Scenario analysis does not predict the future, but rather highlights the risks and opportunities so we can better assess the impact climate change may have on our Funds.

During the year we conducted climate scenario analysis to explore three possible futures over short, medium, and long-term time horizons to 2050. The core purpose of climate-based scenario analysis is to test strategy, inform strategic thinking, and enhance strategy resilience; and help identify, assess, and manage risk and opportunities. Management focused on testing the resilience of our investment strategy.

Our climate scenario analysis

We constructed scenarios for our specific risks and opportunities using, as a starting point, the Financial Services Council (FSC) "FSC Climate Scenario Narratives for the Financial Services Sector," to which we contributed in 2022 and 2023 as a member of the FSC Scenario Analysis Steering Committee and Working Group. The FSC is the recognised industry body for the New Zealand funds management and insurance sectors. The FSC scenario work aimed to improve comparability and consistency of climate-related risk disclosures in the financial sector.[4] The FSC work analysed several datasets within its scenario analysis, including scenarios published by the Network for Greening the Financial System (NGFS). The NGFS partners with climate scientists and economists to develop a set of hypothetical global climate scenarios developed for the financial sector as a common starting point for analysing climate risks to the economy and financial system.

4. Climate Scenario Narratives for the Financial Sector – Financial Services Council NZ.

As part of our climate scenario analysis process, we also involved our third-party data provider MSCI ESG Research, and a global fund manager with experience integrating climate considerations into its investment processes.

The time horizons for our climate scenario analysis align with the FSC scenario work, our climate commitments, our climate-related risks and opportunity process, and our investment strategy and climate targets:

Time horizon and year relative to 2022 (endpoint)	
Short term	Risk over the next 1-3 years
Medium term	Risk within 5-10 years
Long term	Risk beyond 30 years

We selected three climate scenarios adapted from the FSC's Climate Scenario Narratives, based on scenarios published by the NGFS:

Scenario 1 – Orderly transition pathway (NGFS 'Net Zero 2050' scenario). Limits global warming to **1.5°C**[5] through stringent climate policies and innovation, reaching net zero CO_2 emissions around 2050.

Scenario 2 - Hot house world transition pathway (NGFS Nationally Determined Contributions (NDCs) scenario). Emissions decline but lead nonetheless to global warming where temperatures increase beyond **2°C**[6] **to 2.6°C** by 2100.

Scenario 3 - Hot house world transition pathway (NGFS Current Policies scenario). Emissions grow until 2080 leading to a temperature increase past **3°C** by 2100.[7]

The three scenarios explore a range of different outcomes and trade-offs between physical risk and transition risk (e.g. Scenario 1 explores a relatively higher transition risk environment, while Scenario 3 explores a relatively higher physical risk environment). The three scenarios are based on different socio-economic assumptions[8] that drive future GHG emissions where social, economic, and technological development follow historical trends. The primary driver of the differences in the potential emissions pathways is countries implementing further policies to reduce emissions in Scenario 1, while Scenarios 2 and 3 reflect less emissions reduction because of a lack of policies announced and implemented.

Below is a summary of the pathways for the three scenarios. More information on the assumptions and underlying variables for the social, economic, and technological pathways of the three scenarios is included in Appendix 1.

Scenario	Category	NGFS Scenario	Policy ambition	Policy reaction	Technology change	Carbon dioxide removal (e.g. CCS)	Policy variation
1	Orderly	Net Zero 2050	1.4°C	Immediate and smooth	Fast change	Medium-high use	Medium variation
2	Hot House World	Nationally Determined Contributions (NDCs)	2.6°C	NDCs	Slow change	Low-medium use	Medium variation
3		Current Policies	3°C+	None – current policies	Slow change	Low use	Low variation

Source: NGFS, 2022

Key: Risk from a macro-financial risk perspective Low Medium High

5. Scenario 1 key assumptions: emissions per year peak in 2020 and rapidly decline over time, resulting in net negative emissions after 2050 due to significant investment in Carbon Capture and Storage (CCS).
6. Scenario 2 key assumptions: emissions per year decrease from 40,000 to 28,000 $MtCO_2$ per year as countries that have adopted national climate pledges reduce emissions in line with their targets.
7. Scenario 3 key assumptions: emissions per year are relatively stagnant over the short and medium term (over 40,000 $MtCO_2$ per year) as policies introduced aren't sufficient to meet climate commitments and targets.
8. NGFS "Middle of the Road" Shared Socioeconomic Pathway.

Scenario narratives are plausible, challenging descriptions of how the future may unfold and provide the parameters in which we conducted scenario analysis to test the Funds' strategic resilience. Scenario narratives are determined by the drivers of change noted above. These narratives include assumptions and logical relationships to help identify potential impacts and severity of the impacts on operations, strategy, and financial planning.

Scenario Narratives

1. Orderly – 'Net Zero 2050' Limit temperature rise to 1.5°C (with overshoot)	2. Hot house world Temperature rise >2°C	3. Hot house world Temperature rise >3°C
Key assumptions:		
A smooth transition to net zero. • Ambitious global response to climate change is immediate and coordinated. • Strict climate policies encourage emissions reduction and innovation (e.g. companies invest in new technologies to generate electricity from renewable sources and reduce and remove emissions from the atmosphere). • The worst physical risks are minimised over the long term. Transition risk is higher over the medium to long term than the other two scenarios, due to increased costs and consumer preferences accelerating the shift in economies to low carbon.	**Countries implement emissions reduction commitments over time, but some countries do not set emissions reduction policies.** • There is variation around the world in the level of ambition on climate commitments. • Globally efforts are insufficient to stop global warming resulting in a scenario where global temperatures exceed 2°C. • Countries don't actively transition or adapt to climate change so physical risks are relatively high (e.g. wildfires), which could lead to societal impacts like people migration, potential unrest, and conflict. This scenario relies on government policies that have already been implemented to reduce emissions, with the assumption that no new policies will be enacted to reduce emissions. This results in little to no transition risk.	**Like Scenario 2, there is limited global ambition to respond to climate change.** • Countries follow through with policies for emissions reductions that have already been implemented, but do not carry out any other announced emissions reduction commitments. This results in lower investment in new technologies to reduce and remove emissions. • Globally efforts are insufficient to stop global warming resulting in a scenario where global temperatures reach 3°C or greater. • Countries don't actively transition or adapt to climate change so physical risks are relatively high (e.g.,wildfires), which could lead to societal impacts like people migration, potential unrest, and conflict. This scenario relies on government policies that have already been implemented to reduce emissions, with the assumption that no new policies will be enacted to reduce emissions. This results in little to no transition risk.

1. Orderly – 'Net Zero 2050' Limit temperature rise to 1.5°C (with overshoot)	2. Hot house world Temperature rise >2°C	3. Hot house world Temperature rise >3°C
Impact		
Short term - significant investment in solar and wind energy. Carbon prices increase to reflect government policies to reduce emissions. Conversely, investment in new fossil fuel projects continues to decrease through to 2025. **Medium term** – global GHG emissions reduce as society reduces its emissions footprint. This is combined with increasing investment in carbon capture, storage, and transport as a way of removing emissions from the atmosphere and a reduction in investment in new fossil fuel production. **Long term** - global emissions approach net zero, with an ambition of reaching less than 1.5°C of warming by 2050. The energy mix and electricity capacity are primarily made up of renewable energy, as reliance on oil and coal reduces significantly.	**Short term** - carbon prices increase for countries that have committed to reducing their emissions. Annual emissions reduce year on year compared to a 2020 baseline. Investment in new wind and solar as sources of renewable energy increases over time in countries that have set emissions reduction targets. **Medium term** - carbon prices increase for countries that have implemented climate commitments (like New Zealand, the United States, and Japan), but remain low for countries that do not implement emissions reduction policies (like China and India). Further investment in renewables increases, while new investment in fossil fuels continues to decline. **Long term** – global annual emissions reduce, but do not reach net zero, leading to an increase in global temperatures that exceed 2°C. Investment in fossil fuels as a source of energy is almost phased out by 2050, and renewable energy sources make up more than half of the global energy mix.	**Short term -** global energy demand continues to increase. Unlike Scenarios 1 and 2, global emissions do not trend downwards, but stay elevated compared to 2020 levels. Investment in wind and solar as a form of energy increases over time, but comparatively less than the other two scenarios. **Medium term** - there is little to no investment in new technologies to store and remove emissions from the atmosphere, and investment in new fossil fuel projects as a source of energy increases through to the year 2030. **Long term** - global emissions continue to increase, leading to global temperature rise exceeding 3°C by 2050. Carbon prices remain relatively flat as emissions are not priced to incentivise emissions reductions through government policy. Fossil fuels are still heavily relied upon for energy, making up over 50% of the energy mix.

The three scenarios were chosen for being relevant and appropriate to assess the resilience of ANZ Investments' investment model and strategy in relation to climate-related risks and opportunities:

1. Orderly - 1.5°C	2. Hot house world - >2°C	3. Hot house world - >3°C
Reasons for selection:		
• All the underlying variables (carbon prices, GDP) are publicly available. This transparency allows us to better understand the assumptions and limitations used and how each of the variables change over the short, medium, and long term. • The NGFS models are applicable globally across the asset classes, geographies, and sectors our Funds invest in. • Broadly aligned with FSC scenario selection. NGFS has been widely adopted by fund managers with similar investment exposures and strategies.		
Additional reasons for the selection specific to each scenario:		
Mandated by the XRB and aligned with the Paris Agreement 1.5 degree goal.	More realistic New Zealand scenario, with greater exposure to medium-high physical risk and transition risk.	Mandated by the XRB and challenging physical risk scenario assuming 'business as usual' with limited uptake of emissions regulation globally.

Once the scenario analysis was complete, the RIF considered the scenario analysis outputs, what actions had been taken during the year, and the integration of these elements into the investment strategy. Scenario analysis is therefore integrated into our investment strategy.

Given the importance of climate scenario analysis and its outputs, we presented the thinking behind our climate scenarios and the outcome of the process to the Board in November 2023.

This process was developed and initiated for the first time during the year. We summarise the limitations of our scenario analysis below - for more detailed information please see Appendix 1.

Limitations of our scenario analysis

When assessing each scenario's potential impacts, we considered assumptions and limitations associated with the NGFS scenarios. We continue to consider them as we develop our process for future scenario analysis.

Key limitations	Impact
The three NGFS scenarios use the same shared socioeconomic pathway.	A limited ability to compare changes in macro-economic variables across the three scenarios.
Estimated losses to GDP because of acute events (e.g. floods and wildfires) aren't accounted for.	GDP losses are likely to be understated.
The scenarios do not account for non-linear shifts and physical tipping points.[9]	The inability to capture potential real-world outcomes for the chosen scenarios.
Scenario modelling is long term and doesn't account for short term volatility and price changes.	Short-term risks may be understated.
The models group some countries into the same region (like New Zealand, Australia, and Canada) despite having potentially different emissions profiles.	Predicted emissions pathways may differ from realised outcomes.
Models rely more on economic literature than scientific literature.	Climate-related risks and impacts may be understated.

CLIMATE-RELATED RISKS AND OPPORTUNITIES

Climate-related risks and opportunities can impact investee companies through their financial position, operating performance, and risk profile. For example, an investee company that has significant exposure to stranded assets[10] may face a higher cost of capital due to increasing divestment risk for the industry. This can impact operating performance by increasing expenses and reducing profit margins.

Climate opportunities are efforts to mitigate and adapt to climate change; for example, new climate technologies, new products and services, access to new markets, and cost and resource savings.

FSC ANALYSIS

Our climate scenario analysis process identified possible climate-related risks and opportunities for our Funds. Our initial high-level analysis used the FSC work as a starting point. The following tables give an overview of anticipated climate-related risks and opportunities identified for our Funds over the short, medium, and long term presented at both sector and geography levels.

9. A climate tipping point is where a small amount of extra change in the climate triggers a larger and often unstoppable change in part of the climate system. For example, if melting polar ice causes a change in the Gulf Stream, this may impact the climate of Western Europe.
10. Stranded assets are assets that have significantly devalued because the market around them has changed. Sometimes, the assets decrease in value so much they effectively become liabilities for the company that owns them.

Physical and transition risk by sector (Global Industry Classification Standard (GICS)):

	GICS Sector										
	Energy	Materials	Industrials	Consumer discrepancy	Consumer staples	Healthcare	Financials	Information technology	Communication services	Utilities	Real estate
Physical risks											
Disruption to manufacturing operations including supply chain	●	●	●	●	●			●		●	
Disruption to business operations	●	●	●	●	●	●	●	●	●	●	●
Stranded assets	●	●	●	●	●	●	●	●		●	●
Environmental damage	●										
Economic impacts on customers				●	●	●			●		●
Transition risks											
Stakeholder preferences	●	●	●	●	●	●	●	●	●	●	●
Fiscal, regulatory and policy impacts	●	●	●	●	●	●	●	●	●	●	●
Increased carbon pricing	●	●	●	●	●	●	●	●	●	●	●
Litigation risk	●	●	●	●	●	●	●	●	●	●	●
Adoption, implementation and new technology	●	●	●	●	●	●	●	●	●	●	●
Stranded assets	●									●	
Economic impacts on customers				●	●	●			●	●	
Transition opportunities											
Stakeholder preference	●	●	●	●	●	●	●	●	●	●	●
Fiscal, regulatory and policy impacts	●	●	●	●	●	●	●	●	●	●	●
Adoption, implementation and new technology	●	●	●	●	●	●	●	●	●	●	●

Adapted from FSC *Climate Scenario Narratives for the Financial Services Sector – June 2023*

Physical, and transition risks and opportunities by geography:

	New Zealand	Australia	North America	Asia	Europe	Other
Physical risk						
Wildfire	●	●	●	●	●	●
Water stress and drought	●	●	●	●	●	●
Sea level rise	●	●	●	●	●	●
Flood	●	●	●	●	●	●
Increase in mean temperature	●	●	●	●	●	●
Physical risk impacting government	●	●	●	●	●	●
Transition risk						
Slow transition	●	●	●	●	●	●
Poor climate policies and commitments		●		●		●
Transition risk impacting government	●	●	●	●	●	●
Political unrest driven by physical climate perils			●	●		--
Transition opportunities						
International markets shift away from emissions	●	●	●	●	●	●
Large amount of policy intervention	●		●		●	
Migration driven by physical climate perils			●	●		--

Adapted from FSC *Climate Scenario Narratives for the Financial Services Sector - June 2023*

Using the adapted FSC-based risks and opportunities identified in the two tables above, we assessed the potential impact of these climate-related risks and opportunities across all asset classes and more specifically on our Funds. We identified that any of the above risks could be reasonably anticipated to impact on asset classes and on our Funds as described:

Reasonably anticipated impacts of climate change by asset class

Asset class	Reasonably anticipated impact on asset class	Reasonably anticipated impact on our Funds
Cash and cash equivalents	Increased cash volatility, liquidity issues, and inflation.	Inflation acts to devalue current cash assets. Increased likelihood of interest not being paid, which could impact returns.
NZ and international fixed interest	Increased risk of default, change in credit quality in the Funds, and liquidity issues.	Valuations could be impacted, more volatility due to reduced credit quality, and higher risk of default. Yields could be impacted.
Australasian and international listed property	Dividends could be impacted and there could be reduced liquidity.	Valuations could be impacted due to stranded assets.
Australasian and international equity and listed infrastructure	Dividends could be impacted and there could be reduced liquidity.	Valuations could be impacted due to stranded assets.

Adapted from the FSC *Climate Scenario Narratives for the Financial Services Sector - June 2023*

SASB AND CVaR ANALYSIS

As well as the FSC analysis above, we also separately assess our Funds' potential exposure to climate-related risks and opportunities using the SASB Climate Risk Framework[11] (SASB framework) and MSCI's CVaR data. Using these two tools means we have different but complementary ways to identify and analyse climate-related risks and opportunities.

The SASB framework identifies on an industry basis relevant physical risks, transition risks, and opportunities. In contrast, MSCI's CVaR data quantifies the potential value loss (or gain) of individual securities due to climate-related risks and opportunities under different climate scenarios.

For the quantitative elements of our scenario analysis, we chose MSCI CVaR as it:

- supports the NGFS models we selected to conduct scenario analysis
- breaks down climate-related risks and opportunities into physical risk, transition risk, and opportunities
- has relatively high coverage across our investee companies
- has individual security level data, which we can aggregate up to a Fund level.

The SASB framework is a complementary process to MSCI CVaR because it provides industry level insights which can then be applied at a security level for a forward-looking assessment. We chose the SASB framework as it is widely used internationally as a way of assessing materiality for climate-related risks and opportunities.

For more information about the use of these tools in our investment process, see Risk Management.

SASB framework

The SASB framework helps us identify potential future climate-related risk on an industry basis. This framework categorises climate-related risks and opportunities into relevant physical risks (chronic, acute), transition risks (technology, market, reputation, policy, and legal), and opportunities (resource efficiency, energy source, products and services, resilience) across all industries. This is one tool we use as a proxy for identifying the Funds' vulnerability to climate-related risks.

Based on the industry that each investee company operates in, we used the SASB framework to quantify the individual Funds' and overall Scheme exposures to climate-related risks and opportunities for the in-scope Scheme FUM. This highlights in-scope Scheme FUM invested in industries deemed by the SASB framework to:

- have material transition risks
- have material physical risks
- be able to take advantage of material climate-related opportunities.

Using individual investee company data, we can then identify a Fund's exposure to the various climate-related risks and opportunities affecting its industry. Further details for each individual Fund are presented in Appendix 1.

A summary of the Scheme's exposure to climate-related risks and opportunities, using the SASB framework, is detailed in the table below:

11. SASB Climate Risk Technical Bulletin.

SASB framework risks and opportunities for ANZ KiwiSaver Scheme funds under management invested*

SASB Material Risks	Transition Risks	Physical Risks	Opportunities	Covered	Not Covered	Out of Scope
Total Scheme	46%	73%	38%	54%	7%	39%

* Risks and opportunities in this table are shown as a percentage of in-scope assets. A proportion of the data is classified as either 'Covered' (all data is available), 'Not Covered' (some data is missing), or 'Out of Scope' (assets that are not included in the calculation due to lack of methodology or global best practice). SASB's framework applies to listed equity and corporate fixed income assets only. Sovereign and local government bonds, securitised debt, cash and derivatives are all out of scope; in other words, 39% of Scheme FUM is out of scope.

Our SASB framework analysis shows, for example, that 46% of the Scheme's FUM which are within SASB's scope are at risk of transition risks, 73% at risk of physical risks, and 38% are exposed to climate related opportunities. We provide SASB analysis for each Fund in Appendix 1.

MSCI CVAR

We assess the anticipated financial impacts of climate risks and opportunities on our Funds using MSCI's CVaR. This assists with determining the potential value loss (or gain) of a security in present value percentage terms due to climate risks and opportunities. We use these numbers to support our scenario analysis process and as a reference to understand how different climate scenarios could affect individual securities and Funds by combining security level data.

We do not use CVaR as a quantitative determinant of the anticipated impact because of the high level of uncertainty around the results. Uncertainty exists because the data is forward-looking and based on analysis at a point in time. It does not incorporate any action an investee company may take or changes we make in Fund holdings due to our climate strategy. We analyse results on a comparative and relative basis (comparing results from Funds and indices relative to each other to see where risks are highest and lowest), not as an absolute determinant of impact. CVaR assesses listed equity and corporate fixed income investments only.

The following tables show the relative level of climate-related risks or opportunities potentially applicable to each Fund within the Scheme over the short (2025), medium (2030), and long (2050) term. The relative levels of risks shown in these tables, is driven by aggregating the CVaR output (which is assessed at an individual security level) up to a Fund level and comparing the Fund level results. Where a Fund has relatively higher exposure to physical or transition risk, it is more likely to have a negative impact on the Fund's performance over the long term if those risks are not managed.

CVAR TRANSITION RISK ANALYSIS

Transition risks are calculated by overlaying climate policy outlooks and future emissions reduction price estimates onto investee company emissions data. The results are shown on a colour scale to indicate the relative level of risks among the Funds. Scenario 1 (orderly NGFS 'Net Zero 2050' scenario) was used to generate the transition risk values in Table 1, as it has the highest transition risks - meaning it better illustrates the relative level of risk.

Based on the CVaR analysis, Table 1 shows that the High Growth Fund has the highest potential transition risk over the long term, relative to the other Funds in the Scheme. This is because although each multi-asset-class Fund holds the same underlying assets, the amount of each asset held varies for each Fund. For example, the High Growth Fund holds a higher proportion of equities (higher risk assets), and the Conservative Fund holds a larger proportion of cash and fixed interest assets (lower risk assets). As the investment risk increases for the Fund, the exposure to transition risk increases.

CVAR PHYSICAL RISK ANALYSIS

The physical risk analysis identifies where investee companies have exposure to locations that are deemed at risk to climate or weather-related events. For example, a company that a Fund invests in might manufacture goods and have its headquarters in Auckland and its suppliers' factories in southeast Asia. The MSCI CVaR analysis will assess the climate risks that the investee company is exposed to both in Auckland and southeast Asia. Scenario 3 (hot house world - NGFS Current Policies scenario) was used to generate the physical risk values in Table 1, as it has the highest physical risks - meaning it better illustrates the relative levels of risk due to having a wider range of expected outcomes.

Based on the MSCI CVaR analysis, Table 1 shows that the High Growth Fund has the highest potential physical risk over the long term, relative to the other Funds in the Scheme. This is because although each multi-asset-class Fund holds the same underlying assets, the amount of each asset held varies for each Fund, and so does the exposure to physical risks. For example, the High Growth Fund holds a higher proportion of equities with greater exposure to investee companies in the energy and materials sectors (higher risk assets). The Conservative Fund holds a larger proportion of cash and fixed interest assets (lower risk assets), which by nature have lower physical risk. As the investment risk increases for the Fund, the exposure to physical risk increases.

Table 1: Funds' exposure to relative transition and physical risks over the short, medium, and long term

	Transition risks			Physical risks		
ANZ KiwiSaver	Short term	Medium term	Long term	Short term	Medium term	Long term
Conservative Fund						
Conservative Balanced Fund						
Balanced Fund						
Balanced Growth Fund						
Growth Fund						
High Growth Fund						

Key

Lower risk — Higher risk

The Cash Fund, which invests in cash and cash equivalents, is not included in Table 1 because its coverage in the model is low (approximately 8%). Also because of the investments' short-term maturities, they are unlikely to be affected by long-term climate-related risks.

CVAR CLIMATE-RELATED OPPORTUNITIES

Table 2 shows the relative level of opportunities potentially applicable to each Fund using MSCI analysis. Opportunities are represented on a colour scale with dark green representing a high benefit from opportunities and dark red representing low benefit from opportunities. The opportunities in the table below are driven by Scenario 1, as the transition to net zero has the highest opportunities arising from the shift to a low carbon economy.

The MSCI analysis identifies current green revenues and low carbon technology patents held by investee companies. The relative quality score of each patent over time, and forecast green revenues and profits (based on their low carbon innovative capacities), are calculated to determine the potential impact of climate opportunities for an investee company.

The High Growth Fund has the highest potential exposure to transition opportunities over the long term relative to the other Funds in the Scheme due to having a greater exposure to investee companies that have patents for low carbon technologies, and potential exposure to future green revenues.

Table 2: Funds' relative opportunities over the short, medium, and long term

ANZ KiwiSaver	Short term	Medium term	Long term
Conservative Fund			
Conservative Balanced Fund			
Balanced Fund			
Balanced Growth Fund			
Growth Fund			
High Growth Fund			

Key: Higher opportunities — Lower opportunities

The Cash Fund, which invests in cash and cash equivalents, is not included in the above table because its coverage in the model is low (approximately 8%). Also, because of the investments' short-term maturities, they are unlikely to be affected by long-term climate-related opportunities.

CARBON EMISSIONS AND FOSSIL FUEL RESERVES

While there are many aspects to transition risk, one of the primary drivers is carbon emissions and exposure to fossil fuels. For example, if an investee company has very high emissions or is highly reliant on fossil fuels to derive its profit, then it inherently has relatively higher transition risk, as large changes to its business will be required to adapt and stay relevant in a low carbon future.

Fossil fuel reserves also pose a transition risk for investee companies that may have ownership of fossil fuels that have not yet been extracted (e.g. oil or gas that is still underground). If government policies around extracting fossil fuels change globally, the value of the fossil fuel reserves could decrease and cause the value of the investee company that owns the reserves to decrease. This could subsequently have a negative impact on the value of our Funds because of the investment into those investee companies.

The following table shows the percentage each Fund has invested in (exposure to) investee companies that own fossil fuel reserves, which is compared against the Funds' respective indices. This is another tool we use as a proxy for identifying the Funds' vulnerability to transition risks.

Fossil Fuel Reserves	Fund Exposure	Market Index Exposure
Conservative Fund	0.54%	1.34%
Conservative Balanced Fund	0.77%	1.91%
Balanced Fund	0.99%	2.51%
Balanced Growth Fund	1.17%	3.13%
Growth Fund	1.34%	3.72%
High Growth Fund	1.66%	4.27%
Cash Fund	--	--

Our Funds have a lower exposure to fossil fuel reserves than their relative indices. This is due to the Funds' lower exposure to energy companies than the index as result of investment decisions made by our external fund managers.

Similarly, carbon emissions are important when considering climate opportunities. For example, if an investee company can produce an identical product to its competitors but with one quarter of the emissions, changing market preferences will likely raise demand for that investee company's product, with the potential for capturing an increasing market share and resulting in increasing company value. The metrics for our Funds' GHG emissions and their indices are shown in Appendix 2.

TRANSITION PLAN

This year, as a step in the development of our transition plan, the Board set our 'Net Zero 2050' goal and interim 2030 and 2040 targets to track our progress.

Our transition plan aims to encourage investee companies to improve reporting of emissions, progress their transition planning, and set net zero targets. We use a stewardship-based approach to support our 'Net Zero 2050' goal and the transition towards a low-emissions, climate-resilient future.

Our stewardship-based approach is made up of four key components

1. PAII Alignment

A key part of our climate strategy and transition plan is monitoring our FUM alignment with the Paris Aligned Investment Initiative's Net Zero Investment Framework (PAII framework). The PAII framework has five categories based on investee companies' progress to net zero. The categories are Achieving, Aligned, Aligning, Committed to aligning, and Not aligned. See Metrics and targets for more information on these categories.

We use this framework to prioritise which investee companies we engage with. We also use it as a measure for our interim targets, which track our progress towards our 'Net Zero 2050' goal. See Metrics and targets for more information on our interim targets, the PAII framework, and our total in-scope FUM alignment with the PAII framework. For an investee company to be assessed as Achieving, Aligned, or Aligning it must be investing in or adapting its strategy to address climate-related risk and opportunities. We review our external fund managers' stewardship activities alignment, and work with them to prioritise investee companies in their engagement program where necessary.

Our individual Funds' PAII alignment and comparison against their respective indices on 31 March 2024 is detailed in Appendix 1

2. Investee company prioritisation and selection

Towards the end of the year, we began to target investee companies that are at the earlier stages of their climate journey and where we have increased ability to influence the investee company. We prioritise our engagement with investee companies in the bottom two PAII framework classifications "Committed to aligning" and "Not aligned" and rank them based on how much they contribute to the Funds' weighted average carbon emissions. This means we focus our engagement activity on areas where there is the greatest need.

3. Monitoring investee company progress

During the year we introduced a process to monitor investee companies' progress towards net zero using the PAII framework. Investee companies that remain in the bottom two classifications of the framework and demonstrate no progress after three years will be put on a watchlist and monitored through our RIF.

We also began tracking other quantitative and qualitative aspects of our investee companies' climate journey through various risk management processes. See Risk Management for more information on how we identify, assess, and manage climate-related risks and opportunities.

4. Engagement and escalation

We and our external fund managers use a variety of engagement and escalation methods including, but not limited to, voting, meetings, limiting investment, or divestment. We recognise that engagement journeys can take many forms, be lengthy, and aren't linear. After three years, we will review the engagement and decide if action needs to be taken, such as limiting further investment in or divesting from an investee company.

We aim to vote on behalf of our members on all investee company resolutions. This is to support our engagement activity to encourage better practices in relation to climate change. All our proxy voting activity is available to view on our website.

Capital deployment

We make decisions on where to deploy the Funds' capital (the investment decisions we make) through our investment strategy, investment process, and our transition plan.

Our strategy and processes do not direct capital to climate sectors or themes. Instead, we take an integrated approach and decide where to allocate capital at various points in our investment process. For example, we can consider climate-related risks and opportunities when deciding whether to buy and sell investee companies, what sectors to invest in and Fund composition, which assets to invest in, and decisions on external fund managers. All of these decisions can affect where the Funds' capital is deployed.

During the year, our choice of external fund managers, and their investment decisions, have led to lower GHG emission levels when compared with the index - especially through investments in international equities which is the largest allocation of our FUM. The international equities' external fund managers have investment styles that do not have large allocations to companies in the energy sector, or other companies whose operations are linked to oil and other commodities. This means we see lower investment in the energy sector than the benchmark for this asset class. Currently 1% of our international equity exposure in our Funds is invested in the energy sector compared with 5% for the index.

Part of our transition plan also aims to influence capital deployment using a stewardship-based approach. We use the status of our investee companies' own transition plans to prioritise our engagement. The outcomes of those engagements can influence our decisions on where we allocate capital and how much. Our investee company engagement and our external fund managers' engagements also aim to influence investee companies towards a 'Net Zero 2050' objective so that more of the investee company capital will be deployed towards meeting net zero.

We deploy our operating capital as a fund manager (capital expenditure) towards third party tools (such as SASB's framework, or external company research) to assist us with identifying climate risks and opportunities and quantifying relative anticipated financial impacts between the Funds.

RISK MANAGEMENT
WHAKAHAERE TŪRARU

At ANZ Investments, risk is everyone's responsibility. We recognise the importance of incorporating climate change into our risk culture and risk management processes to guide the right decisions for ANZ Investments and our customers.

OUR PROCESSES

We have integrated climate-related risk into our Funds' investment processes for several years, and our approach continues to evolve as our understanding grows and broadens. Climate-related risk is one risk that we consider alongside other risks that may impact a Fund's performance.

We continue to monitor securities by assessing relevant trends and research and can engage with investee companies on an ad hoc basis to address events.

Risk management strategy

ANZ New Zealand has an overarching Risk Management Strategy (RMS) that covers all entities in the ANZ Group, including ANZ Investments. The RMS, which is approved by the ANZ Board, describes the approach for managing risks arising from ANZ New Zealand's purpose and strategy. The RMS acknowledges that climate change risk may manifest as physical risk or transition risk. From an ANZ Investments perspective, climate change primarily impacts investment risk and operational risk. The RMS is an input into ANZ Investments' Risk Appetite Statement (RAS). Climate-related impacts are managed in accordance with the risk management strategies associated with the applicable key material risks.

At ANZ Investments, we integrate climate change considerations as part of our investment process, recognising they are a cause of investment risk (the risks that may cause the value of a Fund's investment to move up and down). We and our external fund managers may consider the risks and opportunities of climate change when evaluating an investment.

Risk Appetite Statement (RAS)

For each material risk, our RAS describes the degree of risk (including investment risk) that ANZ Investments is prepared to accept in pursuit of its strategic and operational objectives.

The Funds' climate-related risks primarily manifest through investment risk. Management is responsible for monitoring all key material risks on an ongoing basis. As noted in Governance above, IMGF has oversight of investment risk management and reports are made to the Board.

In addition to monitoring the RAS dashboard at its meetings, the Board is responsible for reviewing the RAS, including its metrics and tolerance levels. This review is done annually (or as required) and includes analysis and recommendations from Management.

Climate risks also have the potential to impact ANZ Investments' business continuity by, for example, disruption to operations following severe weather events. As such, climate is also regarded as a cause of operational risk (rather than being a risk itself). Operational risks are considered under the RAS, with the FMRF providing operational risk and compliance management oversight, supporting the Board in fulfilling its governance and oversight duties.

Our risk culture

Risk culture is an important part of ANZ Investments' business and underpins the values, attitudes, and behaviours of our staff driving the risk decisions we make. We recognise it's important to incorporate climate-related risks into our risk culture. During the year we've:

- strengthened how we assess climate-related risk by creating new climate risk identification, assessment, and management tools
- supported our Board and Investment Management teams with climate-related training.

IDENTIFYING, ASSESSING, AND MANAGING CLIMATE-RELATED RISKS

During the year we improved the tools and methods we use and integrate into our risk management processes to identify, understand, and manage climate-related risks and opportunities. These are detailed on the next page.

We take a strategic approach to our risk management process through the RAS which identifies investment risk as a key risk. We recognise that climate-related risk is a cause of investment risk.

Investment risk is addressed through our investment processes where it is identified, assessed, and managed through our security selection, portfolio construction, asset allocation, and scenario analysis processes. This is then governed through the RIF and IMGF, and overseen by the CIO and ultimately the Board. The external fund managers we appoint may have different tools and processes for identifying and addressing climate-related risks and opportunities.

Time horizons used to identify and assess climate risk

Time horizons (year relative to 2022 endpoint))	
Short term	Risk over next 1-3 years to 2025. Aligns with investment decisions and shorter-term investment horizons.
Medium term	Risk within 5-10 years to 2030. Aligns with interim emissions reduction targets and medium-term investment horizons.
Long term	Risk beyond 30 years to after 2050. Aligns with international emissions targets, the Paris Agreement, and long-term investment horizons.

Climate-related risk and opportunity processes and tools	Identify	Assess	Manage	Frequency**
Responsible Investment Framework				
Exclusions	●	●	●	Quarterly
ESG Integration	●	●	●	Ongoing
Stewardship	●	●	●	Ongoing
Climate Risk Management *(Also see Strategy section)*				
Strategic Asset Allocation	●	●	●	At least every three years
Risk and Opportunities Framework*	●	●		Quarterly
Climate Value-at-Risk*	●	●	●	Bi-annual
Scenario Analysis*	●	●	●	Annually
External Fund Manager selection and monitoring*	●	●	●	Quarterly
Climate Strategy *(Also see Strategy, and Metrics and targets section)*				
Interim Targets*		●	●	Reviewed annually
PAII Alignment Metrics*	●			Reviewed annually
Third Parties				
Memberships	●	●	●	As required
Signatories	●	●	●	As required
Data Providers	●	●		As required
Investment Governance *(Also see Governance section)*				
Forums	●	●	●	See Governance section for frequency of forums.

* Developed or enhanced during the year.
** Some of these processes may be conducted on a more frequent basis where there is a change to our investment strategy.

Responsible Investment Framework

ANZ Investments' RI Framework is the overarching framework we use to identify, assess, and manage ESG risks throughout our Funds' investment processes. Climate-related risks (both physical and transition) are included in this framework.

Our RI Framework has three core components:

1. Exclusions

We exclude some companies and industries based on their involvement in areas of harm, or for breaching global norms. We may decide to manage some of our climate risks by excluding companies we consider to be heavily exposed to climate-related risk and unlikely to align to the transition to net zero and our 'Net Zero 2050' goal. For example, we currently exclude certain companies that generate more than 10% of their revenue from the extraction or production of unconventional oil and gas (this includes revenue from oil sands, oil shale (kerogen-rich deposits), shale gas, shale oil, coal seam gas, and coal bed methane) and thermal coal mining. As of 31 March 2024, we have excluded 117 companies based on their involvement in unconventional oil and gas and thermal coal mining.

Neither our internal Investment Management team nor our external fund managers may invest in excluded securities. Exclusions related to climate considerations are only one tool we use to manage risk.

2. ESG integration

Our approach to responsible investment is based on integrating both financial and non-financial factors in the way we research, select, and manage investments and our external fund managers.

Traditional investment approaches focus mainly on financial criteria. We have a wider perspective that also takes ESG considerations into account. ESG considerations include environmental factors like climate change, GHG emissions, pollution, and renewable technologies. They can have a direct impact on the value or volatility of an investee company.

We use a variety of tools to identify, assess, and manage climate-related risks as part of our ESG integration. Our internal Investment Management team monitors investee companies that have exposure to material climate issues through sources such as external party research and internal analysis using climate metrics. This data is used to evaluate our exposure to climate-related risks and opportunities and is incorporated into investment decisions and monitoring.

The key tools we use are:

- **Climate risks and opportunities tool** - During the year we developed an internal climate risks and opportunities tool which helps us assess our investee companies' potential exposure to climate-related risks and opportunities. Towards the end of the year this tool was integrated at an internal investment desk level, which will enable climate-related risks and opportunities to be analysed alongside other financially material risks and security-specific information relevant to investment decisions.
  The tool identifies potential climate-related risks and opportunities at an industry level using the International Financial Reporting Standards (IFRS) Foundation's SASB Standards and Climate Risk Framework. In conjunction with the SASB industry data, we overlay security-specific data from MSCI, such as Paris Aligned Investment Initiative (PAII) classification to measure each investee company's progress towards net zero, investee companies' sales intensity for scope 1, 2 and 3 emissions, whether they are in a high impact sector, and if they have a Science Based Targets initiative (SBTi) recognised target.
- **CVaR** - This year climate-related risks were identified and assessed through MSCI's CVaR metrics. Because the data is forward looking, there is a high level of uncertainty. CVaR metrics will be provided annually to the RIF as part of the scenario analysis process but can also be run at any time at the request of the internal Investment Management team. Scenario analysis will be undertaken annually and when required if there is a substantial change to our investment approach.
- **Strategic Asset Allocation (SAA) -** Most investment risk and return is driven by SAA. SAA is deciding where capital should be allocated across the broad asset classes for each Fund, to meet client risk-and-return objectives. ESG factors, including climate-related risks and opportunities, are considered as part of our SAA process. Risks come from a variety of sources, can evolve over time, and are not linear, so must be regularly measured, monitored, and reported. Since 2023, we have incorporated climate change adjustments into capital market assumptions, because we recognise that climate change is a material investment risk. We review our investment strategy and SAA at least once every three years. Asset allocation capital market assumptions are updated annually.

3. Stewardship

By actively engaging directly with our investee companies and external fund managers on ESG issues, including climate, we seek to influence and constructively engage with investee companies to align to our responsible investment beliefs. Stewardship is key to managing our climate-related risk exposure and our goal of aligning investee companies to net zero by 2050. You can read more about our engagement plan in Strategy.

We also require our external fund managers to undertake aspects of stewardship. We review their stewardship and engagement activity at least every six months to assess how it aligns with our responsible investment beliefs and our management of future engagement priorities. See Governance for more information on our external fund manager risk management processes.

The RI Framework is reviewed both annually and when required if there is a substantial change to our investment process. The latest version of our RI Framework is available on the ANZ website.

PRIORITISATION OF CLIMATE-RELATED RISKS

Climate-related risk is considered at different stages throughout our investment process. Research, security selection, and portfolio management are a daily process and review timeframes can differ depending on the type of security, its associated risk, and market conditions.

The Investment Management team prioritises climate-related risk on a case-by-case basis, depending on the overall risk profile of an investee company or industry. For example, the oil and gas industry is recognised as having a higher exposure to climate risks than the technology industry. As such, the prioritisation of climate-related risk may be higher for an oil and gas company than for a technology company, and the management of those risks is also case by case.

We do not exclude any parts of our investee companies' value chain in the overall identification, assessment, and management of climate-related risks. While investee company scope 3 emissions are not currently included in our interim targets (due to data availability and quality issues), these emissions may be considered as part of our investment risk assessment process including our risk framework and research.

METRICS AND TARGETS

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We use metrics and targets to measure and manage the Funds' climate-related risks and opportunities. They help us to make informed decisions around investing in, or not investing in, individual investee companies as well as different asset classes. Metrics and targets also help us track progress against our 'Net Zero 2050' goal.

METRICS

Our key metrics and targets are discussed below. We also highlight some of the challenges associated with reporting GHG emissions data. The Funds' metrics in these statements relate to the Scheme's 2024 financial year ending 31 March 2024 unless otherwise stated.

These statements use carbon metrics to show the potential impact that individual Funds have on climate change. Our metrics show greenhouse gas (GHG) emissions numbers in tonnes of carbon dioxide equivalent (tCO_2e), certain data in percentages, and FUM in New Zealand dollars. We report on the Funds' emissions from investments in corporate equities, corporate bonds and sovereign debt. Cash and derivatives are not included as there is no globally recognised standard for measuring GHG emissions for these assets.

OUR FUNDS' GHG EMISSIONS

What the metrics mean

We measure and report our Funds' GHG emissions in line with the GHG Protocol[12] and Partnership for Carbon Accounting Financials (PCAF) Standard Part A - Financed Emissions. See Appendix 2 for more details on our GHG emissions data and methodologies.

There are three different categories of GHG emissions that a company may be responsible for:

- **Scope 1** - Direct emissions from sources owned or controlled by the entity (e.g. company vehicles).
- **Scope 2** - Indirect emissions from consumption of purchased electricity, heat, or steam.
- **Scope 3** - Other indirect emissions from sources not owned or controlled by the entity (e.g. investments).

Our Funds do not have scope 1 or scope 2 GHG emissions, as the Funds themselves do not carry out activities causing GHG emissions. The Funds' only material source of GHG emissions is from the Funds' underlying investments – in other words, the emissions of investee companies. These are called financed emissions.[13] Our Funds' reported scope 3 GHG emissions are therefore entirely financed emissions.

One industry-based measure of GHG emissions intensity is weighted average carbon intensity (WACI) – a calculation of the metric tonnes of CO_2e emitted per $1m of investee company revenue. Total carbon emissions are influenced by Fund size, and companies with higher carbon intensity are likely to have more exposure to carbon-related risks.

By measuring investee companies' carbon intensity and then weighting it based on the size of each investee company holding within a Fund, the WACI metric allows for comparison between different sized Funds. We use WACI to measure our Funds' exposure to carbon intensive investee companies, relative to other Funds or an index.

Each Fund's financed emissions reflect the Fund's share of its investments' (investee companies') GHG emissions, or the GHG emissions the Fund is responsible for financing via its equity or debt investment. We use data from MSCI ESG to calculate the Funds' GHG emissions.

This year we are publishing numbers for each Fund's share of its investee companies' scope 1 and scope 2 GHG emissions (where data is available). We do not report investee companies' scope 3 GHG emissions because the data is largely estimated, with considerable variability in data quality and availability.

Our GHG emissions are measured in tonnes of carbon dioxide equivalent (tCO_2e). This is a universal unit of measurement for the various GHGs. GHGs each have different warming effects and remain in the atmosphere for different amounts of time. We use the measure tCO_2e for expressing emissions of the different GHGs in a common unit, so they can be reported and compared consistently.

We report our Funds' gross GHG emissions, which is an absolute measure. Gross emissions are total GHG emissions excluding any removals and excluding any purchase, sale, or transfer of GHG emissions offsets or allowances. This means the size of a Fund can affect the final number. For example, a Fund with $1bn of assets will most likely have higher emissions than one with $1m of assets. This is why we also include data about the size of the Fund. We report gross financed emissions on a per $1million ($1m) and per $10,000 invested basis. This allows for comparisons between different Funds and indices.

Appendix 2 shows the Funds' gross emissions, gross emissions per $1m, and WACI. We also show the Funds' emissions intensity comparison against the relevant market indices.

12. The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard
13. Scope 3, Category 15 of the Greenhouse Gas Protocol - The Corporate Value Chain (Scope 3) Accounting and Reporting Standard

Sovereign GHG emissions

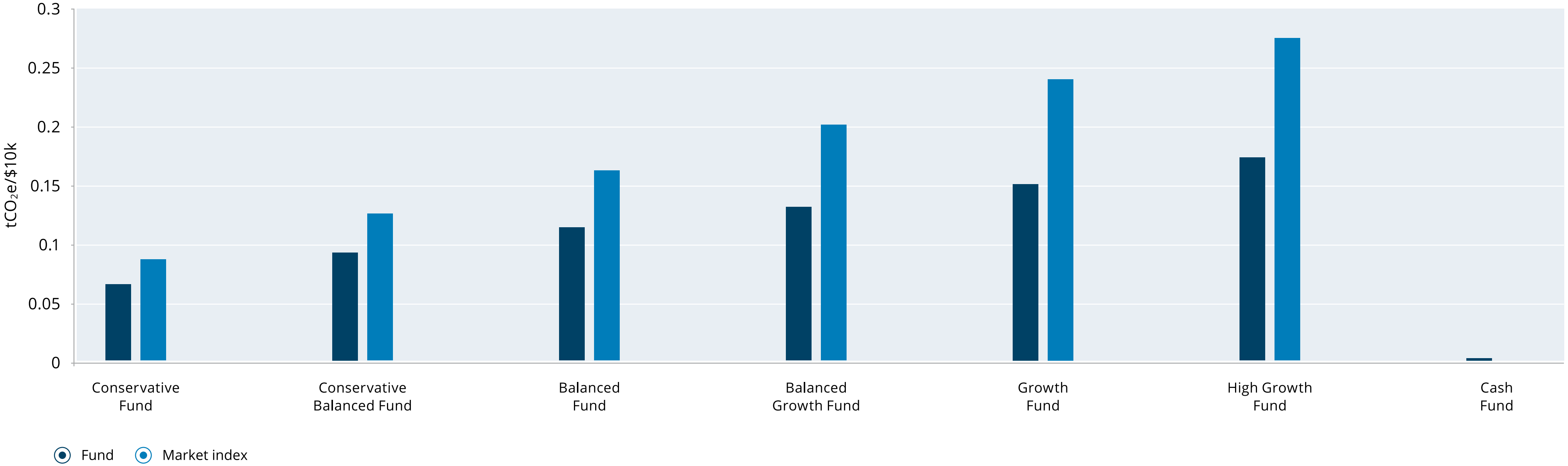
Our Funds include investments in government (sovereign) debt. This is when a country's government borrows money to fund its activities and issues a bond. We also report tCO_2e for sovereign debt but we use a slightly different calculation in line with PCAF which only includes scope 1 GHG emissions emitted within the country's border.[14]

DATA LIMITATIONS

Although emissions data availability and transparency are improving, some data will rely on estimates. MSCI ESG collects GHG emissions data for investee companies from a range of sources, including the most recent corporate reports, emissions data reported through the Carbon Disclosure Project, and government databases. When investee companies do not disclose data, MSCI ESG uses proprietary methodologies to estimate investee companies' scope 1 and scope 2 emissions. Where MSCI data is not available, we treat a holding as not covered. There are several investee companies that do not currently report their emissions. In these instances, where possible, we have used MSCI's model for estimating emissions of investee companies. This provides the most complete and representative picture of portfolio GHG emissions. All figures should be interpreted in this context. While we have followed PCAF methodology in calculating the Funds' financed emissions, the data can change significantly over time as the availability of reported data increases and methodologies improve. Out of scope assets are also excluded from the calculations; these assets currently do not have recognised methodology for reporting financed emissions, such as cash and derivatives. See Appendix 2 for further information on the limitations we have identified that may impact the information disclosed in these statements.

14. We report our Funds' proportional share of a country's emissions by using PCAF methodology to attribute emissions from sovereign debt, with Gross Domestic Product (GDP) adjusted for purchasing power. The CO_2e of the sovereign emissions is assessed using the metric tonnes of CO_2e per NZ$1m of a country's Purchasing Power Parity (PPP)-adjusted Gross Domestic Product (GDP). Our calculations use production emissions, as defined by UNFCCC national emissions inventory (scope 1). The emissions related to investee companies and borrowers (through ownership of bonds), and sovereign debt are calculated separately. The sovereign GHG emissions are shown separately as they include investee companies' emissions that are generated within that country's border. There can be a double counting of GHG emissions reported by investee companies and by the country those emissions are generated in.

ANZ KiwiSaver Scheme tCO_2e/$10k invested compared with market indices[15]



This chart shows the relative exposure of each Fund's financed emissions, compared to its market index[16] per $10,000 invested. Index financed emissions values are included to show how the Fund's financed emissions vary not only between asset classes but also compared to a passive investment in the same asset class. The multi-asset-class Funds have relatively lower financed emissions when compared with their relative market index due to the asset mix they invest into. For instance, the Funds' investments into international shares have a relatively lower exposure to financed emissions than their market index because of investment decisions made by our external fund managers.

INTERNAL EMISSIONS PRICE

We do not currently use an internal emissions price. However, emissions prices are used as inputs into parts of the investment process. Our internal Investment Management equity team uses current market emissions pricing as an input when analysing energy companies that the Funds invest in, or are considering investing in, and where the carbon price may influence company valuations. Emissions pricing is also an input to our scenario analysis where it is considered as a component of transition risk. It is also one of the many underlying variables that help define each of the NGFS scenarios used in our scenario analysis process.

15. Each Fund is compared against a relevant market index or composite index. For information on the market index for the relevant Fund, please see the Scheme's Statement of Investment Policy and Objectives (SIPO).
16. For information on the market index for each Fund, please see the Scheme's Statement of Investment Policy and Objectives (SIPO).

TARGETS

We recognise that climate change is a global challenge, and that climate-related risks and opportunities can materially impact investments. Our 'Net Zero 2050 goal' is to reach net zero greenhouse gas emissions by 2050 across all of our FUM, not on a Fund-by-Fund basis. Our 'Net Zero 2050' goal is aspirational and will require action by our investee companies and regulators alongside our own actions described below.

Interim targets

To measure our progress in achieving our 'Net Zero 2050' goal, this year we set interim targets based on the **PAII framework**. The framework has five categories, which include:

1. Achieving net zero: Investee companies that have current emissions intensity performance at, or close to, net zero emissions with an investment plan or business model expected to continue to achieve that goal over time. We are not currently assessing any assets as achieving net zero.

2. Aligned to a 2050 net zero pathway: Investee companies that have short and medium-term emissions reduction targets, a decarbonisation strategy, are disclosing scope 1, 2 and material scope 3 emissions, and emissions performance is tracking relative to target.

3. Aligning towards a 2050 net zero pathway: Investee companies that have an ambition to 'Net Zero 2050' with short and medium-term emissions reduction targets and are disclosing scope 1, 2 and material scope 3 emissions.

The remaining two categories are ‘Committed to aligning’ and ‘Not aligned.’ The categorisation of Achieving, Aligned, or Aligning is defined by the PAII framework, and we use MSCI’s data to classify the companies the Funds invest in. For more information, please visit their website.

After the end of the Scheme's 2024 financial year, MSCI released its final PAII framework methodology, which will impact how our investee companies are classified under the PAII framework in future reports. We will use this revised methodology for the Scheme’s climate statements in the next financial year ended 31 March 2025. The methodology change is likely to result in us restating our PAII alignment metrics for the financial year ended 31 March 2024 in future climate statements. We will also review our interim targets and secondary WACI target during the next financial year.

Our interim targets are:

- 50% of in-scope FUM considered Achieving, Aligned or Aligning by 2030
- 100% of in-scope FUM considered Achieving, Aligned or Aligned by 2040.

To measure the effectiveness of our engagement with the companies we invest in, we have set a secondary target to reduce our in-scope FUM WACI by 50% by 2030. This target is across all funds managed by ANZ Investments, not on a Fund-by-Fund basis.

We use WACI to measure the Funds’ exposure to emissions-intensive investee companies.

Our 'Net Zero 2050' goal and our interim 2030 and 2040 PAII alignment targets are absolute targets and therefore do not have associated baseline years. Our secondary WACI target is an intensity target using a baseline year ending 31 December 2022. This is based on industry guidance of using the most recent calendar year of full data prior to the reporting year.

MSCI’s PAII framework methodology may take an investee company’s carbon offsets into account when classifying their net-zero commitments, but would typically also consider whether the company intends to reduce its gross emissions to the maximum extent possible. Carbon offsets may therefore be taken into account in assessing progress against our interim 2030 and 2040 targets. Carbon offsets are not taken into account for the purposes of our secondary WACI target as this is a measure of gross emissions.

We will review our interim targets, including the assets they apply to, annually and we will review our overall climate strategy every three years. Because our interim targets were set during the 2024 financial year, we intend to report progress against the interim targets in future financial years.

We do not guarantee we will meet our 'Net Zero 2050' goal, or our interim 2030 or 2040 PAII alignment targets or secondary WACI target, as they rely on a number of factors outside of our control, including changes in the global and domestic economies, the pace and change of global temperature rise, supportive regulatory and policy settings addressing climate change, and companies' own actions, including their own stakeholder sentiment. Our intention is that our actions will help galvanise efforts by investee companies to achieve net zero, but this is ultimately dependent on the actions of investee companies in their particular regulatory and economic context.

In-scope FUM for interim targets

Our interim targets apply to our “in-scope FUM”, which covers listed equity, listed property and corporate fixed income asset classes of the Funds (which at the date of this report is approximately 68% of our FUM). Our interim targets consider scope 1, 2 and material scope 3 emissions (reported or estimated). Our secondary (WACI) target only includes scope 1 and 2 emissions. We aim to increase our scope over time as reported data becomes available and data quality improves.

Cash and derivative assets are not included in our targets because there is currently no globally recognised methodology to calculate these emissions. In addition, due to the nature of sovereign debt and the difficulty in demonstrating alignment to the PAII framework, sovereign debt is also excluded from our targets. We will review the assets that are in scope at least once a year. We expect to increase the number of in-scope assets over time.

Performance against targets

We measure these targets across all the in-scope Funds. This is because some Funds will have more exposure to carbon and some less. This means we can track whether we are targeting the right assets to encourage a lower carbon world. Performance against the targets will be measured and reported to the Board to inform its oversight of climate-related strategy and risk management.

Performance against targets at 31 March 2024*

PAII Alignment	Achieving	Aligned	Aligning	Committed to Aligning	Not Aligned	Not Covered	In Scope
% of ANZ Investments' total assets	0%	21.4%	21.9%	27%	28.1%	1.6%	67.9%

* The "In Scope" value in the table is as a percentage of total FUM. The other values are shown as a percentage of in-scope assets. A proportion of the data is classified as 'Not Covered' due to missing data. Some assets (e.g. cash and sovereign debt) are not included in the calculations due to lack of methodology or global best practice.

Below is the status of these goals and targets as at 31 March 2024 across all FUM:

Baseline WACI (2022) tCO_2e/$m revenue	Current WACI tCO_2e/$m revenue	Target by 2030 (50% reduction from 2022 levels) tCO_2e/$m revenue
62.6	57.7	31.3

Targets contribution to limiting global warming to 1.5°C

We recognise that climate change is a systemic issue which affects us all globally. Numerous institutions emphasise the importance of achieving real economy emissions reductions, including the Task Force on Climate-related Financial Disclosures (TCFD), Net Zero Asset Managers (NZAM), and PAII. For the financial sector, this means encouraging and assisting investee companies to pursue positive climate outcomes and align to a low-carbon future.

To contribute to the global challenge of limiting global warming to 1.5°C, we engage with our investee companies through stewardship. Our targets track the effectiveness of our engagement efforts, which are focused on using our influence as a manager to encourage investee companies to align to net zero, set targets and decarbonisation plans, improve disclosures, and track emissions reductions.

In a special report released by the International Panel on Climate Change (IPCC), it was identified that to align to a 1.5°C pathway, carbon dioxide emissions need to decline by 45% by 2030 and GHG emissions to decline by 40-50% by 2030.[17]

Our interim targets were developed internally and are predominantly based on the PAII Framework and NZAM guidance. Our process involved investigating market-leading approaches and industry-recognised guidance (such as SBTi, PAII, NZAM, and the UN-convened Net-Zero Asset Owner Alliance), liaising with our external fund managers, and selecting elements which best align with our Funds' transition to net zero.

17. IPCC Global Warming of 1.5 degrees Celsius Special Report

OTHER INFORMATION

APPENDIX 1: STRATEGY

SCENARIO ANALYSIS

Our scenario analysis process used the following six step process:

Step 1: Engage stakeholders and assess external environment	• A workshop with members of the RIF discussed several investee companies' current sensitivity to climate-related risks and opportunities, using examples of events, observations, and conversations with ANZ Investment stakeholders to frame the current climate context.
Step 2: Define the problem (focal question and time horizon)	• Focused on what we need to know to make better decisions and boundaries for the scenario analysis. • Timeframes defined.
Step 3: Identify driving forces	• Identified and prioritised the key drivers of climate change, adapting the forces identified by the FSC. • Considered timeframes (short, medium, and long term) and drivers that could impact the business and strategy. Drivers with the highest potential impact were identified as chronic events (e.g. sea level rise) and fiscal, regulatory, and policy impacts (e.g. new laws regulating emissions). Acute events (e.g. wildfires) had the highest level of uncertainty.
Step 4: Select temperature outcomes and pathways	• 1.5°C (NGFS 'Net Zero 2050' scenario), >2°C (NGFS Nationally Determined Contributions (NDCs) scenario), and >3°C (NGFS Current Policies scenario) temperature outcomes and pathways were selected. The three scenarios were framed based on physical and transition risk using the Network for Greening the Financial System (NGFS) Phase III Scenarios Framework.
Step 5: Draft narratives and quantify	• Used steps 1-4 (including the work of the FSC and the NGFS framework) to draft narratives (see Table x) that are plausible, challenging descriptions of how the future may unfold, allowing us to test our overall strategic resilience.
Step 6: Assess strategic resilience	• Quantitative analysis undertaken using MSCI CVaR across the underlying funds managed by ANZ Investments to assess each Fund's resilience under the three scenarios and short, medium, and long term. • Management discussed the impact of the scenarios on our business model, strategy, and agreed next steps. • Process and findings were presented and discussed with the Board. • This process will be undertaken at least once a year and findings will be reported to the Board.

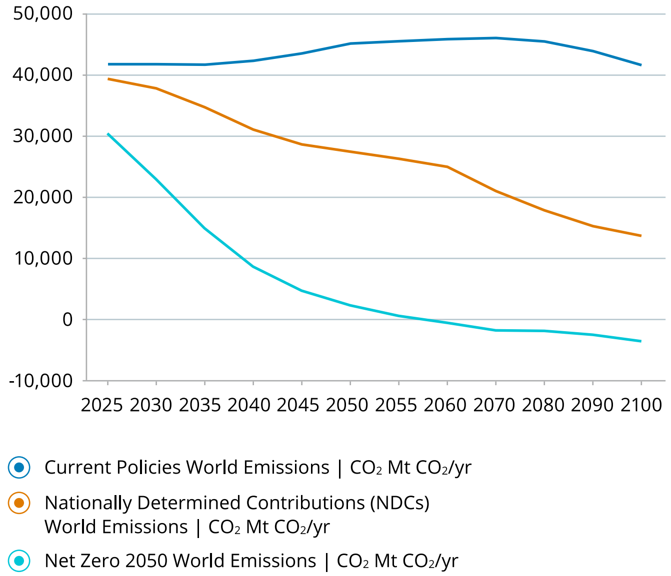
Step 3 of our scenario analysis process identified a number of key drivers of climate change and their influence and impact on the Funds over the short, medium, and long term:

Physical risks	**Illustrative example**	**Timeframe based on the FSC time horizon S/M/L (Small-Medium-Large)**	**Influence 1-5 (least to most)**	**Uncertainty 1-5 (least to most)**
Acute events	Floods and wildfires	M/L	4	5
Chronic events	Temperature and sea level rise	M/L	5	3
Transition risks	**Illustrative example**	**Timeframe based on the FSC time horizon S/M/L (Small-Medium-Large)**	**Influence 1-5 (least to most)**	**Uncertainty 1-5 (least to most)**
Increased carbon price	Introduction of carbon pricing and taxation	M	4	3
Litigation risk	Disputes, claims, and legal proceedings	S/M	3	3
Transition risks and opportunities	**Illustrative example**	**Timeframe based on the FSC time horizon S/M/L (Small-Medium-Large)**	**Influence 1-5 (least to most)**	**Uncertainty 1-5 (least to most)**
Changing stakeholder preferences	Investors change expectations, habits, and behaviour	S/M	3	2
Fiscal, regulatory, and policy impacts	New laws and regulations introduced	S/M	5	3
Adoption, implementation, and new technology	Increased CapEx to transition	M/L	4	4

The emissions pathways for each of the three scenarios selected over the short, medium, and long term are:

CO_2 emissions ($Mt\ CO_2/yr$)	Short term (2025)	Medium term (2030)	Long term (2050)
Scenario 1	30,772	23,406	2,392
Scenario 2	39,618	38,033	27,561
Scenario 3	41,674	41,799	45,144

The GHG emissions pathways for each of our climate scenarios is further illustrated in the chart opposite using NGFS data:



NGFS Scenarios – social, economic, and technological pathways

Source: NGFS, 2022.

NGFS Scenarios		Net Zero 2050			Nationally Determined Contributions (NDCs)			Current Policies		
Variables	Unit	Short Term 2025	Medium Term 2030	Long Term 2050	Short Term 2025	Medium Term 2030	Long Term 2050	Short Term 2025	Medium Term 2030	Long Term 2050
Final Energy Demand										
Final Energy Demand	EJ/yr	400	397	368	445	466	486	452	481	567
CO2 Emissions										
CO2 Emissions	Mt CO2/yr	30772	23406	2392	39618	38033	27561	41674	41799	45144
World Population										
World Population	million	8146	8480	9402	8146	8480	9402	8146	8480	9402
GDP										
GDP	billion US$2010/yr	140577	162415	254423	141623	164703	260739	141775	164869	263139
Carbon Price										
Carbon Price	US$2010/t CO2	85.04	114.64	451.24	25.02	35.61	50.67	6.35	6.02	6.09
Energy Mix										
Oil	EJ/yr	193.5	177.9	88.9	200.2	199.0	142.2	203.1	205.2	145.2
Coal	EJ/yr	80.1	36.0	3.0	148.5	135.1	69.0	166.0	164.9	196.9
Gas	EJ/yr	93.0	85.1	36.5	109.0	110.8	131.1	109.1	116.4	170.6
Nuclear	EJ/yr	11.3	12.4	13.4	11.0	11.5	11.5	11.0	11.6	11.8
Biomass	EJ/yr	60.5	66.2	99.3	58.1	58.5	67.2	57.1	56.0	54.0
Wind	EJ/yr	15.1	33.5	92.9	12.1	22.9	73.3	10.8	18.5	56.3
Solar	EJ/yr	16.6	42.9	94.4	12.4	29.1	77.5	10.0	21.2	61.5
Hydro	EJ/yr	20.0	21.5	24.3	19.9	21.2	23.8	19.9	21.2	24.2
Total	**EJ/yr**	**490.1**	**475.4**	**452.7**	**571.2**	**588.2**	**595.6**	**586.9**	**615.1**	**720.7**
Energy Mix (%)										
Oil	EJ/yr	39.5%	37.4%	19.6%	35.1%	33.8%	23.9%	34.6%	33.4%	20.1%
Coal	EJ/yr	16.4%	7.6%	0.7%	26.0%	23.0%	11.6%	28.3%	26.8%	27.3%
Gas	EJ/yr	19.0%	17.9%	8.1%	19.1%	18.8%	22.0%	18.6%	18.9%	23.7%
Nuclear	EJ/yr	2.3%	2.6%	3.0%	1.9%	2.0%	1.9%	1.9%	1.9%	1.6%
Biomass	EJ/yr	12.3%	13.9%	21.9%	10.2%	9.9%	11.3%	9.7%	9.1%	7.5%
Wind	EJ/yr	3.1%	7.0%	20.5%	2.1%	3.9%	12.3%	1.8%	3.0%	7.8%
Solar	EJ/yr	3.4%	9.0%	20.9%	2.2%	4.9%	13.0%	1.7%	3.5%	8.5%
Hydro	EJ/yr	4.1%	4.5%	5.4%	3.5%	3.6%	4.0%	3.4%	3.5%	3.4%
Total	**EJ/yr**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

NGFS Scenarios		Net Zero 2050			Nationally Determined Contributions (NDCs)			Current Policies		
Variables	Unit	Short Term 2025	Medium Term 2030	Long Term 2050	Short Term 2025	Medium Term 2030	Long Term 2050	Short Term 2025	Medium Term 2030	Long Term 2050
Energy Investment										
Solar	billion US$2010/yr	520	430	208	314	317	197	191	244	196
Biomass	billion US$2010/yr	80	116	146	48	61	123	32	45	55
CCS	billion US$2010/yr	10	87	10	1	6	9	1	1	0
Wind	billion US$2010/yr	478	594	517	262	334	450	171	236	389
Fossil	billion US$2010/yr	65	16	0	68	50	3	94	96	26
CO2 Transport and Storage	billion US$2010/yr	2	79	10	1	6	9	1	1	0
Total	**billion US$2010/yr**	**1156**	**1322**	**892**	**694**	**774**	**791**	**489**	**623**	**668**
Energy Investment (%)										
Solar	billion US$2010/yr	45%	33%	23%	45%	41%	25%	39%	39%	29%
Biomass	billion US$2010/yr	7%	9%	16%	7%	8%	16%	7%	7%	8%
CCS	billion US$2010/yr	1%	7%	1%	0%	1%	1%	0%	0%	0%
Wind	billion US$2010/yr	41%	45%	58%	38%	43%	57%	35%	38%	58%
Fossil	billion US$2010/yr	6%	1%	0%	10%	7%	0%	19%	15%	4%
CO2 Transport and Storage	billion US$2010/yr	0%	6%	1%	0%	1%	1%	0%	0%	0%
Total	**billion US$2010/yr**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**
Electricity Capacity										
Gas	GW	1117	1000	56	1222	1334	856	1234	1413	1444
Nuclear	GW	465	499	530	455	465	457	455	466	469
Solar	GW	2953	7176	15815	2183	4808	12878	1760	3489	10144
Wind	GW	1620	3411	8650	1293	2222	6657	1162	1777	4965
Oil	GW	166	58	0	166	58	0	166	58	0
Coal	GW	742	257	0	1432	1245	35	1719	1662	697
Biomass	GW	122	135	85	123	141	92	123	144	102
Hydro	GW	1561	1698	1916	1549	1665	1868	1549	1667	1899
Total	**GW**	**8745**	**14233**	**27052**	**8423**	**11939**	**22843**	**8166**	**10675**	**19719**
Electricity Capacity (%)										
Gas	GW	13%	7%	0%	15%	11%	4%	15%	13%	7%
Nuclear	GW	5%	4%	2%	5%	4%	2%	6%	4%	2%
Solar	GW	34%	50%	58%	26%	40%	56%	22%	33%	51%
Wind	GW	19%	24%	32%	15%	19%	29%	14%	17%	25%
Oil	GW	2%	0%	0%	2%	0%	0%	2%	1%	0%
Coal	GW	8%	2%	0%	17%	10%	0%	21%	16%	4%
Biomass	GW	1%	1%	0%	1%	1%	0%	2%	1%	1%
Hydro	GW	18%	12%	7%	18%	14%	8%	19%	16%	10%
Total	**GW**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

CLIMATE-RELATED RISKS AND OPPORTUNITIES

SASB framework risks and opportunities for the Scheme are shown at Fund level. This table shows the in-scope Scheme FUM invested in industries deemed by SASB to have material transition risks, material physical risks, and which are able to take advantage of material climate-related opportunities. For information on the market index for the relevant Fund, please see the Statement of Investment Policy and Objectives (SIPO).

SASB Material Risks	Physical Risks	Transition Risks	Opportunities	Covered	Not Covered	Out of Scope
Balanced Fund	49%	77%	41%	52%	7%	41%
Market Index	52%	80%	50%	53%	7%	40%
SASB Material Risks	**Physical Risks**	**Transition Risks**	**Opportunities**	**Covered**	**Not Covered**	**Out of Scope**
Balanced Growth Fund	51%	80%	42%	62%	6%	32%
Market Index	55%	84%	52%	67%	5%	28%
SASB Material Risks	**Physical Risks**	**Transition Risks**	**Opportunities**	**Covered**	**Not Covered**	**Out of Scope**
Conservative Balanced Fund	45%	72%	40%	39%	9%	52%
Market Index	48%	76%	48%	40%	8%	52%
SASB Material Risks	**Physical Risks**	**Transition Risks**	**Opportunities**	**Covered**	**Not Covered**	**Out of Scope**
Conservative Fund	37%	62%	36%	26%	11%	63%
Market Index	41%	67%	42%	26%	9%	65%
SASB Material Risks	**Physical Risks**	**Transition Risks**	**Opportunities**	**Covered**	**Not Covered**	**Out of Scope**
Growth Fund	53%	83%	42%	72%	5%	23%
Market Index	57%	87%	53%	80%	4%	16%
SASB Material Risks	**Physical Risks**	**Transition Risks**	**Opportunities**	**Covered**	**Not Covered**	**Out of Scope**
High Growth Fund	55%	85%	43%	82%	3%	15%
Market Index	59%	89%	54%	93%	2%	5%
SASB Material Risks	**Physical Risks**	**Transition Risks**	**Opportunities**	**Covered**	**Not Covered**	**Out of Scope**
Cash Fund	0%	0%	0%	0%	14%	86%
Market Index	--	--	--	--	--	--

Risks and opportunities in this table are shown as a percentage of in-scope assets. A proportion of the data is classified as either 'Covered' (all data is available), 'Not Covered' (some data is missing), or 'Out of Scope' (assets that are not included in the calculation due to lack of methodology or global best practice). SASB's framework applies to listed equity and corporate fixed income assets only. Sovereign and local government debt, securitised debt, cash and derivatives are all out-of-scope.

PAII FRAMEWORK ALIGNMENT

This table shows the percentage of each individual Fund's in-scope investment in investee companies assessed under the PAII framework as Achieving, Aligned or Aligning, Committed to aligning, and Not aligned to 'Net Zero 2050' and compared to their respective indices.

PAII Alignment	Achieving	Aligned	Aligning	Committed To Aligning	Not Aligned	Not Covered	In Scope
Balanced Fund	0%	22%	22%	28%	26%	2%	61%
Market Index	0%	18%	23%	25%	31%	3%	65%

PAII Alignment	Achieving	Aligned	Aligning	Committed To Aligning	Not Aligned	Not Covered	In Scope
Balanced Growth Fund	0%	22%	23%	30%	24%	1%	69%
Market Index	0%	18%	24%	26%	30%	2%	76%

PAII Alignment	Achieving	Aligned	Aligning	Committed To Aligning	Not Aligned	Not Covered	In Scope
Conservative Balanced Fund	0%	23%	22%	26%	27%	2%	51%
Market Index	0%	18%	21%	23%	34%	4%	54%

PAII Alignment	Achieving	Aligned	Aligning	Committed To Aligning	Not Aligned	Not Covered	In Scope
Conservative Fund	0%	24%	20%	22%	30%	4%	40%
Market Index	0%	18%	19%	20%	37%	6%	42%

PAII Alignment	Achieving	Aligned	Aligning	Committed To Aligning	Not Aligned	Not Covered	In Scope
Growth Fund	0%	21%	24%	31%	23%	1%	78%
Market Index	0%	18%	25%	27%	28%	2%	86%

PAII Alignment	Achieving	Aligned	Aligning	Committed To Aligning	Not Aligned	Not Covered	In Scope
High Growth Fund	0%	21%	24%	32%	23%	0%	85%
Market Index	0%	18%	26%	28%	27%	1%	95%

PAII Alignment	Achieving	Aligned	Aligning	Committed To Aligning	Not Aligned	Not Covered	In Scope
Cash Fund	0%	33%	4%	4%	59%	0%	14%
Market Index	--	--	--	--	--	--	--

The 'In Scope' value in the table is as a percentage of total FUM of the Fund. The other values are shown as a percentage of in scope assets of the Fund. A proportion of the data is classified as 'Not Covered' due to missing data. Some assets (e.g. cash and sovereign debt) are not included in the calculations due to lack of methodology or global best practice.

APPENDIX 2: GREENHOUSE GAS DATA AND METHODOLOGY

In the following emissions tables a proportion of each Fund is classified as either 'Covered' (all data points are available), 'Not Covered' (one or more data points required for calculation is missing) or 'Out of Scope' (not considered in the calculation due to lack of methodology or global best practice) to reflect where securities are not included in the aggregated calculations.

Where the Fund's emissions are below its relative index it is represented in green in the 'Difference' column. Where the Fund's emissions are above its relative index it is represented in red.

Funds GHG gross emissions and emissions intensity compared against the index

The following tables indicate that our Funds' GHG emissions intensity are broadly in line with their indices. Sovereign emissions are shown separately given the inherent double counting of these emissions within investee companies' scope 1 and 2 financed emissions as calculated in these tables.

Balanced Fund	Gross emissions in metric tonnes of carbon dioxide equivalent (tCO_2e)	Gross emissions per $1m invested ($tCO_2e$/$m invested)	Market Index Gross emissions per $1m invested ($tCO_2e$/$m invested)	Difference	Data Quality Score (1-5)
Financed emissions					
Investee companies' Scope 1 & 2	41,469	12	17	-5	2.04
Sovereign emissions*	87,084	24	33	-9	1.1
Total	**128,553**	**36**	**50**	**-14**	**1.4**
Covered	72%	72%	77%		
Not Covered	5%	5%	10%		
Out of Scope (Cash & Derivatives)	23%	23%	13%		

* Sovereign emissions shown above exclude land use, land-use change, and forestry emissions (LULUCF). Sovereign gross emissions including LULUCF are: 71224 tCO_2e gross emissions and 20 tCO_2e per $1m invested.

Balanced Growth Fund	Gross emissions in metric tonnes of carbon dioxide equivalent (tCO_2e)	Gross emissions per $1m invested ($tCO_2e$/$m invested)	Market Index Gross emissions per $1m invested ($tCO_2e$/$m invested)	Difference	Data Quality Score (1-5)
Financed emissions					
Investee companies' Scope 1 & 2	47,083	13	20	-7	2.05
Sovereign emissions*	66,415	19	24	-5	1.08
Total	**113,498**	**32**	**44**	**-12**	**1.48**
Covered	77%	77%	85%		
Not Covered	4%	4%	7%		
Out of Scope (Cash & Derivatives)	19%	19%	8%		

* Sovereign emissions shown above exclude land use, land-use change, and forestry emissions (LULUCF). Sovereign gross emissions including LULUCF are: 53743 tCO_2e gross emissions and 15 tCO_2e per $1m invested

Conservative Balanced Fund	Gross emissions in metric tonnes of carbon dioxide equivalent (tCO_2e)	Gross emissions per $1m invested ($tCO_2e$/$m invested)	Market Index Gross emissions per $1m invested ($tCO_2e$/$m invested)	Difference	Data Quality Score (1-5)
Financed emissions					
Investee companies' Scope 1 & 2	15,442	9	13	-4	2.03
Sovereign emissions*	48,832	30	41	-11	1.1
Total	**64,274**	**39**	**54**	**-15**	**1.32**
Covered	64%	64%	69%		
Not Covered	7%	7%	12%		
Out of Scope (Cash & Derivatives)	29%	29%	19%		

* Sovereign emissions shown above exclude land use, land-use change, and forestry emissions (LULUCF). Sovereign gross emissions including LULUCF are: 40185 tCO_2e gross emissions and 24 tCO_2e per $1m invested.

Conservative Fund	Gross emissions in metric tonnes of carbon dioxide equivalent (tCO_2e)	Gross emissions per $1m invested ($tCO_2e$/$m invested)	Market Index Gross emissions per $1m invested ($tCO_2e$/$m invested)	Difference	Data Quality Score (1-5)
Financed emissions					
Investee companies' Scope 1 & 2	9,630	7	9	-2	2.01
Sovereign emissions*	51,079	36	49	-13	1.11
Total	**60,709**	**43**	**58**	**-15**	**1.25**
Covered	56%	56%	62%		
Not Covered	8%	8%	14%		
Out of Scope (Cash & Derivatives)	36%	36%	24%		

* Sovereign emissions shown above exclude land use, land-use change, and forestry emissions (LULUCF). Sovereign gross emissions including LULUCF are: 42274 tCO_2e gross emissions and 30 tCO_2e per $1m invested.

Growth Fund	Gross emissions in metric tonnes of carbon dioxide equivalent (tCO_2e)	Gross emissions per $1m invested ($tCO_2e$/$m invested)	Market Index Gross emissions per $1m invested ($tCO_2e$/$m invested)	Difference	Data Quality Score (1-5)
Financed emissions					
Investee companies' Scope 1 & 2	77,016	15	24	-9	2.05
Sovereign emissions*	60,256	12	13	-1	1.07
Total	**137,272**	**27**	**37**	**-10**	**1.62**

Covered	83%	83%	90%		
Not Covered	3%	3%	5%		
Out of Scope (Cash & Derivatives)	14%	14%	5%		

* Sovereign emissions shown above exclude land use, land-use change, and forestry emissions (LULUCF). Sovereign gross emissions including LULUCF are: 48039 tCO_2e gross emissions and 10 tCO_2e per $1m invested.

High Growth Fund	Gross emissions in metric tonnes of carbon dioxide equivalent (tCO_2e)	Gross emissions per $1m invested ($tCO_2e$/$m invested)	Market Index Gross emissions per $1m invested ($tCO_2e$/$m invested)	Difference	Data Quality Score (1-5)
Financed emissions					
Investee companies' Scope 1 & 2	3,625	17	28	-11	2.06
Sovereign emissions*	1,378	7	--	7	1.18
Total	**5,003**	**24**	**28**	**-4**	**1.82**
Covered	90%	90%	94%		
Not Covered	1%	1%	1%		
Out of Scope (Cash & Derivatives)	9%	9%	5%		

* Sovereign emissions shown above exclude land use, land-use change, and forestry emissions (LULUCF). Sovereign gross emissions including LULUCF are: 1214 tCO_2e gross emissions and 6 tCO_2e per $1m invested.

Cash Fund	Gross emissions in metric tonnes of carbon dioxide equivalent (tCO_2e)	Gross emissions per $1m invested ($tCO_2e$/$m invested)	Market Index Gross emissions per $1m invested ($tCO_2e$/$m invested)	Difference	Data Quality Score (1-5)
Financed emissions					
Investee companies' Scope 1 & 2	74	0.1	--	0.1	2
Sovereign emissions*	--	--	--	--	--
Total	**74**	**0.1**	**--**	**0.1**	**2**
Covered	8%	8%	0%		
Not Covered	8%	8%	0%		
Out of Scope (Cash & Derivatives)	84%	84%	100%		

* Sovereign emissions shown above exclude land use, land-use change, and forestry emissions (LULUCF). Sovereign gross emissions including LULUCF are: 0 tCO_2e gross emissions and 0 tCO_2e per $1m invested.

The following notes apply to the tables above:

- Data quality scores for investee companies and sovereign emissions are a weighted average of underlying company and sovereign scores using fund weights. Data quality scores for the total emissions are an average of the investee company and sovereign scores, weighted using gross emissions. See below for more information on the PCAF data quality scores.
- The Cash Fund index is the 90-day bank bill rate. There are no holdings or data for this index.
- The asset classes cash and derivatives are excluded from the above calculations.

Funds' weighted average carbon intensity compared with index

Balanced Fund	Weighted Average Carbon intensity (tCO_2e/\$m revenue)	Market Index Weighted Average Carbon intensity (tCO_2e/\$m revenue)	Difference
Investee companies' Scope 1 & 2	60	78	-18
Covered	60%	63%	
Not Covered	2%	4%	
Out of Scope (Cash, Derivatives and Sovereign debt)	38%	33%	
Balanced Growth Fund	**Weighted Average Carbon intensity (tCO_2e/\$m revenue)**	**Market Index Weighted Average Carbon intensity (tCO_2e/\$m revenue)**	**Difference**
Investee companies' Scope 1 & 2	62	80	-18
Covered	68%	74%	
Not Covered	2%	3%	
Out of Scope (Cash, Derivatives and Sovereign debt)	30%	23%	
Conservative Balanced Fund	**Weighted Average Carbon intensity (tCO_2e/\$m revenue)**	**Market Index Weighted Average Carbon intensity (tCO_2e/\$m revenue)**	**Difference**
Investee companies' Scope 1 & 2	58	77	-19
Covered	50%	51%	
Not Covered	2%	5%	
Out of Scope (Cash, Derivatives and Sovereign debt)	48%	44%	
Conservative Fund	**Weighted Average Carbon intensity (tCO_2e/\$m revenue)**	**Market Index Weighted Average Carbon intensity (tCO_2e/\$m revenue)**	**Difference**
Investee companies' Scope 1 & 2	52	72	-20
Covered	39%	40%	
Not Covered	3%	5%	
Out of Scope (Cash, Derivatives and Sovereign debt)	58%	55%	
Growth Fund	**Weighted Average Carbon intensity (tCO_2e/\$m revenue)**	**Market Index Weighted Average Carbon intensity (tCO_2e/\$m revenue)**	**Difference**
Investee companies' Scope 1 & 2	63	81	-18
Covered	78%	85%	
Not Covered	1%	2%	
Out of Scope (Cash, Derivatives and Sovereign debt)	21%	13%	

High Growth Fund	Weighted Average Carbon intensity (tCO_2e/$m revenue)	Market Index Weighted Average Carbon intensity (tCO_2e/$m revenue)	Difference
Investee companies' Scope 1 & 2	65	82	-17
Covered	85%	94%	
Not Covered	1%	1%	
Out of Scope (Cash, Derivatives and Sovereign debt)	14%	5%	

Cash Fund	Weighted Average Carbon intensity (tCO_2e/$m revenue)	Market Index Weighted Average Carbon intensity (tCO_2e/$m revenue)	Difference
Investee companies' Scope 1 & 2	8	--	8
Covered	14%	0%	
Not Covered	2%	0%	
Out of Scope (Cash, Derivatives and Sovereign debt)	84%	100%	

The following notes apply to the tables above:

- In calculating the WACI, futures, cash, and securities not covered by MSCI ESG have been excluded and the remaining holdings re-weighted to equal 100%.
- Indices are as reported in the ANZ KiwiSaver Scheme Statement of Investment Policy and Objectives (SIPO). as of 31 March 2024.
- The asset classes cash, derivatives, and sovereign debt are excluded from the above calculations.

Funds' sovereign weighted average carbon intensity compared with index

Sovereign emissions are reported separately as corporate and sovereign WACI metrics are calculated using different units.

Balanced Fund	Sovereign Weighted Average Carbon intensity (tCO_2e/$m PPP Adjusted GDP)	Market Index Sovereign Weighted Average Carbon intensity (tCO_2e/$m PPP Adjusted GDP)	Difference
Sovereign emissions*	164	160	4
Covered	15%	20%	
Not Covered	0%	0%	
Out of Scope (Cash, Derivatives, corporate bonds and equities)	85%	80%	

* Sovereign WACI emissions shown above exclude LULUCF. Sovereign WACI emissions including LULUCF is 136 tCO_2e/$m PPP-Adjusted GDP.

Balanced Growth Fund	Sovereign Weighted Average Carbon intensity (tCO_2e/$m PPP Adjusted GDP)	Market Index Sovereign Weighted Average Carbon intensity (tCO_2e/$m PPP Adjusted GDP)	Difference
Sovereign emissions*	167	161	6
Covered	11%	15%	
Not Covered	0%	0%	
Out of Scope (Cash, Derivatives, corporate bonds and equities)	89%	85%	

* Sovereign WACI emissions shown above exclude LULUCF. Sovereign WACI emissions including LULUCF is 137 tCO_2e/$m PPP-Adjusted GDP.

Conservative Balanced Fund	Sovereign Weighted Average Carbon intensity (tCO_2e/$m PPP Adjusted GDP)	Market Index Sovereign Weighted Average Carbon intensity (tCO_2e/$m PPP Adjusted GDP)	Difference
Sovereign emissions*	163	160	3
Covered	18%	25%	
Not Covered	0%	0%	
Out of Scope (Cash, Derivatives, corporate bonds and equities)	82%	75%	

* Sovereign WACI emissions shown above exclude LULUCF. Sovereign WACI emissions including LULUCF is 136 tCO_2e/$m PPP-Adjusted GDP.

Conservative Fund	Sovereign Weighted Average Carbon intensity (tCO_2e/$m PPP Adjusted GDP)	Market Index Sovereign Weighted Average Carbon intensity (tCO_2e/$m PPP Adjusted GDP)	Difference
Sovereign emissions*	161	160	1
Covered	22%	31%	
Not Covered	0%	0%	

Out of Scope (Cash, Derivatives, corporate bonds and equities)	78%	69%	

* Sovereign WACI emissions shown above exclude LULUCF. Sovereign WACI emissions including LULUCF is 135 tCO_2e/$m PPP-Adjusted GDP.

Growth Fund	Sovereign Weighted Average Carbon intensity (tCO_2e/$m PPP Adjusted GDP)	Market Index Sovereign Weighted Average Carbon intensity (tCO_2e/$m PPP Adjusted GDP)	Difference
Sovereign emissions*	170	160	10
Covered	7%	8%	
Not Covered	0%	0%	
Out of Scope (Cash, Derivatives, corporate bonds and equities)	93%	92%	

* Sovereign WACI emissions shown above exclude LULUCF. Sovereign WACI emissions including LULUCF is 137 tCO_2e/$m PPP-Adjusted GDP.

High Growth Fund	Sovereign Weighted Average Carbon intensity (tCO_2e/$m PPP Adjusted GDP)	Market Index Sovereign Weighted Average Carbon intensity (tCO_2e/$m PPP Adjusted GDP)	Difference
Sovereign emissions*	134	--	134
Covered	5%	0%	
Not Covered	0%	0%	
Out of Scope (Cash, Derivatives, corporate bonds and equities)	95%	100%	

* Sovereign WACI emissions shown above exclude LULUCF. Sovereign WACI emissions including LULUCF is 121 tCO_2e/$m PPP-Adjusted GDP.

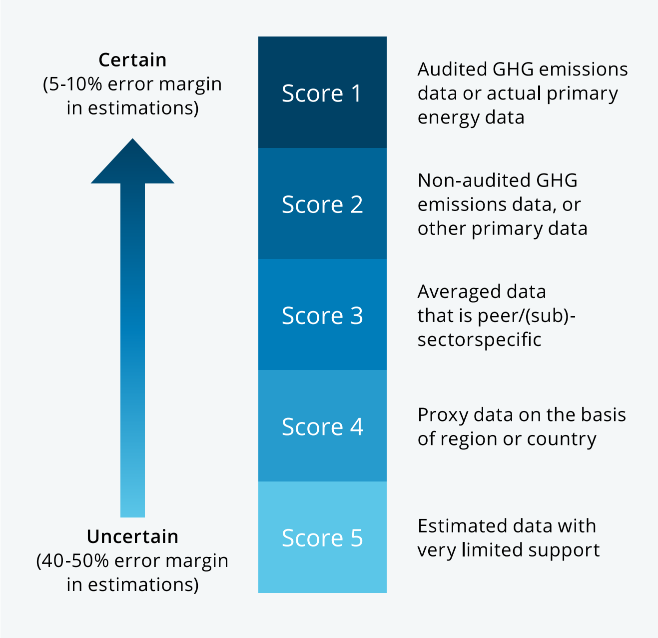
Cash Fund	Sovereign Weighted Average Carbon intensity (tCO_2e/$m PPP Adjusted GDP)	Market Index Sovereign Weighted Average Carbon intensity (tCO_2e/$m PPP Adjusted GDP)	Difference
Sovereign emissions*	--	--	--
Covered	0%	0%	
Not Covered	0%	0%	
Out of Scope (Cash, Derivatives, corporate bonds and equities)	100%	100%	

* Sovereign WACI emissions shown above exclude LULUCF. Sovereign WACI emissions including LULUCF is 0 tCO_2e/$m PPP-Adjusted GDP.

The following notes apply to the tables above:

- In calculating the WACI, futures, cash, non-sovereign holdings and securities not covered by MSCI ESG have been excluded and the remaining holdings re-weighted to equal 100%.
- Indices are as reported in the ANZ KiwiSaver Scheme Statement of Investment Policy and Objectives (SIPO). as of 31 March 2024.
- The Cash Fund index is the 90-day bank bill rate. There are no holdings or data for this index.
- The asset classes cash, derivatives, corporate bonds, and equities are excluded from the above calculations.

PCAF DATA QUALITY SCORES



Source: Partnership for Carbon Accounting Financials (PCAF)

The Funds' data quality score is based on the PCAF data quality scores and reflects the level of estimations involved in GHG emissions. 1 represents verified reported emissions, while 5 represents entirely estimated emissions. As investee companies increasingly report their audited emissions, this increases the level of data certainty (from a score of 5 to a score of 1). Therefore, we would expect that the data quality scores for each Fund should also, over time, move up the PCAF rankings. This will result in improved data reliability for decision-making and reporting and measuring progress against our PAII alignment and WACI targets.

CONSOLIDATION APPROACH

We have used the 'operational control' GHG emission consolidation approach as detailed in the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard.

GLOBAL WARMING POTENTIAL

Our data provider MSCI uses the following emissions factors and global warming potential (GWP) rates in their calculation of GHG emissions:

Greenhouse Gas	100-year Global Warming Potential (CO_2e)
Carbon Dioxide (CO_2)	1
Methane	28
Nitrous Oxide (N2O)	265
Hydrofluorocarbons (HFCs)	4 – 12,400
Perfluorocarbons (PFCs)	6,630 – 17,400
Sulphur Hexafluoride (SF6)	23,500
Nitrogen Trifluoride (NF3)	16,100

Global warming potential is a factor describing the radiative forcing impact (degree of harm to the atmosphere) of one unit of a given GHG relative to one unit of CO_2. GWP of a GHG is its ability to trap extra heat in the atmosphere over time relative to CO_2. When calculated over 100 years, it is known as the 100-year GWP. For more information on GWP, NIWA provide a useful guide on their website.

Limitations of using third party data providers

We have partnered with third parties (such as MSCI and the IFRS Sustainability Alliance) to help source emissions and other data of the thousands of companies and organisations that the Funds invest in. These third parties are specialists in collating and providing data and analysis and help to standardise the way we report on our Funds' climate metrics, risks, and opportunities. Although data availability and quality are continually improving, there are still areas where data is unavailable or uncertain (e.g. if investee companies don't report their emissions). Throughout the process of collating and reporting emissions, and other climate data from these third parties for the companies the Funds invest in, we have identified several limitations that may have an impact on data integrity and how we report information contained in these statements.

Some of these limitations include:

- Investee companies may not report their emissions, which results in MSCI not collecting data on these companies.
- There may be a lag between an investee company reporting climate metrics publicly, and MSCI including this information in their platform.
- If an investee company does not report their emissions, MSCI may estimate their emissions based on companies in their sector or industry.
- There is no globally recognised standard for measuring emissions for some asset classes (e.g. cash and derivatives).
- Investee companies with high PCAF data quality scores indicate a low level of confidence and certainty in their emissions data.
- Rounding of large numbers in emissions intensity calculations can cause small differences in reported values.
- We have a level of uncertainty in the MSCI CVaR in quantifying specific dollar impacts for individual investee companies on a forward-looking basis.

To address these limitations, we have implemented several internal processes and controls to measure and monitor the materiality of the limitations on our reporting.

RESTATEMENTS

In future reporting years, we may need to restate values that we have published in the current reporting period where there has been a material change. This may be due to several factors, for example, a company that we invest in may have previously incorrectly reported their emissions and subsequently reported a correction, which would then alter our calculation of GHG emissions, and emissions intensity for the period. We would typically restate base year emissions data if it is affected by changes that in aggregate total 5% or more of total emissions.

KEY TERMS

Term	Definition
ANZ Group	Australia and New Zealand Banking Group Limited and its subsidiaries.
CO_2e	Carbon dioxide equivalent. A measure used to compare the emissions from various greenhouse gases on the basis of their global warming potential (GWP) , by converting amounts of other gases to the equivalent amount of carbon dioxide with the same global warming potential.
CVaR	Climate value at risk. The potential financial loss or negative impact on assets, investments, or economic activities due to climate change-related factors.
Downstream emissions	The emissions related to an investee company's customers, from selling goods and services to their distribution, use, and end-of-life stages. These make up the most significant proportion of investee companies' scope 3 emissions.
ESG	Environmental, Social, and Governance
FSC	Financial Services Council of New Zealand Incorporated
External fund managers	Third party fund managers appointed by ANZ Investments to manage the underlying single asset class Funds or a portion of those assets.
Financed emissions	Greenhouse gas emissions that investors finance through their investments. Financed emissions are scope 3 emissions and sometimes known as "invested emissions".
Funds	The Funds offered in the Scheme listed in Important information
FUM	Funds under management. Unless the context otherwise requires, FUM means the total value of assets held by managed investment schemes for which ANZ Investments is the manager.
GHG	See greenhouse gas.
Global warming potential	A factor describing the radiative forcing impact (degree of harm to the atmosphere) of one unit of a given GHG relative to one unit of CO_2.
Greenhouse gas	The greenhouse gases listed in the Kyoto Protocol: carbon dioxide (CO_2); methane (CH_4), nitrous oxide (N_2O), hydrofluorocarbons (HFCs), nitrogen trifluoride (NF_3), perfluorocarbons (PFCs), and sulphur hexafluoride (SF_6).
Gross emissions	Total greenhouse gas emissions excluding any removals and excluding any purchase, sale, or transfer of greenhouse gas emissions offsets or allowances.
GWP	See global warming potential.
Investee companies	The companies in which the Funds invest. This term applies across all asset classes.
IPCC	Intergovernmental Panel on Climate Change
LULUCF	Land use, land-use change, and forestry emissions.
Management	Executive or senior management positions that are generally separate from the governance body.
MSCI ESG	The data provider that ANZ Investments used for its greenhouse gas emissions metrics.
Net zero	Cutting greenhouse gas emissions to as close to zero as possible, with any remaining emissions re-absorbed from the atmosphere.
NGFS	Network for Greening the Financial System

NZ CS	Aotearoa New Zealand Climate Standards
Paris Agreement	A legally binding international treaty on climate change adopted at the UN Climate Change Conference (COP21) in Paris in 2015 and to which New Zealand is a signatory. Its goal is to hold "the increase in the global average temperature to well below 2°C above pre-industrial levels" and pursue efforts "to limit the temperature increase to 1.5°C above pre-industrial levels."
PCAF	Partnership for Carbon Accounting Financials: a global partnership of financial institutions that work together to develop and implement a harmonised approach to assess and disclose the greenhouse gas emissions associated with their loans and investments.
PRI	United Nations Principles for Responsible Investment
RAS	ANZ Investments' Risk Appetite Statement
RIAA	Responsible Investment Association Australasia
RIF	Responsible Investing Forum
RMF	ANZ New Zealand's Risk Management Framework
RMS	ANZ New Zealand's Risk Management Strategy
SAA	Strategic Asset Allocation
SASB	Sustainability Accounting Standards Board
Science-based targets	Targets that have been validated by the Science-Based Targets Initiative, which is an emissions reduction target that aligns with climate science and contributes to the global goal of limiting warming to well below 2°C above pre-industrial levels; ideally to below 1.5°C above pre-industrial levels.
Scheme	ANZ KiwiSaver Scheme
Scheme FUM	The total value of assets held by the Scheme on behalf of investors.
Scope 1	Direct GHG emissions from sources owned or controlled by ANZ Investments.
Scope 2	Indirect GHG emissions from ANZ Investments' consumption of purchased electricity, heat, or steam.
Scope 3	Other indirect GHG emissions not covered in Scope 1 or 2 that occur in ANZ Investments' value chain including upstream and downstream greenhouse gas emissions. This includes the emissions from the Funds' investments.
Sovereign debt	This asset class includes sovereign bonds and sovereign loans of all maturities issued in domestic or foreign currencies. Both sovereign loans and bonds lead to the transfer of funds to the country, which in turn creates a debt obligation to be repaid by the borrowing country.
Sovereign emissions	Sovereign debt emissions
Stranded assets	Assets that have suffered from unanticipated or premature write-downs, devaluations, or conversion to liabilities.
tCO_2e	Tonnes of carbon dioxide equivalent.
Upstream emissions	The indirect emissions related to an investee company's suppliers, from the purchased materials that flow into the company to the products and services the company utilises.
WACI	Weighted Average Carbon Intensity: measures a Fund's exposure to carbon-intensive companies. An investment's emissions are allocated based on its weight within

	the Fund, which is the current value of the investment relative to the current Fund value.
XRB	External Reporting Board

KPMG INDEPENDENT ASSURANCE REPORT

KPMG

Independent Limited Assurance Report to ANZ New Zealand Investments Limited

Conclusion

Our limited assurance conclusion has been formed on the basis of the matters outlined in this report.

Based on our limited assurance engagement, which is not a reasonable assurance engagement or an audit, nothing has come to our attention that would lead us to believe that the Greenhouse Gas (**GHG**) Emissions Reporting, comprising the Emissions Inventory and the explanatory notes for the ANZ KiwiSaver Scheme (the **Funds** as listed below) on pages 35 to 36 and pages 47 to 55 (**GHG Emissions Reporting**) has not, in all material respects, been prepared in accordance with Aotearoa New Zealand Climate Standards, Greenhouse Gas Protocol's Corporate Standard, PCAF (2022) The Global GHG Accounting and Reporting Standard Part A: Financed Emissions, Second Edition, and the Funds' financed emissions methodology together (the **criteria**) for the year ended 31 March 2024.

Information subject to assurance

The Funds subject to assurance are:

- Conservative Fund;
- Conservative Balanced Fund;
- Balanced Fund;
- Balanced Growth Fund;
- Growth Fund;
- High Growth Fund; and
- Cash Fund

We have performed an engagement to provide limited assurance in relation to the Funds' GHG Emissions Reporting for the period 1 April 2023 to 31 March 2024.

Our assurance engagement does not extend to any other information included, or referred to, in the climate statement, that is not in relation to the Funds GHG Emissions Reporting on pages 35 to 36 and pages 47 to 55. Additionally, our assurance engagement does not extend to Market Indexed Emissions information or differences between Gross Emissions and Market Indexed Emissions, referenced to within pages 35 to 36 and pages 47 to 55. We have not performed any procedures with respect to the excluded information and, therefore, no conclusion is expressed on it.

Criteria

The criteria used as the basis of reporting include the Aotearoa New Zealand Climate Standards, Greenhouse Gas Protocol's Corporate Standard and PCAF (2022) The Global GHG Accounting and Reporting Standard Part A: Financed Emissions, Second Edition, and the Funds' financed emissions methodology. As a result, this report may not be suitable for another purpose.

Emphasis of Matter

We draw attention to the disclosure on page 55 *Limitations of using third party data providers* which describes that throughout the process of collating and reporting emissions and other climate data from third parties for the companies that the Funds invest in, ANZ New Zealand Investments Limited have identified several limitations that may have an impact on data integrity and how they report information contained in these statements. Our opinion is not modified in respect of this matter.

Standards we followed

We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements (New Zealand) 3000 (Revised) *Assurance Engagements other than audits or reviews of historical financial information* and International Standard on Assurance Engagements (New Zealand) 3410 *Assurance Engagements on Greenhouse Gas Statements* issued by the New Zealand Auditing and Assurance Standards Board (**Standards**). We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion. In accordance with the Standards we have:

- assessed the suitability of the circumstances of the Funds' use of the criteria as the basis for preparation of the GHG Emissions Reporting;
- used our professional judgement to assess the risks of material misstatement and plan and perform the engagement to obtain limited assurance that the GHG Emissions Reporting is free from material misstatement, whether due to fraud or error;
- considered relevant internal controls when designing our assurance procedures, however we do not express a conclusion on the effectiveness of these controls;
- evaluated the appropriateness of reporting policies, quantification methods and models used in the preparation of the GHG Emissions Reporting and the reasonableness of estimates made by the Funds;
- evaluated the overall presentation of the GHG Emissions Reporting; and
- ensured that the engagement team possess the appropriate knowledge, skills and professional competencies.

How to interpret limited assurance and material misstatement

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

The procedures we performed were based on our professional judgement and included enquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Misstatements, including omissions, within the GHG Emissions Reporting, are considered material if, individually or in the aggregate, they could be reasonably expected to influence the relevant decisions of the intended users taken on the basis of the GHG Emissions Reporting.

Inherent limitations

GHG quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emission factors and the values needed to combine emissions of different gases.

Use of this assurance report

Our report is made solely for ANZ New Zealand Investments Limited. Our assurance work has been undertaken so that we might state to ANZ New Zealand Investments Limited those matters we are required to state to them in the assurance report and for no other purpose.

Our report should not be regarded as suitable to be used or relied on by anyone other than ANZ New Zealand Investments Limited for any purpose or in any context. Any other party who obtains access to our report or a copy thereof and chooses to rely on our report (or any part thereof) will do so at its own risk.

To the fullest extent permitted by law, none of KPMG, any entities directly or indirectly controlled by KPMG, or any of their respective members or employees accept or assume any responsibility and deny all liability to anyone other than ANZ New Zealand Investments Limited for our work, for this independent limited assurance report, and/or for the conclusions we have reached.

Directors' responsibility for the GHG Emissions Reporting

The Directors of ANZ New Zealand Investments Limited are responsible for the preparation of the GHG Emissions Reporting in accordance with the criteria. This responsibility includes the design, implementation and maintenance of such internal control as the Directors determine is relevant to enable the preparation of the GHG Emissions Reporting that is free from material misstatement whether due to fraud or error.

Our responsibility

Our responsibility is to express a limited assurance conclusion to ANZ New Zealand Investments Limited on whether anything has come to our attention that the GHG Emissions Reporting has not, in all material respects, been prepared in accordance with the criteria for the period 1 April 2023 to 31 March 2024.

Our independence and quality control

We have complied with the independence and other ethical requirements of Professional and Ethical Standard 1 International Code of Ethics for Assurance Practitioners (Including International Independence Standards) (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Professional and Ethical Standard 3, which requires the firm to design, implement and operate a system of quality control including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our firm has also provided services as the auditor of the statutory financial statements of the Funds including undertaking supervisor reporting in line with our obligations under Section 198 and 199 of the Financial Markets Conduct Act 2013 (**FMC Act 2013**) and provided other services to the Funds in relation to semi-annual controls assurance reporting and registry assurance reporting in line with Section 218 of the FMC Act 2013. In addition, we have been engaged to provide assurance readiness services in relation to the New Zealand Climate Standards. Subject to certain restrictions, partners and employees of our firm may also deal with the Funds on normal terms within the ordinary course of trading activities of the business of the Funds. These matters have not impaired our independence as auditor of the Funds. The firm has no other relationship with, or interest in, the Funds.

KPMG

KPMG
Auckland

23 July 2024

ANZ New Zealand Investments Limited 07/24

anz.co.nz/responsibleinvesting

ANZ INVESTMENTS