



Barramundi  
LANDING TOMORROW'S TROPHIES

# CLIMATE STATEMENT


SEPTEMBER

— 2025 —

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This Climate Statement is signed on behalf of the Barramundi Limited Board by:



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**R. A. Coupe**  
Chair

Dated: 30/09/2025



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**C.A. Campbell**  
Chair of the Audit and Risk Committee

Dated: 30/09/2025

Introduction

This climate statement has been prepared in line with the disclosure requirements as set out in New Zealand’s mandatory climate-related reporting requirements.

About Barramundi

Barramundi Limited (‘Barramundi’) is a listed investment company (LIC) that invests in Australian companies. The Barramundi portfolio is managed by Fisher Funds Management Limited (‘Fisher Funds’ or ‘the manager’). Barramundi listed on the NZX on 26 October 2006.

This climate statement

Barramundi is a climate-reporting entity (CRE) under the Financial Markets Conduct Act 2013.

This is Barramundi’s second climate statement and is for the period 1 July 2024 to 30 June 2025

This statement complies with the Aotearoa New Zealand Climate Standards issued by the External Reporting Board (XRB). It is set out in the following sections: Governance, Strategy, Risk management and Metrics and Targets, including Barramundi portfolio information.

This statement accompanies Barramundi’s Annual Report for the same period that contains more information about Barramundi, which can be found on the [Barramundi website](#).

Adoption provisions

Barramundi has taken the extended adoption provisions as detailed in Amendments to Adoption of Aotearoa New Zealand Climate Standards 2024 (mandatory from 1 January 2024, NZ CS 2).

See Appendix 2.



Photo: Matt Logan

## Reasonable care

This climate statement is not financial advice and is unaudited. Readers are advised to seek financial advice before acting or relying on any information in this climate statement.

This statement contains climate-related disclosures that reflect forward-looking analysis, including climate-related risks and opportunities and scenario analysis relevant to Barramundi. While reasonable care has been taken in their preparation, these disclosures should not be considered a forecast of climate, investment, performance, financial or other outcomes. The identified climate-related risks and opportunities and scenarios may not eventuate and if they do, the actual impacts may differ materially from what is described.

In addition, there are limitations to the data and data modelling methodology used in this statement. All due care has been taken in the collection and modelling of data used, however, no warranties are made that the data, or reports generated using the data, are complete and error-free. The climate impact data used in this climate statement was provided by Institutional Shareholder Services (Australia) Pty Limited ('ISS ESG') as at 30 June 2025. ISS ESG gathers emissions data from publicly available sources (public filings) or creates modelled data using its proprietary sector classifications and financial information. ISS ESG methodology, calculations and models do not always align with the Partnership for Carbon Accounting Financials (PCAF) standard. Data was not publicly available for all securities held and ISS ESG modelling has been applied in those cases. The underlying emissions calculation used by ISS ESG was not made available for independent assurance due to intellectual property constraints. ISS ESG updates its datasets regularly and retrospectively and as such, results in reports generated from ISS ESG data may vary depending on the date a report is run. Where this creates a material difference in reporting, such data may need to be restated in future climate statements.

# Governance

This section details the responsibilities that Barramundi and Fisher Funds (as manager) have in the governance and management of climate-related risks and opportunities.

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# Barramundi governance and management of climate-related risks and opportunities

Barramundi’s Board of Directors (Board) recognises the importance of good corporate governance and is committed to ensuring that Barramundi meets best practice governance principles to the extent that they are appropriate for Barramundi’s operations.

Corporate governance comprises the principles, practices and processes that determine how a company is directed and controlled. Good corporate governance supports investor confidence. It is also critical to promoting and facilitating fair, efficient and transparent financial markets. Good corporate governance allows directors to focus on growth, value creation and long-term sustainability.

Principles for good corporate governance include having:

- high standards of ethical behaviour throughout an organisation
- transparent, fair and reasonable remuneration for directors
- a board with a balance of skills, knowledge, experience, independence and perspectives
- a board that respects the rights of stakeholders.

Barramundi’s Board is responsible for establishing and implementing Barramundi’s corporate governance framework. It is committed to fulfilling this role according to best practice, having appropriate regard to applicable laws and the NZX Corporate Governance Code and the Financial Markets Authority’s [Corporate governance in New Zealand – Principles and guidelines](#) and more recently, the joint Reserve Bank of New Zealand/ Financial Markets Authority – Governance Thematic Review (2023). The Board oversees the management of Barramundi. The day-to-day portfolio and administrative management responsibilities of Barramundi are delegated to Fisher Funds. This includes the management of climate-related risks and opportunities and the preparation of climate-related financial disclosures.

Figure 1 on the following page shows how the Barramundi Board and Barramundi Audit and Risk Committee (ARC) oversee the preparation of its climate statements by Fisher Funds. The Barramundi ARC focuses on audit and risk management and specifically addresses responsibilities to do with financial reporting and regulatory compliance, including overseeing compliance with climate- related disclosure regulation.

The Barramundi Board oversees the climate-related risks and opportunities within the Barramundi investment portfolio.

Investors should also read the full Barramundi corporate governance statement within the [2025 Annual Report](#).



Photo: Claire Horwood

### Barramundi Board

Final sign off of the climate statement.

### Barramundi ARC

Oversees Fisher Funds preparation of climate-related disclosures.

### Fisher Funds - The manager

Under the Management & Administration agreement between Barramundi and Fisher Funds, the manager is responsible for management of all potential risks and opportunities that could impact Barramundi. This includes identifying, assessing, measuring and managing climate-related risks and opportunities for the Barramundi portfolio, including scenario analysis, transition planning, establishing metrics and targets and measuring the portfolio's GHG emissions, as well as delivering this climate statement.

Figure 1: Simplified governance structure for management of climate-related risks and opportunities.

## Barramundi Board

The Barramundi Board assesses the extent to which it has directors with the appropriate skills and competencies to provide oversight of climate-related risks and opportunities. The Board-appointed Remuneration and Nominations Committee considered each director's skillset based on the director's self-assessments and maintains a director's skills, competency and experience matrix. Directors are expected to take individual accountability to maintain relevant competencies as part of their director's duties. These steps enable the Barramundi Board to maintain skills and competencies for oversight of the portfolio's climate-related risks and opportunities. Details about the directors, including their experience and background, are available on the [Barramundi website](#).

The Barramundi Board and its committees meet at least 11 times a year and may schedule extra meetings as needed to fulfil its responsibilities, which includes climate-related risks and opportunities. Climate was considered in two board meetings, one ARC meeting and two investment committee meetings.

The Barramundi ARC provides climate-related disclosure reporting to the Barramundi Board. The Barramundi Board is responsible for approving the overall climate-related strategy and adoption of recommended metrics and targets.

For additional information on the Barramundi Board and ARC charters, refer to the [Barramundi website](#).



Photo: Maria Karini

Governance process

Oversight of climate-related and transition risks and opportunities, scenario analysis and strategies is undertaken by the Barramundi ARC and Barramundi Investment Committee.

The Barramundi ARC and Barramundi Investment Committee is informed about climate-related risks and opportunities by regular reports from Fisher Funds.

Fisher Funds reports to the Barramundi Board or its committees on these matters as the manager of Barramundi. This means that the returns Barramundi shareholders receive are dependent on the investment decisions of Fisher Funds, as well as the performance of the investments. These decisions include decisions on climate-related risks and opportunities. In making these decisions Fisher Funds follows a governance process that is overseen by the Fisher Funds Board. The metrics, targets and climate statement for Barramundi are only recommended to the Barramundi ARC for its approval once Fisher Funds has completed this process. This enables the Barramundi Board to discharge its due diligence obligations when relying on the climate-related materials it receives from the manager. A summary of the process is set out below.

- 1. Climate-related roles and responsibilities are assigned to Fisher Funds’ Investment Management Team (IMT) by its Chief Investment Officer.
- 2. Through scenario analysis, the IMT completes an assessment of climate-related risks and opportunities and, where material, these risks and opportunities are factored into investment

decisions.

- 3. The IMT presents any relevant approach, analysis or targets to be included in relevant climate statements for consideration by the Fisher Funds Environmental, Social and Governance (ESG) Committee. For more information about the ESG Committee, refer to the section: Fisher Funds ESG Committee.
- 4. The annual climate statement is developed by the IMT and then endorsed by the ESG Committee before being provided to independent auditors (where applicable).
- 5. Fisher Funds then utilises two of its Board committees to assist its Board’s oversight of climate-related risks and opportunities. These are the Investment Strategy Committee and the Audit and Risk Committee.
- 6. Metrics and targets for Barramundi are received by the Investment Strategy Committee, reviewed and then submitted to the Fisher Funds Board for recommendation to the Barramundi ARC and Board. This takes place annually.
- 7. The annual climate statement for Barramundi is received by the Fisher Funds ARC (with any applicable independent assurance or audit report) and then submitted to the Fisher Funds Board for recommendation to the Barramundi ARC and Board. This takes place annually.
- 8. Once the Barramundi Board approves the climate statement, it is disclosed.

Fisher Funds ESG Committee

The Fisher Funds ESG Committee is a Management-appointed committee. Members include the Fisher Funds Chief Executive Officer, General Counsel, Chief Investment Officer, Chief Investment Strategist and the General Manager, Responsible Investments (RI). The ESG Committee meets bi-monthly or a minimum of five times a year.

The ESG Committee [Charter](#) was last updated in February 2024.

Incentives and remuneration

Fisher Funds provides all necessary resources and staff for Barramundi (other than the Board and its committees). Barramundi does not employ any staff.

Fisher Funds did not incorporate specific climate-related performance metrics into its remuneration policies during the period. As a result, no Management remuneration was linked to climate-related risks and opportunities in the period.

# Strategy

This section details how climate change may impact Barramundi in the future. It also sets out Fisher Funds’ Investment Strategy and Climate Risk Assessment Framework.

Photo: Claire Horwood

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## Barramundi investment objectives and philosophy

**Barramundi’s key investment objectives are to:**

- achieve a high real rate of return, comprising both income and capital growth, within risk parameters acceptable to the directors
- provide access to a diversified portfolio of Australian quality growth stocks through a single tax efficient investment vehicle.

**To achieve these objectives, Barramundi follows an investment approach based on three broad principles:**

- invest as a medium- to long-term investor exiting only because of a fundamental change in the original investment case
- invest in companies that have a proven track record of growing profitability
- construct a diversified portfolio of investments based on the STEEPP investment criteria - find more information on STEEPP on the Barramundi website.

Fisher Funds has a formal responsible investment policy and framework and has an approach to climate risk assessments that the Barramundi Board has adopted. This is detailed in the following section: Fisher Funds’ investment strategy.

## Fisher Funds’ investment strategy

As the manager of the Barramundi portfolio Fisher Funds is committed to integrating climate-related considerations into its overall strategy. Fisher Funds’ approach is outlined in the following sections.

### Fisher Funds’ investment strategy

Fisher Funds’ active investment strategy is known for its research and fundamentals-based approach to investing. This bottom-up approach allows Fisher Funds to be highly selective when evaluating securities to be included in investment portfolios.

Fisher Funds’ investment strategy (also referred to as ‘investment approach’) identifies high-quality and growing entities to invest in, in New Zealand and across the globe. The IMT seeks businesses that have competitive advantages, long runways for growth and talented management teams that are aligned with long-term shareholders’ expectations. When such opportunities are found, the aim is to take relatively meaningful positions and hold those positions for the long term. This approach can also support Fisher Funds in its transition planning.

Although Fisher Funds is a long-term investor, investments are closely monitored. This includes looking at both the potential risks and returns of every investment. Climate risk to the portfolio, including the financial impact of transitioning to a lower carbon economy, is one of the many factors considered when making investment decisions. As such, no priority is given to climate-related risk above any other risk. Holdings may be adjusted to reflect any updated assessment of future risks and returns.

Responsible Investing is a core part of Fisher Funds’ investment strategy and philosophy. Alongside financial fundamentals, environmental, social and governance (ESG) factors are considered, together with how these factors may impact an entity’s long-term performance. This combined with Fisher Funds’ active stewardship approach, including engagement, forms a key part of its overall responsible investment framework. More information about Fisher Funds’ approach to Responsible Investment can be found on its [website](#).

## Fisher Funds’ Engagement approach

Fisher Funds’ fundamentals-based approach to investing requires multiple levels of transparency to enable robust assessment of investment risks and opportunities. Fisher Funds values transparency for trust and alignment between investors and entities that it invests in. Fisher Funds believes strong governance supports outcomes. As part of Fisher Funds’ stewardship approach and as an active manager, Fisher Funds votes in line with its Proxy Voting Policy on ESG issues. Fisher Funds’ Stewardship Report can be viewed [here](#).

Engagements can cover a wide range of ESG factors, including climate, director elections, remuneration, supply chain, and health and safety.

Engagement occurs directly through IMT. Engagement is an effective tool to achieve better outcomes. It may also enable Fisher Funds to drive meaningful change, either directly and/or in collaboration with other investors.

Engagements performed by the IMT can be proactive or reactive depending on the circumstances. Engagements that are undertaken take time (sometimes months or years) depending upon the issue. When discussions stall, escalation occurs when necessary, in several ways, with Senior Management or Board members voting on resolutions or, in extreme circumstances, divesting from a holding. Divestment decisions regarding controversies rest with the ESG Committee.

In last year’s climate statements Fisher Funds committed to engaging with the upper quartile of entities in the highest emitting sectors that did not have any science based targets (SBTs). Engaging in this way assists Fisher Funds in managing climate risks and supports the transition to a lower carbon future. This also supports Fisher Funds’ transition planning process.

During the last 12 months the RI and IMT Team has engaged directly with entities on climate-related disclosure.

Please refer to the Metrics and Targets sections for more metrics for the current reporting period, which includes SBTs.



Photo: Matt Logan

Strategy — Transition

Fisher Funds’ integration of climate considerations

As noted in the Fisher Funds Investment Strategy section, through the fundamentals-based investment process, climate-related risks and opportunities are considered. The Climate Risk Assessment Framework (CRAF) is a standalone assessment framework developed by Fisher Funds (see Figure 2) along with the current transition plan. This assessment process, the transition plan and their application to the investment strategy, may change over time in response to emerging climate-related and transition risks and opportunities.

Transition Plan

The following activity in relation to transition planning was undertaken in the reporting period:

- A comprehensive climate-related and transition risk and opportunity assessment was conducted across all Fisher Funds’ managed investments, analysing trends year on year where appropriate.
- Internal capability to assess climate-related and transition risks, as well as opportunities was reviewed and improved. This included introducing automated processes into the qualitative stage of the Climate Risk Assessment Framework, making the approach more scalable, consistent and efficient and improving the quality of insights.
- The RI Team monitored and reviewed the relevant metrics, looked at trends, discussed findings with the Portfolio Managers and provided insights to use as part of engagement with entities. For example, the ‘portfolio coverage’ metric generated insights as to what proportion of the portfolio could be assessed and how relevant disclosures may have improved or declined from the base year. Refer to the Metrics section for the relevant metrics.

- The RI Team prioritised engagement with the upper quartile of entities in the highest emitting sectors that did not have any SBTs in the last reporting period. Refer to the Targets section for more details.
- When constructing portfolios, the investment process involved consideration of a wide range of risks, including, but not limited to, climate risks and opportunities. Fisher Funds’ strategy and investment process does not specifically allocate capital to climate sectors or themes. Instead, an integrated investment approach is used across various stages of the investment process. During the period, at the diversified portfolio level, this involved determining which asset classes to invest in, the extent of the portfolios’ exposure to each asset class and the implementation strategy for each asset class.
- Following the 2024 climate statement disclosure, some additional ESG and climate factors from the ISS ESG dataset were embedded into the IMT’s entity analysis, including a climate traffic dashboard. This was done to assist each Portfolio Management Team with monitoring specific ESG and climate risks. Embedding these additional factors has allowed the relevant information to feed more actively into conversations and thought processes within the IMT and with entities where Fisher Funds may invest.
- Data limitations are noted in Appendix 3.

Fisher Funds is committed to integrating climate-related considerations into its overall strategy. As part of this commitment, climate-related risks, opportunities and the transition planning approach will continue to be refined. In addition, annual reviews of climate risk, transition risk and opportunities will be conducted for the portfolio. Fisher Funds is committed to improving the assessment process over time and to the ongoing development of its Climate Risk Assessment Framework and transition plan.

Climate risk assessment framework

High-level summary

The Climate Risk and Opportunity Assessment Framework (CRAF) consists of four key steps as shown in Figure 2. This analysis was undertaken by subject matter experts within the IMT. Results were shared with the Portfolio Managers, the Chief Investment Officer and governance bodies in line with the governance process documented in the Governance section. A detailed explanation of these steps is set out under the CRAF section on the next page.

The CRAF is designed to evaluate climate risks and opportunities across Fisher Funds’ investments, based on available information and resources.

The risks and opportunities identified through this assessment process identified potential future impacts of climate change on the portfolio through both physical and transition risks.

Only those investments that meet Fisher Funds’ ‘scope, boundary and materiality criteria’ set out below are included for assessment in the CRAF. The materiality approach is approved by the ESG Committee.

- **Scope and Boundary:** The internal operations of Barramundi as a LIC and the internal operations of Fisher Funds itself, as well as any upstream and downstream operations of the portfolio and Fisher Funds, are not relevant as this climate statement is limited to assessment of climate-related risks to entities invested in by Fisher Funds.
- **Materiality:** The entire Barramundi portfolio was included in the ISS ESG Climate Impact report.

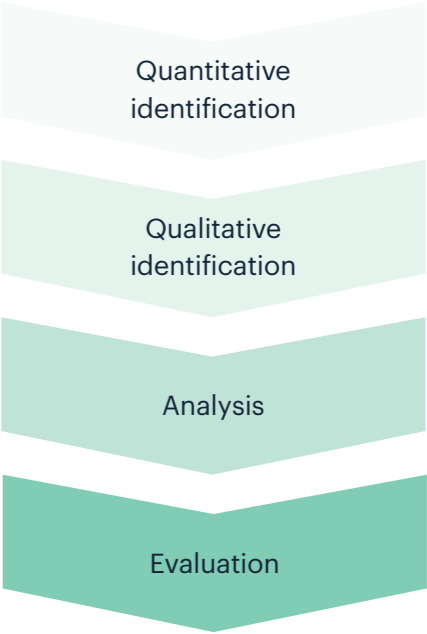


Figure 2: Climate risk and opportunity assessment framework

Climate risk  
assessment framework

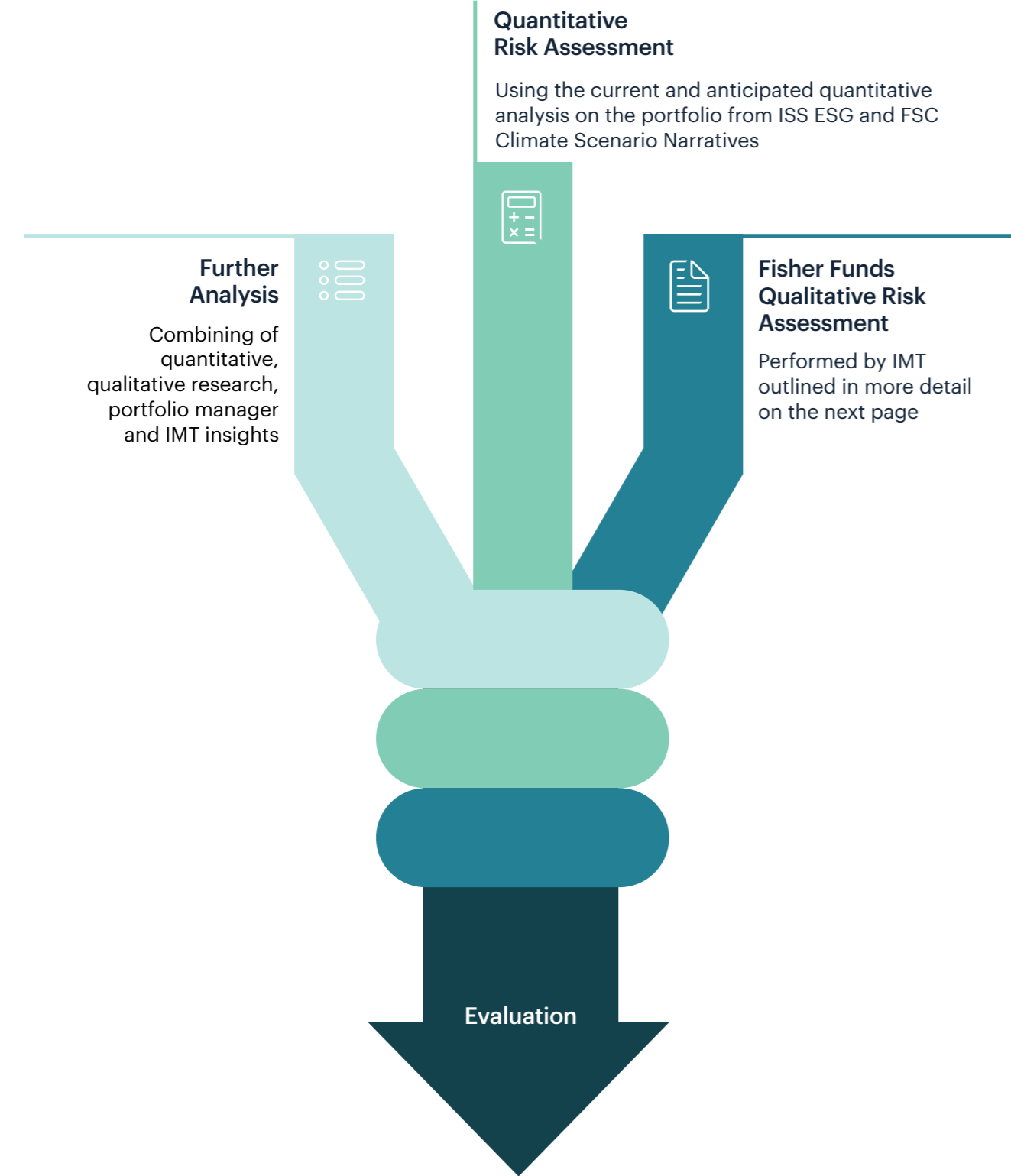


Figure 3: Fisher Funds’ climate risk assessment framework

Quantitative identification

The RI Team used the ISS ESG solution that produces the Climate Impact Report (CIR) which covered the Barramundi portfolio for the reporting period to 30 June 2025. ISS ESG primarily sourced the emissions data used in the CIRs from disclosures made by issuing entities during the 2024 fiscal year. These disclosures typically came from Sustainability Reports, Annual Reports, Carbon Disclosure Project submissions or other publicly available resources. When this information was not available, ISS ESG applied estimated emissions models to generate emissions data .

The ISS ESG solution utilises scenario analysis. Scenario analysis takes inputs of an entity’s carbon emissions, and global climate scenario parameters to assess the potential financial outcomes for entities that have been invested in (e.g. an entity or debt security listed on a stock exchange) across a range of potential future scenarios. This is a way to systematically explore the potential effects of a range of plausible future events under conditions of uncertainty.

The CIR provides Fisher Funds with an initial quantitative climate impact assessment of the portfolio against a wide range of carbon metrics, scenario analysis, net zero analysis, transition climate risk analysis and physical climate risk analysis. The analyses incorporate sectoral and regional emissions pathways, including Network for Greening the Financial System (NGFS). ISS ESG reviews and enhances its methodology as needed, aiming to include the most up-to-date information. In the past year, 23 different scenarios were added to ISS ESG’s database and no material methodology changes were made. Refer to the Appendix for more information on ISS ESG methodologies.

The portfolio may be exposed to various natural hazards in disparate geographies, which may affect the value of the portfolio and the benchmark. Within the CIR, ISS ESG rates the potential physical risks within the portfolio. This is done using a rating range of 0 - 100, zero being the highest and 100 being the lowest or no physical risk. Only material physical risks (defined by IMT as a physical risk score 0 - 50), indicating potentially high financial impacts of the physical hazards are captured for the CRAF analysis. A further materiality threshold is then applied at a Global Industry Classification Standard (GICS) sector level, analysing GICS sector risks by physical risk that are greater than 10% at a total portfolio level.

To support the quantitative process, Fisher Funds has adopted the Financial Services Council (FSC) ‘FSC Climate Scenario Narratives for the Financial Services Sector’. After a review, the IMT and the RI Team determined these narratives to be relevant and well aligned with Fisher Funds’ strategy. These scenarios offer the distinct, consistent and comparable framework necessary for conducting quantitative analysis. These narratives were developed by the FSC Scenario Analysis Committee and Working Group, which is a recognised industry body for New Zealand’s funds management and insurance sectors. The FSC’s work (including both physical and transition risk narratives) aims to enhance consistency and comparability of climate risk disclosures across the financial services sector. Fisher Funds supports this objective to the extent appropriate for its operations. Refer to the Appendix for the full FSC climate scenario narratives.

<sup>2</sup>Data currently available and timeliness of collection from third party aggregators, including ISS ESG, have limitations due to the infancy stage of climate-related disclosures both in New Zealand and internationally. This is not limited to ISS ESG and is a common issue across the industry. Fisher Funds expects data to become more reliable as timeliness and quality of data disclosed by entities improves over time. Fisher Funds also expects greater worldwide standardisation as more jurisdictions require climate-related reporting by law. Fisher Funds is committed to engaging with ISS ESG on its offering and will continue to monitor data providers as they continue to evolve. More information about data limitations included in Appendix 3.

The selected FSC Climate Scenario narratives, including the sector-specific physical and transition drivers, were used to score and assess climate-related physical risks and transition risks and opportunities for the portfolio. This enabled consistent application across the portfolios managed by Fisher Funds, time horizons and scenarios.

Quantitative assessment includes: the breadth of impact across multiple sectors (and therefore entities) in the portfolio; significance of impact should the risk eventuate; and assessment of relative significance.

As noted, the scientific scenarios utilised by ISS ESG do not correspond to those used within the FSC Sector Narratives. However, this is a known limitation and is addressed as part of the qualitative stage.

The following NGFS scenarios were used; Net Zero 2050 'Orderly', National Determined Contributions (NDCs) 'Too Little Too Late', and Current Policies 'Hothouse'.

More information on the scenarios and time horizons can be found in the Appendix 1.

### Qualitative identification

On completion of the quantitative identification process, the RI Team completed its initial analysis and developed an understanding of the significance of the outputs.

This information was then provided to the Portfolio Manager as prereading, along with the FSC narratives, for their qualitative assessment.

As noted above, there are some limitations in the outputs produced at the quantitative stage, which means those outputs cannot be relied upon in isolation. These are addressed in the qualitative stage by the Portfolio Manager's experience and judgement.

The Portfolio Manager reviews the quantitative output provided and then amends and assesses the various physical and transition climate-related risks and opportunities based on their own knowledge of the entities in which they invest and alongside the FSC sector narratives.

The quantitative outputs and qualitative overlay of the Portfolio Manager are then presented to the IMT for consideration.

The wider expertise of the IMT adds critical debate and different perspectives to the assessment process.

The RI Team also facilitates discussion with a set of questions for the Portfolio Manager. This is a critical phase of the process, embedding continued learning that may be incorporated in investment decisions.

To ensure consistency across the portfolios, the scoring implemented using the climate-related physical risk impacts and transition risks derived from the FSC narratives are not amended.

### Further analysis

During the further analysis phase of the CRAF, the RI Team combines the quantitative and qualitative assessments, the FSC narratives, Portfolio Manager and IMT insights, outcomes of any critical debate and any additional research undertaken.

The IMT reviews the output of this work.

### Evaluation

Evaluation is the final stage, during which the RI Team presents the completed analysis pack to the Portfolio Manager for approval. These packs include assessments of physical and transition risks, opportunities and year-on-year trend analysis with commentary.

Once approved, climate-related risks and opportunities content is incorporated into this climate statement. The governance process outlined in the Governance section is then followed to approve the climate statement for the Portfolio.

For more information on the scenarios and time horizons, data limitations and methodologies refer to the Appendices.

<sup>3</sup>Source: <https://www.ngfs.net/ngfs-scenarios-portal/explore>



Climate-related risks and impacts

As noted in the CRAF process, an assessment of climate-related physical and transition risks and opportunities over all material investments in portfolios under Fisher Funds’ management, including Barramundi, for the year ending 30 June 2025 was completed at the final Evaluation stage and the approved content was incorporated into this climate statement.

As part of the CRAF process, outlined in the previous section, Fisher Funds assessed the potential physical and transition impacts on the portfolio. This included an assessment of how well prepared the investee entities are to respond to climate change across each of the time horizons outlined in Appendix 1. This also included an assessment of the current financial impact of climate-related physical and transition risks that the entities may experience.

To understand how climate-related risks affects the portfolio, Fisher Funds looks at these risks and how they may raise or lower the value of the entities it invests in. This can impact how the portfolio performs over time. However, it is often hard to tell exactly what has caused an entity’s value to change during the year. Many factors could influence the value of an entity, for example, cyberattacks, changes in management or boards can impact an entity’s value just as much as a climate event.

The analysis for the current period identified a range of potential climate-related physical risk events across different sectors and geographies, that had the potential to have a financial impact on the entities we invest in (i.e. an impact on entity valuation), based on factors such as location of operations, asset value and revenue source.

None of the potential climate-related risks were confirmed to have impacted the investee entities for the 12-month period ending 30 June 2025.

Anticipated potential climate-related risks and impacts

A summary of the most significant potential anticipated physical risks (physical risk scores between 0 and 50 and at a GICS sector level greater than 10%) identified through the CRAF process is set out in the following tables. To produce these summaries, a detailed physical risk assessment was completed for the portfolio, noting the physical climate risk (e.g. flood, wildfire), the risk impact (e.g. operational, financial, reputational), the relevant sector (e.g. industrial, consumer discretionary), and the percentage of the portfolio exposed to the physical risk. These tables also show the anticipated future impact of transition risks.

Note that potential financial impacts are not disclosed because Fisher Funds has relied on adoption provision 2 NZ CS 2 (anticipated financial impacts) for this reporting period. However, current and anticipated portfolio financial value at risk (VaR) emerging from the relevant issuing entity’s exposure to physical risks is set out in the Metrics section. Adoption provisions applied to this climate statement have been specified in Appendix 2.

Physical risks

Company Name	Physical risk type	Physical risk hazard	Most impacted sector	Region	% of portfolio exposed	Potential anticipated future impact	Time horizon	Potential impact on portfolio
Barramundi	Acute	Drought, Flood, Wildfire	Financials	Australia and Global	23%	An increase in frequency and severity of weather events causes financial stress throughout the customer base of financial services entities. This may result in increased default rates, higher funding costs, lower economic activity, lower credit growth and increased risk of stranded assets.	Medium and long term	Increased VaR, decrease in dividends, lower cash reserve/cash flow and lower distributions to investors. Increased difficulty to sell shares (and at a reduced price) especially for high emitters. Decrease in portfolio book worth, decrease in Barramundi share price due to underlying entities decreasing in value, reduced earnings growth and share price over time.
	Acute, Chronic	Drought, Flood, Tropical Cyclone, Wildfire, Coastal Flood, Heat Stress	Information Technology		19%	An increase in frequency and severity of weather events would cause decreased service levels of technology companies due to increased material costs (commodities, product inputs), increased energy prices and carbon pricing. Increases in system cooling requirements (e.g. the cloud) with increased temperatures. Services to customers could be impacted which may lead to client attrition/and or business impacts.	Medium and long term	
	Acute, Chronic	Drought, Flood, Wildfire, Heat Stress	Health Care		19%	An increase in frequency and severity of weather events may impact business operations and supply chains more broadly. For example, key locations may not be able to service customers (workforce)/or delivering of products or manufacturing (for example, supply chain disruption). This may result in customer retention issues.	Medium and long term	
	Acute, Chronic	Drought, Flood, Tropical Cyclone, Wildfire, Heat Stress	Communication Services		18%	More frequent and severe weather events can disrupt supply chains, delivery of goods and services, causing asset or workforce unavailability and supply shortages. These disruptions can damage entity reputations, affect customers and suppliers and potentially result in customer attrition and retention difficulties.	Medium and long term	
	Acute	Drought, Flood, Wildfire	Industrials		13%	More frequent and severe weather events may disrupt operations and supply chains, affecting freight, transport and key locations. Real estate assets may be impacted due to their geographic location, which may lead to service outages, impacting asset availability or safety. For utilities, it may mean increased regulatory scrutiny and energy price volatility, disruption of supply for business/ consumers. For each of these sections, disruptions may impact customers and business, displacing or disrupting supply.	Medium and long term	

Transition risks

Company Name	Transition risk type	Most impacted sector	Region	% of portfolio exposed	Potential anticipated future impact	Time horizon	Potential impact on portfolio
Barramundi	Market, Policy/Legal	Information Technology	Australia and Global	19%	The IT sector is more energy intensive (data centres/cloud services). Policy/legal risks include tightening of regulations, carbon pricing and emissions reporting. Market pressures from customers, investors and employees are pushing entities toward more sustainable practices. Entities may also face legal and reputational risks if they fail to meet climate commitments or transparency standards. There could be increased costs due to implementing low carbon technologies and a risk of stranded assets.	Medium and long term	Increased VaR, decrease in dividends, lower cash reserve/cash flow and lower distributions to investors. Increased difficulty to sell shares (and at a reduced price) especially for high emitters. Decrease in portfolio book worth, decrease in Barramundi share price due to underlying entities decreasing in value, reduced earnings growth and share price over time.
	Market, Policy/Legal	Health Care		19%	The healthcare sector is a lower carbon sector so transition risk is generally lower. However, impacts could include increased requirements for emissions reporting, carbon pricing and stricter environmental standards. Supply chain disruptions could occur (materials and transportation) higher utility costs and pressure to adapt.	Medium and long term	
	Market, Policy/Legal	Communication Services		18%	Although communications services entities have relatively low direct emissions, they are high users of energy. Increased regulatory/market pressure to decarbonise may lead to higher energy/operational costs (through carbon pricing/renewable energy requirements, climate reporting, e-waste). Changing consumer and advertiser preferences toward sustainability could impact demand.	Medium and long term	
	Technology, Market, Policy/Legal	Industrials		13%	The industrials sector is typically carbon intensive. The sector could see increased regulatory pressure (for example, carbon pricing, policy changes, emissions standards) rising operational and compliance costs and potential stranded assets. Technology advancements (low carbon technology transition) customer demand may require substantial capital investment and could reshape competitor dynamics. Entities that don't adapt could get left behind.	Medium and long term	

Opportunities

Climate opportunities for the portfolio refer to investment opportunities that may arise from the global shift toward a low carbon, climate resilient economy. These opportunities may come from entities working to reduce or adapt to climate risks, such as adopting low emissions energy sources or innovating new technologies.

Climate opportunities were developed by the RI Team and Portfolio Manager at a point in time.

These statements are designed to help IMT build its understanding and preparedness for the uncertain future impacts of climate change and opportunities that may arise.

As part of the Metrics captured in the Portfolio Summary section, Fisher Funds has reported green revenues (please refer to Glossary) and will continue to monitor those that are seen as contributing positively to climate action. This information will be monitored to understand how the portfolio may be impacted over time.

Area of opportunity	Physical opportunity	Transition opportunity	Sector	Region	Time horizon
Resource efficiency	Adopting resource-efficient solutions throughout production, distribution, buildings, machinery and transport; an entity can reduce operating costs and enhance its environmental performance. This opportunity encompasses improving energy efficiency alongside initiatives in materials use, water conservation and waste management.	<ul style="list-style-type: none"><li>improving energy efficiency</li><li>implementation of sustainable resource management practices (materials, water and waste)</li><li>modernising infrastructure/manufacturing</li><li>reducing GHG emissions</li></ul>	All sectors	All	Short, medium and long term
Renewable energy	Increasing demand for electricity provides opportunities to improve resource efficiency (for example, heat pumps instead of gas or fuel for boilers). Improved optimisation and waste reduction. Renewable energy infrastructure, grid modernszation, low carbon technologies.	<ul style="list-style-type: none"><li>investing in renewable energy (solar, wind, hydro)</li><li>low carbon technology development (energy storage, hydrogen)</li><li>providing access to capital/financing opportunities and expansion into other markets</li><li>reducing GHG emissions</li></ul>	Energy	All	Short, medium and long term
Products and services	Innovating and developing new low emissions products and services can enhance an entity's competitive position, capitalise on changing consumer and producer preferences and benefit from the growing demand for sustainable energy solutions.	<ul style="list-style-type: none"><li>developing low carbon products and services</li><li>innovating to reduce carbon footprints of supply chains</li><li>accessing new markets</li><li>indirectly reduce GHG emissions</li></ul>	Products and services	All	Short, medium and long term
Transportation	Accelerating adoption of low emissions/sustainable transport and logistics solutions. For example, electric vehicles can help an entity meet their regulatory requirements, reduce greenhouse gas emissions and enhance their reputation.	<ul style="list-style-type: none"><li>providing parts for these solutions</li><li>manufacturing low emission vehicles</li><li>reduce GHG emissions</li><li>improved reputation</li><li>increases customer demand</li><li>financing opportunities for this (for example green bonds)</li></ul>	Transportation, logistics other entities with fleets	All	Short, medium and long term

Opportunities

Area of opportunity	Physical opportunity	Transition opportunity	Sector	Region	Time horizon
Construction and engineering	Integrating climate resilience into building design and construction reduces long-term maintenance costs, minimises service disruptions and attracts investors and tenants seeking sustainable, future-proof properties. Adopting green building standards and innovative materials also supports regulatory compliance and strengthens reputation in a shifting climate landscape.	<ul style="list-style-type: none"><li>• providing low carbon materials</li><li>• energy efficient methods</li><li>• green buildings</li><li>• accessing increased funding, sustainable finance, green bonds etc</li><li>• reduce GHG emissions</li></ul>	Real estate, infrastructure, utilities, industrials	All	Short, medium and long term
Resilience	Building adaptive capacity offers an opportunity to respond to climate change by enhancing efficiency, innovating production processes and creating new products, which can strengthen competitiveness, improve risk management and ensure business continuity.	<ul style="list-style-type: none"><li>• innovation and product redesign (climate resilient)</li><li>• operational efficiency reducing GHG emissions and resource use</li><li>• strengthening risk management, navigating changing regulatory environment</li><li>• securing long-term business continuity</li></ul>	All sectors	All	Short, medium and long term

# Risk management

This section describes how Fisher Funds manages risk and the approach to Responsible Investing.

Photo: Rebecca Nolan

## 04 Risk management

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Managing investments’  
climate risk

Following the CRAF assessment outlined in the Strategy section (Figure 3) there were no remedial actions, that is, alteration of investment strategy or exiting positions. All climate risks identified will continue to be monitored. While the Portfolio Managers monitor their portfolios regularly, the RI Team and Portfolio Managers undertake the CRAF assessment annually.

Fisher Funds manages risk, including climate risk, in the portfolio by selecting which entities to invest in and the proportion of securities to hold in those entities. Refer to the Strategy section, which outlines the investment selection process.

Fisher Funds’ responsible investment policy is also followed as part of the investment selection approach. It sets out the criteria that excludes an entity from Fisher Funds’ investable universe.

A summary of the Fisher Funds responsible investment approach is set out in Figure 4. The responsible investment policy is available on the [Fisher Funds website](#).

Fisher Funds may exercise voting rights on behalf of investors in relation to any entity that the portfolio invests in. This means Fisher Funds can vote (known as proxy voting) on shareholders’ resolutions. These resolutions may relate to an entity’s risk management framework, its approach to mitigating climate impacts in its business or the setting of climate metrics and targets for the entity to achieve over a period. In this way Fisher Funds can use its vote to support an entity’s stance on climate risk management.

Fisher Funds’ responsible  
investment approach



Figure 4: Responsible investment approach

# Metrics and Targets

This section details key metrics and targets for Barramundi, including any assumptions and comments on methodologies.

## 05 Metrics and Targets

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Guidance

Metrics

The metrics detailed in this section are provided by ISS ESG and are subject to the limitations as set out below and assumptions noted by ISS ESG in its methodology documents. For more detail on these see Appendix 3.

The information about entities within Barramundi cannot be relied on as reflective of their real-time position as at 30 June 2025. The passage of time between the date an entity reports its data, the date ISS ESG collects that data and the end date of the reporting period for this climate statement can be significant. ISS ESG works to ensure data is as up to date as possible, however, its accuracy depends on the timing and availability of data provided by entities.

All dollar values in the metrics detailed in this section are New Zealand Dollar.

Trends

The trends detailed in this section are intended to provide a view of directional movement and progress over time, reflecting broader patterns. This high-level overview acknowledges the inherent complexities in the data, as numerous factors can influence year-on-year changes, such as underlying data, changes in source entity report data and differences in actual emissions versus modelled emissions. Climate metrics often rely on complex models and assumptions, many of which change over time. Because of this, the data can vary in ways that make detailed year-to-year comparisons less reliable or meaningful. As quality of data improves over time, trend analysis may reveal more useful insights.

Benchmarks

The emissions data and other metrics for Barramundi are compared with the portfolio’s benchmark in the following section to provide investors with a meaningful point of comparison. A portfolio’s benchmark is a point of reference against which a portfolio’s performance, or characteristics, are compared. The benchmark and the portfolio should be appropriately aligned (e.g. the same or similar asset class, sectors, geography, investment style and risk/return profile) so that meaningful and fair comparisons can be made. However, benchmarks can also change over time which limits Fisher Funds’ ability to make like-for-like comparison and generate reliable trend data.

Internal emissions price

Fisher Funds does not use an internal emissions price due to the evolving nature of the industry frameworks, however, the IMT does consider carbon pricing as part of its fundamentals-based investment process when researching entities.

GHG emissions

There are three different categories of GHG emissions that an entity 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).

There are no material scope 1 and 2 emissions for Barramundi to disclose.

The GHG emissions information provided by ISS ESG relates solely to financed emissions, which is Scope 3 category 15 (specifically, scope 3 category 15 (of the Greenhouse Gas Protocol – the Corporate Value Chain (Scope 3) Accounting and

Reporting standard).

The portfolio’s emissions are based on it’s holdings or share of scope 1 and 2 emissions of the underlying investee entities. Any reference to scope 1 and 2 emissions in the metrics is the scope 1 and 2 emissions of the investee entities (and therefore the portfolio’s financial emissions).

## Metrics

In the **Metrics** section, Fisher Funds outlines the relevant metrics for Barramundi and compares them to those in previous climate-related disclosures.

## Portfolio summary

Barramundi invests in shares in companies and is exposed to climate-based risks, and opportunities, through the entities it invests in and their value.

Investments are subject to many risks, including risks that are not climate based, so it is important to consider climate-based risks in a broader context. Fisher Funds wants to ensure that Barramundi maintains an acceptable level of risk both in absolute terms and relative to its benchmark.

Barramundi will inevitably see its climate-related risk profile change as it buys and sells assets over time and as the issuing entities evolve. This is in addition to the potential for physical and transition climate risks changing, as the passage of time brings clarity on the future state of the world (as contemplated by the climate scenarios used in this climate statement).

Fisher Funds expects the entities issuing securities into which Barramundi invests to recognise risks to their organisations and act in the most appropriate way for the long-term benefit of their shareholders and other stakeholders. In doing this, Fisher Funds expects they will consider physical and transition climate risks as part of the management of their organisations. As part of Fisher Funds’ ongoing engagement with entities, it selectively checks that appropriate attention is being given to climate-related risks and opportunities.

Metrics

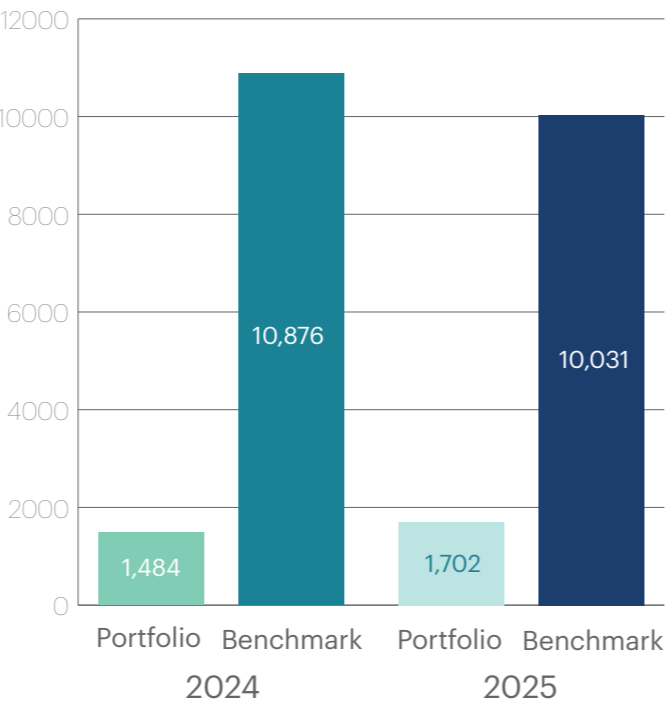
Portfolio coverage

As at 30 June 2025, coverage has remained the **same** compared with the base year.

	2024	2025
Portfolio covered	100%	100%
Portfolio not covered	0%	0%

Emissions

Emissions exposure (tCO<sub>2</sub>e)



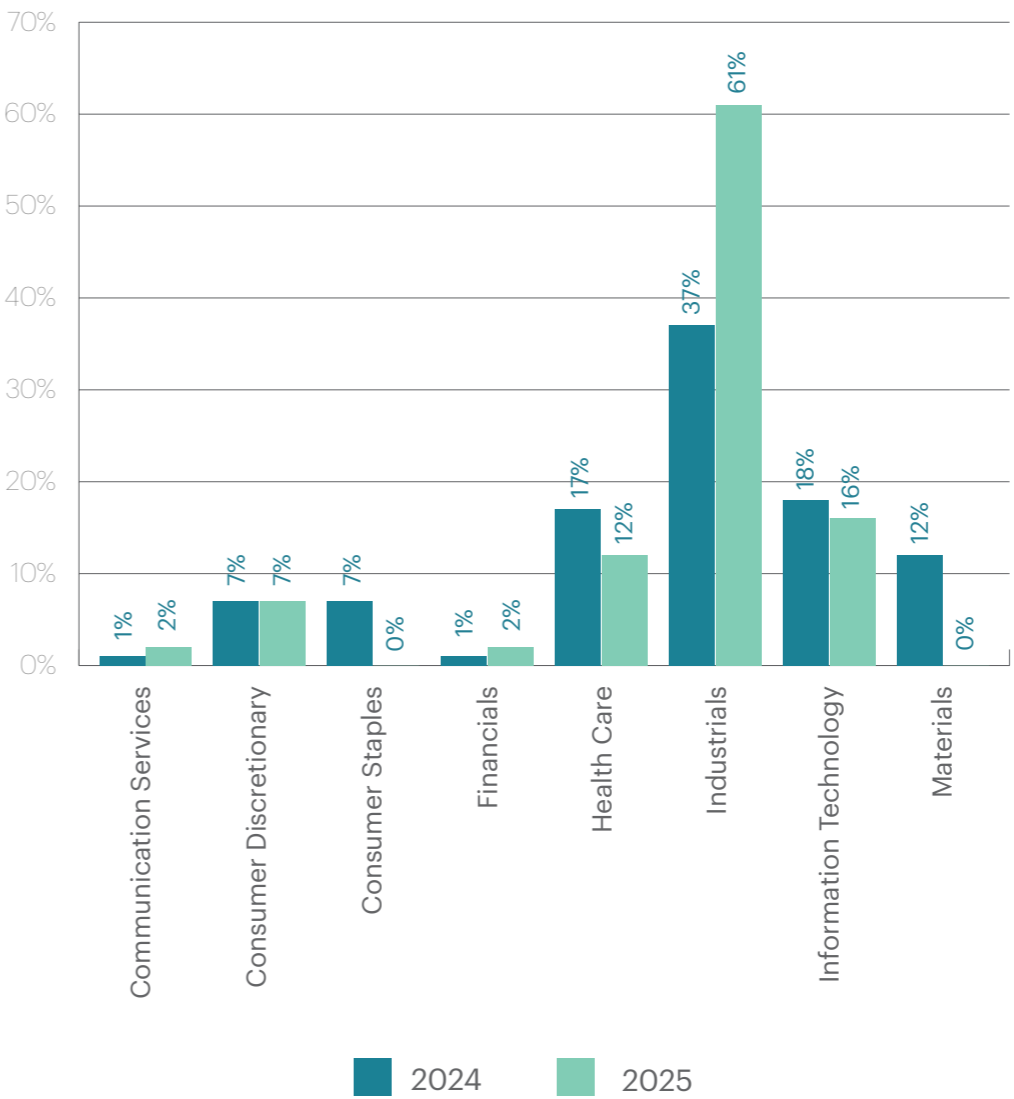
The Barramundi portfolio emitted approximately 1,702 tonnes of CO<sub>2</sub> from scope 1 and 2 emissions. This is a lower emissions profile than if Fisher Funds had invested in the benchmark, which would have created an emissions profile of 10,031 tonnes of CO<sub>2</sub>.

The emissions have **increased** in the current year from the base year.

Sector contributions to emissions (%)

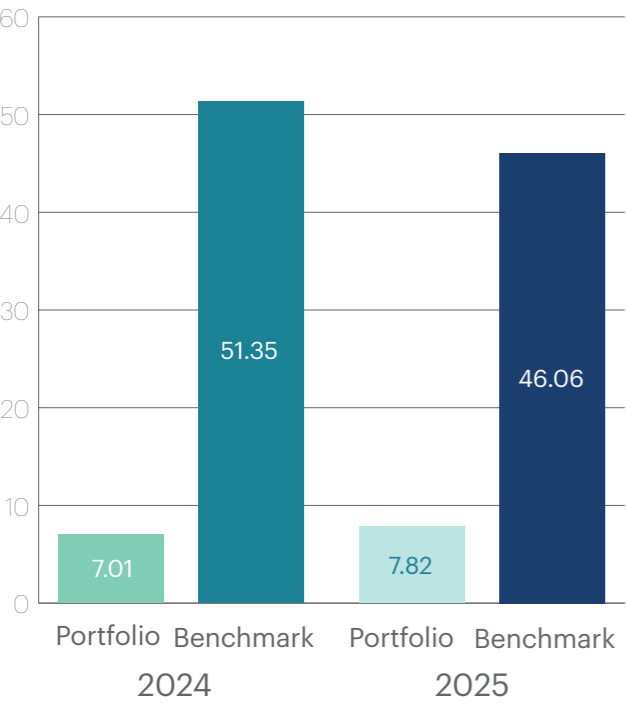
In the Barramundi portfolio, for the current year, 88% of the emissions were created by holdings in the industrials, information technology and health care sectors.

By comparison, in the base year, 72% of the emissions were created by holdings in the same sectors.



Emissions

Relative carbon footprint (tCO<sub>2</sub>e/Invested)  
Scope 1 and 2 emissions

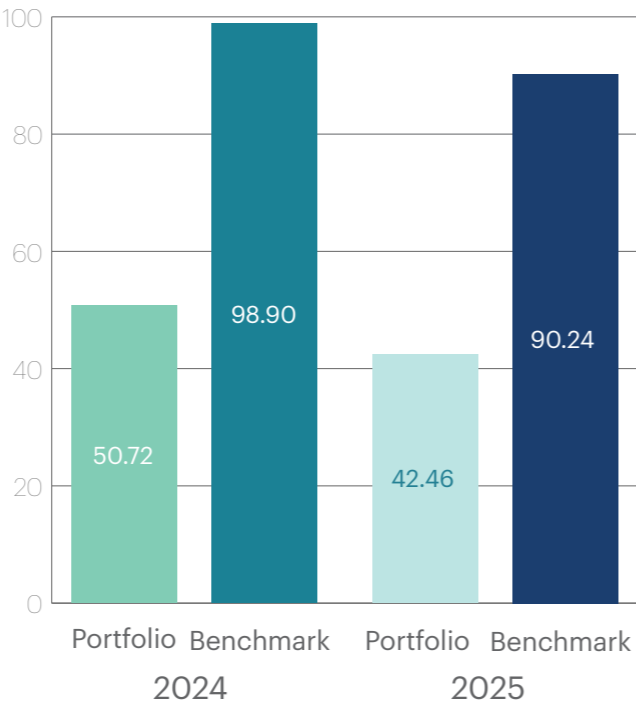


For the Barramundi portfolio, for every \$1 million invested, the relative carbon footprint (emissions exposure) as calculated by ISS ESG for the current year is 7.82 tonnes of CO<sub>2</sub> (tCO<sub>2</sub>e) below the benchmark, which has a carbon footprint of 46.06.

The relative carbon footprint has **increased** in the current year, from the base year

.

For every million invested, what is my carbon footprint?



The weighted average carbon intensity (WACI) based on scope 1 and 2 emissions for the Barramundi portfolio as calculated by ISS ESG is approximately 42.46 tonnes of CO<sub>2</sub> per unit of revenue, compared with the benchmark at approximately 90.24 tonnes of CO<sub>2</sub> per unit of revenue. By this measure, the Barramundi portfolio has less carbon intensity than the benchmark.

The weighted average carbon intensity has **decreased** in the current year from the base year.

Transition-related risks

Transition value at risk (%)

	2024 Portfolio	2024 Benchmark	2025 Portfolio	2025 Benchmark
Barramundi	2%	7%	2%	5%

As the global economy decarbonises in line with pledges and targets, the level of transition risks and opportunities grow. When evaluating the assets vulnerable to transition risk from a whole-of-portfolio perspective, portfolio transition value at risk (TVaR) is a useful metric. This is a measure of the potential loss that an asset might experience. This metric is presented as a net number between the positive and negative potential share price movement in the portfolio. A negative TVaR means positive price movement.

In the current year, for Barramundi, the portfolio TVaR is around 2% of the portfolio value based on the 2050 scenario.

The portfolio TVaR has **remains constant** at 2% of the portfolio value, compared to the base year. Indicating a **flat** share price movement. The size of these climate risks out to 2050 are relatively small compared with other risks faced by issuing entities, such as technological disruption, competition and regulation.

Climate-related risks

Portfolio value at risk (%)

	2024 Portfolio	2024 Benchmark	2025 Portfolio	2025 Benchmark
Barramundi	0.2%	0.5%	0.2%	0.7%

Rising temperatures may impact the climate system – the analysis outlined in the Strategy section (the CRAF) allowed the IMT to assess the assets in the portfolio from a whole-of-portfolio perspective against physical risks. Portfolio value at risk (VaR) is a useful metric. This is a measure of the potential loss that the assets in the portfolio may collectively experience and impact the portfolio value.

As at 30 June 2025, the Barramundi VaR was around 0.2% of the portfolio value based on the 2050 scenario, this remained the **same** as the base year, indicating no additional potential loss year on year.

Opportunities

Assets aligned with climate-related opportunities

2024 Green Revenue	2024 Brown Revenue	2025 Green Revenue	2025 Brown Revenue
0%	1%	0%	1%

One way to assess a portfolio’s exposure to climate transition risks, and to identify potential opportunities, is to evaluate the commitment of the entities in which the portfolio is invested to the transition, as well as their demonstrated ability to generate revenue from ‘green’ products or services.

Green revenues are generally viewed as contributing positively to climate action, while brown revenues are considered obstructive to it.

As at 30 June 2025, the percentage of assets in the Barramundi portfolio aligned with green revenues was 0% (**same as** 2024) and in contrast 1% was derived from brown revenues (as calculated by ISS ESG) **same as** the base year.

Targets

In the Portfolio Summary section, Fisher Funds has outlined specific metrics for Barramundi and has compared them to those in our base year climate statements.

When it came to establishing a target for the base year reporting period, Fisher Funds selected SBTs which are a way to establish an entity’s commitment to disclosing and reducing its GHG emissions. When entities set a SBT it needs to be independently verified. Setting these targets also shows the entity’s commitment to reducing targets by 2050. SBTs were chosen by analysing the data provided by ISS ESG. It should be noted that SBTs is not the only way an entity can set an emissions target, there are other frameworks, including net zero and some entities may choose to set their own targets not using a prescribed framework. This data is subject to the limitations set out in Appendix 3.



Photo: Matt Logan

Our approach

Fisher Funds has taken a two-pronged approach to establishing the metrics and setting the targets.

The first is to assess and manage. This enables Fisher Funds to better understand the climate-related and transition risks and opportunities over time.

In addition, better disclosure from entities and more widely adopted climate-related disclosure policy settings globally, will allow Fisher Funds to better assess the climate strategies of the entities in which it invests.

The second is to engage as an active investor. As referred to in the Strategy section, in last year’s climate statements Fisher Funds committed to engaging with the upper quartile of entities in the highest emitting sectors (refer to Appendix 5) as per the Net Zero Investment Framework (NZIF) that did not have any science based targets (SBTs). By engaging and holding them to account, this assists Fisher Funds in managing climate risks and supports the transition to a lower carbon future. This also supports the transition planning process.

When setting targets, the following criteria was endorsed by the ESG Committee:

- Targets: SBT targets will remain in place, for the current reporting year. Chosen targets will be reviewed annually.
- Disclosure: will be completed annually on how the target metrics change year on year, showing the commitment percentages to SBTs as defined in the base year metric.
- Engagement approach: look to engage with the upper quartile of entities as defined by Fisher Funds in the highest emitting sectors that do not have targets.

SBT target scorecard

The SBT initiative (SBTi) is a collaboration that provides guidance and validation for entities setting emissions reduction targets that an entity’s target is in line with scientific recommendations, meaning they are rigorous and ambitious enough to meet the goals of the Paris Agreement, to keep global warming well below 2°C, ideally 1.5°C, and helps entities define a clear pathway to reduce their GHG emissions. Definitions of SBTs can be found in the Glossary. Through an entity’s emissions strategy, they move between defined SBT categories.

The Barramundi SBTs are outlined below. The following table shows the current year SBT percentages and how they have improved in an absolute sense or a reduction in that category year on year.

SBT target scorecard

SBTs	Barramundi			
	2024		2025	
	PORT	BM	PORT	BM
Approved SBT	12%	15%	10%	17%
Committed SBT	21%	12%	10%	5%
Ambitious SBT	13%	36%	20%	39%
Non-ambitious SBT	33%	29%	35%	31%
No target	21%	8%	25%	8%

Barramundi

In the current year, 40% (compared to 46% in the base year) of the portfolio value is committed to an emissions reduction goal via an approved, committed or ambitious SBT. In addition, the percentage of entities in the Portfolio which do not have a SBT reduction target have increased to 25% in 2025, compared to 21% in 2024.

Target engagement

The IMT engages with the upper quartile of entities in the highest emitting sectors (refer to Appendix 5) as per the NZIF, that do not have any science based targets (SBTs). This target was set in Barramundi’s 2024 climate statement. During the last 12 months the IMT has undertaken this work, however none of the entities in which the Barramundi invests fall into category for engagement .

While Fisher Funds has chosen SBTs as a specific metric and target to monitor and review, when forming the engagement plan, Fisher Funds saw a range of different approaches. Some set an emissions reduction plan with their own targets, not aligned to any particular framework, others used SBTs or net zero.

It is expected that investee entities will modify their approaches over time. For example, reclassification of targets as entities may move from a Committed SBT to an Approved SBT, or removal of targets. Fisher Funds and reo® will continue to monitor and review the commitments of investee entities and engage on ESG matters, including climate emissions, with them. Fisher Funds will also continue to review whether additional entities may need to be included in the engagement programme.

Fisher Fund’s engagement process will continue to evolve and mature over time.

More information about Fisher Funds’ broader engagement and stewardship for 2024 can be found [here](#).

# 06

## Appendices

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## Appendix 1

### FSC Climate Scenario Narratives for the Financial Services Sector

To support the quantitative process, Fisher Funds has adopted the Financial Services Council (FSC) ‘FSC Climate Scenario Narratives for the Financial Services Sector’. After a review, the IMT and the RI Team determined these narratives to be relevant and well aligned with Fisher Funds’ investment strategy. These narratives offer the distinct, consistent and comparable framework for conducting the necessary analysis.

These narratives were developed by the FSC Scenario Analysis Committee and Working Group, a recognised industry body for New Zealand’s funds management and insurance sectors. The FSC’s work (including both physical and transition risk narratives) aims to enhance consistency and comparability of climate risk disclosures across the financial services sector. Fisher Funds supports this objective to the extent appropriate for its operations.

A description of the climate narratives is included below and the time horizons are included under Time Horizons narrative also included in these Appendices.

Climate scenarios are estimates and are not forecasts. The future is inherently uncertain. Climate scenarios are only plausible versions of the future that help in understanding what the future could look like. Scenarios are an important tool used to analyse and evaluate climate-related risks and opportunities and may not accurately predict future outcomes. Scenarios are based on many assumptions and are limited by the data available at the time and may have limitations.

These three scenarios outlined below were chosen for being relevant and appropriate to assess the resilience of Fisher Funds investment model and strategy in relation to climate-related risks and opportunities as the underlying variables (for example, carbon prices, gross domestic product (GDP), policy positions) are widely available. Having visibility of this transparency allows Fisher Funds to better understand the assumptions.

There are limitations to consider. NGFS scenarios share the same socioeconomic pathway, some fiscal components that are not accounting for example, estimated losses to GDP associated with potential acute events (for example, floods and wildfires). Scenarios are also non-linear in nature, for example, events that subsequently trigger other events, like the melting of ice impacting the gulf stream and potentially impacting climates of nearby continents. Models rely on economic

data rather than scientific literature and in some instances, regions can be grouped together and have similar attributes applied, when they can be quite different. These factors may have an impact on the outcomes, for example, limited insights of macro variables across scenarios, GDP losses may be underestimated, not capturing real-world outcomes, short-term risks being understated, emissions pathways may differ from realised outcomes and climate risks and impacts may be understated.

NGFS models are applicable globally, across asset classes, geographies and GICs sectors our portfolios have exposure to. These are broadly aligned to the FSC scenario selection and are widely adopted by investment managers in New Zealand and globally. Aotearoa New Zealand Climate Standard (NZ CS 1.13) requires analysis of at a minimum a 1.5 degrees Celsius climate-related scenario and a 3 degrees Celsius or greater climate-related scenario and a third climate-related scenario. Fisher Funds elected the third scenario to be one more aligned with a more realistic New Zealand scenario, with greater exposure to medium-high physical risk and transition risk. For the 3 degrees Celsius or greater scenario Fisher Funds selected a challenging physical risk scenario assuming ‘business as usual’ with limited uptake of emissions regulation globally.

#### Scenario 1: Orderly (1.5°C)

The Orderly scenario represents collective action towards a low carbon global economy. In this scenario, there are steady and constant societal changes related to technology, policy and behaviour to support the transition to a lower emissions economy. This is matched by an increasing carbon price that reinforces low carbon behaviour change. The coordinated and timely action around the world to curb greenhouse gases prevents the worst predicted impacts of climate change, however, the long-term chronic impacts from historic greenhouse gas (‘GHG’) emissions still occur, although not severely. Overall, based on the literature review and stakeholder engagement, this scenario represents a medium level of transition risk and a low level of physical risk relative to the other scenarios.

#### Dataset aligned with scenario dimension

The NGFS Net Zero 2050 limits global warming to 1.5°C through stringent climate policies and innovation, reaching global net zero CO<sub>2</sub> emissions around 2050. This requires strong climate policy, technology advances and behavioural change. While carbon dioxide removals (CDRs) are used to accelerate even further decarbonisation, its use is minimised wherever possible.

FSC Climate Scenario  
Narratives for the Financial  
Services Sector

Drivers of change

**Emissions pathway:** Globally, the Orderly scenario shows a steady, steep decline in global emissions, as seen in the figure below. Overall, emissions reduce at an average of 3.4% per annum, with a 101% reduction in net emissions in 2050, compared to 2020 (NGFS, 2023). This reduction leads to net emissions being less than zero in 2050 (NGFS, 2023) as indicated by the emissions pathway intersecting the x axis in the figure below.

**Environmental:** In this scenario, the curbing of global GHG emissions through effective policies and the transition to a low carbon economy has helped to curb the most significant physical impacts of climate change. New Zealand’s average temperature increase reaches 0.7°C (min 0.4, max 1.3) by 2050, and remains constant out to 2100 (NIWA, 2023). Globally, average temperature increases reach 1.4°C (min 1, max 1.8) by 2100 (IPCC, 2021b). Limiting the increase in global temperatures to 1.5°C relative to 1850-1900 levels has helped to minimise the increase in severity of extreme weather.

**Policy:** Progressive policy activity across the globe, such as the implementation of national and international emissions reduction requirements, mandatory climate-related reporting, emissions trading schemes, carbon taxes including border adjustments and an increase in legislation that bans emissions-intensive activities, along with increasing carbon prices, act to incentivise decarbonisation. Carbon prices will reach NZ\$250 per tonne of carbon in New Zealand and US\$400 per tonne globally in 2050 (CCC, 2021b), (NGFS, 2023).

**Social:** Society at large expects and puts pressure on entities to decarbonise. This is driven by concerted behaviour change across the population, including preference changes towards low emissions products or services throughout the supply chain, climate activism including through litigation and negative media attention oriented towards entities with a lack of appropriate action towards climate change, and/or greenwashing allegations (when an organisation exaggerates its practices to make them appear more environmentally friendly). Human quality of life continues to increase, resulting in an overall population growth slow down in the medium term, with the global population reaching 8.5 billion (IPCC, 2021a).

**Technological:** There is increased research and development into low emissions and emissions abatement technology and a rapid uptake of existing low emissions and emissions abatement technologies across all sectors. The transport sector sees widespread adoption of electric vehicles (‘EVs’) with an average of 85% of all vehicles on the road running on electricity by 2050 (CCC, 2021a). Residual emissions remain in the heavy trucking and aviation sectors, where emissions reductions are more difficult to achieve.

Supporting the electrification of the transport fleet is the continued transition to a renewable electricity generation system, which reaches 94% renewable by 2030 in New Zealand and 61% globally (CCC, 2022) (IEA, 2022a). Significant improvements in renewable storage technology allows for electricity production to reach 100% renewable and 88% renewable in New Zealand and globally respectively by 2050. The primary energy sector is not far behind the electricity sector, with 90% of all energy in New Zealand and 67% of all energy globally sourced from renewables by 2050 (CCC, 2022) (IEA, 2022a). Residual emissions remain from process heat application and industrial processes, such as cement and steel making, which are hard to abate. The agriculture sector also undergoes major technology and behaviour changes to reduce biogenic methane, largely through widespread adoption of biogenic methane inhibitors, vaccines and low emissions stock variants. Farmers successfully implement ambitious practice changes to become more

emissions efficient. Approximately 90,000 hectares are converted from livestock agriculture to horticulture by 2050, nearly doubling the current area of horticulture. Methane reductions are also supported in the waste sector with a 73% organic waste recovery rate by 2050, alongside a major expansion of landfill gas capture globally.

**Economic:** Throughout this period, the global economy benefits from the stable transition to a low carbon economy, with the GDP reaching US\$289 trillion by 2050 (NGFS, 2023). Likewise, the orderly transition in New Zealand positively impacts the New Zealand economy, including the New Zealand agricultural and horticultural sectors, with the GDP reaching NZ\$485 billion in 2050 (NGFS, 2023). All countries face internal challenges brought by transformational change to their economies, including job losses and skill shortages. However, these issues are managed effectively with the help of a stable climate, economy and international relations.

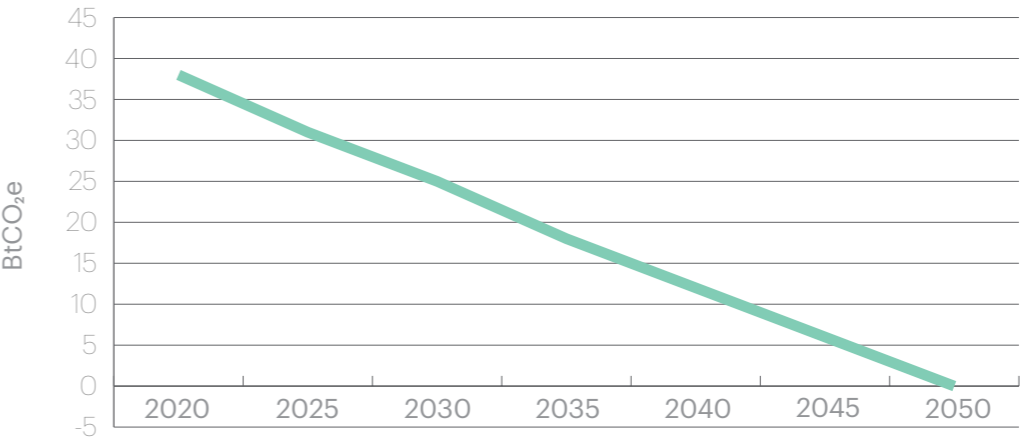


Figure: Orderly global emission pathway using NGFS data.

FSC Climate Scenario  
Narratives for the Financial  
Services Sector

**Scenario 2: Too Litte Too Late (2°C - 2.6°C)**

The ‘Too Little Too Late’ scenario represents a misaligned and delayed transition to a low carbon economy between different parts of the world. In this scenario, some countries are early movers on the transition to a low emissions economy, introducing policy that brings about net zero emissions by 2050. In other parts of the world, however, there is little action towards a low emissions future, with fossil fuelled development continuing throughout much of the remaining first half of the century. From mid-century, global efforts to address climate change begin to align and exceed those by the early movers. Large increases in carbon price will drive a rapid improvement in low emissions technology efficacy and uptake. This shift is partly driven by the increasing evidence and awareness of the social, economic and environmental degradation caused by a continued increase in fossil-fuelled development. Despite making a concerted effort to reduce emissions and move to a low emissions economy at mid-century, the changes come too late to prevent wide-ranging acute and chronic physical climate impacts. Overall, based on the literature review and stakeholder engagement, this scenario represents a high level of transition risk compared to the other scenarios and a medium level of physical risk compared to the other scenarios. The NGFS Nationally Determined Contributions (NDCs) scenario projects 2.6°C average global temperature rise relative to pre-industrial levels, associated with moderate to high physical risk exposure. This scenario is also characterised by a slower take up in technology in the first half of the century, accompanied by less transition risk on a global scale in the medium term.

Dataset aligned with scenario dimension

**Emissions pathway:** Globally, the Too Little Too Late scenario shows a steady decline in global emissions, as seen in the figure below. Overall, emissions reduce at an average of 1.0% per annum, with a 31% reduction in net emissions in 2050 compared to 2020 (NGFS, 2023). This reduction leads to a net emission of 26.7 BtCO<sub>2</sub>e in 2050 (NGFS, 2023), significantly higher than zero.

**Environmental:** Although global emissions begin to reduce from mid-century, the delay in abatement efforts has resulted in the materialisation of a number of physical climate risks. By 2050, temperatures around New Zealand have increased by an average of 0.8°C (min 0.4, max 1.3) and continue to increase to an average of 1.4°C (min 0.7, max 2.2) by 2100 (NIWA, 2023). Globally, average temperature increases reach 2.7°C (min 2.1, max 3.5) by 2100 (IPCC, 2021b).

In New Zealand, the increased energy contained within the atmosphere by this temperature increase is helping to drive greater extreme weather events especially in the latter half of the century. By 2050, the number of hot days (defined as those reaching over 25°C) in Northland, Bay of Plenty, Hawke’s Bay and Canterbury have increased by an average of 54%. By 2100 this has increased to 96% (NIWA, 2023). At the same time, the level of precipitation in the same regions are decreasing, reaching a 10% reduction by 2100 (NIWA, 2023). In combination, these changes are driving up drought levels in Northland and around the East Coast of New Zealand. While certain regions in New Zealand face increased drought conditions, other regions are seeing increased average precipitation. By 2100, the West Coast of the South Island is experiencing 20% more precipitation during the winter months, bringing increased risk of floods to the area (NIWA, 2023). The intensity of precipitation around the lower South Island is also increasing, driving up the risk of heavy downpours that can create flash

flooding. By the medium and long term, New Zealand experiences a median increase in sea level of 0.24 and 0.55m, respectively (NIWA, 2023).

Globally, under the Too Little Too Late scenario, greater climate fluctuations are predicted compared to the Orderly scenario (IPCC, 2021a). However, there are regions that are worse impacted than others. Stronger temperature increases are reported over the northern hemisphere than the southern hemisphere (Nazarenko, 2022). With regions at high latitudes, including the Arctic and northern regions of North America, Europe and Asia, having the most significant temperature increase, with warming expected to be twice the global average (3 - 4°C by 2050) (Nazarenko, 2022).

Prolonged reduction in precipitation is seen in parts of northern and central Europe, eastern Africa, and southern Australia increasing risk of drought (IPCC, 2021a). While parts of South Asia and East Asia have increased precipitation by 2050, with greater frequency and intensity of flooding occurring compared to the past (IPCC, 2021a). Sub-Saharan Africa has areas of both lower and higher precipitation increasing risk of both flood and drought, further exacerbating challenges associated with agriculture and food security in the region (IPCC, 2021a).

Sea-level rise of 0.20m by 2050, and 0.56m by 2100, will affect coastal regions (NASA, 2023). Small Island Developing States (‘SIDS’) including low-lying islands in the Pacific, Caribbean and Indian Ocean are expected to be severely impacted by the predicted sea-level rise (IPCC, 2021c). In addition, coastal areas worldwide are projected to face increased risk from storm surges, flooding, and sea-level rise. This results in loss of land, damage to infrastructure, displacement of populations, impacts on coastal ecosystems and impacts to trade routes (NASA, 2023).

**Policy:** The European Union (EU), Japan, China, the United Kingdom (UK), the United States (US), Canada and New Zealand make early climate policy implementations. For example, national and international emissions reduction requirements, mandatory climate-related reporting, emissions trading schemes, carbon taxes, including border adjustments, and legislation that bans emissions-intensive activities, and increase carbon prices, which act to incentivise decarbonisation. In 2030 the carbon price in New Zealand will reach NZ\$140 per tonne of carbon, whilst globally it will reach US\$34 (CCC, 2022) (NGFS, 2023). In other parts of the world, however, for example, the Middle East, Asia (excluding Japan and China) Australia and central and south America, there is little policy action incentivising a low emissions future. From mid-century, climate policy and price begin to align and accelerate globally. This shift is partly driven by the increasing evidence and awareness of the social, economic and environmental degradation caused by a continued increase in fossil-fuelled development. By 2050 carbon prices will increase to NZ\$250 per tonne of carbon in New Zealand and US\$50 globally (CCC, 2022) (NGFS, 2023).

Adaptation plans are put in place in developed nations and act to reduce the physical impacts of climate change. Regions with limited resources, infrastructure and adaptive capacity will face greater challenges in mitigating the physical effects of climate change and, consequently, experience greater negative impacts.

**Social:** Behaviour changes and social pressure in Europe, the US, Canada, Australia, and New Zealand drives decarbonisation in these countries in the short term, however, outside of these countries, behaviour change does not begin until the medium term. Lower GDP growth, together with higher population estimates, transition costs and physical climate impacts will increase inequities, as the world’s more marginalised nations

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are exposed to higher rates of poverty, political and economic instability and physical climate impacts. Prioritisation by developed nations on covering internal transition costs and an increase in displaced people seeking to migrate to safer living conditions, will increase geopolitical tensions, as will increased challenges in agriculture, food security and water availability as a result of greater volatility in precipitation, combined with increased risk of drought and flood (IPCC, 2021a).

**Technological:** There are delays in the development of low emissions and emissions abatement technology, restricting early climate moving nations’ progress on decarbonisation until closer to the medium term, when global efforts to decarbonise begin to align with early movers.

With renewable electricity technologies already well developed, New Zealand achieves a 94% renewable electricity rate in the short term due to the continued expansion of New Zealand’s renewable electricity network, especially through wind, solar and geothermal (CCC, 2021a). This is well ahead of the global 46% renewable electricity rate in 2030 (IEA, 2022). The expansion of New Zealand’s renewable electricity continues in the medium term. However, a lack of viable renewable energy storage technology, and the decision not to invest in the pumped hydro scheme at Lake

Onslow, prevents a 100% renewable electricity generation rate. Some natural gas usage remains in the system to provide base load electricity, which results in 98% renewable electricity rate by 2050 (CCC, 2021b). Globally, by 2050, renewable electricity rates have increased to 71% through gradual conversion. Unlike electricity, the uptake of renewable primary energy in New Zealand is limited in the short term, as New Zealand faces challenges in decarbonising process heat systems due to a lack of investment into low emissions alternatives. In the medium term, renewable primary energy in New Zealand increases significantly, reaching 80% (CCC, 2021b). Much of this increase is driven by the rise in renewable electricity and the conversion of low-process heat boilers to biomass and electricity. Again, New Zealand is well ahead of the global renewable energy rates of 19% in 2030 and 37% in 2050 (IEA, 2022).

In the transport sector, emissions reductions happen slowly, with only 6% of the fleet electrified in the short term. By the medium term, the rate of fleet electrification reaches 76% (CCC, 2021b). EV sales reach critical mass and steadily take over the international vehicle fleet nearer to the medium term. Residual emissions are largely the result of aviation emissions, which see little to no reduction, even by the medium term.

**Economic:** The high transition risks combined with medium physical risks under a Too Little Too Late scenario will lead to significant financial impacts, such as job loss of 900,000 annually by 2070 and declines in global economic growth in the medium term, with GDP reaching US\$274 trillion by 2050, a reduction of approximately US\$9 trillion compared to an Orderly scenario (Deloitte, 2022), (NGFS, 2022a). On the other hand, global population growth exceeds that of an Orderly scenario, with a global population of 9.2 billion people resulting in a lower standard of living for many across the globe, as a smaller GDP is shared amongst a greater population by 2100 (IPCC, 2021b).

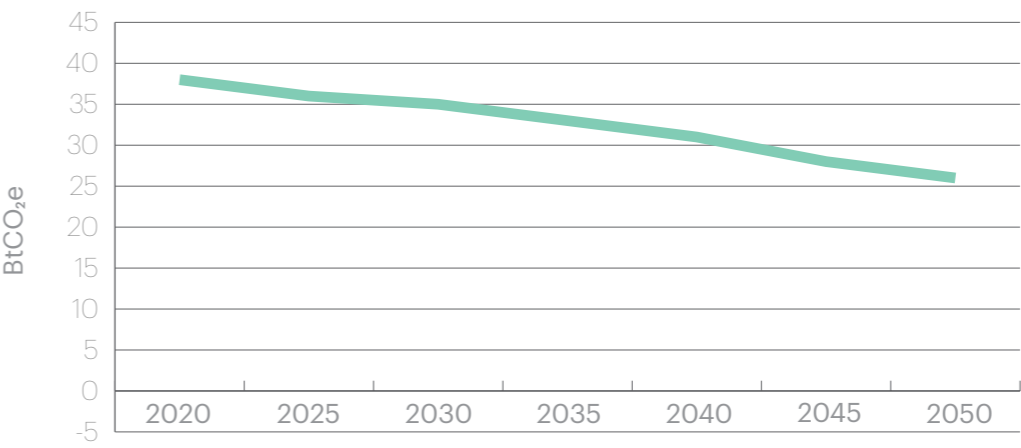


Figure - Too Little Too Late global emission pathway using NGFS data

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Services Sector

**Scenario 3: Hot House World (>3°C)**

This scenario represents minimal action towards a low carbon global transition. Despite increasing levels of social, economic and environmental degradation, there is little shift in social and political traction towards a low emissions future. As a result, there is little behaviour change and a lack of low carbon emissions technology development. This leads to a continued and increasing level of fossil fuel use, strong globalisation, increasing consumption and materialism. The impact of these activities continues to drive emissions higher throughout the remaining 21st century, leading to significant materialisation of acute and chronic physical risks. In the first half of the 21st century this physical risk sees increasing severity of extreme weather, which is accompanied by rising sea levels in the latter half of the 21st century. This threatens coastal developments worldwide, placing pressure on global relations. Overall, this scenario represents a low transition risk and a high level of physical risk when compared to the other scenarios. The NGFS Current Policies scenario assumes that only currently implemented policies are preserved, leading to high physical risks and a slow technology uptake and low CDR activity.

Dataset aligned with scenario dimension

The NGFS ‘Current Policies’ (CPs) assumes that only currently implemented policies are preserved, leading to high physical risks. Slow technology uptake and low CDR activity.

**Emissions pathway:** The Hothouse scenario shows minimal change in global emissions, as seen in the figure below, with a slight increase projected between 2020 -2025 and then gradually decreasing. Overall, emissions reduce at an average of 0.4% per annum, leading to an 11% reduction in net emissions in 2050 compared to 2020. This reduction leads to net emissions being 34.3BtCO<sub>2</sub>e in 2050, well short of net zero (NGFS, 2023).

**Environmental:** The lack of action towards climate change allows for GHG emissions to continue to rise unabated through the remainder of the century, leading to severe physical risk. A leading driver of this physical risk is the increase in global average temperature, which reaches 2.4°C in the medium term, climbing to 4.4°C by 2100 (IPCC, 2021a). In New Zealand, temperatures have increased, on average, by 1.0°C (min 0.5, max 1.7) by 2050 and 3.0°C (min 2.0, max 4.6) by 2100 (NIWA, 2023).

The variability of climate changes across the country, increasing over time. In the long term, New Zealand sees large precipitation changes, such as on the West Coast in the winter season, where area-average increases of up to 40% are experienced (MfE, 2018). The long term also brings an overall increase in drought intensity that manifests in several ways. The north and east of the North Island experience an increase in dry days and lower rainfall levels (MfE, 2018). This coincides with an average increase of 50mm in the July-June potential evapotranspiration deficit (‘PED’), with the biggest changes arising in the northern and eastern North Island and areas to the east of the South Island’s main (MfE, 2018). In addition to drought, the level of snowfall reduces, with the number of snow days decreasing by

at least 30 days in the long term, reducing the overall snowpack that supplies several lakes and rivers in the South Island (MfE, 2018). As with other physical risks, the high level of emissions has increased the overall impact of sea-level rise around the country. The median sea-level rise around New Zealand reaches 0.28m in the medium term, increasing to 0.79m in the long term (MfE, 2017). In the medium term, the high frequency of extreme weather events sees coastal areas regularly faced with storm damage.

Globally, under the Hot House World scenario, greater climate fluctuations are predicted compared to both Orderly and Too Little Too Late scenarios (IPCC, 2021a). Global average temperature is increased by 2050 with regions at high latitudes, including the Arctic and northern regions of North America, Europe, and Asia having the most significant temperature increases, with warming forecast to be three times the global average (3 - 5°C by 2050) (Nazarenko, 2022). Regions that are already prone to water stress, such as parts of the Mediterranean, the Middle East, southwestern US and parts of Africa and Asia, see increased frequency and intensity of both droughts and floods, with Sub-Saharan Africa projected to have a 40% increase in wetness (IPCC, 2021a). Sea-level rise of 0.23m by 2050, and 0.77m by 2100, will impact coastal regions (NASA, 2023). SIDS will be severely impacted by the projected sea-level rise (IPCC, 2021a). In addition, coastal areas worldwide will face increased risk from storm surges, flooding, and sea-level rise. This will result in loss of land, damage to infrastructure, displacement of populations, impacts coastal ecosystems and trade routes.

**Policy:** Early adopters of progressive climate policy, the EU, the UK, the US, Canada and New Zealand, reverse, revoke or otherwise roll back climate policies. Japan, China and Australia push pause on further development and implementation of climate policies currently under development. The Paris Agreement fails as NDCs

are not met and nations begin to withdraw. By 2050 the carbon price in New Zealand is NZ\$35 per tonne of carbon, whilst globally it is even lower at US\$6 per tonne of carbon (CCC, 2021a) (NGFS, 2023). Investment in adaptation is minimal.

**Social:** There is limited behaviour change or social pressure to drive decarbonisation globally. The focus on global growth by any means necessary drives higher rates of economic inequality, increasing political instability and geopolitical tensions around the world. There is an increase in displaced people seeking to migrate to safer living conditions.

In New Zealand over the medium term, the frequency of extreme weather events and rising sea levels causes economic impacts and disruptions, reducing quality of life. Hydro lake levels reach critically low levels, threatening the reliability of electricity supply to households. Sea-level rise and increased flooding events make coastal properties and those properties in flood plains uninsurable in the short term and over the long term there is widespread retreat from these areas and homes as they become uninhabitable. This leaves these property owners with significant financial losses. Cities and towns located in areas affected by sea-level rise and extreme weather events see a significant loss of population as people move away from affected areas and towards elevated, inland areas perceived as lower risk. This causes a substantial loss of value for all properties in the areas experiencing population loss, while the areas people are moving to see a significant increase in property values and a housing shortage. Additionally, impacts to the transport network affects the construction and property sector, causing issues with the supply of raw materials to building sites and delaying the construction of new housing, especially in high-demand areas. As a result, building costs rise steadily in the medium term, making it even more challenging to adapt to the housing challenges created by climate change.

# FSC Climate Scenario Narratives for the Financial Services Sector

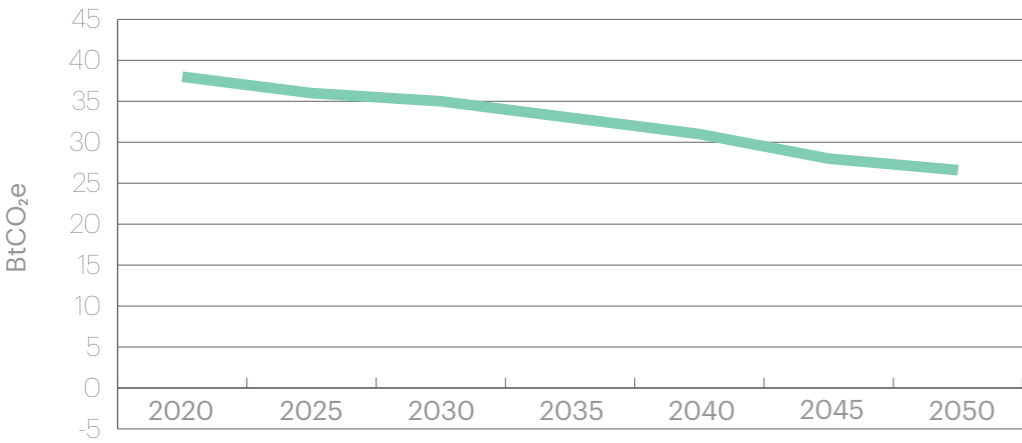
**Technological:** There is an overall lack of technological change to support emissions reduction. By 2050, fossil fuels continue to be the dominant source of primary energy, even after accounting for current technology trends (IPCC, 2021a). This is reflected in renewable energy levels, which only reach 61% in New Zealand and 26% globally by 2050 (CCC, 2021a; IEA, 2022) (IEA, 2021a). Renewable electricity sourcing in New Zealand, while high by global standards (93%) has only increased by 1% between 2030 and 2050 to reach 94% (CCC, 2021a; IEA, 2022) (IEA, 2021a). Although fossil fuels continue to dominate in the world’s energy mix, the level of transport electrification in New Zealand continues to rise out to 2050, with 69% of the national road transport fleet electrified (CCC, 2021a).

**Economic:** Unabated productivity by emissions-intensive industries spur income accumulation within emissions-intensive sectors, however, surmounting costs from increasingly pervasive chronic physical climate change impacts negatively affect GDP at national and global scales. US\$273 trillion is expected by the medium term under this scenario, capturing a decrease of 6% due to chronic physical risk, a difference of US\$11 trillion when compared to an Orderly scenario (NGFS, 2023)<sup>19</sup>. Acute physical risk events will result in widespread displacement, reduced productivity due to temporary closures

of workplaces and income losses from damage to assets. Alongside a reduction in GDP, global population growth exceeds that of the Orderly scenario, with a total of 8.2 billion people in the medium term (IPCC, 2021a).

Agriculture continues to grow, using industrial agriculture fuelled mostly by fossil fuel-based fertiliser and machinery. Over the short and medium term, New Zealand’s meat and milk solids exports increase from 3 billion kilograms in the short term to 3.1 billion kilograms in the medium term (CCC, 2021a). In the long term, however, the ability for continued growth in agriculture becomes increasingly difficult due to the impacts of extreme weather around New Zealand. Alternative proteins increase in popularity in the medium and long term, largely due to their lower costs to produce and the ability to improve food security for nations with limited agricultural land (Te Puna Whakaaronui, 2022). A lack of policy support and behavioural change sees alternative protein manufacturing remain a niche industry in New Zealand.

Transport and shipping around the country are also impacted, with flooding and storms damaging transport infrastructure and restricting the ability for goods to move around the country. This has a flow-on effect on the construction and property sector, causing issues with the supply of raw materials to building sites.



Time Horizons narratives

An important part of scenario analysis is selecting appropriate time horizons. Fisher Funds has selected these from the FSC’s Climate Scenario Narratives guide, with some amendments to reflect the view determined at IMT workshops that took place for the inaugural reporting period.

The short-term defined time horizon differs from the FSC short-term horizon of 2025. The IMT determined this to be too ‘short term’ in nature, given 2024 was defined as the base year. Given the change to short term, medium term was altered from 2030 to 2040 but is within the time horizon range of 5 - 10 years. There was no change to the long-term horizon and this is aligned with the FSC Time Horizons.

Short term: present to 2030

- More or less aligns with short- to medium-term investment time horizons for investors.
- Aligns with many interim targets of issuing entities.
- Captures the impact of climate change for investors who may have liquidation events in this timeframe

Medium term: present to 2040

- More or less aligns with short- to medium-term investment horizons for investors.
- Captures the impact of climate change for investors who may have liquidation events in this timeframe.
- More likely to capture the impact of policy changes in countries around the world as they aim to set up frameworks to encourage decarbonisation.

Long term: present to 2050

- More or less aligns with long-term investment horizons for investors.
- Captures the impact of climate change for investors who may have liquidation events in this timeframe.
- Captures the impact of climate change over a long-term horizon where impacts are more likely to be present in the economy.



Photo: Mahdee Nokairi

Appendix 2

Adoption provisions

To recognise that it may take time to develop the capability to produce high-quality climate-related disclosures and that some disclosure requirements, by their nature, may require an exemption, NZ CS 2 provides a limited number of adoption provisions from the disclosure requirements in Aotearoa New Zealand Climate Standards. Additional amendments were made in [November 2024](#).

The table below outlines the adoption provisions that have been used in this climate statement.

Provision number	NZ CS 2 adoption provision
2	Anticipated financial impacts of physical and transition impacts identified, available in the first and second reporting period.
4	Scope 3 greenhouse gas (GHG) emissions — disclosing gross emissions in metric tonnes of carbon dioxide equivalent (CO <sub>2</sub> e) classified as scope 3, available in the first and second reporting period.
5	Comparatives for scope 3 GHG emissions — comparative information for the immediately preceding 2 reporting periods.
6	Comparatives for metrics for scope 3 GHG emissions — comparative information for the immediately preceding 2 reporting periods.
7	Analysis of trends — analysis of the main trends evident from a comparison of each metric from previous reporting periods to the current reporting period, except for scope 3 GHG emissions.
8	For accounting periods prior to 31 December 2025, scope 3 emissions can be excluded from assurance engagement.  For avoidance of doubt scope 3 GHG emissions have not been assured.

Appendix 3

Service description as provided by ISS ESG

Fisher Funds subscribes to Institutional Shareholder Solutions (ISS) ESG for climate information and analysis. ISS ESG is a provider of environmental, social and governance solutions for asset owners, asset managers, hedge funds and asset servicing providers. ISS ESG solution provides climate data, analytics and a bespoke services to help financial market participants understand, measure and act on climate-related risks and opportunities across all asset classes. ISS ESG platforms are capable of providing carbon footprinting and climate risk and opportunity analysis across portfolio assets.

ISS ESG takes an exhaustive approach to data collection and analysis and delivery to its clients. The ISS ESG methodologies provide details about the underlying models used for estimating non-disclosed data. The ISS ESG methodology documents the use of estimated data within its various products and elaborates the extent of estimated data and therefore assists the clients in identifying the uncertainties and limitations associated with the use of this dataset.

More information on ISS ESG methodology can be found here: [www.issgovernance.com/esg/methodology-information](http://www.issgovernance.com/esg/methodology-information)

Data limitations identified by Fisher Funds

ISS ESG is improving its methodologies and ESG dataset globally, however, currently some data is unavailable or uncertain. This means that there are limits to the reliability of data and analysis that ISS ESG provides. Through collating and reporting emissions with ISS ESG, several limitations that may have an impact on data integrity and the reporting of information in this climate statement have been identified. These limitations include:

- Investee entities may not report their emissions, which results in ISS ESG not collecting data on these entities.
- There may be a lag between an entity reporting climate metrics publicly and ISS ESG including this information in its platform.
- If an entity invested in by the Portfolio does not report its emissions, ISS ESG may estimate the emissions based on entities in the sector or industry, using its proprietary methodologies.
- There is no globally recognised standard for measuring emissions for some asset classes (e.g. cash and derivatives).
- Rounding of large numbers in emissions intensity calculations can cause small differences in reported values.
- There is a level of uncertainty in the ISS ESG VaR in quantifying specific dollar impacts for individual entities on a forward-looking basis.

In light of these limitations, Fisher Funds has implemented several internal processes and controls to measure and monitor the materiality of the data limitations on reporting. Fisher Funds will continue to work with ISS ESG to improve data quality and reliability.

Appendix 3

ISS ESG emission data limitations - portfolio metrics

ISS ESG’s solution was used to calculate the emissions profile of each Portfolio. The ISS ESG solution calculated the emissions profile of each portfolio using the ISS ESG proprietary methodology to measure the GHG emissions (scope 1 and scope 2) as set out in this climate statement. The methodology attributes scope 1 and 2 emissions of entities the portfolio has invested in, as a proportion of the total value of that entity held by the Portfolio. For the reasons explained above, the disclosures required by NZ CS 1 (i.e. GHG emissions calculation standards, consolidation approach and sources and exclusions) are qualified as follows:

- a. **Standards:** ISS ESG has internal controls over its data but this has not had a third party review. This independent assurance is planned to take place within the next year. In addition to this, Fisher Funds is developing its own sample testing process over emissions data that will be used to verify emissions for future disclosure periods.
- b. **Consolidation approach:** The entities in which each Portfolio is invested publish their GHG emissions data based on the consolidation approach selected by that entity. As a result, no single consolidation approach for aggregated GHG emissions across the portfolios can be stated.
- c. **Sources:** ISS ESG used several sources to determine the emissions factors and global warming potential (including the Intergovernmental Panel on Climate Change (IPCC) recommendations and regional or country-level factors) depending on the information available for the entity in which each Portfolio invested. As a result, no single source can be stated.
- d. **Exclusion criteria:** ISS ESG excluded data that was assessed as unreliable. However, the specific exclusion sources and underlying rationale were not disclosed. According to discussions with ISS ESG, any data that has been excluded was deemed insufficiently reliable for inclusion.

Appendix 4

Restatements

In future reporting years, Fisher Funds may need to restate values that have been published in the current reporting period where there has been a material change. For example, if an entity the portfolio invests in corrects previously reported emissions data, metrics that have been disclosed based on the incorrect information may also need to be corrected. Restatement will occur typically if data changes across the Portfolio are in aggregate 5% or more of total emissions.

Appendix 5

Net zero framework highest emitting sectors

The following table shows the highest emitting sectors from the NZIF and GICs.

Sector	GICS sector name	GICS sub industry code
Electric utilities	Energy	Integrated oil and gas Electric utilities
	Utilities	Independent power producers & energy traders Multi utilities
Oil & gas	Energy	Integrated oil and gas Oil & gas refining & marketing Oil & gas exploration and production Oil & gas storage & transportation
	Materials	Diversified chemicals
Oil & gas (plus distribution)	Energy	Oil & gas storage & transportation Oil & gas exploration & production
	Materials	Diversified chemicals
Coal mining	Energy	Coal & consumable fuels Oil & gas refining & marketing
	Consumer discretionary	Automobile manufacturers
	Industrials	Industrial conglomerates
	Materials	Trading entities & distributors Diversified metals and mining
Autos	Consumer discretionary	Automobile manufacturers
Airlines	Industrials	Airlines
Shipping	Energy	Oil & gas storage & transportation
	Industrials	Marine
Aluminium	Materials	Aluminium
	Industrials	Trading entities and distributors
Cement	Materials	Construction materials
Pulp & paper	Materials	Paper packaging Paper products
Steel	Materials	Steel
Chemicals	Materials	Commodity chemicals Diversified chemicals Fertilisers and agricultural chemicals Industrial gases Specialty chemicals
	Materials	Diversified metals and mining Copper Steel
	Information technology	Electronic equipment and instruments Technology hardware, storage and peripherals
	Industrials	Aerospace and defence Construction machinery and heavy trucks Heavy electrical equipment Electrical components & equipment
	Consumer discretionary	Consumer electronics
Other industrials	Materials	Construction materials

# Glossary

Term	Definition
Base year	The first financial year that a climate-related disclosure relates to. This is a 12-month period against which future metrics can be measured and provides a historic point for comparison.
Brown and green revenues	<p>The brown revenue percentage gives the estimated proportion of the issuer’s revenue considered to be derived from products or services with significant or limited obstruction to Sustainable Development Goal (SDG) 13 Climate Action.</p> <p>The green revenue percentage gives the estimated proportion of the issuer’s revenue considered to be derived from products or services with contributions to SDG 13 Climate Action.</p>
Delayed transition	Delayed transition assumes global annual emissions do not decrease until 2030. Strong policies are then needed to limit warming to below 2°C. Negative emissions are limited. This scenario assumes new climate policies are not introduced until 2030 and the level of action differs across countries and regions, based on currently implemented policies, leading to a ‘fossil recovery’ out of the economic crisis brought about by COVID-19. The availability of carbon dioxide removal (CDR) technologies is assumed to be low, pushing carbon prices higher than in net zero 2050. As a result, emissions exceed the carbon budget temporarily and decline more rapidly than in the well-below 2°C scenario after 2030 to ensure a 67% chance of limiting global warming to below 2°C. This leads to both higher transition and physical risks than the net zero 2050 and below 2°C scenarios.
Opportunities	The potentially positive climate-related outcomes for an entity. Efforts to mitigate and adapt to climate change can produce opportunities for entities, such as through resource efficiency and cost savings, the adoption and utilisation of low -emissions energy.
SBTs	<p>SBTs are goals that organisations set to reduce their greenhouse gas (GHG) emissions in line with the Paris Agreement to mitigate the worst effects of the climate crisis. Ratified by more than 190 countries, the Paris Agreement aims to limit the rise of global temperatures to well below 2°C above pre-industrial levels while also striving for a limit of 1.5°C.</p> <p>SBTs:</p> <ul style="list-style-type: none"><li>• No target – no clearly defined GHG emissions reduction targets are set by the entity.</li><li>• Non-ambitious target – a clearly defined GHG emissions reduction target set by the entity, however, the target is not aligned with the emissions reductions required to limit the global temperature increase to well below 2°C compared to pre-industrial levels.</li><li>• Ambitious target – a clearly defined GHG emissions reduction target is set by the entity that may be aligned with the emissions reductions required to limit the global temperature increase to well below 2°C compared to pre- industrial levels.</li><li>• Committed SBT – the entity has set an ambitious target. The entity has publicly committed to setting a SBT in line with the Science Based Targets Initiative.</li><li>• Approved SBT – an ambitious target has been set by the entity, which has been approved by the Science Based Targets Initiative.</li></ul>

Term	Definition
Scope 1 emissions	Scope 1 covers emissions from sources that an organisation owns or controls directly. For example, from burning fuel in a fleet of vehicles (if they are not electrically powered).
Scope 2 emissions	Scope 2 covers emissions that an company entity causes indirectly and come from where the energy it purchases and uses is produced. For example, the emissions caused when generating the electricity used in its buildings.
Scope 3 emissions	<p>Scope 3 covers emissions that are not produced by the entity itself and are not the result of activities from assets owned or controlled by them but by those that it is indirectly responsible for up and down its value chain. An example of this is when Fisher Funds buys, uses and disposes of products from suppliers. Scope 3 emissions include all sources not within the scope 1 and 2 boundaries.</p> <p>Source: <a href="https://www.nationalgrid.com/stories/energy-explained/what-are-scope-1-2-3-carbon-emissions">www.nationalgrid.com/stories/energy-explained/what-are-scope-1-2-3-carbon-emissions</a></p>
tCO <sub>2</sub> e	Tonnes (t) of carbon dioxide (CO <sub>2</sub> ) equivalent (e). Carbon dioxide equivalent is a standard unit for counting GHG emissions regardless of whether they are from carbon dioxide or another gas, such as methane.
Transition risk	Risks related to the transition to a low-emissions, climate-resilient global and domestic economy, such as policy, legal, technology, market and reputation changes associated with the mitigation and adaptation requirements relating to climate change.
TVaR	<p>TVaR measures the potential loss an asset might experience from future decarbonisation costs and opportunities.</p> <p>The Transition (and physical) VaR is an equity-based analysis, and its output should not be interpreted as the potential change in price of a bond. However, the VaAR remains a useful metric for fixed income as it is a holistic indicator of the issuer’s exposure to physical or transition risks, even if not directly material to the bond price itself.</p>
Upstream and downstream emissions	<p>Upstream emissions come from the production of an entity’s products or services.</p> <p>Downstream emissions come from the products’ use and disposal.</p>
VaR	VaR measures individual companies’ exposure to physical risks. Physical risks can have a financial impact on a company at both the operational and the market level.



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