Mercer

welcome to brighter

Climate Statement

Mercer (N.Z.) Limited

For the year ended 31 March 2025

A business of Marsh McLennan

Contents

Statement of Compliance

Mercer (N.Z.) Limited ('**Mercer NZ**', '**we**', '**us**' or '**our**') is a climate reporting entity as defined by section 461O of the Financial Markets Conduct Act 2013 ('**FMCA**').

As a climate reporting entity we have prepared the following climate-related disclosures for the registered managed investment schemes for which Mercer NZ acts as manager listed on page 7 ('**Mercer Schemes**' or '**Mercer Funds**' as applicable) covering the period between 1 April 2024 and 31 March 2025 as required by section 461ZC of the FMCA.

We confirm that the climate-related disclosures contained within this document comply with the Aotearoa New Zealand Climate Standards (the **'NZ CS**') issued by the External Reporting Board ('**XRB**'). The climate-related disclosures include all material disclosures in relation to the Mercer Funds.

In preparing the climate-related disclosures for the Mercer Funds we have elected to rely on the following Adoption Provisions:

Table 1.1: Adoption provisions

Adoption Provision 4: Scope 3 GHG emissions	Provides exemption from disclosure of Scope 3 emissions during the first and second reporting period. Refer to '**Scope of Emissions**' in Appendix C on page 56 for details about Scope 3 emissions of portfolio holdings.
Adoption Provision 5: Comparatives for Scope 3 GHG emissions	Provides exemption from disclosure of comparative information for Scope 3 greenhouse gas ('**GHG**') emissions information for the immediately preceding two reporting periods and third reporting period.
Adoption Provision 6: Comparatives for metrics	Provides exemption from disclosure of comparative information for the immediately preceding two reporting periods. In the second reporting period, the adoption provision allows for the disclosure of one year of comparative information for each metric.
Adoption Provision 7: Analysis of trends	Provides exemption from disclosing an analysis of the main trends evident from a comparison of each metric from previous reporting periods to the current reporting period. Applies to the first and second reporting period.
Adoption Provision 8: Scope 3 GHG emissions assurance	Provides exemption from including scope 3 GHG emissions from the scope of assurance engagements in relation to accounting periods ending before 31 December 2025.

Note on emissions disclosures: scope 1 and 2 greenhouse gas emissions do not pertain to Mercer NZ disclosures because, by virtue of section 461O of the FMCA, Mercer NZ is only classified as a reporting entity in respect of the schemes it manages, therefore no disclosures are required.

Ross Butler
Director, Mercer (N.Z.) Limited

29 July 2025

Paula Jackson
Director, Mercer (N.Z.) Limited

29 July 2025

Important notices

'**Mercer**' is a registered trademark of Mercer (N.Z.) Limited.

Except where expressly stated, this Climate Statement 2025 ('**Statement**') applies to the Mercer Funds.

Mercer NZ is part of the Mercer global group of companies (Mercer) and is a business of Marsh McLennan. References to Mercer shall be construed to include Mercer LLC and/or its associated companies.

The findings, ratings and/or opinions expressed herein are the intellectual property of Mercer and are subject to change without notice. They are not intended to convey any guarantees as to the future performance of the investment products, asset classes or capital markets discussed. Past performance does not guarantee future results. Mercer's ratings do not constitute regulated financial advice.

Information contained herein has been obtained from a range of third party sources. While the information is believed to be reliable, Mercer has not sought to verify it independently. As such, Mercer makes no representations or warranties as to the accuracy of the information presented and takes no responsibility or liability (including for indirect, consequential or incidental damages), for any error, omission or inaccuracy in the data supplied by any third party.

Any advice contained herein is of a general nature only and does not take into account the personal needs and circumstances of any particular individual. Prior to acting on any information contained in this document, you need to take into account your own financial circumstances, consider the Product Disclosure Statement for any product you are considering, and seek professional advice from a licensed, or appropriately authorised financial adviser if you are unsure of what action to take.

Risk warnings: The value of your investments can go down as well as up, and you may not get back the amount you have invested. Investments denominated in a foreign currency will fluctuate with the value of the currency. Certain investments carry additional risks that should be considered before making an investment decision.

Reliable data as at 31 March 2025 was not available at the time of finalising this Statement. Accordingly, the position as at 31 December 2024 has been used where indicated. We believe this position is a reliable approximation of the position as at 31 March 2025 for the Mercer Funds. Assets under management for the Mercer Funds are reported in NZ$, however climate metrics are expressed where relevant in US$ such as Carbon Footprint and Absolute Emissions as per international convention.

Please note that while climate metrics are reported on in this Statement in line with global consensus, there are many factors that can impact progress demonstrated using climate metrics, beyond emissions reduction. One such instance is the growth in company enterprise values, which all else being equal can lead to Carbon Footprint climate metrics appearing to decrease, while emissions remain constant or increase. We are currently undertaking detailed attribution analysis to better understand the drivers of change in climate metrics to enhance our management of our progress towards our Net Zero Target.

Some of the underlying data has been provided by MSCI which is ©2025 MSCI ESG Research LLC. Reproduced by permission. Although information providers, including without limitation, MSCI ESG Research LLC and its affiliates (the '**ESG Parties**'), obtain information from sources they consider reliable, none of the ESG Parties warrants or guarantees the originality, accuracy and/or completeness of any data herein. None of the ESG Parties makes any express or implied warranties of any kind, and the ESG Parties hereby expressly disclaim all warranties of merchantability and fitness for a particular purpose, with respect to any data herein. None of the ESG Parties shall have any liability for any errors or omissions in connection with any data herein. Further, without limiting any of the foregoing, in no event shall any of the ESG Parties have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

Calculated figures are rebased for representative full coverage. Corporate WACI figures represent Scope 1 and 2 emissions normalised by US$1M sales. Sovereign WACI figures represent CO_2e Emissions normalised by US$1M. GDP Proxies are applied where appropriate figures are based on best-available data at time of calculation. Calculation methodologies are subject to change based on evolving market standards. Figures may not sum to 100.00 due to rounding.

We note that only Scope 1 and 2 emissions data is included in this Statement, except where noted, and in our regular portfolio monitoring. This means that for some companies, carbon assessments could be considered an understatement. Scope 1, 2 and 3 emissions are as defined by the GHG protocol. To date there has not been sufficient confidence in Scope 3 emissions data, given the high degree of estimation, however, changing disclosure expectations should increase the data quality.

Other than Macquarie Bank Limited (MBL), none of the entities noted in this document are authorised deposit-taking institutions for the purposes of the Banking Act 1959 (Commonwealth of Australia). The obligations of these entities do not represent deposits or other liabilities of MBL. Any investments are subject to investment risk including possible delays in repayment and loss of income and principal invested. MBL does not guarantee or otherwise provide assurance in respect of the obligations of these entities, unless noted otherwise.

This Statement has been prepared by Mercer (N.Z.) Limited NZBN 9429040873121, New Zealand Financial Services Licence #FSP42742.

Welcome message

Kia ora,

Climate change and consideration for the potential investment implications have been referred to in Mercer's global investment philosophy or principles since 2018. We recognise climate change is a systemic risk and that limiting global average temperature increases to well below 2°C[1] is likely to be aligned with the best financial outcome for long-term diversified investors.

In 2021, Mercer NZ established a target to achieve net zero absolute portfolio carbon emissions[2] by 2050 for all assets under management in New Zealand ('**Net Zero Target**') and this has been reviewed and maintained in 2025, with some specific terminology updates. See the Metrics and Targets section on pages 29-31 for more detail on the Net Zero Target and some key assumptions that this relies upon.

Mercer NZ's climate-related investment principles, policy, target, and plan are informed by a range of research and analysis:

- Ortec Finance ClimateMAPS research and scenario analysis
- Mercer's climate transition framework and Analytics for Climate Transition ('**ACT**') tool
- Mercer's 2015 and 2019 Investing in a Time of Climate Change reports[3]
- Mercer's 2011 research on climate change and its implications for strategic asset allocation[4]

At Mercer NZ, we continue to evolve our thinking about how we incorporate climate-related risks and opportunities within our investment decision-making processes and across the Mercer Funds, and in the reporting period for the year to 31 March 2025, key activities included:

- Continuing to implement climate-related Governance, including review of the Mercer NZ Sustainable Investment Policy[5] (February 2025) ('**SI Policy**').
- Continuing to improve how we integrate various existing climate-related metrics into investment decision making and monitoring processes with the portfolio management teams and our appointed investment managers plus new additions such as improvements in integrating physical risks for unlisted real assets.
- Continuing to track progress towards our Net Zero Target and associated climate transition plan ('**Climate Plan**')[6], including a methodology review and refresh consistent with best practice e.g. on scaling to close data gaps and sovereign bond approach.

We hope investors and stakeholders will find this Statement useful.

Ngā mihi,

Padraig Brown
Chief Investment Officer, Mercer NZ

Sarah Whitelock
Consumer Wealth Leader, Mercer NZ

If you have any feedback or questions, please contact your Mercer representative or email CRDNZ@mercer.com.

[1] We note that the 2015 Paris Agreement has a core goal to limit global average temperature increase to well below 2° Celsius, while pursuing efforts to limit the increase to 1.5° Celsius.

[2] Defined as: absolute portfolio carbon emissions per $M of funds under management ('**FUM**'), Scope 1 & 2 emissions for the Mercer Investment Trusts New Zealand ('**MITNZ**') in aggregate. The Mercer KiwiSaver scheme, Mercer FlexiSaver, Mercer Super Trust, New Zealand Defence Force KiwiSaver Scheme and Defence Force Superannuation Scheme invest via the underlying MITNZ. Some of the funds in the Mercer Investment Funds invest via the underlying MITNZ. Please see page 30 for the updated scope for the updated Net Zero Target.

[3] iasj.org/wp-content/uploads/Investing-in-a-Time-of-Climate-Change-Mercer.pdf

[4] www.mercer.com/our-thinking/wealth/sustainable-investment.html

[5] The SI Policy is available on the www.mercerfinancialservices.co.nz and www.multimanager.mercer.co.nz websites or at www.disclose-register.companiesoffice.govt.nz (search under "Offers" for name of Scheme).

[6] As defined in our SI Policy.

Introduction

*The investment funds within the managed investment schemes for which Mercer NZ acts as Manager are listed on the next page ('**Mercer Schemes**' or '**Mercer Funds**' as applicable).*

This is our second Climate Statement, issued under the Financial Markets Conduct Act 2013 as amended by the Financial Sector (Climate-disclosure and Other Matters) Amendment Act 2021.

This Statement explains to current and prospective investors how Mercer NZ seeks to manage climate-related risks and consider climate-related opportunities for the Mercer Funds.

Why does climate change matter to investors?

The Principles for Responsible Investment (**'the PRI'**) is a United Nations-supported network and the world's leading proponent of responsible investment. The PRI provides the following introduction to climate change in the investor context:

Climate change will have significant physical and economic impacts on many different aspects of human activity, as identified by bodies including the Intergovernmental Panel on Climate Change ('IPCC')[7], the IMF[8] and the Bank of England[9]. Climate change is a systemic issue which affects all asset types and sectors. As such, it will impact the portfolio returns, asset valuations and asset allocation processes of asset owners with diversified, global portfolios. It will provide new investment opportunities [...] Climate change also introduces new risk.

More information on the relevance of climate change, why it matters to investors, the science, and how asset owners can approach climate change, can be found on the PRI website[10] and their introductory guide to climate change for asset owners.

[7] www.ipcc.ch/

[8] www.imf.org/en/Publications/WP/Issues/2019/10/11/Long-Term-Macroeconomic-Effects-of-Climate-Change-A-Cross-Country-Analysis-48691

[9] www.bankofengland.co.uk/-/media/boe/files/speech/2015/breaking-the-tragedy-of-the-horizon-climate-change-and-financial-stability.pdf

[10] www.unpri.org/introductory-guides-to-responsible-investment/an-introduction-to-responsible-investment-climate-change-for-asset-owners/5981.article

Mercer Funds covered by this Statement

You will find specific fund metrics in Appendix D from page 62.

Table 2.1: Mercer Funds covered by this Statement

Scheme Name	Mercer FlexiSaver[11]	Mercer Super Trust[12]	Mercer KiwiSaver scheme	New Zealand Defence Force KiwiSaver Scheme	Defence Force Superannuation Scheme	Mercer Investment Funds[13]
Fund Name	Mercer Cash	Mercer Cash	Cash	Cash	Cash	Mercer Macquarie NZ Cash Fund
	Mercer Conservative	Mercer Conservative	Responsible Conservative	Conservative	Conservative	Mercer Macquarie NZ Fixed Interest Fund
	Mercer Moderate	Mercer Moderate	Sustainable Moderate	Moderate	Moderate	Mercer Macquarie NZ Short Duration Fund
	Mercer Balanced	Mercer Passive Balanced	Sustainable Balanced	Balanced	Balanced	Mercer Macquarie Global Income Opportunities Fund
	Mercer Growth	Mercer Balanced	Sustainable Growth	Growth	Growth	Mercer Income Generator Fund
	Mercer High Growth	Mercer Passive Growth	Sustainable High Growth	High Growth	High Growth	Mercer Sustainable Balanced Fund
	Mercer Shares	Mercer Growth	Sustainable Shares	Shares	Shares	Mercer Macquarie Real Return Opportunities Fund
		Mercer High Growth				Mercer Global Shares Fund
		Mercer Shares				Mercer Core Global Shares Fund
						Mercer Core Hedged Global Shares Fund
						Mercer Emerging Markets Shares Fund
						Mercer Responsible Global Shares Fund
						Mercer Macquarie Australian Shares Fund
						Mercer Responsible Trans-Tasman NZ Shares Fund
						Mercer NZ Shares Passive Fund
						Mercer Responsible Hedged Global Fixed Interest Index Fund
						Mercer All Country Global Shares Index Fund
						Mercer Australian Property Index Fund
						Mercer Macquarie Global Listed Real Estate Fund
						Mercer Macquarie Global Listed Infrastructure Fund

The relevant Scheme's Product Disclosure Statement will provide you with information on the relevant Mercer Fund. These are available on the Disclose Register[14]. The Defence Force Superannuation Scheme is closed to new members. Scheme documents for the Defence Force Superannuation Scheme can be found on the Disclose Register.

[11] The New Zealand Defence Force FlexiSaver Scheme is not a separate managed investment scheme, but a section within Mercer FlexiSaver. In this Statement, information for the funds within the New Zealand Defence Force FlexiSaver Scheme is reflected in the Mercer FlexiSaver funds.

[12] In accordance with section 461ZC of the FMCA, Mercer NZ is required to complete a climate statement for the Mercer Super Trust as a whole as the liabilities of each fund are not absolutely limited to that fund.

[13] The Mercer NZ Shares Fund, Mercer Ethical Leaders Conservative Fund and Mercer Ethical Leaders Growth Fund were closed during the reporting period.

[14] The Disclose Register can be accessed here: www.disclose-register.companiesoffice.govt.nz (search under "Offers" for name of Scheme).

Mercer NZ as the Manager of the Mercer Schemes is responsible for the Mercer Funds' design and implementation. This includes the investment objectives and allocations to different investment manager strategies and monitoring those strategies against objectives within various market contexts, as well as reporting. Our local investment team draws on Mercer's global investment research, financial tools, and advice. Mercer NZ does not directly select securities – we appoint and rely on external investment managers to invest on our behalf. Mercer NZ may also rely on third-party Environmental, Social and Governance ('**ESG**') research providers and their methodologies to implement our approach to climate change, for example, by providing carbon emissions data on portfolio companies.

Labelled funds

Mercer NZ manages a range of responsible and sustainable-labelled funds (identified as such in their relevant offer documentation). The criteria for both responsible and sustainable-labelled funds require additional exclusions to be applied. Sustainable-labelled funds also typically aim for a higher allocation to sustainability themes via the appointed investment managers than an equivalent fund which is not a sustainable-labelled fund. We currently use the following guidance for categorising a sustainable-labelled fund and examples of features these funds may include:

- exposure to underlying strategies where Mercer manager research categorises their idea generation process as preferencing exposure to sustainability-themed companies or assets or underlying funds classified by the Responsible Investment Association of Australasia ('**RIAA**') as Sustainable; and
- funds meet a threshold exposure to sustainable-themes where the allocation to these defined strategies can be assessed as a majority of the Strategic Asset Allocation (adjusted for Cash and Sovereign bonds allocation if any) for diversified funds and a substantial majority for single-sector funds.

Please refer to the SI Policy here which provides specific details.

Our guiding framework

We aim to make our approach and disclosure consistent with the NZ CS framework developed by the XRB. Based on the XRB analysis[15], we consider there is a high degree of interoperability between NZ CS and the Task Force on Climate Related Financial Disclosures ('**TCFD**') recommendations, now incorporated within the International Sustainability Standards Board ('**ISSB**') standards.

Climate-related Disclosure ('**CRD**') reporting is categorised into four key areas – governance, strategy, risk management, and metrics and targets.

Figure 2.2: CRD Reporting Framework

Governance
The organisation's governance around climate-related risks and opportunities

Strategy
The actual and potential impacts of climate-related risks and opportunities on the organisation's business, strategy, and financial planning

Risk Management
The processes used by the organisation to identify, assess, and manage climate-related risks

Metrics and Targets
The metrics and targets used to assess and manage relevant climate-related risks and opportunities

[15] Publication XRB position statement: International alignment of climate reporting https://www.xrb.govt.nz/dmsdocument/5035

Governance

Mercer NZ has a sustainable investment governance structure with responsibilities allocated at Board and Management levels, with inputs and oversight by Mercer global investment leadership and integration responsibilities across the organisation. The below figures outline Mercer NZ's governance and structures relevant to sustainable investment and climate.

Figure 3.1

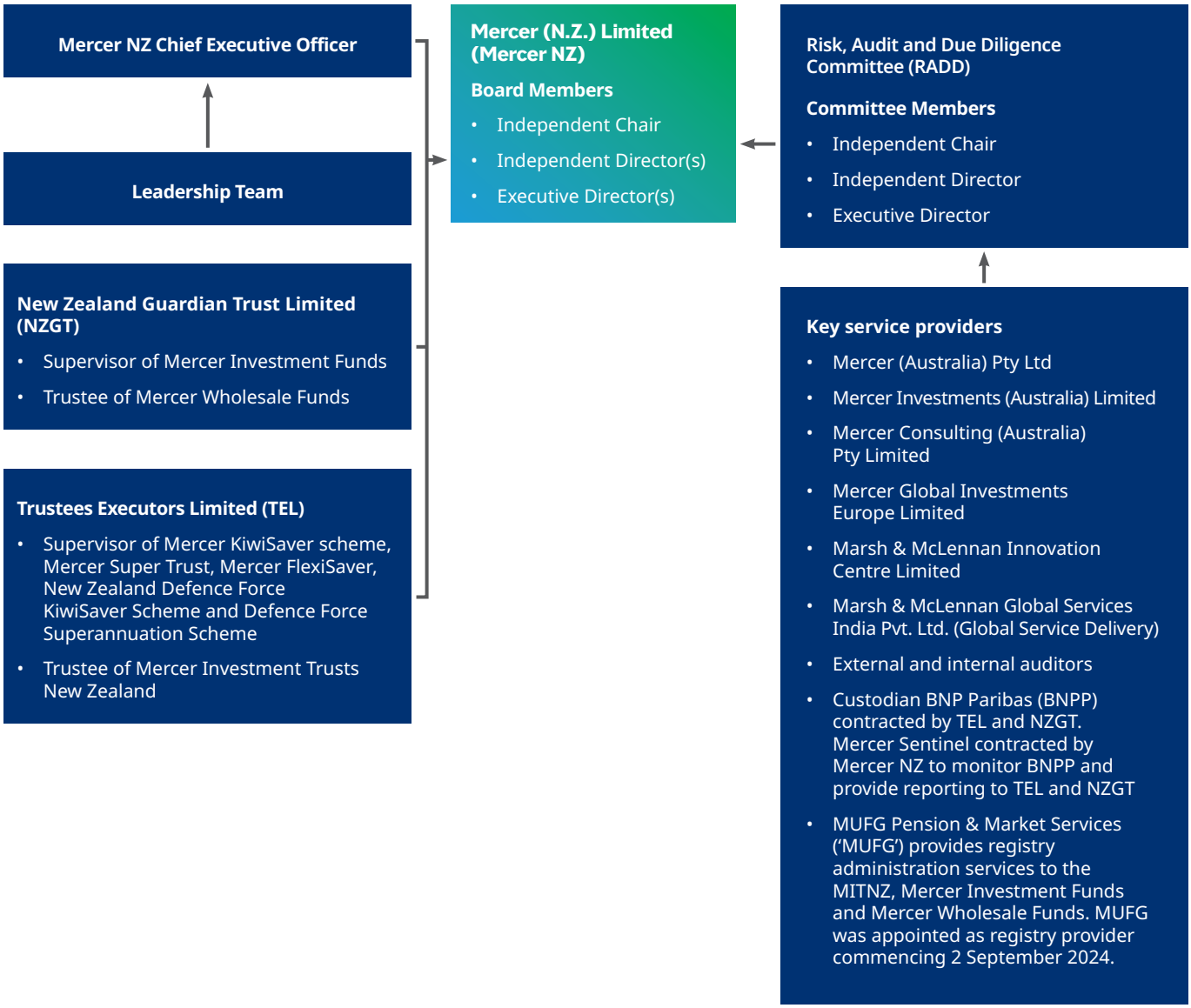


Figure 3.2

Mercer NZ Board

The Mercer NZ Board is ultimately responsible for ensuring effective governance of climate risks and opportunities for the Mercer Funds. The Board:

- receives sustainable investment updates generally on a semi-annual basis on a range of topics
- approves strategic asset allocation recommendations at least annually which integrate sustainable investment considerations such as the Net Zero Target
- approves the SI Policy which plays an important role in establishing how we translate and achieve our sustainable investment principles, including in relation to climate change. The SI Policy is updated on an annual basis
- approves Mercer NZ's material risks, risk appetite and tolerances and supporting risk management and compliance policies
- reviews the Annual Sustainable Investment Review, including a suite of climate metrics analysed across the Mercer Funds and progress tracking against the Net Zero Target. This includes a climate transition risk assessment using Mercer's proprietary ACT tool for nearly all asset classes in the portfolio (excluding only derivatives and some cash)
- on an annual basis, endorses climate metrics and targets for the purposes of CRD reporting, as approved by RADD, and approves this Statement for publication

RADD

The RADD oversees and ensures the effectiveness of risk management, internal controls and due diligence processes within the organisation, including in relation to climate-related risks. The RADD:

- on an annual basis, approves the climate metrics and targets for the purposes of CRD reporting for Board endorsement
- oversees and monitors compliance with Government regulations and regulatory change, including the Financial Markets Conduct Act
- reviews and monitors the effectiveness of the Risk & Compliance Frameworks, management systems and control environments; monitors, escalates and provides assurance to the Board in relation to risk exposures and emerging risks
- recommends the risk appetite and tolerances to the Board for approval and ensures material risks are identified and controls are in place

Management

Under delegation from the Board, the Chief Investment Officer (CIO) NZ is responsible for incorporating appropriate sustainable investment factors, including climate, within the relevant Mercer Funds' investment strategy and implementation program. The CIO NZ reports to the Board quarterly on investment matters and is supported by:

Sustainable Investment team	Investment Committees	ESG Disclosure Steering Committee	Sustainable Investment Consulting team
A dedicated Sustainable Investment team, led by a Head of Sustainable Investment, works closely with the investment committees, portfolio managers, analysts and the wider investment management team, on execution across all key areas of decision making (i.e. within strategy, portfolio construction, manager selection, appointment and monitoring, and the sustainable investment program). The Sustainable Investment team provides annual reporting to the Board on matters such as the SI Policy and Annual Sustainable Investment Review, supported by the Sustainable Investment Consulting team.	The Mercer NZ Asset Allocation Committee is an investment management committee which oversees recommendations on investment strategy for the Mercer NZ Diversified Portfolios. These may include how investment strategy changes impact climate metrics and the pathway to net zero. The Committee meets quarterly and additional meetings are held as required. The Pacific Public and Private Markets Investment Committees are responsible for overseeing investment decisions for the Mercer Funds such as manager selection and portfolio construction. Manager selection processes typically consider the ESG capability of investment managers, where relevant, and the climate-related implications of specific strategies. The Public Markets Investment Committee meets at least six times per year, and the Private Markets Investment Committee meets quarterly; additional meetings may be held as required. Pacific sustainable investment frameworks are overseen by a new Sustainable Investment Committee Australia (February 2025), which has close collaboration with the Mercer NZ ESG Disclosure Steering Committee.	The Mercer NZ ESG Disclosure Steering Committee is tasked with overseeing the disclosure of ESG information for the Mercer Funds. Its objectives include monitoring regulatory and legislative developments for compliance across offer documents and communications. The Committee aims to implement Mercer's global frameworks, facilitate responses to significant client queries and assist in developing best practice for ESG disclosures to investors including business proposal frame works. Additionally, the Committee coordinates responses to regulatory bodies.	The Sustainable Investment and broader investment management team work closely with the Sustainable Investment consulting and research teams to perform a range of climate-related research, collaboration, engagement and reporting responsibilities, leveraging our local and global thought leadership. The team supports the Sustainable Investment team in annual reporting to the Board.

Global

Ensuring alignment with Mercer's global investment philosophy.

Locally and globally, we recognise the importance of capturing climate considerations and monitoring for developments within investment decisions in CIO meetings and governance committees. The NZ CIO and investment teams are supported by a global CIO network and sustainable investment discussion forums and coordination between global counterparts. In addition, global research groups provide strategic input through thought leadership and guidance on integration of SI risks and opportunities across asset classes and insights on sustainability themed strategies.

Mercer NZ Board

The Mercer NZ Board guides and oversees the operations and strategy of the Mercer Funds, and is ultimately responsible for ensuring effective governance of climate risks and opportunities for the Mercer Funds.

As at 31 March 2025, the Board comprised of five directors, three of whom are independent, non-executive directors (including the Chair). The Board leverages diverse skills, experience and knowledge for effective decision-making and governance. The Board maintains a Board Skills Matrix to document the collective skills, experience, and knowledge necessary to fulfil its responsibilities.

The Mercer NZ Board is informed on climate-related risks and opportunities and how these may influence decisions in relation to risk management, strategy setting, implementation, and monitoring, as well as ESG and climate-related regulatory and legislative obligations.

Climate-related performance metrics are not incorporated into remuneration policies.

The RADD is a subcommittee of the Board, chaired by one of its independent, non-executive directors. RADD is delegated with the responsibility of providing oversight and assurance to the Board regarding risk management, compliance and relevant governance within Mercer NZ, including in relation to ESG and climate-related matters. RADD reports to the Board on a quarterly basis.

Management

The NZ CIO is responsible for incorporating appropriate climate change concepts into the Mercer Funds' investment strategy and implementation program. The NZ CIO is actively supported by the Portfolio Management team and a dedicated Sustainable Investment team, led by a Head of Sustainable Investment, in execution on an ongoing basis across all key areas of decision making, including strategy, portfolio construction, manager selection and monitoring, and the sustainable investment program. The teams also work closely with the Sustainable Investment consulting and research teams, leveraging local and global thought leadership. Management-level investment committees (the Mercer New Zealand Asset Allocation Committee, the Public and Private Markets Investment Committees, and the Sustainable Investment Committee Australia) provide governance and oversight of decision-making on the incorporation of ESG factors into investment decisions where relevant. The NZ CIO and investment team are supported by global CIO and sustainable investments teams, which helps to leverage insights to enrich local ESG and climate-related discussions and align with broader investment strategies and sustainability goals.

Additional oversight of ESG and climate-related disclosure and operational matters is undertaken by the Mercer NZ ESG Disclosure Steering Committee including oversight of the CRD project team and preparation of the Statement.

The New Zealand Defence Force Savings Schemes funds

In relation to the New Zealand Defence Force KiwiSaver Scheme, the New Zealand Defence Force FlexiSaver Scheme (which is not a separate managed investment scheme, but a section within Mercer FlexiSaver) and Defence Force Superannuation Scheme, the Chief of Defence Force has various consultation, approval and other rights (but is not a governing body or management in relation to this Statement).

Strategy

A core principle of Mercer NZ's sustainable investment strategy is that investors should consider the potential financial impacts of both the associated transition to net zero and the potential physical impacts of different climate outcomes, which informs our strategic response.

As we are the manager of the Mercer Schemes and make investment decisions on behalf of our members and investors, our role in understanding and assessing the impacts of climate change on our investment portfolios, and how these may emerge over the investment horizon, is critical in determining how these are addressed in our investment strategies.

We use a top-down and bottom-up approach:

- **Top-down:** primarily informed by climate scenario analysis.
- **Bottom-up:** primarily informed by a transition assessment tool and physical risk analysis and assessments.

Sustainable Investment Policy

Mercer's global investment principles reflect the importance of systemic risks like climate change in portfolio considerations. Financial impacts are driven by two key sources of change:

1. The physical risks expected from an increase in average global temperatures.
2. The associated transition of our economy to net zero greenhouse gas emissions.

Both these changes provide potential risks and opportunities for investors. We therefore consider the potential financial impacts at a diversified portfolio level, as well as in portfolio construction within relevant asset classes (for example, excluding some cash) and in certain investment manager selection and monitoring processes.

The SI Policy includes a dedicated section that outlines a summary of the target and the Climate Plan, which is provided in the Risk Management section on page 25 of this Statement.

Integrating climate change considerations into investment processes is one of the key techniques we use to implement ESG considerations into the Mercer Funds.

We have three key implementation approaches where relevant and consistent with stated investment objectives.

Table 4.1: The Three Pillars of our Approach

	**Integration** Incorporating climate-related analytics and qualitative insights into investment management processes to help inform strategic asset allocation, portfolio construction, investment strategy allocations and monitoring decisions within asset classes and multi-asset portfolios with an aim to enhance portfolio resilience.
	**Stewardship**[16] Engaging on climate-related topics e.g. high emitting companies and their decarbonisation targets and implementation plans, primarily via our appointed investment managers and together with policymaker engagement e.g. via consultation processes. Engagement and proxy voting to improve investment outcomes by leveraging investor rights and influence. Engagement is preferred over an exclusion approach as we expect this has a greater probability of supporting real world emissions reductions, not just portfolio reductions.
	**Investment in sustainability themes** Investment in themes may provide additional risk-adjusted return opportunities and is the approach adopted by some of our appointed investment managers in strategies that identify longer-term environmental and social themes and seek to invest in companies delivering solutions to identified challenges.

We may also use exclusions as an implementation technique for Directed Investments[17] in the sustainable or responsible labelled funds, although our overarching preference is for engagement rather than exclusion.

The SI Policy here provides further information on exclusions for Directed Investments which are investments where we can direct and control our exposure to individual securities via our appointed investment managers, including through individually managed portfolios of securities.

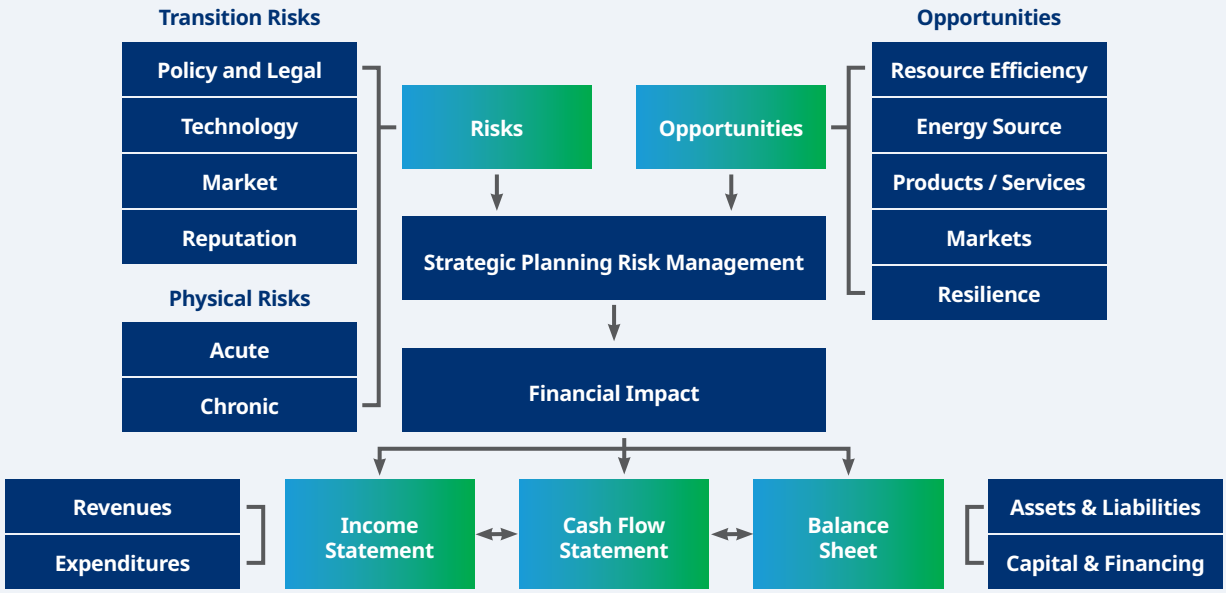
[16] "**Stewardship**" is an umbrella term for a wide range of activities. In the context of our climate-related activities covered in this Statement, we primarily mean our engagement with appointed investment managers and collaborative company engagement, as described above. Our voting model delegates voting to appointed investment managers, and we expect investment managers to vote in a manner deemed most likely to protect and enhance long-term value.

[17] "**Directed Investments**" are investments where we can direct and control our exposure to individual securities via our appointed investment managers, including through individually managed portfolios of securities. Directed Investments do not include our investments in pooled vehicles (including managed investment schemes and exchange traded funds) where we cannot direct or control our exposure to individual securities within the pooled investment. Directed Investments also do not include some forms of derivatives.

Current climate-related impacts

Mercer NZ recognises that the risks and opportunities arising from climate change are diverse and continuously evolving. This is demonstrated well in the below Figure which was taken from the Final Report issued by the TCFD. Further information on this is found in Appendix A on page 50.

Figure 4.1: Climate-Related Risks, Opportunities and Financial Impact



Source: Final Report, Recommendations of the Task force on Climate-related Financial Disclosures (June 2017)

Climate change presents risks and opportunities over the short, medium, and long term, which we aim to better understand and mitigate where possible. The ability for Mercer NZ and our appointed investment managers to consider, anticipate and respond to emerging changes over different time periods are important for reviewing the positioning of the Mercer Funds with regard to the various scenarios. Some timeframe examples are outlined on pages 18 and 19.

Short term (5 years)

Over the short term, risks and opportunities may present themselves through rapid market re-pricing relating to climate transition. These include but are not limited to:

- **Scenario pathways become clearer.** For example, it becomes increasingly likely that a sub-2°C scenario occurs.
- **Market awareness grows.** For example, the implications of the physical risks of climate change become clearer to markets and may begin to show early reflections in asset valuations.
- **Policy changes unexpectedly surprise markets.** For example, if a carbon price or a significant regulatory requirement is introduced across key markets to which the portfolio is exposed, at a sufficiently high price to impact behaviour.
- There is perceived or real increased pricing of greenhouse gas emissions - carbon and methane primarily.
- There is a substitution of existing products and services with lower emission alternatives.
- Litigation risk relating to dangerous warming becomes more prevalent.
- There are increases in the energy/heat efficiency of buildings and infrastructure.

Medium term (10 years)

Over the medium term, risks and opportunities associated with the transition to a low carbon economy are still likely to dominate relative to the physical risks of climate change. These include but are not limited to:

- The development of technology and low carbon solutions.
- Policy and regulation are also likely to play a key role at the international, national, and regional level.
- Technology and policy changes are likely to produce leaders and laggards both between and within sectors.
- Advancement of the transition is likely to crystallise stranded asset[18] risks over the medium term.

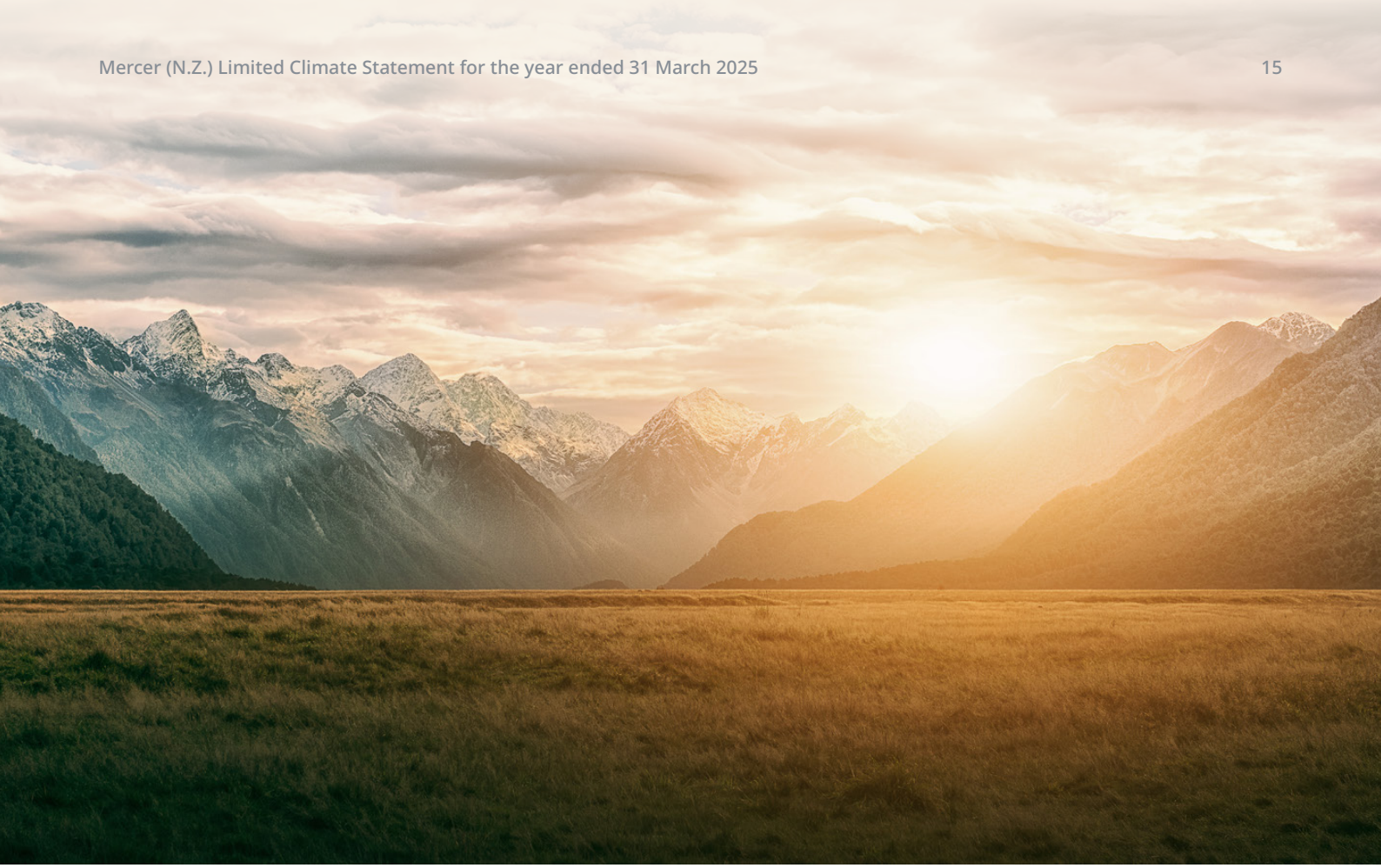
Long term (40 years)

Over the long term, physical risks are expected to come to the fore. This includes but is not limited to:

- Where the impact of natural catastrophes leads to physical damages through extreme weather events.
- Availability of resources is expected to become more important if changes in weather patterns (e.g. temperature or precipitation) affect the availability of natural resources such as water or heat stress significantly impacts productivity.

Please see Appendix A on page 53 for more on the limitations in modelling systemic physical risks, particularly over the longer term, and our understanding that physical risks are likely to be underestimated in our current modelling.

[18] "**Stranded assets**" are "assets that have suffered from unanticipated or premature write-downs, devaluations or conversion to liabilities". Climate change is expected to cause a significant increase in stranded assets for carbon-intensive industries and investors, with a potential ripple effect throughout the world economy.



Impact of climate-related risks and opportunities

Mercer NZ acknowledges the wider social and economic risks posed by climate change and that for Mercer NZ the greatest expected impact to the Mercer Funds is the potential impact on achieving investment objectives. Members' and investors' outcomes rely on investment returns, which are directly related to the value of the underlying assets. The value of these underlying assets are increasingly expected to be impacted by climate-related risks and opportunities and the aim is therefore to position portfolios to mitigate risks and maximise opportunities where possible.

The strategic asset allocation of the multi-asset funds is diversified across asset classes, sectors and geographies, and the single sector funds are diversified across sectors and, where applicable, geographies. Diversification is expected to be beneficial to some extent, however, we recognise that climate-related risks are systemic and cannot be addressed solely through diversification. Therefore, we expect that assessing and prioritising the most likely portfolio contributions to climate-related risk and opportunity, alongside other traditional investment considerations, and adopting a variety of stewardship strategies are where actions are best directed. For example, there are asset classes such as global listed infrastructure and emerging market equity that may have high emissions contributions but are also expected to enhance risk-adjusted returns in various ways for example, through additional diversification benefits and inflation protection.

Addressing future risks and opportunities

Mercer NZ seeks to consider:

- the potential climate-related impact on the most popular arrangements[19], including a range of strategic asset allocations.
- mechanisms other than investment strategy, for example stewardship, as detailed in the Risk Management section on page 27.
- investment manager expectations and how they can best support and implement opportunities to reduce climate-related risks exposure and maximise opportunities over various time periods.

[19] "**Popular arrangements**" refers to funds with the largest funds under management or number of members. For Mercer NZ, this is considered at the MITNZ level.

Analysis of the Mercer Funds' climate-related risks and opportunities

We have looked at the potential impacts on, and resilience of, the Mercer Funds to climate-related risks and opportunities, taking into consideration different climate-related scenarios.

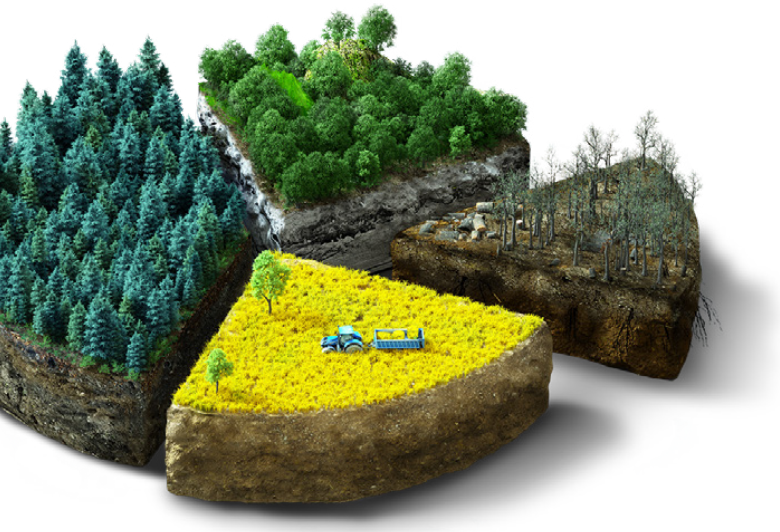
Climate scenario analysis

The chosen scenarios can help Mercer NZ as a manager better understand the likely resilience of each Mercer Fund's investment strategy to different potential warming pathways covering eventual temperature increases over different timeframes.

There was no material change in the diversified Mercer Funds' strategic asset allocation since our first Climate Statement therefore we have relied on the climate scenario analysis undertaken based on the strategic asset allocation of the respective fund arrangements (as at 31 March 2024[20]). We have assessed the potential implications under three different scenarios: **Rapid Transition**, **Orderly Transition** and **Failed Transition** (further details are below). Scenario analysis is proposed to be undertaken every two to three years as portfolios or scenarios change. There have been some scenario updates by our scenario analysis partner in May 2025, which we will consider over the next twelve months. This includes recognition that even a Rapid Transition scenario is now more likely to equate to 1.6 rather than 1.5°C, renaming the Orderly Transition to Delayed Transition and modelling this on 1.9 rather than 1.8°C. However, given the analysis has not been updated, we have retained the original wording from our 2024 scenario analysis.

Mercer partnered with Ortec Finance and Cambridge Econometrics to develop climate scenarios that are grounded in the latest climate and economic research and give practical insights for investors. The scenarios are constructed to explore a range of plausible futures over periods up to 40 years, rather than exploring tail risks.

In shorter timeframes, transition risk tends to dominate while over longer timeframes physical risk will be the key driver of climate impacts. A key strength of our scenarios is that they allow for climate impacts to be "priced-in" before they happen. This reflects likely market dynamics and means climate impacts are more likely to fit within investment timeframes.



Our analysis uses the following three core (hypothetical) scenarios:

A Rapid Transition – Average temperature increase of 1.5°C by 2100. Sudden divestments across multiple securities in 2025 to align portfolios to the Paris Agreement goals, which have disruptive effects on financial markets with sudden repricing followed by stranded assets and a sentiment shock. Following this shock, there is a partial recovery.

An Orderly Transition – Average temperature increase of less than 2°C (modelled on 1.8°C) by 2100. Political and social organisations acting quickly and predictably to implement the recommendations of the Paris Agreement to limit global warming to well below 2°C. Transition impacts occurring but are relatively muted across the broad market.

A Failed Transition – Average temperature increase above 4°C (modelled on 4.3°C) by 2100. The world fails to coordinate a transition to net zero and global warming exceeds 4°C above pre-industrial levels by 2100. Physical climate impacts cause large reductions in economic productivity and increasing impacts from extreme weather events, reflected in repricing events in the late 2020s and late 2030s.

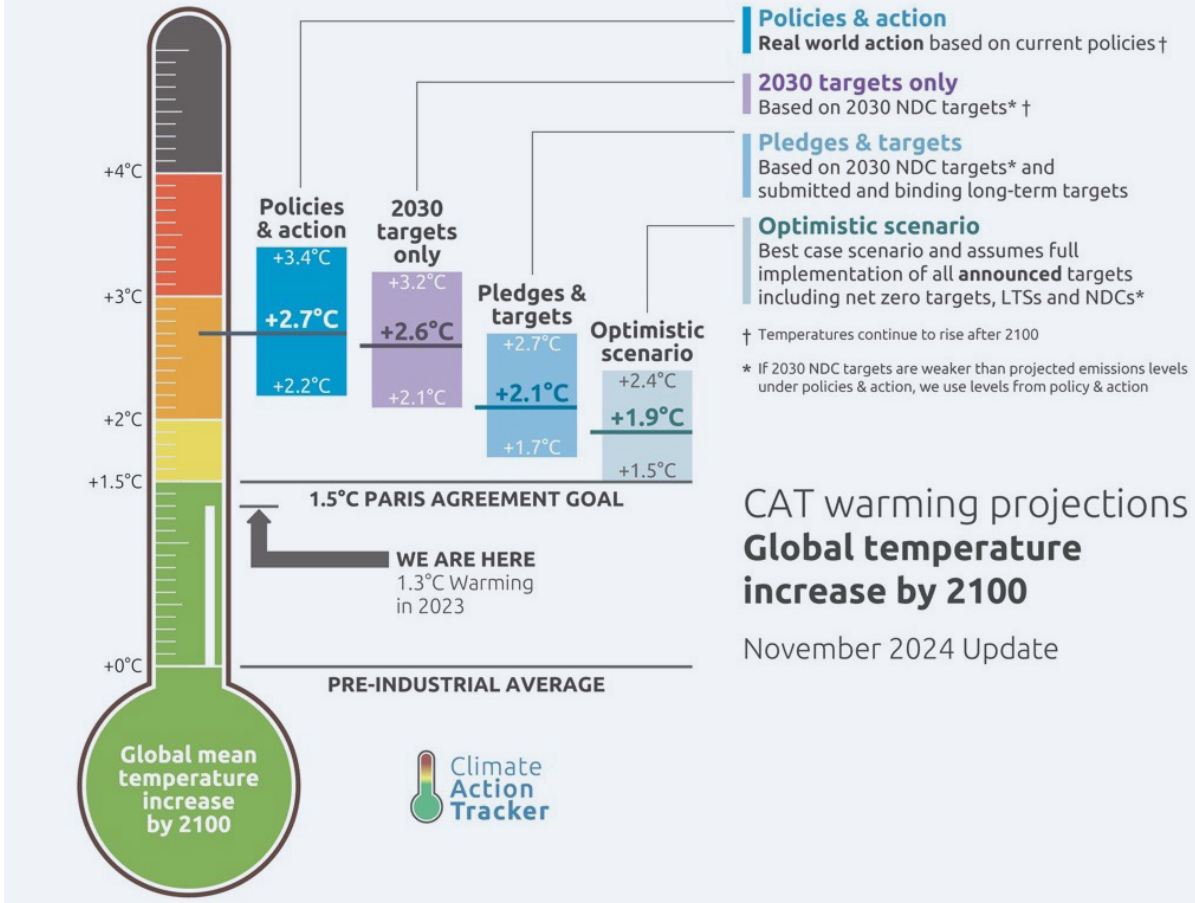
These scenarios are compared against a baseline, which reflects Mercer's climate aware capital market assumptions which factor in our view on which scenarios markets are currently anticipating and pricing in (Appendix A on page 52 contains more information about this including the underlying assumptions used for the climate scenario analysis).

While every investor has a particular timeframe, the selected scenario modelling illustrates potential impacts over a 40-year period and includes the ability to review shorter periods, e.g. 5 and 10 years. We expect the modelling to be most beneficial when it reflects investor-relevant time periods and the longer outlook.

The Climate Action Tracker Thermometer, in Figure 4.2 on the next page, shows "median" warming temperature estimates by 2100. For example, as at December 2023, there is a 50% chance that temperature increases (relative to the pre-industrial average) will exceed 2.0°C based on current pledges and targets. We have shown how the colour coded scenarios listed above relate to the temperatures on the thermometer.

[20] The Mercer Passive Balanced fund and the Mercer Passive Growth fund in the Mercer Super Trust were opened on 1 November 2024 and scenario analysis for these funds was undertaken based on their strategic asset allocation as at 31 March 2025.

Figure 4.2: Climate Action Tracker Thermometer[21] (November 2024)



[21] climateactiontracker.org/global/cat-thermometer

Summary of scenario analysis results for selected Mercer Funds

For the purpose of this Statement, we carried out climate change scenario analysis on the strategic asset allocation ('**SAA**') for each Mercer Fund (this includes single sector and diversified portfolios) and to illustrate potential implications under the three different scenarios outlined above. We selected the Mercer Balanced fund[22], the Responsible Conservative fund[23] and the Sustainable Balanced fund[24] in order to represent and comment on the results in this part of the Statement. These funds are the largest by funds under management, representing one third of the total assets reported in this Statement and cover a sample of distinct asset allocations. Due to the long-term nature of the climate change scenario analysis, we assessed the impact of climate scenarios against our SAA implemented as at 31 March 2024 given the time horizons, rather than including the shorter-term dynamic asset allocation ('**DAA**') overlay and rather than actual fund holding data. Details for the Climate Scenario Model used by Mercer NZ can be found in Appendix A on page 50 and details for the climate scenario analysis for all of the Mercer Funds can be found in Appendix D from page 62.

Outputs shown in the table below illustrate the 5, 10, 30 and 40-year projection across each scenario for the additional climate impact on returns expected annually, relative to the baseline[25].

Please see Appendix D from page 62 for the climate impact for each Mercer Fund. Our climate scenario analysis provides projection over four timeframes which includes a 30-year projection in addition to the 5, 10 and 40-year timeframes.

Table 4.2: Projected climate impacts on returns

	Mercer Balanced			Responsible Conservative			Sustainable Balanced		
	Annualised Returns (%)		Cumulative Returns (%)	Annualised Returns (%)		Cumulative Returns (%)	Annualised Returns (%)		Cumulative Returns (%)
Scenario and timeframe	Expected Return (Baseline)	Climate Impact	Climate Impact	Expected Return (Baseline)	Climate Impact	Climate Impact	Expected Return (Baseline)	Climate Impact	Climate Impact
Rapid Transition									
Impact at 5 years	7.4%	-1.0%	-4.7%	5.5%	-0.4%	-1.8%	7.3%	-0.8%	-3.7%
Impact at 10 years	7.6%	-0.5%	-4.9%	5.7%	-0.2%	-1.5%	7.5%	-0.4%	-3.7%
Impact at 30 years	7.9%	-0.1%	-2.0%	6.1%	0.0%	0.5%	7.8%	0.0%	-0.7%
Impact at 40 years	7.3%	0.0%	-0.5%	5.4%	0.0%	1.1%	7.2%	0.0%	1.0%
Orderly Transition									
Impact at 5 years	7.4%	-0.3%	-1.5%	5.5%	-0.1%	-0.5%	7.3%	-0.3%	-1.4%
Impact at 10 years	7.6%	-0.1%	-1.1%	5.7%	0.0%	0.0%	7.5%	-0.1%	-0.9%
Impact at 30 years	7.9%	-0.1%	-2.0%	6.1%	0.0%	0.2%	7.8%	-0.1%	-1.6%
Impact at 40 years	7.3%	-0.1%	-4.6%	5.4%	0.0%	-1.9%	7.2%	-0.1%	-4.2%
Failed Transition									
Impact at 5 years	7.4%	0.2%	0.7%	5.5%	0.0%	0.2%	7.3%	0.1%	0.5%
Impact at 10 years	7.6%	-0.2%	-1.9%	5.7%	-0.1%	-1.0%	7.5%	-0.2%	-2.2%
Impact at 30 years	7.9%	-0.8%	-20.1%	6.1%	-0.3%	-9.1%	7.8%	-0.8%	-20.4%
Impact at 40 years	7.3%	-0.8%	-26.0%	5.4%	-0.3%	-12.5%	7.2%	-0.8%	-26.4%

While the impacts on returns are generally muted on an annualised basis, we believe they are quite significant on a longer-term cumulative basis.

[22] For the purpose of this part of the Statement, Mercer Balanced fund covers both the Mercer Balanced fund in the Mercer Super Trust and the Mercer Balanced fund in Mercer FlexiSaver.

[23] Responsible Conservative fund in the Mercer KiwiSaver scheme.

[24] Sustainable Balanced fund in the Mercer KiwiSaver scheme.

[25] At a market level transition risks are reasonably priced in; however longer-term physical risks are more likely to be mispriced. Transition risks remain at sector level and at the market level due to the potential for more extreme transition scenarios to occur. We express this view by modelling scenarios relative to a climate aware baseline.

Table 4.3: Projected climate impacts on returns over different time frames

Time Horizon	Diversified Fund
Short-term (5 years)	Transition risk dominates, with the Rapid Transition having the biggest impact over a 5-year period, with this timeframe muted for the Orderly and Failed Transition scenarios.
Medium-term (10 years)	Over the medium term, physical risks and transition risks have material negative impacts on returns in the Failed and Rapid Transition scenario, which do not eventuate in the Rapid and Orderly Transitions.
Long-term (40 years)	Over the long term, physical risks continue to drive meaningful annual drags on return, which do not eventuate in a Rapid or Orderly Transition scenario. We also know physical risks modelling cannot capture the full systemic impacts that may emerge. This is why adaptation, together with transition, are expected to be considerations in the sustainability-themed allocations as discussed earlier in the Strategy section.

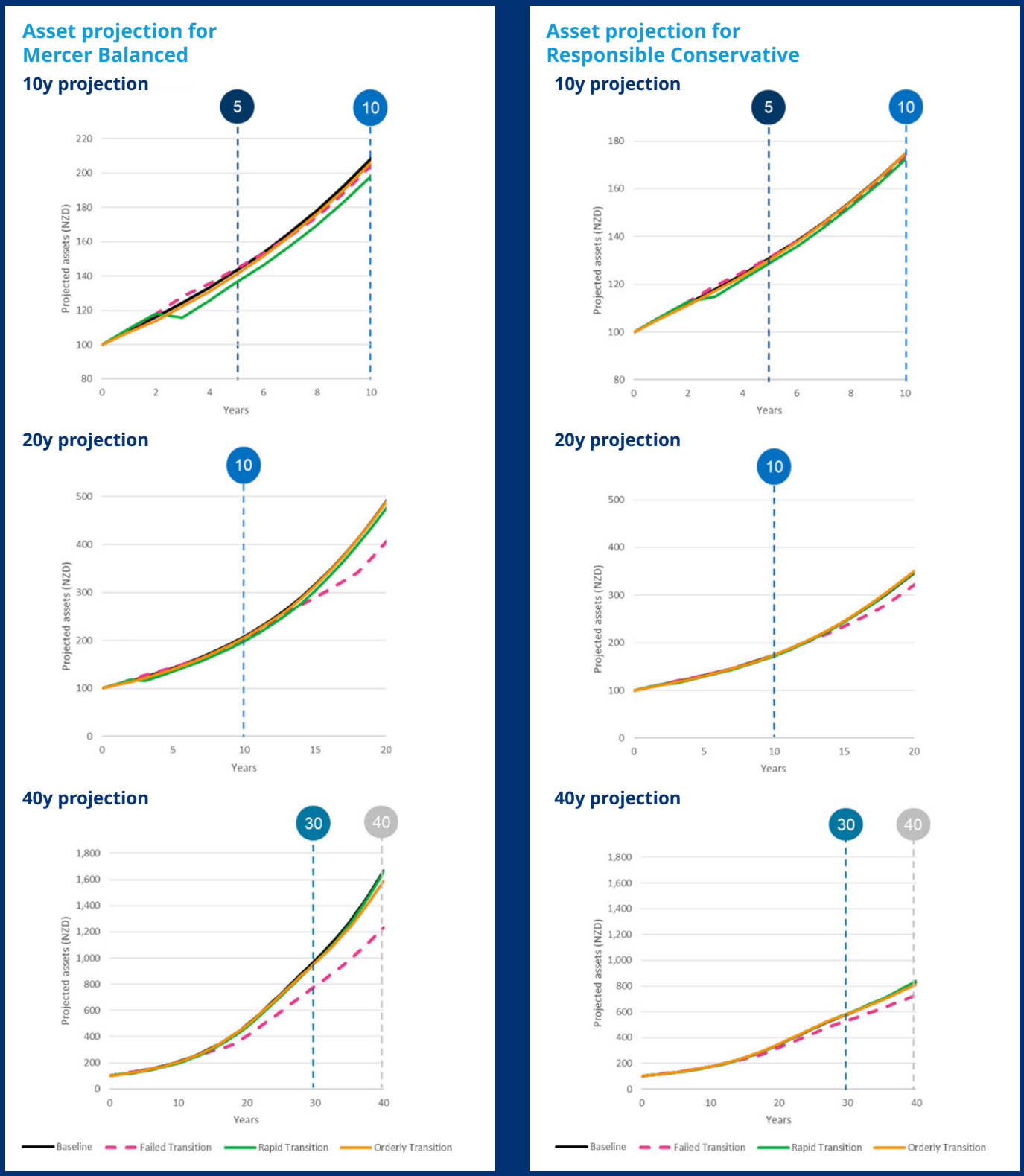
Within asset classes, sector exposures are important and can have meaningfully divergent results under different climate scenarios.

Climate return impacts

Overall, lower warming scenarios, ideally achieved through an Orderly Transition, are in the best interest of the strategies. However, short-term transition risks are linked with the Rapid Transition associated with limiting warming to 1.5°C, largely due to policy drivers.

The below chart/s illustrate the 10, 20, and 40-year projection across each scenario for a NZ$100 asset value. These provide Mercer NZ with an indication of how resilient each fund's investment strategy may be in different climate change scenarios. The projected impact of these scenarios on the investment returns of each fund's investment strategies can be seen in the below Figure.

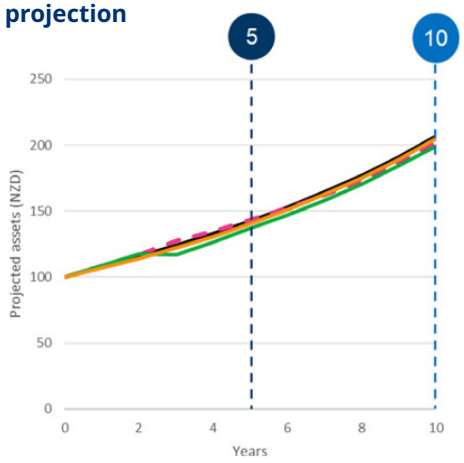
Figure 4.3: Asset value projection for a representative fund – across three timeframes and all transition scenarios[26]



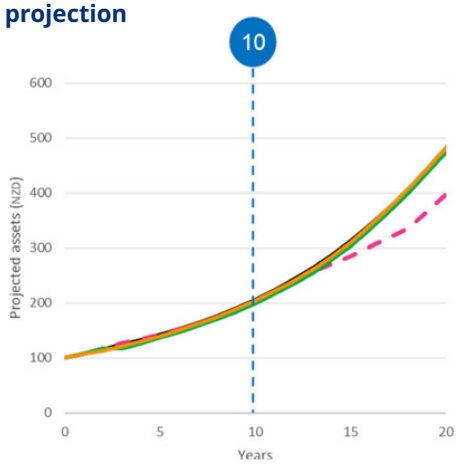
[26] Source: Mercer, Ortec Finance and Cambridge Econometrics. Economic data as at December 2022 and central assumptions as at September 2023.

Asset projection for Sustainable Balanced

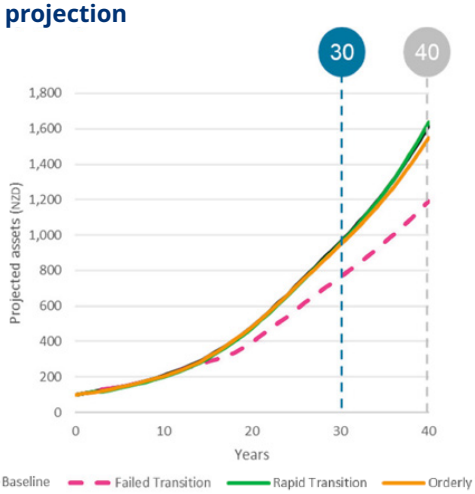
10y projection



20y projection



40y projection



Baseline — Failed Transition — Rapid Transition — Orderly Transition

Understanding sector and regional exposures are integral to climate risk management

The chart below shows the annualised climate impact experienced by different equity sectors over the five years from 2024 where transition risk is most significant.

Electric Utilities/Gas Utilities/Multi-Utilities, is a sector that is particularly exposed to transition risk and its returns are expected to be negatively impacted by a Rapid and Orderly Transition scenario.

Conversely, this sector along with Coal & Manufactured Fuels, and Oil & Gas perform well under a Failed Transition scenario due to climate related risks not being priced in.

Renewable Energy and Low Carbon Electricity are the only two sectors to generate positive returns under a Rapid and Orderly Transition scenario.

Figure 4.4: Example of annualised climate impact experienced by different equity sectors over the next five years[27,28]

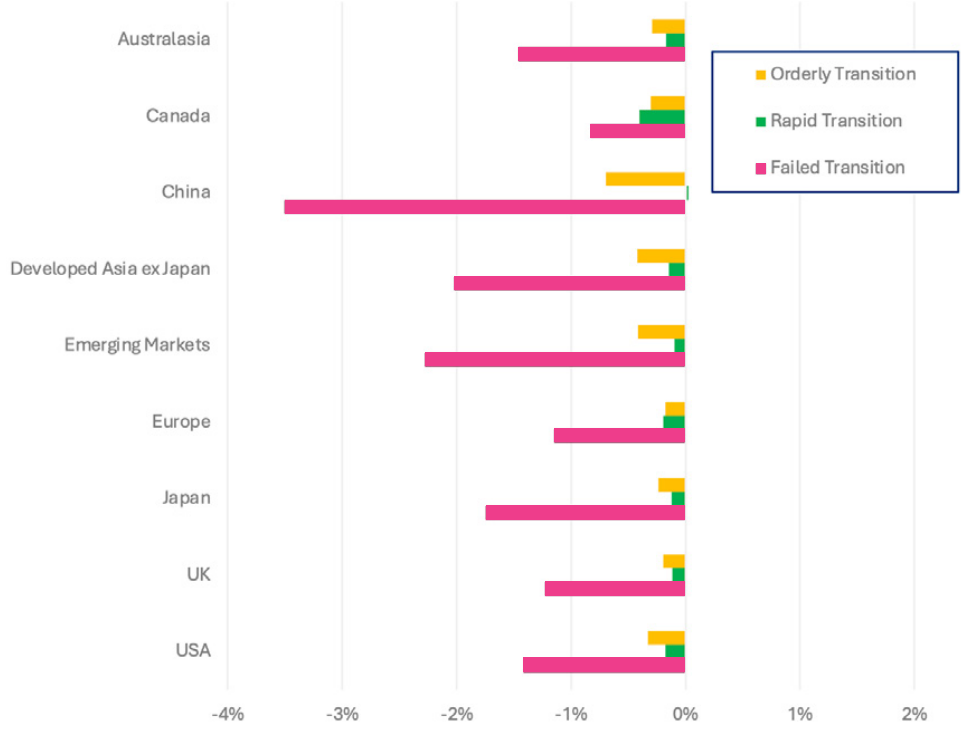
Within asset classes, sector exposures are important and can have meaningfully divergent results under different climate scenarios.

[27] Analysis undertaken in 2024.
[28] Source: Mercer/Ortec.

The chart below shows the annualised climate impact experienced by different regions over the next five years where physical risk is most significant under a Failed Transition.

This regional analysis helps us understand physical risk exposures under a Failed Transition. The regions most exposed to physical risk are Emerging Markets (in particular China) and Developed Asia excluding Japan.

Figure 4.5: Example of annualised climate impact experienced by different regions over the next 5 years[27,29]



Key findings and high-level conclusions from scenario analysis

- **Lower temperature** scenarios are expected to preserve asset values compared to scenarios associated with higher temperature outcomes associated with higher physical damages.
- An Orderly Transition may be marginally preferable for the examples shown in figures 4.3 to 4.5, but a Rapid Transition increases the probability of achieving a 1.5°C objective, which is expected to have lower physical risk than under higher emissions scenarios. Portfolios can be positioned differently to perform better in a Rapid Transition scenario if that scenario eventuates.
- Compared to the former 2019 Mercer Climate Model, the 2022 Climate Model shows greater negative impacts on portfolios than previously thought. Physical risk impacts are also emerging sooner, i.e. before 2050.
- **Sector exposure is key**. Differences in return impacts are most visible at an industry-sector level, with a significant divergence between scenarios, for example in Energy and Utilities.
- **Regional analysis** is important for transition considerations as well as understanding physical risks over the long term. Overlaying country exposures with sector exposures provides additional insights.
- **Future pricing shocks are likely.** Longer-term impacts, including transition and physical risk, could impact portfolios before they occur. While the exact timing and magnitude of these shocks is unknown, considering them is beneficial for risk analysis.
- Scenario analysis remains an important reminder that isolating a preferred scenario does not mean it will eventuate. There are complex system changes at play, which prevent accurate modelling and are unlikely to be linear or neat. We also appreciate that while investors have an influential role to play, they do not have direct control over government policies or investee company decisions.
- Scenario analysis helps to set the potential context, with the complementary bottom-up assessments important for monitoring and responding to scenario likelihood over shorter time periods.

You can read more about the model in Appendix A on page 50.

[29] Source: Mercer/Ortec.

Strategic response

Our internally developed and managed diversified portfolios are invested in a range of asset classes by our appointed investment managers. Our single sector portfolios have a greater exposure to the impact applicable to their relevant asset class. The table below provides examples of the climate-related impacts that could have a material financial impact for each asset class.

Table 4.5: Examples of climate-related impacts on each asset class

Asset Class:	Shares
Impact of climate change on asset class	Climate-related impacts in shares are those that have the potential to affect either the profitability or overall value of a company. For example, changing regulation that restricts carbon emissions poses transition risks to companies with emissions exposures through increased operational costs. Companies can also face shifts in consumer preferences and demand, which can impact revenue. However, the transition to net zero can also create opportunities, such as for companies that are developing new technologies in renewable energy, sustainable mobility, climate smart agriculture and more, that are expected to replace traditional and carbon-intensive solutions. Companies may also be exposed to physical risks with financial impacts, like damage to property and equipment during stronger storm and cyclone events, or reduced access to primary inputs like water if there is less rainfall. This can lead to higher insurance premiums and capital costs, or even an inability to insure against the risks.
Asset Class:	**Fixed Income**
Impact of climate change on asset class	The impact of climate change on fixed income investments, through corporate and government-issued bonds, differs from shares. The most likely risk in fixed income comes from the default risk of the issuer – the possibility that they cannot return the money the investor gave them or pay the investor the promised interest. Investors should always assess the potential impacts that may affect an issuer's ability to fund any interest payments and repay the initial capital. As fixed income investments have a fixed term, climate-related impacts may be considered over a more defined time frame. In addition, climate-related opportunities have appeared through green bonds and climate bonds, which fund low-carbon and renewable energy developments. Issuers can benefit from the growing investor appetite for these bonds and diversify their investor base.
Asset Class:	**Real Assets**
Impact of climate change on asset class	The focus on asset investment means there is greater exposure to the physical impacts of climate change compared to other asset classes. For example, the growing frequency and severity of extreme weather events can leave assets in certain geographies increasingly exposed to the physical impacts of climate change, such as extreme heat or rising sea levels. Real assets investors, whether asset owners or investment managers, may also be exposed to regulatory actions designed to reduce carbon emissions and influence consumer behaviour, as well as face client and public pressure to take a clear and systematic approach to emissions reductions and resilience preparedness. In transitioning the global economy toward net zero, climate-related opportunities arise from things like renewable energy infrastructure, climate resilient and/or 'green property' assets and carbon sequestration and nature-positive developments in forestry/farmland. These provide investors with improved resiliency to climate-related impacts.
What is Mercer NZ's strategic response?	See the Climate Plan outlined in the Risk Management section on page 26.

Risk Management

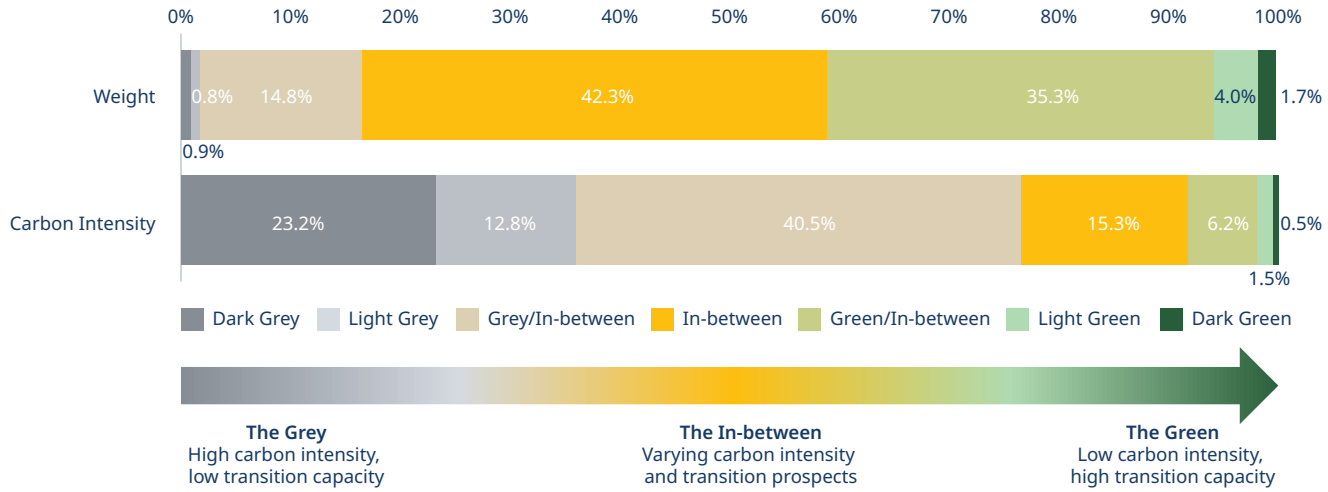
Identifying, assessing, and managing climate-related risks

Top-down climate scenario analysis[30] is the foundational framework we use to assess the size and scope of potential climate-related return impacts in a range of future scenario outcomes. This framework seeks to inform asset class and industry sector considerations, to minimise risks and maximise new opportunities. Mercer considers the impacts of these scenarios over 5, 10, 30 and 40-year time horizons as mentioned in the Strategy section under current climate-related impacts. Climate scenario modelling and assessment is typically conducted every two to three years, in conjunction with investment strategy reviews, and prioritises additional risk considerations. The analysis is undertaken more frequently should a material change occur, including when considering its relevance when preparing future annual Climate Statements.

Mercer's bottom up ACT tool provides a company level perspective across relevant asset classes with multiple metrics brought together to create a spectrum of transition capacity categories. You can find more details about the methodology and framework in Appendix B on page 54, with an example provided below. The ACT tool has helped us identify where the highest carbon intensity and transition capacity risks lie in our portfolios, including the potential for stranded asset risk in the high emissions intensity-low transition capacity ("dark grey" companies), and where emissions reductions can be best achieved by portfolio weight while still meeting investment objectives. Company level categorisation helps to compare different portfolios and benchmarks within asset classes, as well as compare asset class impacts to adopt a thorough risk management approach to an economy-wide and portfolio-wide transition, using the proxy insights from the Mercer Funds covered in this Statement.

The figure below shows how the ACT tool assesses the transition risk and opportunities for an illustrative portfolio.

Figure 5.1: Transition assessment: Example diversified portfolio



Source: Mercer, with underlying metrics from MSCI ESG Research and ISS

We seek to ensure our established frameworks and processes meet existing and anticipated regulatory requirements. We keep up to date on climate change regulation and industry developments through relevant New Zealand and regional industry working groups, such as the Investor Group on Climate Change manager meetings, industry conferences and associated research and briefings.

You can see the key outputs from our analysis in the ACT metrics section on pages 46-49.

[30] More information is set out in the Strategy section on page 12.

Climate Plan

The Mercer NZ Climate Plan overview below outlines the key activities to demonstrate that climate change risk and opportunity considerations are incorporated into governance frameworks and key investment decision-making processes. This is largely based on the Net Zero Investment Framework 2.0 developed by the Institutional Investor Group on Climate Change ('**IIGCC**') and adopted by the local industry initiative equivalent ('**IGCC**').

In addition to the below, as outlined earlier in the Governance section, we have an established governance framework, a new Sustainable Investment Committee in Australia with a New Zealand working group, and internal training and information sessions for key decision-makers. Mercer seeks to ensure its approach is consistent with the Aotearoa New Zealand Climate Standards issued by the External reporting board. Mercer NZ also refers to overseas best practice including International Financial Reporting Standards ('**IFRS**') Sustainability Disclosure Standards. Through our publicly available reporting, we seek to be transparent to our stakeholders on our integration efforts.

The below table provides a summary and some examples of practical activities across key stages of the investment process.

	Key investment process stages	Implementation examples
Integration	• Strategic asset allocation	• Insights are incorporated from climate scenario analysis and stress testing in strategic asset allocation ('SAA') processes and decision-making, with an aim to improve portfolio resilience under different scenarios and align with a lower warming scenario where possible given investment objectives. • SAA modelling largely relies on historical performance experiences, but the climate scenarios look forward and estimate an additional climate impact on return for different potential warming scenarios. • Conducted scenario analysis every two to three years over the prior decade, the last completed in 2024, in diversified fund SAA reviews.[31] • See more in the Strategy Section on page 18.
	• Portfolio construction by asset class	• Climate-related analysis is included within relevant asset class reviews to compare historical emissions and transition capacity (using the ACT analysis) at the strategy-level, and aggregate fund and asset-level metrics. • Climate-related analysis is also a feature of the semi-annual portfolio intelligence sessions held with portfolio management teams, alongside other ad hoc monitoring reviews.
	• Investment manager selection and appointment processes	• Climate-related analysis is included when comparing potential strategies, including historical emissions and transition capacity assessment, with the aim of ensuring climate considerations are incorporated and seek to optimise climate-related metrics where possible alongside investment objectives. This is considered in conjunction with ESG integration and stewardship capabilities, which are particularly relevant for more emissions intensive strategies. • In addition to the above, for sustainable-labelled listed equity and credit funds the manager selection and portfolio construction decision process considers exposure to sustainability themes, including climate transition and adaptation. • Net Zero and other climate-related provisions have been developed and introduced to Investment Management Agreements ('**IMAs**') for new, listed mandates and in side-letter agreements for unlisted allocations.

[31] The Mercer Passive Balanced fund and the Mercer Passive Growth fund in the Mercer Super Trust were opened on 1 November 2024 and scenario analysis for these funds was undertaken based on their strategic asset allocation as at 31 March 2025.

Integration	• Investment manager monitoring	• On at least a six monthly basis, Mercer assesses manager holdings across a range of climate-related (and broader ESG) metrics, with the aim of keeping our view of exposure to climate related risks up to date and inform ongoing monitoring meetings with managers. • Regular meetings with our investment managers may include discussion of material ESG issues that include climate-related topics e.g. carbon intensity in the context of the Net Zero Target, portfolio vulnerabilities and new opportunities informed by a manager's understanding of the market environment and company-level change. These meetings held by the relevant portfolio management teams and the sustainable investment team are tracked each quarter, including topics discussed and engagement priorities for further monitoring on outcomes. • For a small number of Funds, with a focus on Trans-Tasman equities, six monthly "deep dive" sessions with managers are used to more deeply explore key thematic risks, including views on specific company exposures. • The global annual Manager Engagement Survey ('**MES**') provides specific insights on how investment managers are approaching climate-related risks and opportunities, as well as other connected sustainable investment and stewardship topic areas. This is one input to the regular manager meetings and engagement priorities.
Stewardship	• Engagement, and voting, with and via appointed investment managers (and priority companies)	• Regular manager meetings and the MES are the key instruments of our manager engagement, together with more targeted engagement topic programs, of which climate is one such program. • When companies are identified as climate transition engagement priorities, or flagged as having significant physical risk concerns, we first raise this with the managers holding those companies. Manager views on these identified companies and their engagement progress with company boards and management will help inform next steps. For exposures to private markets, disclosure is expected to be the initial manager engagement focus. • Mercer NZ delegates, and monitors, proxy voting responsibility to our listed equity investment managers and, where practically possible, expect the listed equity investment managers to vote shares in a timely manner and in a manner deemed most likely to protect and enhance long-term value. A link to our voting disclosure section, is available on our sustainable investment webpages[32]. • Where Mercer NZ considers that interaction with an appointed investment manager or a portfolio company has not yielded the desired outcomes against targeted objectives and timeframes, we have established various escalation strategies that may be employed to increase the likelihood of outcomes being met and reduce the likelihood of identified risks persisting.
	• Collaborative initiatives	• Mercer NZ, in conjunction with other Mercer entities, is a supporter/signatory to the following global and regional climate-related initiatives: – Investor Group on Climate Change – Responsible Investment Association Australasia – Climate Action 100+ ('CA100+') – Task Force on Nature-related Financial Disclosures ('TNFD' Forum member) • These initiatives help us by providing insight into upcoming policy reviews, peer engagements and industry developments. Some of these initiatives, specifically CA100+, include direct company engagement to help drive better company level climate risk management and disclosure. • Engagement with policymakers, such as to advocate for policy environments conducive to management of climate risk and opportunity, is most often conducted via collaborative initiatives, such as IGCC and RIAA, allowing us to contribute to a consolidated submission representing a set of consistent views from the investment industry. • Adopting a collaborative approach is deemed beneficial from both a resource management and outcomes perspective for investors and companies. This is illustrated in the consistent asks for high emitting companies in the CA100+ Net Zero Benchmark Report and the progress tracked in recent years.

[32] www.multimanager.mercer.co.nz, www.mercerfinancialservices.co.nz

Investment in Solutions Themes	• Monitoring portfolio exposure to climate-related themes	• Monitoring our exposure to climate-related themes, such as companies contributing to climate solutions, using third party data and in comparison to fund benchmarks. • We have tended to see slightly greater exposure to companies and assets contributing to climate solutions in dedicated sustainable-labelled listed equity and credit strategies plus portions of the real assets allocations. This exposure is driven primarily by our overall approach to investment manager and strategy selection, including broad integration of ESG considerations; no target is set for allocation to these themes. • Some examples of an investment contributing to climate solutions are: – the Mercer Unlisted Global Infrastructure Portfolio, a building block in the MITNZ used by a number of our diversified retail portfolios, has increased its exposure to renewable energy in recent years (now >20%); and – all strategies within the Mercer Unlisted Property Fund, a building block in the MITNZ used by some of our funds, have Net Zero targets by 2030 for Scope 1 and 2 emissions. – Mercer NZ's sustainable-labelled equity and credit funds seek to have a higher allocation to strategies targeting solutions relative to the broad market opportunity set. For some equity, listed property and infrastructure strategies, there are specific alignment provisions and/or climate-related restrictions in the Investment Management Agreement. • Related to this, we are monitoring the development of the sustainable finance taxonomy and product labelling requirements in relation to categorising sustainability solutions allocations by activities and asset class.
	• Transition capacity considerations	• Beyond assessment of current emissions, or current exposure to climate-related themes, Mercer has a number of approaches it uses to assess how well an asset, company or investment strategy aligns with climate transition. This informs our approach to managing climate risk and opportunity in our investments. • Mercer's ACT tool, discussed further in the Metrics and Targets section, is deliberately designed to capture multiple forward-looking metrics beyond historical emissions, including transition and solutions focused indicators. • In recent engagements with unlisted property, unlisted infrastructure and private debt managers, Mercer has begun to gather data on manager approaches to forward-looking climate transition alignment, including gathering asset level transition capacity data. • In addition, as an exploratory exercise, we have conducted limited assessment on some underlying assets for alignment with net zero targets via the Science Based Targets initiative (**SBTi**) and through survey responses from private markets managers.
Exclusions	• May consider the role of divestment or exclusions in relation to climate risks	• Limited exclusions have been implemented in sustainable and responsible labelled funds for multi-client equity and fixed-income solutions. These are activity based with revenue thresholds for certain fossil fuel definitions. See the relevant Offer Documents for more specific detail.

Metrics and Targets

Climate-related metrics help us understand fund exposures and opportunities. We identify areas for further risk management, including manager portfolio monitoring. These metrics also inform stewardship priorities and are essential for monitoring progress towards our climate targets.

We know the availability of accurate data for some asset classes is an industry-wide issue and we encourage some of our investment managers, and the underlying companies in which they invest, to improve their climate (and carbon) reporting as quickly and as reasonably possible.

With this in mind, please note that approximately 85.6% of assets of the Mercer Funds are covered as at 31 December 2024 due to data not being available for the balance of assets.

In relation to the internal emissions price metric[33] this is not currently calculated for Mercer NZ as a climate reporting entity (**CRE**) nor for the Funds. In respect of climate linked remuneration metric, Mercer NZ does not specifically link management compensation to climate-related risks and opportunities. However sustainable investment is a component in the investment team members' goal setting and is considered in individual annual reviews. Please note that these metrics are not covered or reported upon in this Statement.

Climate targets

Why net zero?

As global emissions continue to rise, greater physical risks and economic damages are expected as the climate becomes increasingly unstable. These physical risks are also likely to result in a more reactive and challenging policy environment for companies to operate in. The climate will not stabilise until net zero greenhouse gas emissions (net zero) is achieved. The time frame to reach that point, and how we get there, will determine the temperature increase outcome and portfolio implications.

In response to this context, a significant and growing number of countries, companies and investors globally have set net zero targets, and some countries have formalised these in legislation[34]. In 2021, Mercer NZ set a Net Zero Target and this has been reviewed and maintained in 2025, with some specific terminology updates.

Mercer NZ's Net Zero Target recognises the policy environment we are operating within; takes a strategic approach to potential transition risk; and acknowledges a lower warming scenario is more likely to be in the best financial interests of long-term investors.

Why set and monitor against a net zero target?

Much like performance targets, Net Zero Targets help to communicate a long-term expected outcome and associated direction of travel. They also set a framework against which to demonstrate risk management and communicate progress to both internal and external stakeholders.

[33] Expressed as price per metric tonne of CO_2e used internally by an entity.

[34] By August 2024, 110 Parties, covering 88% of global GHG emissions, have pledged net-zero Targets. 27 countries and the European Union, representing 16% of global GHG emissions, have this legally enshrined in law, according to the OECD Climate Action Monitor. (source: www.oecd.org/en/publications/the-climate-action-monitor-2024_787786f6-en.html)

What is the link between net zero and investment objectives?

Monitoring against and seeking to align with a path to net zero for investment portfolios can help to:

1. **Align with local policy environments.** Deviating materially from the policy and regulatory environment we operate within, and from prevailing global capital flows[35,36], may expose portfolios to additional risk. Both the New Zealand Government and the Australian Government have a net zero by 2050 target and there are more than 190 countries that have signed/ endorsed the 2015 Paris Agreement. See more on New Zealand here.

   The signals following the 2024 United Nations climate meeting ('COP 29') also suggest increased collaboration to price externalities including, but not limited to: taxes, incentives and other policy mechanisms. This is despite recent global policy divergence.

2. **Proactively protect portfolios against transition risks.** Climate-related policies, scientific evidence, economic and financial data and consumer trends, suggest a transition risk which could increasingly change the operating environment for companies. There are risks and opportunities for portfolio companies in this change and, to protect portfolio value, investors are seeking to balance a strategic view with shorter-term market movements (see Risk Management section).

3. **Act consistently with the aim to reduce physical risks where possible**. Climate-related physical risks are more likely in higher warming scenarios with greater potential for economic damages and detrimental impacts on the value of affected portfolio companies. Hence, capital allocations that better align with lower over higher warming scenarios should be supported, where consistent with meeting stated investment objectives. As fiduciaries, a lower rather than higher warming scenario, e.g. 2°C or below, is expected to be in investors' best financial interests as climate-related impacts modelling indicating the higher warming scenario results have greater negative impacts on returns (see Strategy section).

Mercer NZ's Net Zero Target

In 2021, Mercer NZ set a target to decarbonise aggregate portfolio emissions at a rate consistent with Net Zero by 2050[37]. In 2025, as part of a planned review and climate data improvements, the target terminology has been updated to be more specific, as noted below.

Mercer NZ seeks to reduce the aggregate Scope 1&2 portfolio Carbon Footprint[38] to net zero by 2050, with an interim milestone of 45% by 2030 vs a 30 June 2020 baseline ("the Mercer NZ Net Zero Target[39]"). This target is consistent with the IPCC 1.5°C pathway with no or limited overshoot (scenario C1), noting some key assumptions that follow and that other emissions metrics are also monitored[40].

[35] 71% of large asset owners referred to net zero targets within their investment objectives, according to Mercer's Large Asset Owner Barometer report, 2024. Available at www.mercer.com/en-au/insights/investments/market-outlook-and-trends/large-asset-owner-barometer.

[36] Approximately 38% of companies are 'on track,' for meeting targets of between 1.5 – 2° Celsius, with 11% set to meet the desired 1.5° goal. MSCI Sustainability Institute. "Transition-finance indicators show companies' misalignment with climate goals", 2024.

[37] 2021 Mercer NZ Net Zero media announcement.

[38] Carbon Footprint (Absolute Emissions / $M invested), noting carbon dioxide equivalent emissions covers all greenhouse gases responsible for climate change, which are largely carbon, followed by methane, plus others in smaller percentages.

[39] The Mercer NZ Net Zero Target covers the aggregate funds under management of the Mercer NZ portfolio where Mercer NZ has discretion and where asset classes can be carbon footprinted (e.g. excludes some cash and derivatives). The Mercer NZ portfolio now includes the funds previously managed by Macquarie Asset Management (Mercer Investment Funds and Mercer Wholesale Funds) as well as the MITNZ. The Mercer KiwiSaver scheme, Mercer FlexiSaver, Mercer Super Trust, New Zealand Defence Force KiwiSaver Scheme, Defence Force Superannuation Scheme and some of the funds in the Mercer Investment Funds invest via the underlying MITNZ.

[40] See the assumptions listed on page 32 and note that monitoring is also completed on the following emissions metrics to assist in decision making and prioritising a range of actions:

1. Weighted Average Carbon Intensity (WACI) – which helps compare portfolio strategies for carbon-related efficiency but is less directly connected to absolute emissions and the Mercer NZ Net Zero Target.
2. Carbon Footprint calculations adjusted for changes in the Enterprise Value Including Cash (EVIC) for the underlying listed portfolio holdings. Changes in the EVIC can mask the actual changes in emissions e.g. inflated enterprise values can make emissions look to have decreased and in reverse, falling valuations can make emissions look like they have increased. These additional attribution insights help increase our understanding for how the real world emissions reductions have contributed to the portfolio CF figures.
3. Scope 3 emissions, upstream and downstream, which helps provide a more holistic picture of emissions drivers throughout supply chains across industry sectors.

Key assumptions

The Mercer NZ Net Zero Target has been set with consideration for several key assumptions:

- Investment objective considerations remain paramount, and we are committed to these for each Mercer Fund, consistent with the Offer Documents. Integrating analytics on climate-related financial impacts is seen as additive to many investment management decisions that aim to increase the likelihood that funds meet their stated objectives (risk return, tracking error). We also recognise that over shorter time horizons if there is a potentially material conflict between both objectives, decisions consistent with investment objectives take precedence. Where adopting a more favourable climate transition approach, based on indicators such as lower carbon intensity or greater transition alignment is deemed feasible by the investment management team and relevant appointed investment managers to remain consistent with investment objectives and benchmark relative expectations, this is the preference.
- The relatively small portfolio weights in diversified portfolios driving a meaningful percentage of emissions intensity and the majority of portfolios indicating a capacity to transition (see ACT section on pages 25 and 46-49).
- The climate science at the time the target was set in 2020/2021, recommended that net zero emissions by 2050 was required to stabilise the climate at the realistically best case of a 1.5°C global average increase above pre-industrial levels[41]. The 2023 IPCC[42] report recognised the challenge in still achieving 1.5°C, which was reinforced by Ortec, our climate scenarios partner in their Q2 2025 update, hence we have maintained the original target rather than making that more ambitious.
- Mercer's climate scenario analysis, undertaken three times on Mercer NZ portfolios since 2015, translates the scenarios in the IPCC report into pathways relevant for investors, including potential return impacts and market pricing shocks. This analysis indicates that a lower rather than higher warming scenario, e.g. 2°C or below, is in investors' best interests as climate-related impacts are expected to detract from returns to varying degrees under the majority of scenarios for a range of diversified portfolios, with the higher warming scenario results having greater negative impacts (see pages 18-21 in this Statement).
- An expectation that public and private sector actors will follow through on commitments to the Paris Agreement's objectives, including governments increasing the ambition for Nationally Determined Contributions. As at 2025, following the 2023 New Zealand election and recent Australian election, there is greater policy certainty in the Pacific, but there is now increased global policy divergence. The New Zealand approach is particularly important for the New Zealand portfolio exposure, given the sovereign bond exposure.

[41] The 2023 IPCC[40] report set the 2030 milestone target as 43% rather than 45%, from an earlier baseline. In 2025 it was reported that the average global temperature exceeded 1.5°C for the first time, with 2024 the hottest year on record and only four years left in the carbon budget to stabilise at 1.5°C. The Q2 2025 update by Ortec, our climate scenarios partner, updated the lowest warming 'Rapid Transition' scenario to 1.6°C and a 'Delayed Net Zero' scenario to 1.9°C. If this pace of change in the average global temperature continues, it could accelerate transition policy and investor responses.

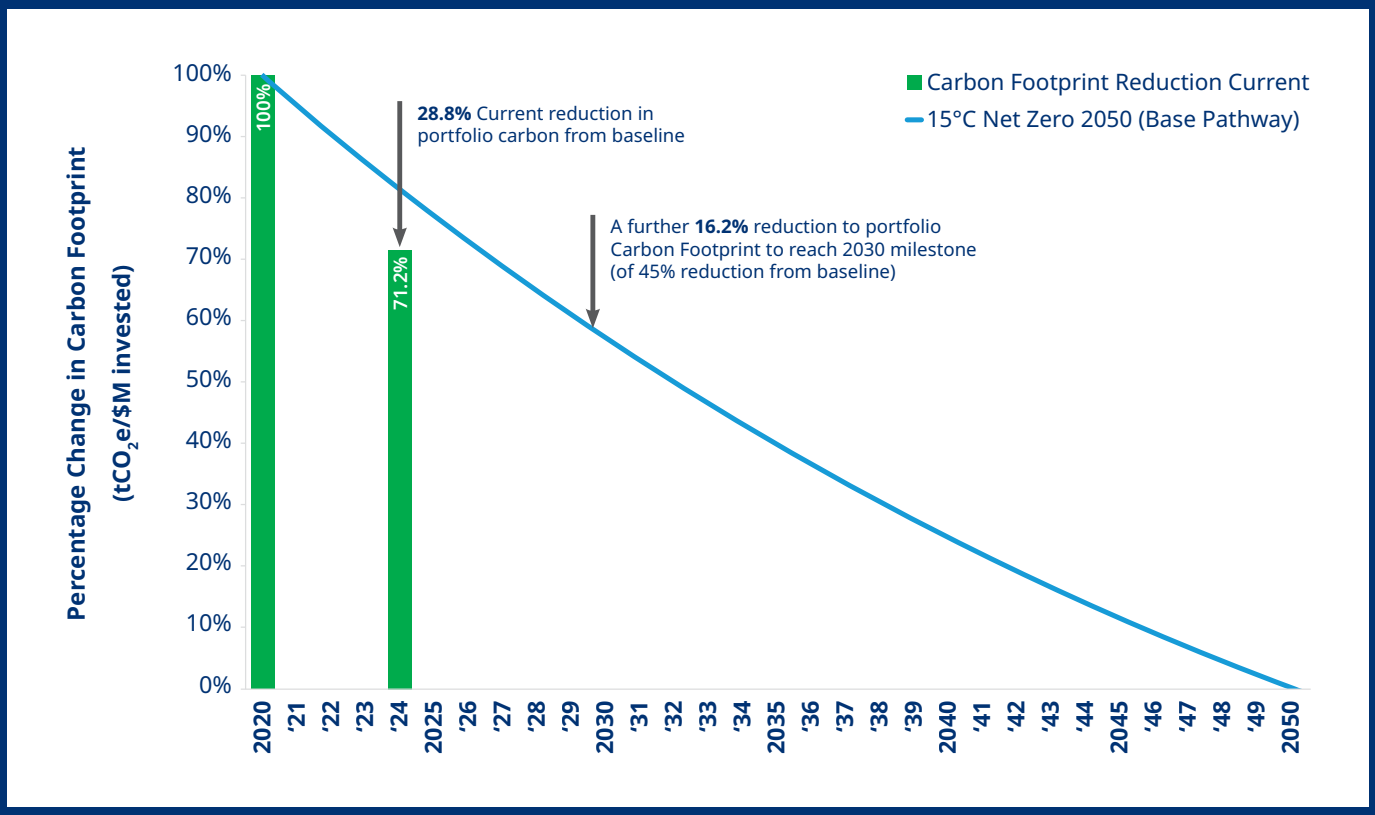
[42] https://www.ipcc.ch/report/sixth-assessment-report-cycle/

Progress against the Net Zero Target

Progress on emissions reduction is tracked annually against the Intergovernmental Panel on Climate Change 1.5°C pathway with no or limited overshoot (reference scenario C1[43]) - an internationally recognised Paris-aligned mitigation pathway supported by key investor frameworks.

The emissions reduction target is set on Carbon Footprint (Absolute Emissions/ US$M invested). This metric measures the share of total emissions generated by underlying investments, normalised by assets under management ('**AUM**') to allow for comparability across different parts of the portfolio and to mitigate the impact of AUM changes over time.

Figure 6.1: Emissions reduction over time[44]



- The entire Mercer NZ portfolio (including assets from the Macquarie Asset Management ('**MAM**') transfer of funds in March 2023) reduced the portfolio Carbon Footprint (Absolute Emissions/$M invested basis) by 28.8% from the 2020 baseline.
- Based on the emissions tracking result for the year to 31 December 2024, the portfolio is on track with its targeted reductions by 2024 vs the IPCC reference pathway. This is partially linked to including the transferred MAM funds.
- Carbon Footprint reduction since baseline is mainly driven by Global Equities, Trans-tasman equities and Infrastructure asset classes.

A more granular analysis on forward-looking climate transition capacity and opportunity is currently being undertaken as part of Mercer's Climate Plan. This analysis will help Mercer understand emissions reductions opportunities within the portfolio, guide manager engagement and identify climate transition aligned opportunities.

Please note that while climate metrics are reported on in this Statement in line with global consensus, there are many factors that can impact progress demonstrated using climate metrics, beyond emissions reduction. One such instance is the growth in company enterprise values, which all else equal can lead to Carbon Footprint climate metrics appear to decrease, while emissions remain constant or increase. We are currently undertaking detailed attribution analysis to better understand the drivers of change in climate metrics to enhance our management of our progress towards our Net Zero Target.

[43] www.ipcc.ch/assessment-report/ar6/

[44] Source: Mercer with underlying data from IPCC and MSCI ESG.

Climate metrics definitions

We currently report on the following emissions metrics, which we believe to be credible and useful in decision-making. These climate-related metrics are detailed in Appendix C on pages 56-57.

Mercer's GHG emissions have been measured using Absolute Emissions, Carbon Footprint and Weighted Average Carbon Intensity.

In accordance with PCAF and Global GHG Accounting & Reporting Standards, the GHG emissions estimation and consolidation approach of portfolio investee companies takes into account equity, debt and cash financing (EVIC) to apportion investee companies' emissions to the investor. For the global warming potential we have expressed our portfolio emissions as tonnes CO_2 equivalent.

Table 6.2: Climate metric definitions

Metric	Explanation
Absolute Emissions or Financed Emissions/ Investor's Share of Emissions	The financed emissions of an investment in a company or sovereign entity represent the investor's share of the absolute Scope 1 and Scope 2 carbon emissions (tonnes CO_2 equivalent) of a company or sovereign entity. The total Greenhouse House Gas emissions takes an ownership approach to answer what proportion of a company's or sovereigns emissions an investor owns and is responsible for financing.
Carbon Footprint or Financed Emissions/ Investor's Share of Emissions per $M Invested	This relates to the above metric, normalised for Funds Under Management ('**FUM**') size. This is to negate the effect of FUM growth in the calculation of the financed emissions figures for effective tracking against a baseline over time. Measuring the emissions per $M of FUM will also enable us to include financed emissions data for unlisted asset classes over time, as manager disclosure improves.
Weighted Average Carbon Intensity ('WACI')	For listed equities and corporate fixed income, WACI is the measure of portfolio exposure to companies' carbon emissions, measured by emissions (tCO_2e) per $M gross sales (or, where not available, net revenues based on available company filings). The WACI represents companies' Scope 1 and Scope 2[45] carbon emissions normalised for the size of a company based on annual sales (tonnes CO_2 per $M sales). For sovereign fixed income, the WACI represents the carbon intensity of an economy (tonnes CO_2 per $M Purchasing Power Parity (**PPP**) adjusted GDP). For private markets, where investment manager provided data was not available or of sufficient quality the average carbon intensity of comparable listed market subsectors is used as proxies where provided emissions data from investment managers is not available.
Physical Risk Analysis	This analysis looks at listed equities only by considering the Climate value at Risk (**Climate 'VaR'**) of portfolios at the aggregate regional and sector level. This analysis uses MSCI's Physical Risk Company Climate VaR which assesses the value of a company lost in a "worst-case" downside or upside potential, expressed as a percentage of the company's market value, assuming trends in extreme cold, extreme heat, extreme precipitation, heavy snowfall, extreme wind, coastal flooding, fluvial flooding, tropical cyclones, river low flow and wildfires continue.
Transition Risks	The aggregated ACT Score for each portfolio. Mercer's ACT tool uses 16 transition-based indicators and assigns each company a score to categorise transition capacity from Dark Grey (representing evidence of a higher transition risk) to Dark Green (representing evidence of a transition opportunity).
Contributors to Climate Solutions Analysis Climate-related opportunities	This analysis looks at the overall contribution of listed equities portfolios toward climate solutions[46] using ISS' Product and Services score for six environmental SDGs – climate action, affordable and clean energy, responsible consumption and production, and sustainable cities and communities. Scoring ranges from –10 to +10, with 0 representing a neutral contribution to climate solutions. Alongside the SDGs score, the % of each portfolio deemed to have a positive contribution using a threshold of >0.2 score to climate solutions will be included.

[45] We note that only Scope 1 and 2 emissions data is included in this Statement, except where noted, and in our regular portfolio monitoring. This means that for some companies, carbon assessments could be considered an understatement. Scope 1, 2 and 3 emissions are as defined by the GHG protocol. To date there has not been sufficient confidence in Scope 3 emissions data, given the high degree of estimation, however, changing disclosure expectations should increase the data quality.

[46] Expressed as price per metric tonne of CO_2e used internally by an entity.

Metric	Explanation
Portfolio alignment - % with SBTi validated targets	Answers what proportion of the companies in each portfolio have validated net zero decarbonisation targets that have been independently assessed by a third party – the SBTi 3rd party experts, indicating alignment with the low carbon transition. This measure is expressed as a % of each portfolio with validated net zero decarbonisation targets as assessed by the SBTi.
Capital deployment	Metric reporting the amount of capital expenditure, financing, or investment deployed toward climate-related risks and opportunities. Mercer NZ currently undertakes fossil fuel analysis of Cap Ex Share % - Percentage of capital expenditure on the activity (a distinct field, for Coal Mining, Coal Power, Oil & Gas extraction).
Non-emissions based metric – data coverage	This metric provides a perspective on the weight that should be placed on climate metrics where data quality is poor. This is the proportion of emissions data that is company reported or estimated or neither.
Internal emissions price metric (Not Reported)	An internal emissions price is not currently calculated for Mercer NZ as a climate reporting entity nor for the Funds. Emissions pricing is however an input to our climate scenario analysis where it is considered as a component of transition risk.
Remuneration metric[47] (Not Reported)	Remuneration is not specifically linked to climate-related risks and opportunities, however sustainable investment is a component in the investment team members' goal setting and is considered in individual annual reviews.

[47] Expressed as management remuneration linked to climate-related risks and opportunities in the current period, expressed as a percentage, weighting, description or amount of overall management remuneration.

Metrics and Targets – Analysis Results for Representative Funds

Reporting for the climate-related metrics we use across the Mercer Funds is either in aggregate across all reported Mercer Funds where data is available, or specific to individual funds as outlined below. The following metrics are presented for the Mercer Balanced fund[48], the Responsible Conservative fund[49] and the Sustainable Balanced fund[50] for illustrative purposes. These three funds represent 26.0% of the assets reported under this Statement and aim to help contextualise the metrics and data produced for this Statement. The Metrics and Targets section on page 33 outlines the definitions we use.

Absolute Emissions

Absolute Emissions are calculated (across the assessed portfolio, for funds with emissions data) as the investor's share of a company's total scope 1 and 2 emissions (tCO_2e) using dollars invested divided by the issuer's Enterprise Value Including Cash (**EVIC**). In the case of sovereign entities, an investor's share of a country's total scope 1 emissions (tCO_2e) is calculated using dollars invested divided by PPP Adjusted GDP.

Table 7.1: Absolute Emissions results for selected funds as at 31 December 2024

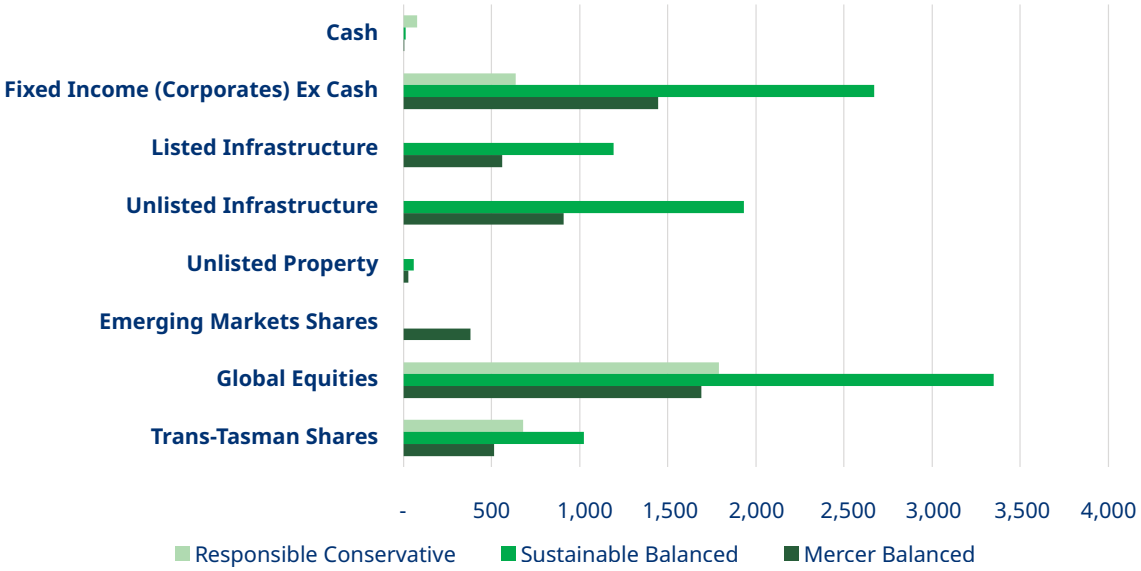
	Proportion of fund in Sovereigns (%)	% of Total FUM reported under this Statement	Absolute emissions (tCO_2e)
Mercer Balanced	22.1%	4.6%	17,207
Responsible Conservative	48.9%	11.6%	69,051
Sustainable Balanced	21.6%	9.7%	34,532

Source: Mercer, MSCI

Comparing Absolute Emissions by contribution divided by million dollar FUM invested allows us to remove the impact of changing asset values over time to allow for fairer comparison over time.

Sovereign Fixed income exposures for the representative funds remain the main contributor to the total portfolio Absolute Emissions. Corporate Absolute Emissions for the representative funds across asset classes are shown in the graph below. Sovereign Emissions are excluded from the graph due to the difference in methodology. This data can be found in Appendix D. The Sustainable Balanced fund's allocation to the global equities asset class is the largest contributor to Absolute Emissions after Sovereign Fixed Income.

Figure 7.1: Corporate Absolute Emissions Contribution (tCO_2e) as at 31 December 2024



Source: Mercer, MSCI

[48] For the purpose of this part of the Statement, Mercer Balanced fund covers both the Mercer Balanced fund in the Mercer Super Trust and the Mercer Balanced fund in Mercer FlexiSaver.

[49] Responsible Conservative fund in the Mercer KiwiSaver scheme.

[50] Sustainable Balanced fund in the Mercer KiwiSaver scheme.

Carbon Footprint

Carbon Footprint is the investor's or Scheme member's share of emissions per million dollars invested.

Through calculation of Carbon Footprint metrics per strategy, and then aggregating this up to the asset class and total portfolio level, we can build a "bottom up" (from security and holding company data) metric for the Total Portfolio.

Carbon Footprint results for the Mercer Balanced fund, the Responsible Conservative fund and the Sustainable Balanced fund are at 31 December 2024.

To help contextualise the funds' carbon intensities we have included the MSCI World Ex Tobacco Ex CW[51] Carbon Footprint in this table and the following figure. Please note that the MSCI World Ex Tobacco Ex CW is purely shown as a comparison for this and the following metrics. The following Mercer representative funds have varying diversified strategic asset allocations, whereas the index is a Global Equities Index and is not the benchmark for these funds.

Table 7.2: Carbon Footprint results for selected funds as at 31 December 2024

	Proportion of fund in Sovereigns (%)	Corporate Carbon Footprint (tCO_2e) – Scope 1&2	Sovereign Carbon Footprint tCO_2e / USD $M FUM (Sov equiv. of CF) (utilising PPP Adj GDP)	Total Carbon Footprint (tCO_2e / USD $M FUM)
Mercer Balanced	22.1%	41.3	306.8	100.0
Responsible Conservative	48.9%	14.3	308.9	158.2
Sustainable Balanced	21.6%	35.7	308.1	94.5
MSCI World Ex Tobacco Ex CW		33.8		

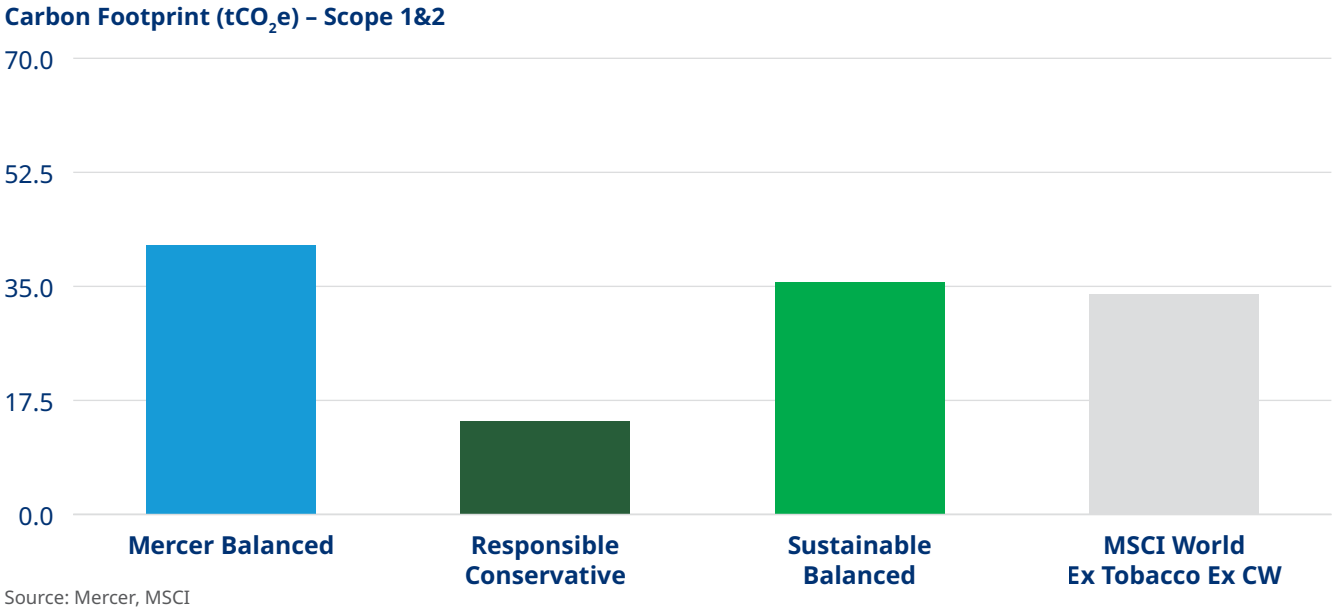
Source: Mercer, MSCI

The total Carbon Footprint of the Mercer Balanced fund is 36.7% lower than the Responsible Conservative fund. This is due to its the lower exposure to Sovereign Bonds. Conversely, the Responsible Conservative fund's Corporate Carbon Footprint is 57.7% below the Carbon Footprint of the MSCI World Ex Tobacco Ex CW. One key point to note is that the Responsible Conservative fund does not have exposure to Unlisted Infrastructure, which is a high carbon intensity asset class, but it has a significantly higher allocation to Sovereign Bonds due to its defensive Strategic Asset Allocation.

The Carbon Footprint of the Sustainable Balanced fund is above that of the MSCI World Ex Tobacco Ex CW, primarily because of its exposure to Listed and Unlisted infrastructure, which are high carbon intensity asset classes.

When comparing the Mercer Balanced fund and the Sustainable Balanced fund—both of which have similar asset allocations we observe that the Sustainable Balanced fund's Total Carbon Footprint is 5.5% lower than that of the Mercer Balanced fund. This difference is mainly due to the inclusion of sustainable-themed exposures in both Equities and Fixed Interest asset classes.

Figure 7.2: Carbon Footprint results for selected funds as at 31 December 2024



Source: Mercer, MSCI

[51] MSCI World excluding tobacco and controversial weapons.

Weighted Average Carbon Intensity (WACI)

WACI is a widely used metric to assess carbon risk for portfolios and make comparisons across portfolios and asset classes over time. By normalising a company's emissions by its sales, this metric allows us to compare a large company to a smaller one, or an equity portfolio to a credit portfolio, in a fair and consistent manner - both at a given point in time and over time.

Through the calculation of WACI metrics per strategy, and then aggregating this up to the asset class and total portfolio level, we can build a bottom up (holding company) based WACI metric for the Total Portfolio. For Equities, WACI is expressed tCO_2e / $M Sales. For Sovereign Fixed Income, the WACI represents the Carbon Intensity of an economy. For private markets, when investment manager data is unavailable or of insufficient quality, the average carbon intensity of comparable listed market subsectors is used as a proxy.

WACI results for the Mercer Balanced fund, the Responsible Conservative fund, and the Sustainable Balanced fund are as at 31 December 2024.

Table 7.3: WACI results for selected funds with figures as at 31 December 2024

	Proportion of fund in Corporates (%)	Listed WACI (tCO2e / $M Sales) - Scope 1 & 2	Benchmark WACI (Excl Sovs)
Mercer Balanced	77.9%	107.3	150.4
Responsible Conservative	51.1%	40.0	70.8
Sustainable Balanced	78.4%	106.8	139.3
MSCI World Ex Tobacco Ex CW	100.0%	92.6	-

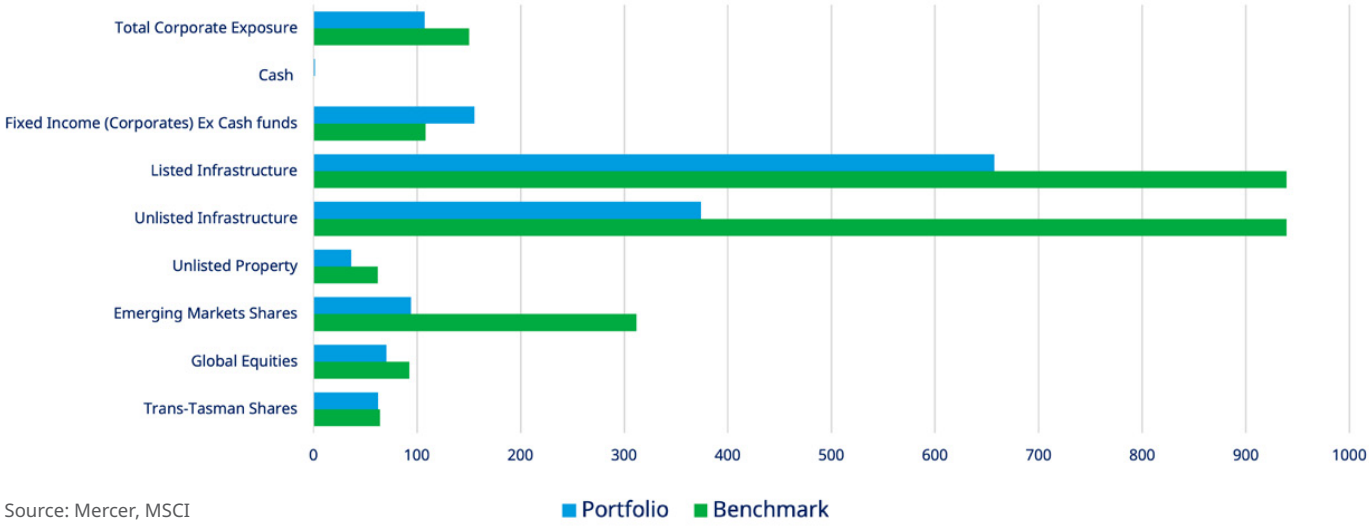
Source: Mercer, MSCI

Please note that even where an asset class is overall below benchmark, individual funds within the asset class can be above benchmark.

Benchmark WACI data is not available for several Sovereign Fixed Interest funds which some Mercer Funds invest into (being the following underlying funds: Mercer New Zealand Sovereign Bond Portfolio, Mercer Global Sovereign True Index, Mercer Overseas Sovereign Bond Portfolio, and Mercer Short Term Bond Fund). Please note that derivatives and some cash positions are excluded from WACI calculations.

The Mercer Balanced fund WACI breakdown by asset class shows that all allocations have lower WACI than their respective benchmarks except for Fixed Interest. It is worth noting that the Listed Infrastructure allocation is the largest contributor to the overall WACI measure.

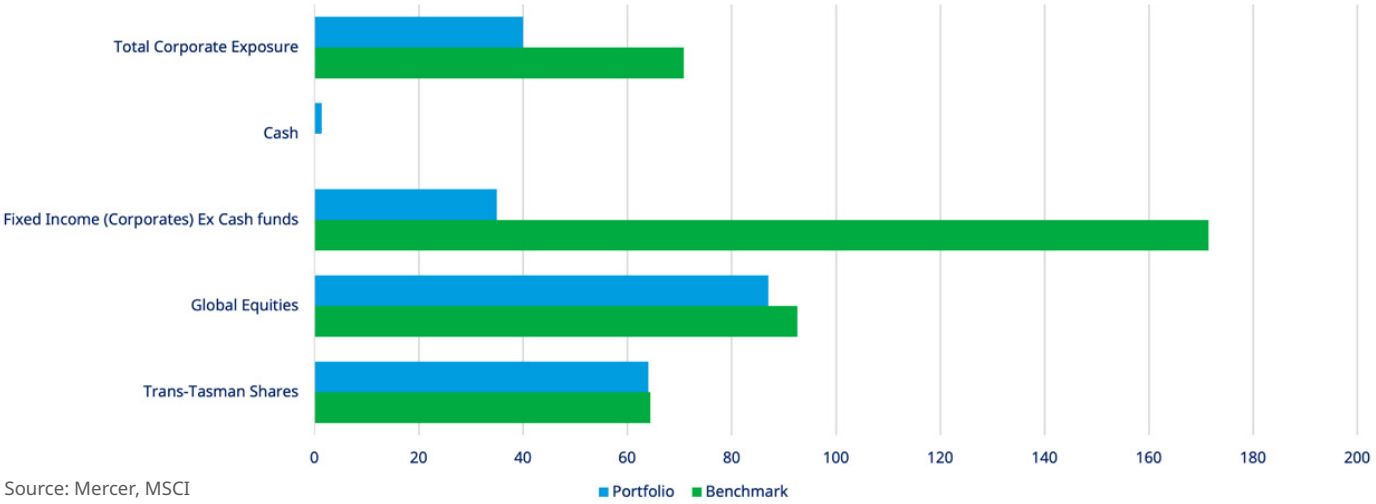
Figure 7.3: Mercer Balanced Weighted Average Carbon Intensity (tCO_2e / $M Sales)



Source: Mercer, MSCI

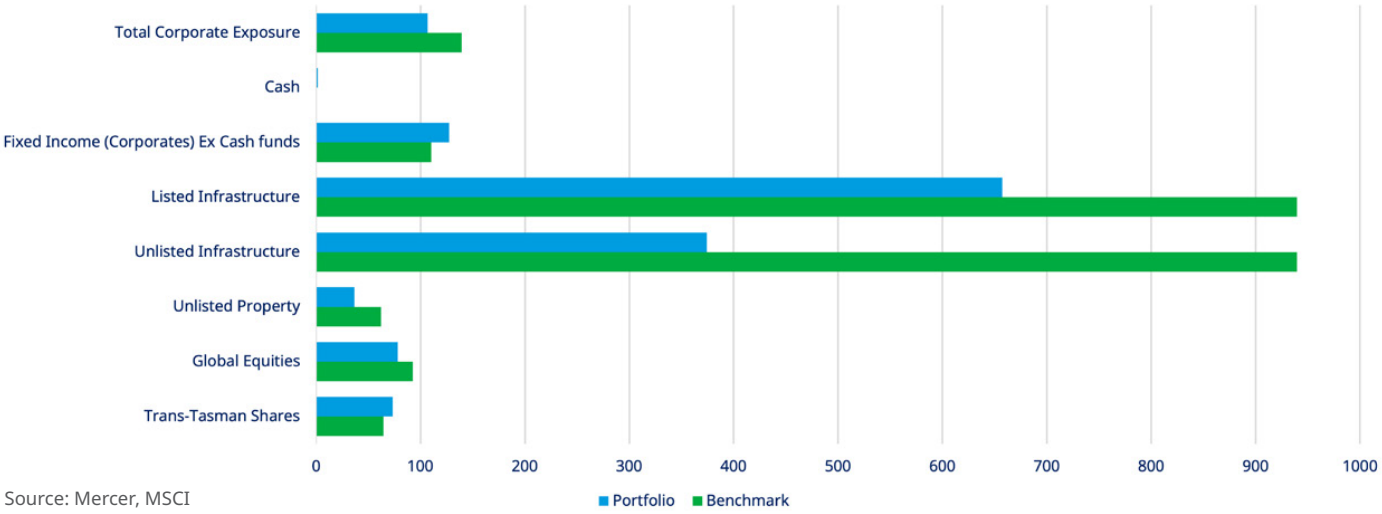
The Responsible Conservative fund's largest contributor is the Global Equities asset class as there is no exposure to real assets in this portfolio.

Figure 7.4: Responsible Conservative Weighted Average Carbon Intensity (tCO_2e / $M Sales)



Source: Mercer, MSCI

Figure 7.5: Sustainable Balanced Weighted Average Carbon Intensity (tCO_2e / $M Sales)



Source: Mercer, MSCI

Cash is included in the above graphs (figures 7.3-7.5) because each of the Mercer Balanced fund, Responsible Conservative fund and Sustainable Balanced fund has an allocation to it; however, WACI is comparatively very low for securities with coverage, since these are primarily financial institutions with low scope 1 and 2 emissions. No WACI benchmark data was applied for Cash.

For the three representative funds, the Mercer Balanced fund, Responsible Conservative fund and Sustainable Balanced fund, their aggregate WACI is below benchmark[52] at the asset level with the exception of the fixed income (corporate) WACI for the Sustainable Balanced fund and Mercer Balanced fund and Trans-tasman shares for the Sustainable Balanced fund.

The largest variation from the benchmark is for Unlisted Infrastructure[53], which is -60% relative to the benchmark across all funds, except the Responsible Conservative fund which does not have an allocation.

The Fixed Income (Corporate) WACI exposure for the Sustainable Balanced fund is 13% higher than its benchmark.

[52] Asset class benchmark WACI is calculated through a weighted average of the benchmark WACI for each individual fund.

[53] 30 June 2023 data was used to generate an estimated WACI for unlisted infrastructure where actuals were not available.

Transition risks

Mercer NZ uses the aggregated ACT Score for each strategy and rollup at the portfolio level for the 16 transition-based indicators, assigning each company a score to categorise transition capacity from Dark Grey (indicating alignment with a higher carbon transition risk) to Dark Green (indicating alignment with lower carbon transition risk). The transition risk is the sum of the Dark and Light Grey in this analysis and as such represents the percentage of assets identified by Mercer NZ as most vulnerable to transition risks.

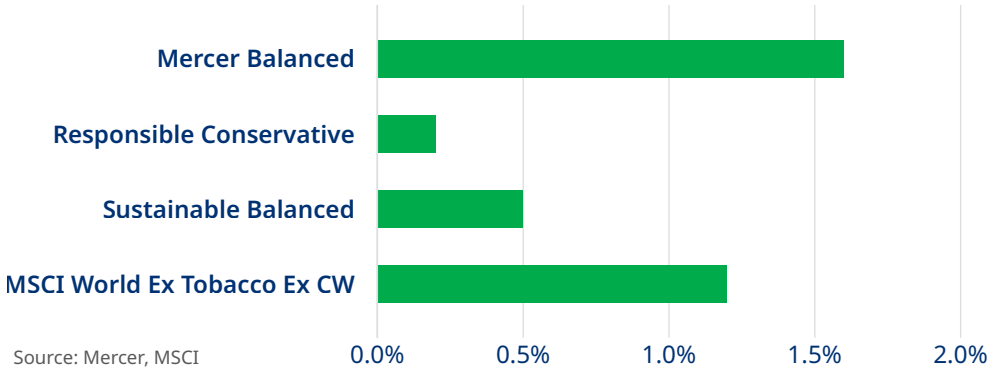
The results below are shown for the Mercer Balanced fund, the Responsible Conservative fund and the Sustainable Balanced fund as at 31 December 2024.

Table 7.4: Transition risks

	Transition Risks (%)
Mercer Balanced	1.6%
Responsible Conservative	0.2%
Sustainable Balanced	0.5%
MSCI World Ex Tobacco Ex CW	1.2%

Source: Mercer, MSCI

Figure 7.6: Transition risks



Source: Mercer, MSCI

In comparison to the MSCI World Ex Tobacco Ex CW, the Sustainable Balanced fund and Responsible Conservative fund have lower transition risk, and the Mercer Balanced fund has higher transition risk. The Sustainable Balanced fund benefits from exposure to sustainable-themes and the Responsible Conservative fund from a defensive asset allocation.

Physical risks

Physical risks analysis allows us to assess the downside risk potential from physical impacts on a company's assets and identify those holdings most exposed to physical risk impacts between now and 2035. This is expressed as an average Climate VaR.

The results are as follows for the Mercer Balanced fund, the Responsible Conservative fund, and the Sustainable Balanced fund as at 31 December 2024. Please note that the MSCI World Ex Tobacco Ex CW is purely shown as a comparison. The following Mercer representative funds have varying diversified strategic asset allocations whereas the index is a global equities index.

Table 7.5: Physical risks

	Physical Risk (%) Climate VaR
Mercer Balanced	-11.1%
Responsible Conservative	-7.0%
Sustainable Balanced	-7.9%
MSCI World Ex Tobacco Ex CW	-16.9%

Source: Mercer, MSCI

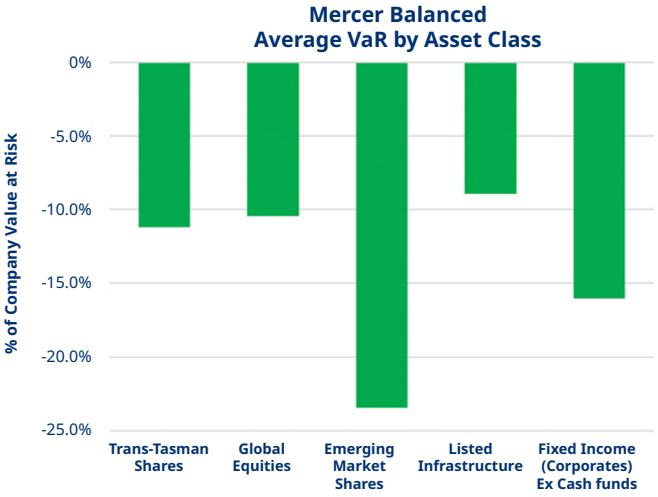
The higher the future level of global temperature rises, the more frequent and significant physical risks are expected to be. Physical risks may include:

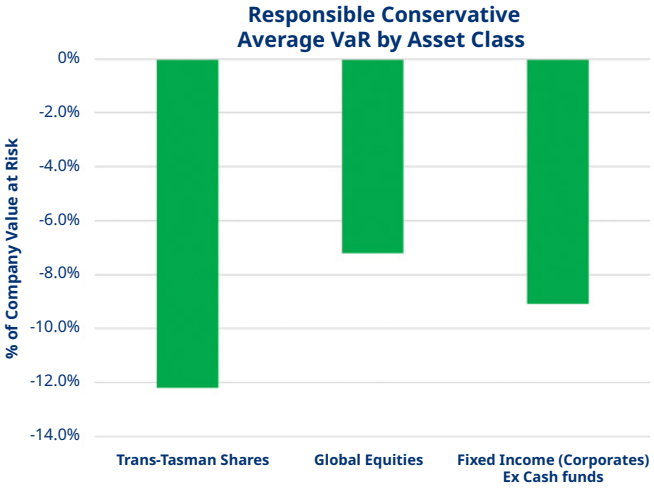
- Availability of natural resources (water, food, materials, biodiversity loss)
- Chronic Damage (longer-term shifts in climate patterns causing sea levels to rise or heat waves)
- Acute Damage (major catastrophes from storms, wildfires, droughts, floods.

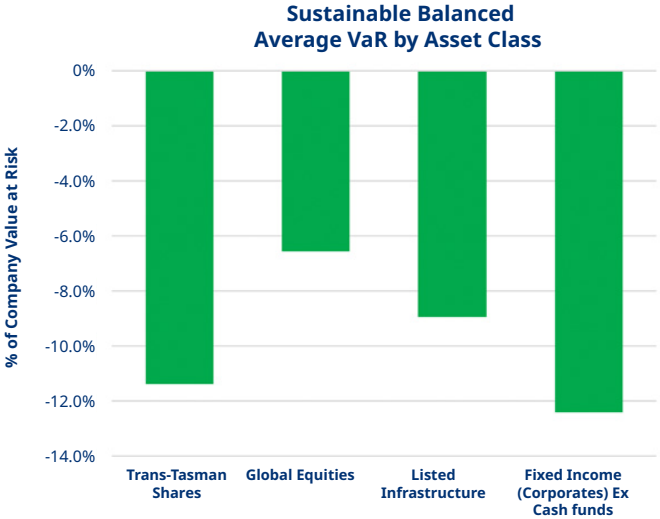
The Mercer Balanced fund presents the largest physical risk of -11.1% on aggregate sitting below the MSCI World Ex Tobacco Ex CW Climate VaR of -16.9%.

The chart below assesses physical risk using the climate physical VaR metric, measured across each asset class.

Figure 7.7: Physical Risks for selected funds listed sub-asset classes







Source: Mercer, MSCI

On an asset class level, the Mercer Balanced fund's allocation to Emerging Market Shares has the highest Climate VaR, followed by Fixed Income Corporates, respectively -23.4% and -16.0%. For the Responsible Conservative fund, the allocations to Trans-Tasman shares and Fixed Income (Corporates) have the highest Climate VaR, respectively -12.2% and -9.1%. The Sustainable Balanced fund's most prominent Climate VaR is its allocation to Fixed Income (Corporates) with -12.4%.

Asset class level Climate VaR is calculated using the average Climate VaR at a holding level and rolled up for each presented fund and asset class.

Climate-related opportunities contributors (listed securities only)

Paragraph 22(e) of the Aotearoa New Zealand Climate Standards requires an amount or percentage of assets, or business activities aligned with climate-related opportunities to be disclosed. In this Statement, we have used a two pronged approach to present climate-related opportunities as we believe using a percentage basis on its own may overstate or understate the opportunities.

ISS ESG's SDG Impact ratings ('**SDG Score**') (products and services only) have been used to measure investments (listed securities only) that are contributing to, or obstructing, the transformation processes required to achieve the Environmental and Social goals identified in the UN Sustainable Development Goals (**SDGs**).

The table below provides an example of the results for the Mercer Balanced fund, the Responsible Conservative fund, and the Sustainable Balanced fund. The scores used for these companies are those making a neutral or positive contribution and are above 0 on the 0 to +10 scale. In this reporting period we introduced a threshold to report portfolio percentage exposure to companies making a positive contribution, to capture just those that are above +0.2 on the 0 to +10 scale. This means that for the percentage exposure we have set a higher minimum threshold of +0.2 in accordance with ISS guidelines.

The six SDGs selected for inclusion in this analysis as most relevant to climate solutions are:

- Affordable & Clean Energy
- Climate Action
- Life Below Water
- Life On Land
- Responsible Consumption & Production
- Sustainable Cities & Communities

Companies are rated on a scale of -10 (significant negative impact) to +10 (significant positive impact). Over 6,500 global companies are covered by this dataset. Research is limited to companies so equity and credit strategies can be analysed, but sovereign or derivative strategies cannot.

The results are as follows for the Mercer Balanced fund, the Responsible Conservative fund and the Sustainable Balanced fund as at 31 December 2024:

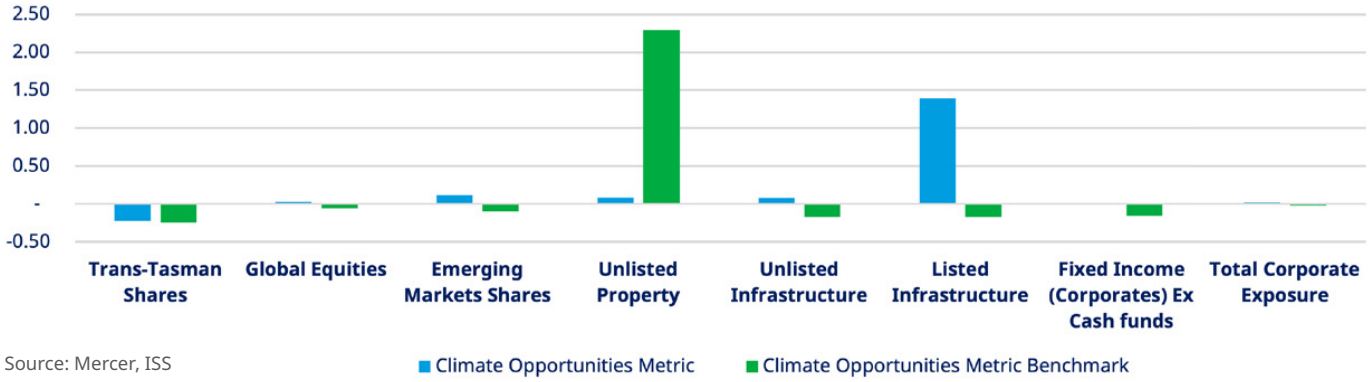
Table 7.6: SDG score

	Climate Opportunities (SDG Score)	Benchmark (SDG Score)	Climate Opportunities (Weight% - threshold >0.2)	Climate Opportunities Benchmark (Weight% - threshold >0.2)
Mercer Balanced	0.02	-0.02	14.8%	21.3%
Responsible Conservative	0.07	-0.05	10.1%	8.8%
Sustainable Balanced	0.20	-0.02	18.7%	21.0%
MSCI World Ex Tobacco Ex CW	-0.06		22.5%	

Source: Mercer, ISS

The Mercer Balanced fund chart below presents the Climate Related Opportunities ('**CRO**') in each asset class highlighting that the portfolio exposure to CRO on aggregate is greater than the benchmark for most asset classes. Listed Infrastructure is a significant contributor to the overall fund exposure to CRO. Global Equities and Emerging Markets fund exposure is better than their respective benchmarks. Trans-Tasman and Fixed Income asset classes are in-line with their benchmarks. The significant difference between the CRO metric for Unlisted Property and its benchmark is due to the benchmark (S&P ASX 300 A-REIT) including just listed securities and having good data coverage whereas the underlying fund itself has poor coverage as it is mostly private or unlisted assets.

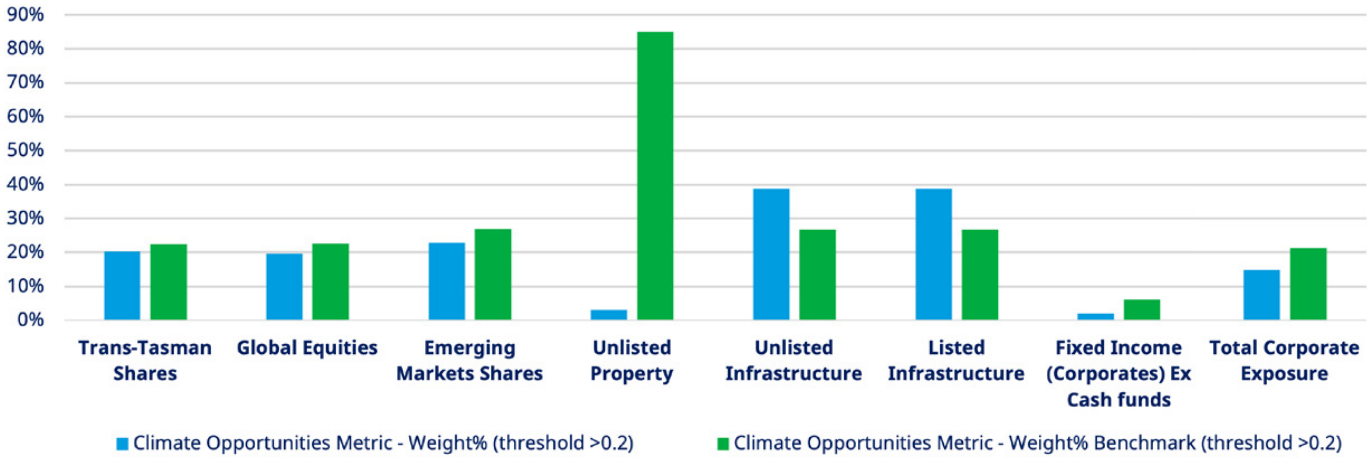
Figure 7.8a: Mercer Balanced Climate Related Opportunities - Score



Source: Mercer, ISS

The Mercer Balanced fund chart below presents the percentage exposure to CRO to companies making a positive contribution and that have a score above 0.2 (on the 0 to +10 scale). The portfolio percentage exposure to CRO on aggregate is lower than the benchmark. However, the Listed Infrastructure and Unlisted Infrastructure asset classes have a greater exposure to CRO in comparison to their respective benchmarks. All other asset classes are below their benchmarks. The Unlisted Property exposure is significantly below its benchmark due to discrepancies in data coverage as noted in commentary for Figure 7.8a.

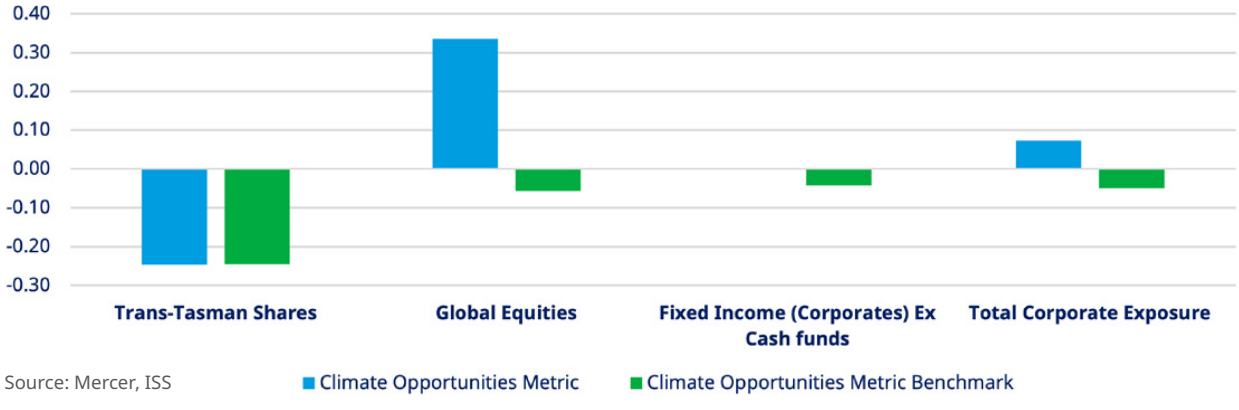
Figure 7.8b: Mercer Balanced Climate Related Opportunities - Weight% (threshold >0.2)



Source: Mercer, ISS

The Responsible Conservative fund chart below presents the CRO in each asset class highlighting that the portfolio exposure to CRO on a net basis is greater than the benchmark in Global Equities and Fixed Income asset classes. The Trans-Tasman exposure is aligned to the benchmark and a small detractor to the overall CRO of the fund.

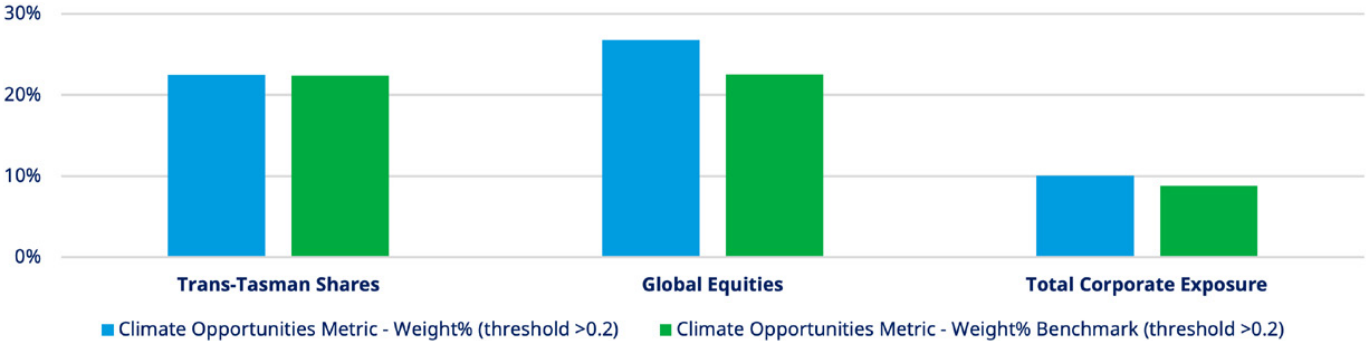
Figure 7.9a: Responsible Conservative Climate Related Opportunities - Score



Source: Mercer, ISS

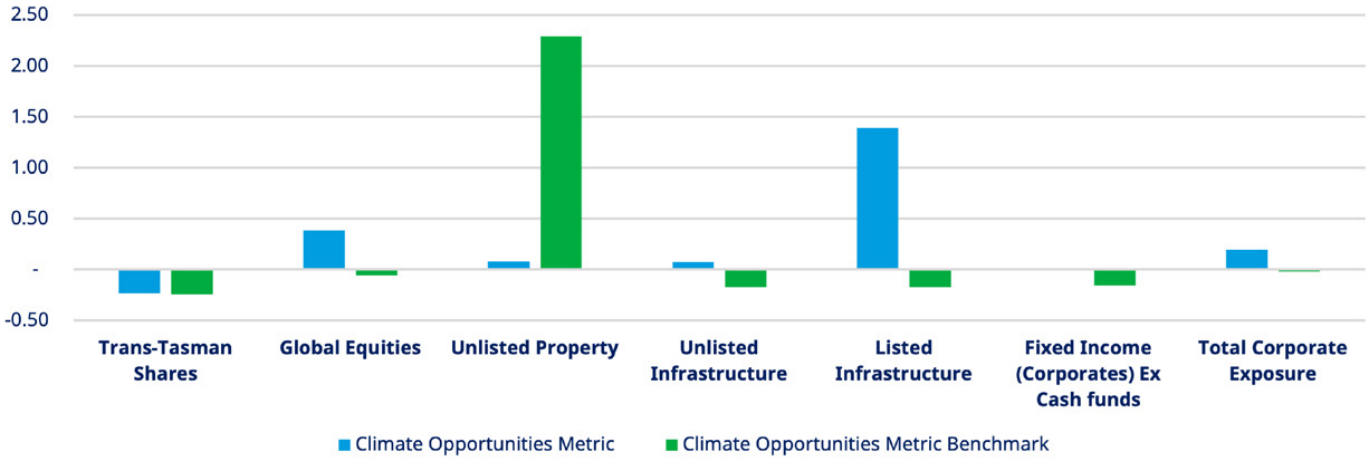
The Responsible Conservative fund chart below presents the percentage exposure to CRO to companies making a positive contribution and that have a score above 0.2 (on the 0 to +10 scale), highlighting that the portfolio percentage exposure to CRO is, on an aggregate basis, greater than the benchmark in Global Equities and Trans-Tasman. Fixed Income does not show relevant data to comment.

Figure 7.9b: Responsible Conservative Climate Related Opportunities - Weight% (threshold >0.2)



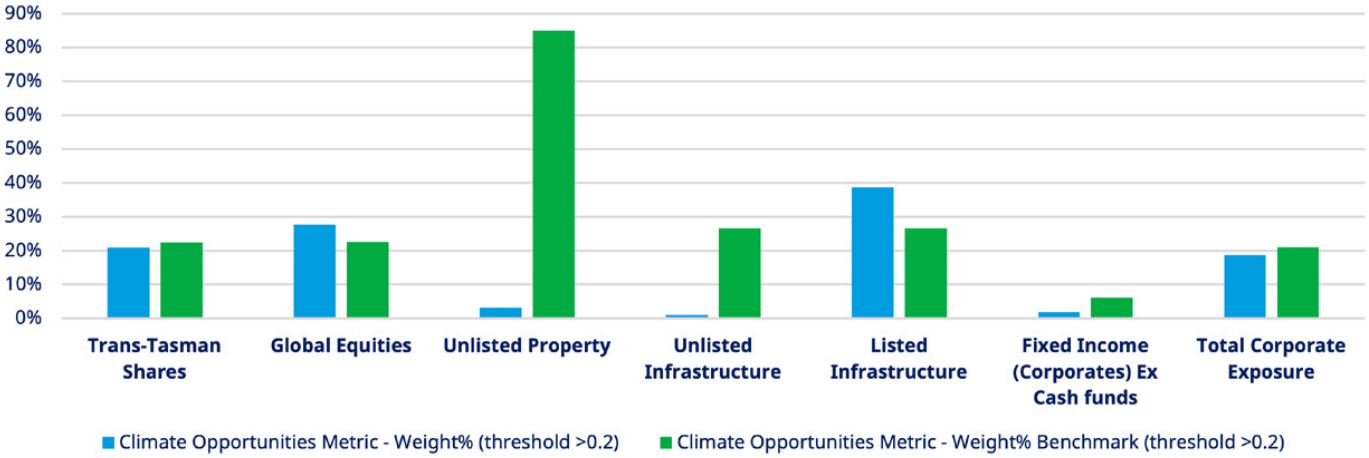
The Sustainable Balanced fund CRO chart illustrates that the portfolio exposure to CRO on a net basis is better than the benchmarks across most asset classes. However, we note the fund's Trans-Tasman exposure is aligned to the benchmark and a small detractor to the overall fund CRO. The Unlisted Property exposure is significantly below its benchmark due to discrepancies in data coverage as noted in commentary for Figure 7.8a.

Figure 7.10a: Sustainable Balanced Climate Related Opportunities



The Sustainable Balanced fund chart below presents the percentage exposure to CRO to companies making a positive contribution and that have a score above 0.2 (on the 0 to +10 scale). The portfolio percentage exposure to CRO on aggregate is higher than the benchmark for Global Equities and Listed Infrastructure. All other asset classes, Trans-Tasman Share and Fixed Income are below their respective benchmark exposures to CRO.

Figure 7.10b: Sustainable Balanced Climate Related Opportunities - Weight% (threshold >0.2)



Source: Mercer, ISS

Capital deployment (fossil fuel analysis)

The capital deployment metric reports the amount of capital expenditure, financing, or investment deployed toward climate-related risks and opportunities. For capital expenditure related to climate risk our fossil fuel analysis reflects the percentage of capital expenditure on the activity (a distinct field, for Coal Mining, Coal Power, Oil & Gas extraction). For capital expenditure related to climate opportunities our green expansion analysis captures the total percentage of a company's capital expenditure invested in the expansion or development of renewable energy projects for the most recent fiscal year.

The below results are shown for the Mercer Balanced fund, the Responsible Conservative fund and the Sustainable Balanced fund as at 31 December 2024.

Table 7.7: Fossil fuel analysis

	Fossil Fuel Capital Deployment Metric	Capex Opportunities
Mercer Balanced	0.6%	2.7%
Responsible Conservative	0.3%	1.6%
Sustainable Balanced	0.4%	3.1%
MSCI World Ex Tobacco Ex CW	2.6%	0.6%

Source: Mercer, MSCI

All of the representative funds have a significantly lower aggregate Fossil Fuel Capital Deployment metric compared to the MSCI World Ex Tobacco Ex CW. For the Responsible Conservative fund and the Sustainable Balanced fund, it is worth noting there are fossil fuel exclusions applied to equities exposures (and credit exposures for the Sustainable Balanced fund)[54].

By contrast, the Green Capital Expenditure Opportunities metric seeks to identify the percentage of companies' capital expenditure towards renewable energy projects. All funds have greater exposure to Capex opportunities than the MSCI World Ex Tobacco Ex CW. The Responsible Conservative fund presents a lower exposure to companies with renewable energy project capital expenditure given the fund's lower equities exposure.

Portfolio alignment - % with SBTi approved targets

Portfolio alignment metrics aim to measure the proportion of the companies in each portfolio that have validated net zero decarbonisation targets independently assessed by a third party (SBTi). This indicates alignment with the low-carbon transition. The measure is expressed as a percentage of each portfolio with validated, approved net zero decarbonisation targets as assessed by the SBTi. For comparison, we have included the MSCI World Ex Tobacco Ex CW SBTI metrics.

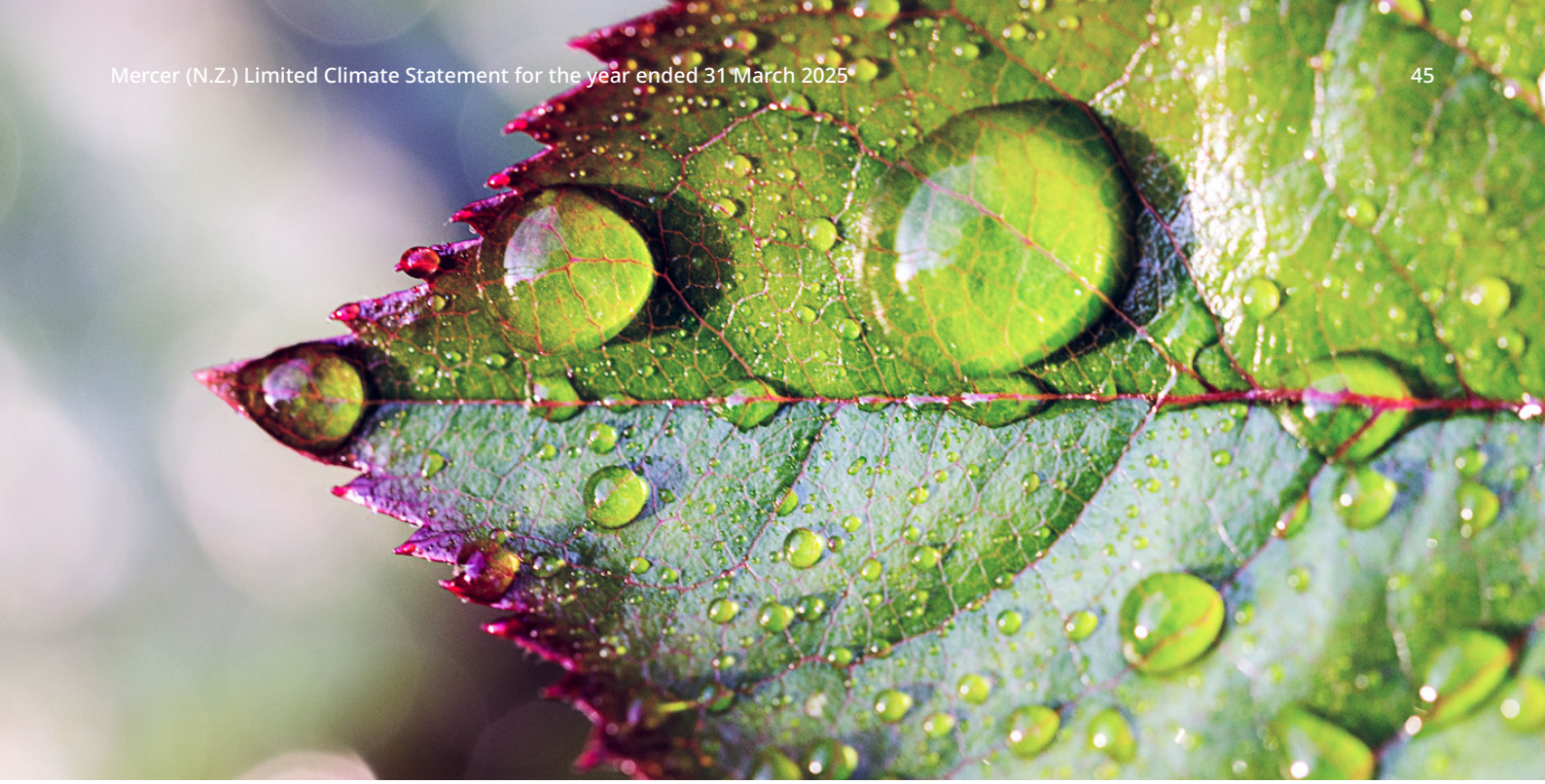
The results below are shown for the Mercer Balanced fund, the Responsible Conservative fund and the Sustainable Balanced fund as at 31 December 2024.

Table 7.8: Portfolio Alignment with SBTi approved targets

	% with SBTi validated targets
Mercer Balanced	34.7%
Responsible Conservative	21.9%
Sustainable Balanced	40.7%
MSCI World Ex Tobacco Ex CW	38.2%

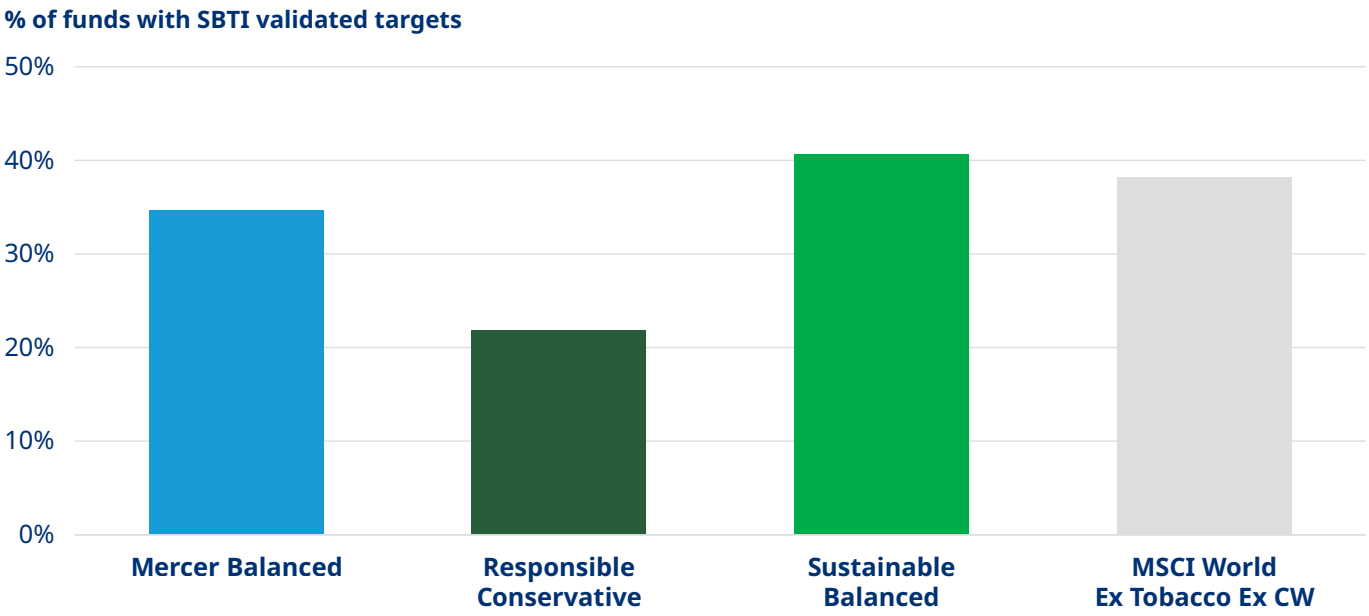
Source: Mercer, MSCI

[54] For further information on exclusion definitions please refer to Mercer's SI Policy, the relevant fund's SIPO, and Mercer website(s).



Overall, we note that the funds presented here with the exception of the Sustainable Balanced fund have exposure to SBTi validated targets underlying holdings lower than the MSCI World Ex Tobacco Ex CW. This can be attributed to the exposure to Trans-Tasman Equities, and the underlying SR Overseas Share equities fund which has a higher proportion of SBTi aligned constituents in comparison to the MSCI World Ex Tobacco Ex CW. The Sustainable Balanced fund has a higher exposure to holdings with SBTi validated targets underlying which is derived from its allocation to sustainable themed managers.

Figure 7.11: Portfolio alignment with SBTi approved targets for selected funds as at 31 December 2024



Source: Mercer, MSCI

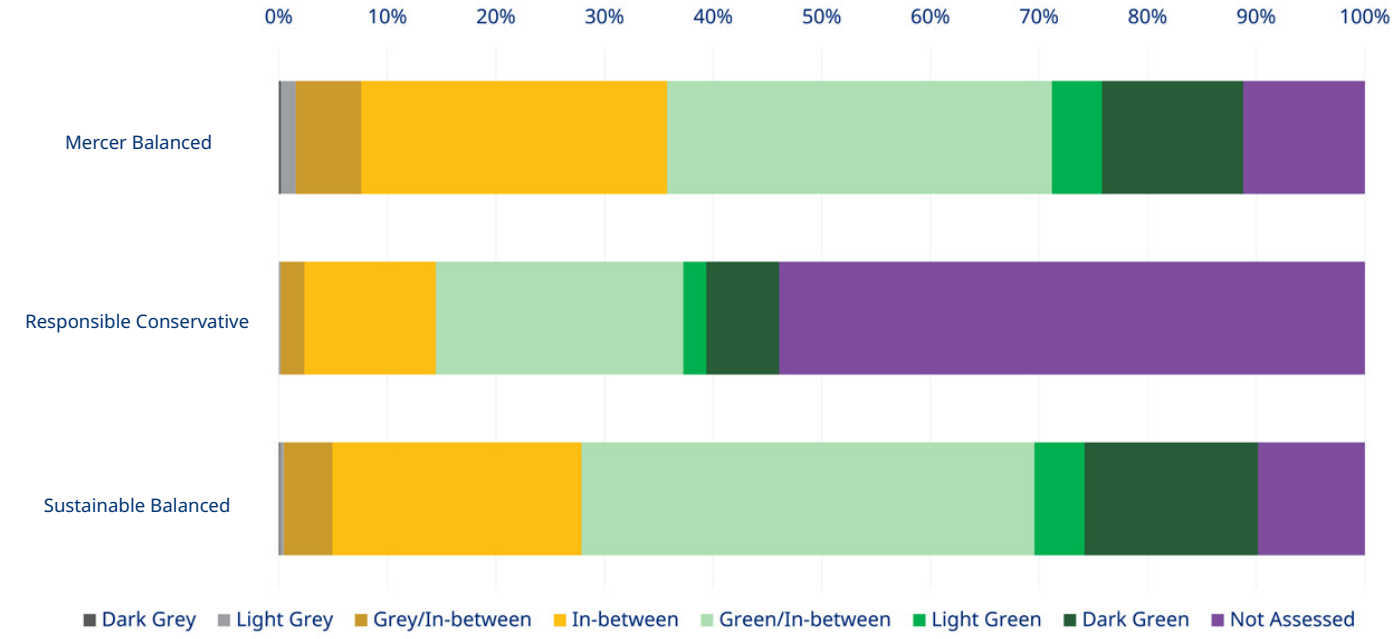
Transition capacity

In addition to the metrics tracked and assessed above, we also focus on understanding the transition capacity of the Mercer Funds, as captured through Mercer's ACT tool. The tool aggregates multiple climate-related metrics to provide a forward-looking view of transition capacity on a spectrum. While it is not a single metric that can be monitored over time, it is proving to be beneficial for assessing future risks, such as stranded assets, and identifying the most appropriate priorities for future emissions reductions.

The below graphics illustrate the climate transition assessment (using the ACT tool) for the Mercer Balanced fund, the Responsible Conservative fund and the Sustainable Balanced fund as at 31 December 2024.

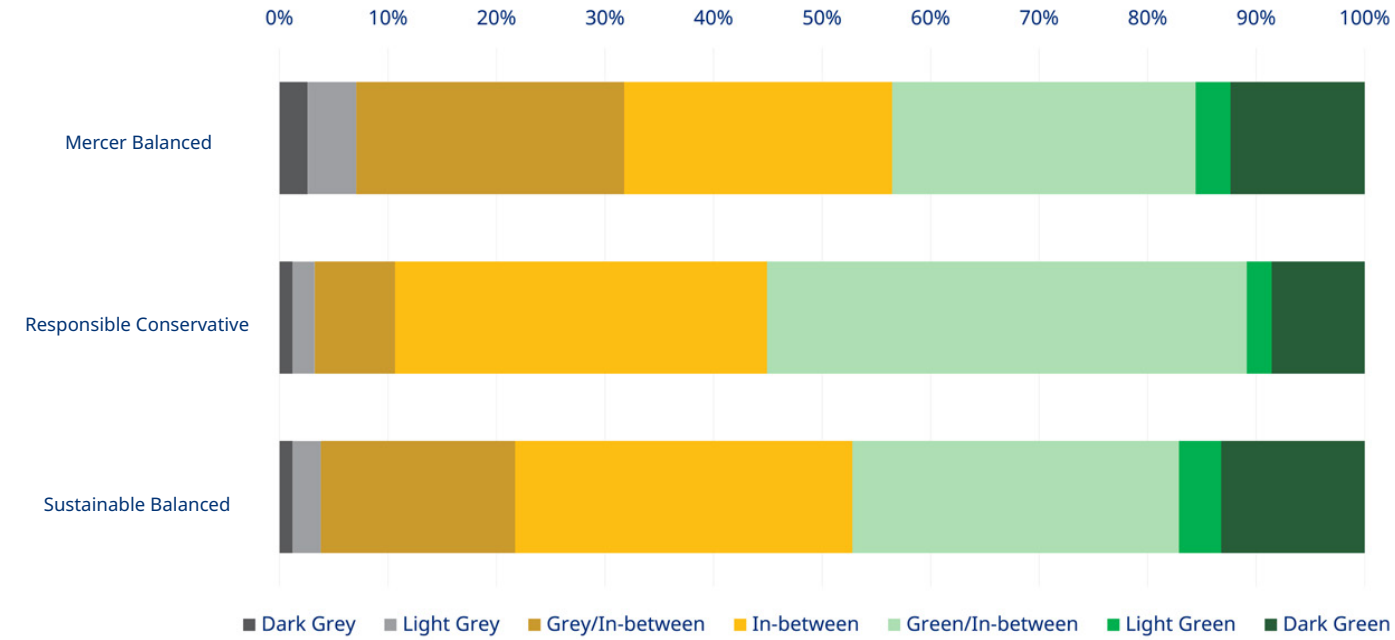
7.12: Climate transition assessment

Analytics for Climate Transition (ACT) Corporate Assessment by Weight (%)

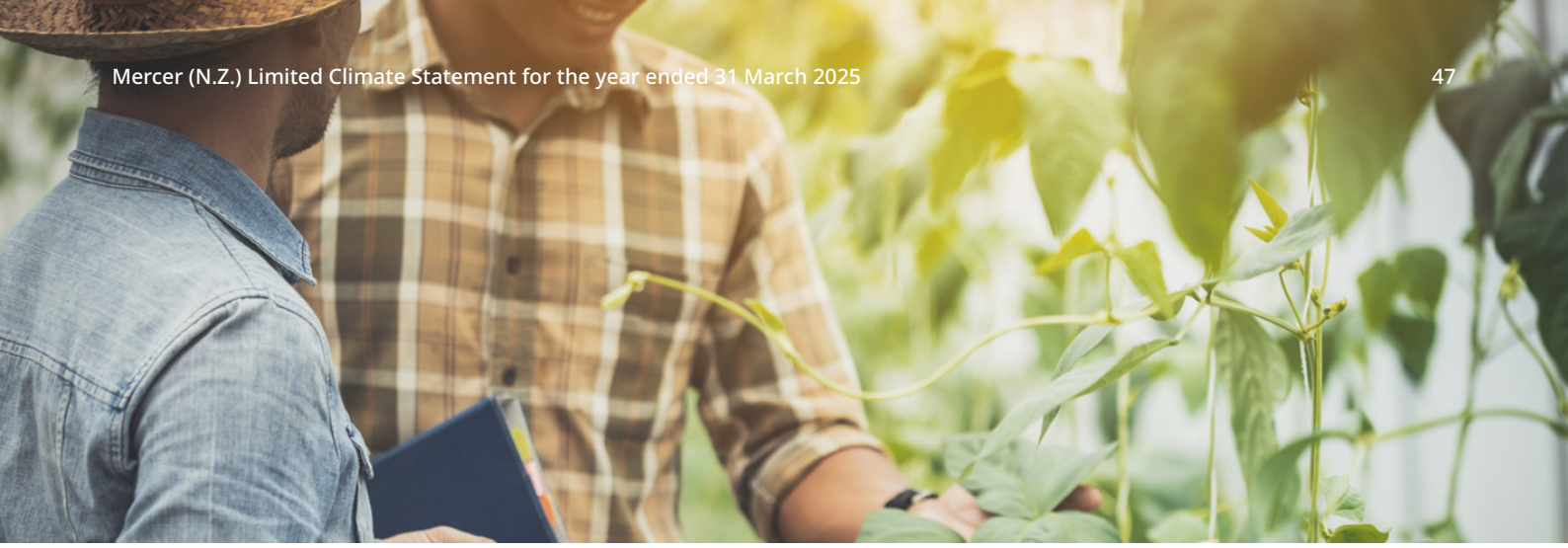


Source: Mercer, MSCI

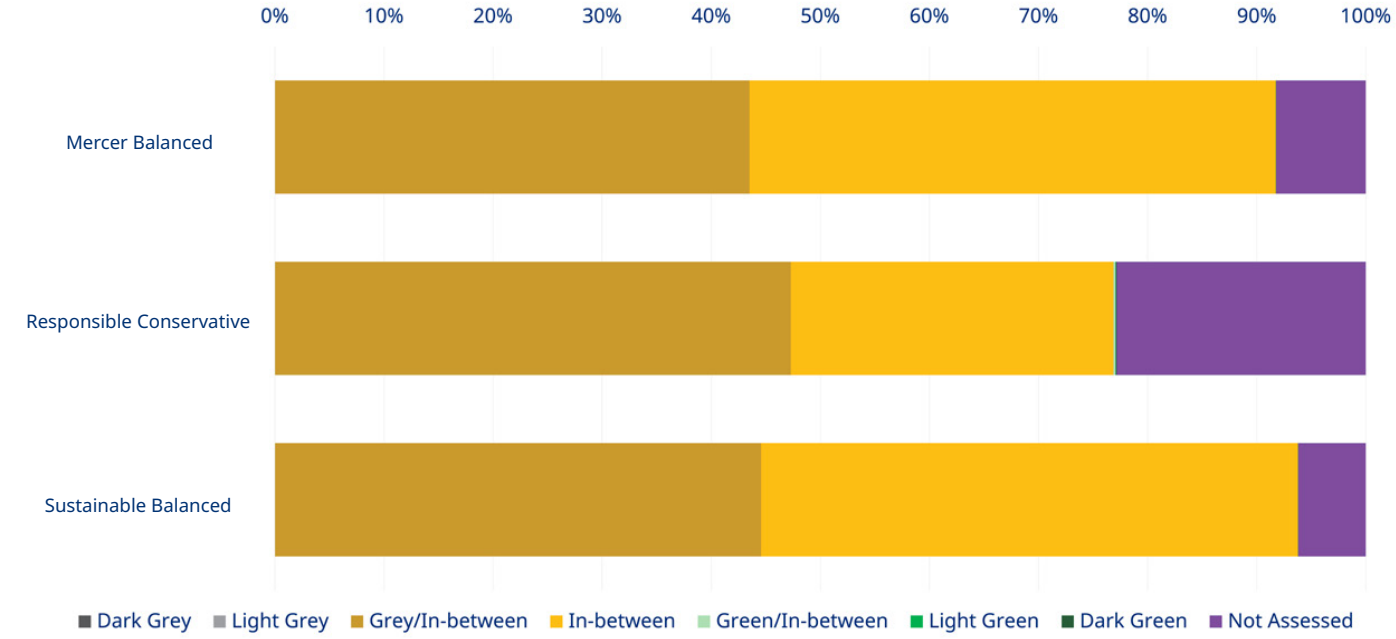
Analytics for Climate Transition (ACT) Corporate Assessment by WACI (%)



Source: Mercer, MSCI

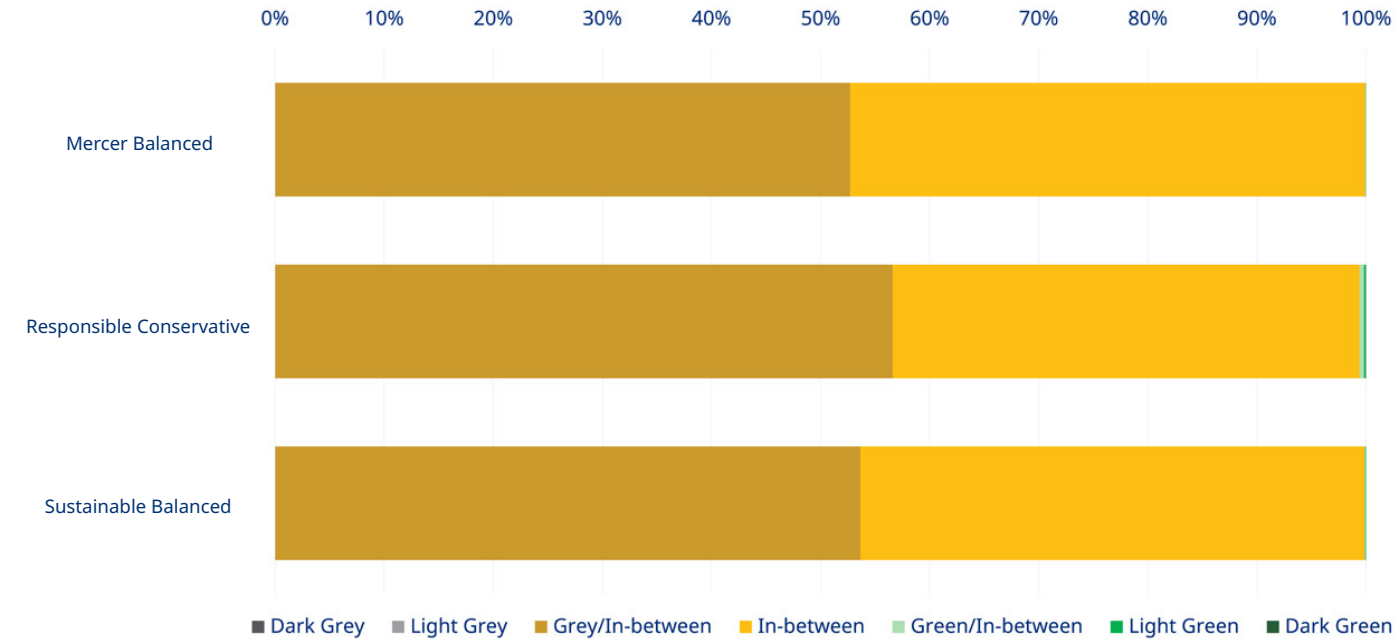


Analytics for Climate Transition (ACT) Sovereign Assessment by Weight (%)



Source: Mercer, MSCI

Analytics for Climate Transition (ACT) Sovereign Assessment by WACI (%)

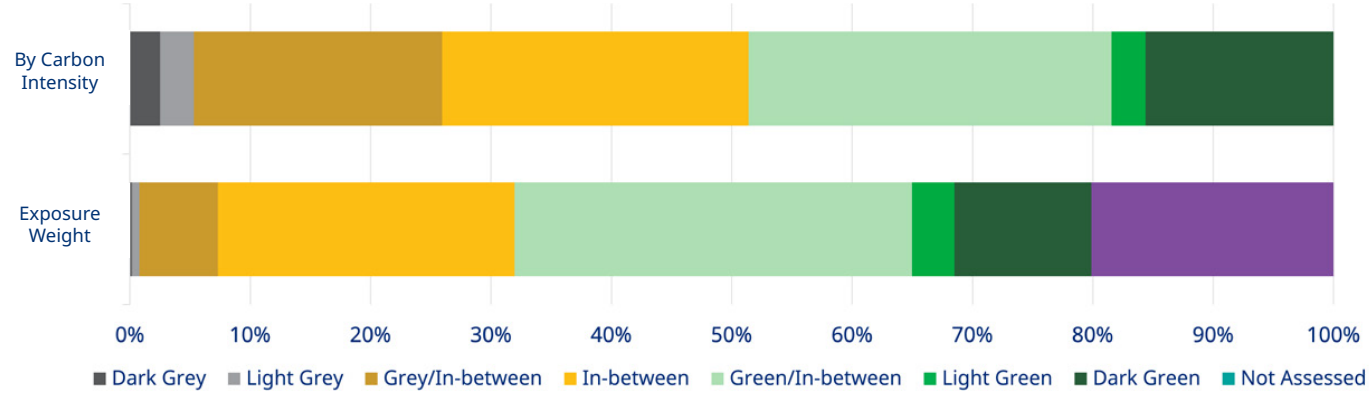


Source: Mercer, MSCI

The below graphs illustrate the climate transition assessment (using the ACT tool) for the total assessable[55] Mercer Funds captured under this Statement as at 31 December 2024.

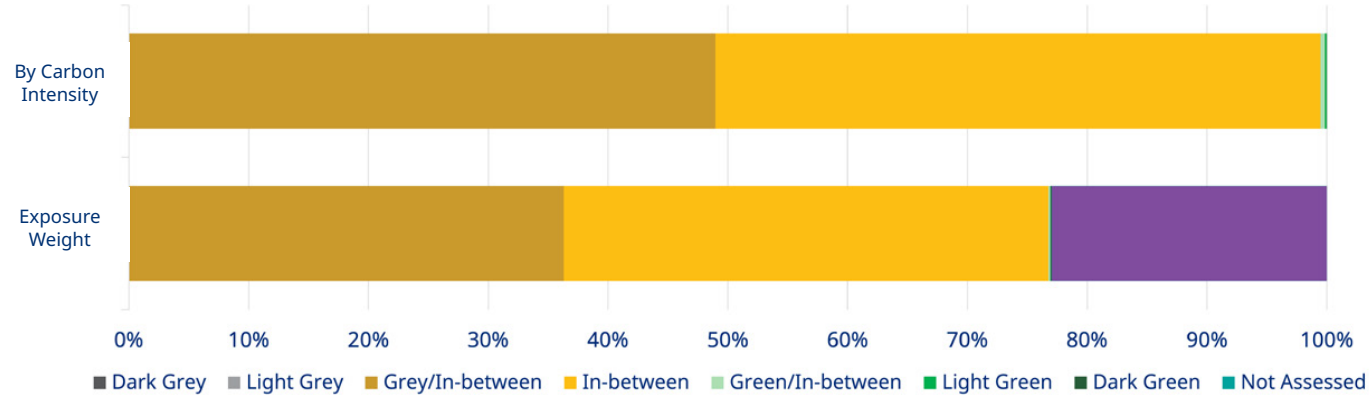
Figure 7.13: Climate transition assessment for the total assessable Mercer Funds

Mercer Funds Analytics for Climate Transition (ACT) Corporate Transition Assessment



Source: Mercer, MSCI

Mercer Funds Analytics for Climate Transition (ACT) Sovereign Transition Assessment



Source: Mercer, MSCI

The Grey
high carbon intensity, low transition capacity

The In-between
varying carbon intensity and transition prospects

The Green
low carbon intensity, high transition capacity

Analytics for Climate Transition (ACT) Corporate Transition Assessment								
Mercer Funds in aggregate	**Dark Grey**	**Light Grey**	**Grey/ In-between**	**In-between**	**Green/ In-between**	**Light Green**	**Dark Green**	**Not Assessed**
By weight	0.2%	0.6%	6.5%	24.6%	33.0%	3.5%	11.4%	20.1%
By Carbon Intensity	2.5%	2.8%	20.6%	25.5%	30.1%	2.8%	15.6%	

Analytics for Climate Transition (ACT) Sovereign Transition Assessment								
Mercer Funds in aggregate	**Dark Grey**	**Light Grey**	**Grey/ In-between**	**In-between**	**Green/ In-between**	**Light Green**	**Dark Green**	**Not Assessed**
By weight	0.0%	0.0%	36.3%	40.5%	0.2%	0.0%	0.1%	23.0%
By Carbon Intensity	0.0%	0.0%	49.0%	50.5%	0.3%	0.1%	0.0%	

Source: Mercer, MSCI

[55] Noting approximately 85.6% excluding derivatives and some cash of the aggregate Mercer Funds captured under this Statement by weight are captured as assessable in the analysis, due to data availability.

The Mercer Funds in aggregate have a 0.8% of Corporate exposure by weight to Dark Grey and Light Grey assets, which are responsible for 5.3% of the total assessed portfolio WACI. Meanwhile, for Sovereign exposures, none of the Mercer Funds in aggregate have Sovereign exposure by weight to Dark Grey and Light Grey assets, they have 36.3% exposure by weight to Grey/In-between assets, which are responsible for 49.0% of the total assessed WACI. These carbon-intensive exposures with low transition capacity are monitored regularly so that we can manage and engage in line with our Climate Plan.

Within the aggregated fund reported under this Statement, 14.9% of the Corporate exposure and 0.1% of the Sovereign exposure by weight are categorised as high transition capacity (light and dark green).

Out of the Mercer Funds captured under this Statement ($6.7bn as at 31 December 2024) this analysis covers approximately 85.6% out of the total reported FUM in this Statement. We do not have sufficient data to include asset classes like alternatives and private equity.

Appendix A: Climate Scenario Model

We use climate change scenario analysis to support strategic asset allocation decisions by testing resilience under multiple potential future outcomes. These scenarios cover a range of policy assumptions, market responses and temperature outcomes.

The Mercer climate scenarios are modelled using the macro-econometric (non-equilibrium) model of Cambridge Econometrics ('**the E3ME climate model**'), delivered in collaboration with Ortec Finance. Mercer's collaboration with Cambridge Econometrics and Ortec Finance aims to ensure the scenarios are grounded in the latest climate and economic research and give practical insights.

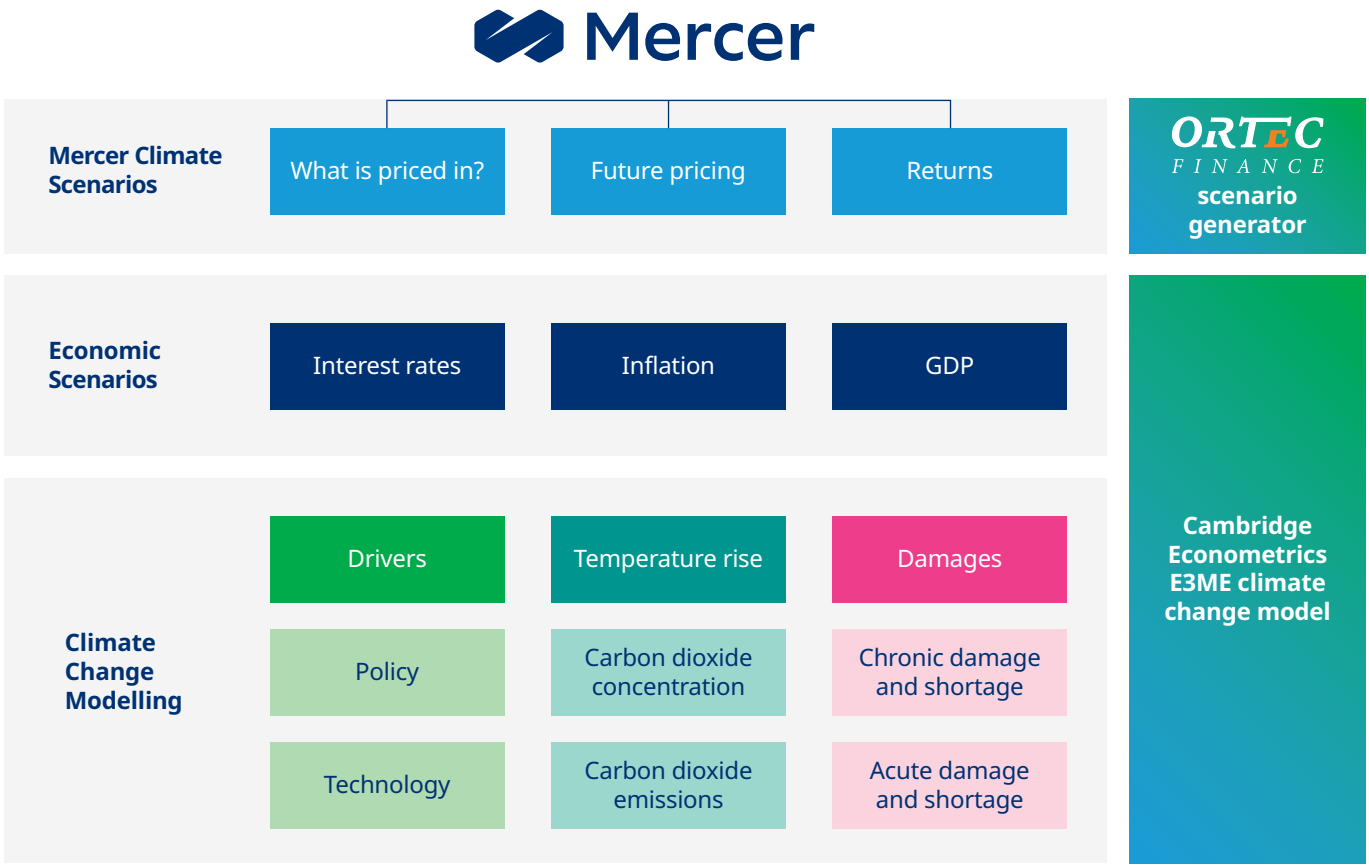
More about the climate scenarios

Mercer's climate scenarios build investment modelling on top of the economic impacts of different climate change scenarios within the Cambridge Econometrics E3ME climate change model.

Each scenario covers a specific level of warming, driven by levels of carbon dioxide ('**CO_2**') and other greenhouse gases ('**GHGs**'). These levels are determined by the policies enacted and the technological developments. The impacts of the warming are shown in the physical risks. E3ME maps this to economic impacts and Ortec Finance's scenario generator maps the economic impacts to investment returns by making assumptions on what's currently priced in and how future pricing shocks will occur.

Mercer's scenarios include Mercer's views on what is priced in and are built on Mercer's climate-aware capital market assumptions.

Figure A.1: Mercer's Climate Scenario Construction Model



How does the modelling work?

The diagram above provides an overview of how the scenarios are constructed in multiple layers, including investment scenarios, economic scenarios and climate scenarios.

Potential financial impacts are driven by two key sources of change:

1. The physical risks expected from an increase in average global temperatures; and
2. The associated transition to net zero.

The figure below demonstrates some of the potential risk factors associated with these key sources of change.

Figure A.2: Physical risk factors

Transition

Technology

Policy

Physical

Availability of Natural Resources

Chronic Damages (including productivity)

Acute Damages (catastrophes)

Sudden asset re-pricing risk

Opportunities from the low carbon transition

Sector performance divergence – energy, transport and agriculture most impacted

Physical risks increasingly dominate over longer term

The scenarios are not built on the Network for Greening the Financial System ('**NGFS**') scenarios but can be mapped to the NGFS framework including the orderly and disorderly transition and increased warming and physical damages scenarios. A key differentiating factor in our scenarios is the forward pricing-in of stress tests. The September 2022 NGFS update has not been considered in the CAST analysis presented in this Statement.

i) Scenario stress testing is embedded into the Mercer/Ortec scenarios, while the NGFS scenarios do not incorporate this.

ii) Pricing-in shocks are captured before the actual risk event. For example, the physical risk is now assumed to be priced in within current investor timeframes, rather than in 2100.

The baseline comparison is Mercer's view on what is priced in today, reflecting capital market assumptions and a weighted combination of the three climate scenarios given current policies.

Modelling assumptions

Table A.1: Modelling assumptions used in this Statement

	Rapid Transition	Orderly Transition	Failed Transition
Summary	Sudden divestments in 2026 to align portfolios with to Paris Agreement goals have disruptive effects on financial markets with sudden repricing followed by stranded assets and a sentiment shock.	Political and social organisations act quickly and predictably to implement the recommendations of the Paris Agreement to limit global warming to below 2°C.	The world fails to meet the Paris Agreement goals and global warming reaches 4.3°C above pre-industrial levels by 2100. Physical climate impacts cause large reductions in economic productivity and increasing impacts from extreme weather events.
Cumulative emissions	416 $GtCO_2$ (2020-2100) – most closely corresponding to the 'lowest emissions' IPCC pathway: SSP1 – RCP1.9.	810 $GtCO_2$ (2019-2020) – most closely corresponding to the 'low emissions' IPCC pathway: SSP1 – RCP2.6.	5,127 $GtCO_2$ (2020-2100) – most closely corresponding to the 'high emissions' IPCC pathway: SSP3 – RCP7.0.
Temperature change	Average temperature increase of 1.5°C by 2100 in line with the Paris Agreement. Under this scenario, the average temperature increase stabilises at 1.5°C around 2050.	Average temperature increase of 1.8°C by 2100. This scenario includes additional economic damage consistent with ~1.8°C of average temperature rise – peaking in 2070. The additional damage under this scenario could be associated with further human emissions or greater impacts from feedback loops and tipping points.	Average temperature increase of >4°C by 2100.
Key policy & tech assumptions	An ambitious policy regime is pursued to encourage greater decarbonisation of the electricity sector and to reduce emissions across all sectors of the economy. Higher carbon prices, larger investment in energy efficiency and faster phase out of coal-fired power generation under a Rapid Transition. This is earlier and more effective under a Rapid Transition than the Orderly Transition, which allows for less investment in energy efficiency and bioenergy with carbon capture and storage.		Existing policy regimes are continued with the same level of ambition.
Financial climate modelling	Pricing in of transition and physical risks of the coming 40 years occurs within one year in 2026. As a result of this aggressive market correction, a confidence shock to the financial system takes place in the same year.	Pricing in of transition and physical risks until 2050 takes place over the first 4 years. The additional damage, beyond 1.5°C, impacts asset performance on a year-by-year basis with no advance pricing in.	Physical risks are priced in two different periods: 2026-2030 (risks of first 40 years) and 2036-2040 (risks of 40-80 years).
Physical risk impact on GDP	Physical risks are regionally differentiated, consider variation in expected temperature increase per region and increase dramatically with rising average global temperature. Physical risks are built up from: • Gradual physical risks associated with rising temperature (agricultural, labour and industrial productivity losses) • Economic impacts from climate-related extreme weather events Current modelling does not capture environmental tipping points or knock-on effects (e.g., migration and conflict).		
Physical risk impact on inflation	Gradual physical impact (supply shocks) on inflation included through risks to agriculture and change in food prices. Total impact on a Global CPI Index is +2% in 2100.	No explicit modelling of physical risk impact on inflation (supply-side shocks). Impact on inflation follows the historical relationship between GDP and CPI.	Severe gradual physical impact (supply shocks) on inflation included through risks to agriculture and change in food prices. Total impact on a Global CPI Index is +15% in 2100.

While there are many benefits, there are also limitations associated with any modelling. Further detail is provided later in this Appendix.

Risks and opportunities

Transition risks and opportunities

We reviewed the potential financial and economic risks and opportunities from the transition to net zero (that is, one that has a low or no reliance on fossil fuels) in areas such as Technology and Policy.

Risks may include the possibility of sudden asset re-pricing events, or increased costs, associated with high-carbon activities and products. There may also be opportunities from low-carbon technology developments.

The transition to net zero emissions is already underway, as evidenced by the disruption in major sectors such as energy and utilities, and increasingly in transport and the built environment. These technology and economy-driven changes are emerging iteratively, with a growing policy ambition globally from governments, companies and investors, together with individual demand. These developments may increase the likelihood of a lower warming scenario and the near-term risks and opportunities this scenario may present.

Physical risks and opportunities

The higher the future level of global temperature rises, the more frequent and significant physical risks are expected to be. Physical risks may include:

- Availability of natural resources (water, food, materials, biodiversity loss)
- Chronic Damage (longer-term shifts in climate patterns causing sea levels to rise or heat waves)
- Acute Damage (major catastrophes from storms, wildfires, droughts, floods)

In shorter timeframes, transition risk tends to dominate. However, over longer timeframes, physical risks and the associated damage (both anticipated and realised) is likely to be the key driver of climate impacts. Physical damage risk and loss are largely expected to emerge in the medium to longer term and to require increasing prioritisation, given emerging evidence for perils eventuating sooner than anticipated in multiple regions[56]. These tend to present the greatest risk where the physical assets of a company are critical to its financial outcomes (for example an office building, a network of factories or a timber plantation)[57]. We believe a key strength of our scenario analysis is that it aims to allow for climate impacts to be priced in before they happen. This reflects likely market dynamics and our expectation that climate impacts can be expected within investment timeframes.

Climate scenario modelling limitations

1. The further into the future you go, the less reliable any quantitative modelling is likely to be.
2. Looking at average asset class returns over multi-decade timeframes leads to invariably small impacts. The results are potentially significantly underestimated.
3. There is a reasonable likelihood that physical risks are grossly underestimated. Feedback loops or tipping points, like permafrost melting, are challenging to models, particularly around the timing and the speed at which it could accelerate.
4. Financial stability and insurance breakdown is not modelled. A systemic failure may be caused by either an uninsurable 4°C physical environment or due to the scale of mitigation and adaption required to avoid material warming of the planet.
5. Most adaptation costs and social factors are not priced into the models. These include population health and climate-related migration.

For more information, please refer to Mercer's December 2023 *Investing in a Climate Crisis* paper and the Limitations noted on page 6 of that paper[58].

[56] Intergovernmental Panel on Climate Change Sixth Assessment Report - www.ipcc.ch/assessment-report/ar6/ (synthesis report released March 2023).

[57] See Mercer's Zero places to hide paper www.mercer.com/our-thinking/wealth/zero-places-to-hide.html

[58] www.mercer.com/en-gb/insights/investments/investing-sustainably/investing-during-climate-crisis/

Appendix B: Analytics for climate transition methodology

Mercer's proprietary ACT tool provides a bottom-up company-level perspective on transition risk and capacity across asset classes. A transition scenario, Rapid or Orderly, is increasingly possible, as the number of climate laws and decisions made by global policymakers to attempt to curb global emissions increase. That said, global emissions are still rising. As financial climate change related disclosure regulation covers more companies and asset owners/managers, the impact of climate change is likely to be increasingly priced into markets and impact asset prices. Government policy and regulation, the Paris Agreement, technology tipping points and pricing shifts in the energy sector, along with consumer sentiment and company actions are all contributing to this pricing in. A transition scenario presents the greatest short-term risks and opportunities in different sectors over the next decade to investors and therefore it is critical to understand risk exposures and where opportunities from the transition may lie.

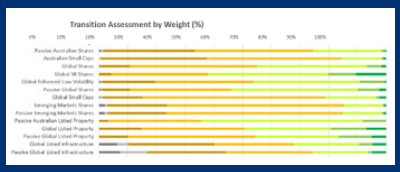
Figure B.1:

Overview of the transition plan based on ACT

2020 → 2030 → 2050

1. Calculate the baseline

2. Analyse possibilities



3. Set measurable goals

Determine a pathway suitable for your portfolio and set net zero targets with confidence.

Milestone expectations are set out for each asset class through a phased approach.

4. Implement the plan

Integration
- **Incorporate** analysis into strategy and portfolio decisions.
- **Monitor** market pricing.

Stewardship
- **Engage** with companies, including via collaborative initiatives.
- **Utilise** voting rights.

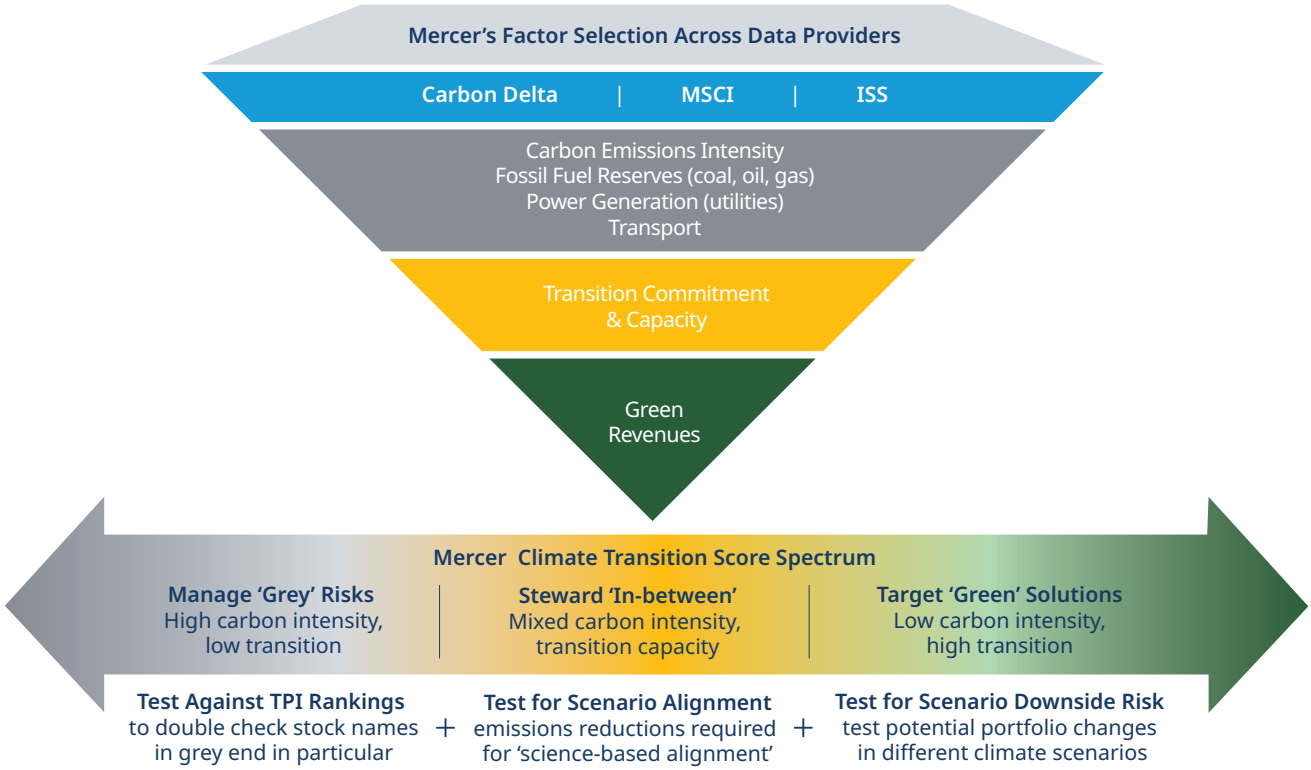
Investment
- **Allocate** to low-carbon / sustainability solutions.
- **Monitor** developments and pricing.

Screening
- **Monitor** high-carbon exposures where low transition capacity.

Report and disclose

ACT draws on multiple third-party metrics for company level emissions and reserves, transition commitments and green revenues and other UN SDG indicators. Mercer has selected and weighted the metrics to provide a single transition capacity assessment, categorising companies and therefore strategies and portfolios on a spectrum — going from grey, high-carbon and low-transition investments, to green, those already low-/zero-carbon or climate solutions, and the many companies in the middle, the in-between with varying transition capacities.

Figure B.2: Overview of Mercer's transition capacity assessment



Appendix C: Metrics Methodology

Data sources

Our climate-related metrics are sourced from MSCI ESG and ISS ESG using stock list data provided by our investment managers and/or appointed custodian.

Scope of emissions

Scope 1 and 2 emissions are not attributed to the activities of the Mercer Funds themselves, consequently, references to emissions data relate to those of the portfolio holdings within each of the Mercer Funds.

Only Scope 1 and 2 emissions data of portfolio holdings are included in this Statement, except where noted. This means that for some companies, carbon assessments could be considered an understatement. In accordance with adoption provision 4 contained within NZ CS 2 an exemption from disclosure of Scope 3 emissions is provided during the first and second reporting periods. We believe Scope 3 emissions remains largely estimated. Scope 1, 2 and 3 emissions of the portfolio holdings are as defined by the GHG protocol.

Data coverage

Data coverage refers to the proportion of an asset in which the various climate-related metric data is available. There are gaps in the data due to:

- Some public listed companies are not publishing climate-related data or are providing poor quality data, particularly public equity and corporate bonds. It is also challenging to obtain data for emerging market equity due to general disclosure and transparency issues.
- Many private companies do not currently produce climate-related data. In addition, coverage for private markets, such as private equity and private debt, is low or zero for mature funds.
- Sovereigns or governments may not publish climate-related data in the public domain. This is a particular challenge for emerging market debt.
- Short-term instruments, such as secured finance assets, have limited data available due to the short-term nature of the individual assets.
- For the long-dated property portfolio, the occupiers of the buildings in the portfolio have full operational control and there are no Scope 1 or 2 emissions associated with the investments. Our investment managers are looking to improve the collection of Scope 3 emissions data – this includes occupier activities where they have direct utility supplier contracts.

Metrics in this Statement use a pro-rata approach to scale up each climate metric to present the data as if full coverage was available for each asset. This assumes that the part of an investment fund that does not have data available has the same investment characteristics (for example, same sector or geography) as the part where there is data.

Figure D.1 Overview of Mercer's metrics calculations methodology

Emissions-based	**Absolute Emissions**	$\Sigma \frac{\$ \text{ Investment}}{\text{issuer's EVIC}} * \text{Scope 1 \& 2 emissions}$
	Carbon Footprint	$\Sigma \frac{\left[\frac{\$ \text{ Investment}}{\text{issuer's EVIC}} * \text{Scope 1 \& 2 emissions}\right]}{\$ \text{ Portfolio value (\$M)}}$
	Weighted Average Carbon Intensity (WACI) (corporate assets only)	$\Sigma \frac{\$ \text{ Investment}}{\$ \text{ Portfolio value}} * \frac{\text{Scope 1 \& 2 emissions}}{\$ \text{ M of issuer's Sales}}$
	GDP-based WACI (Sovereign debt assets only)	$\Sigma \frac{\$ \text{ Investment}}{\$ \text{ Portfolio value}} * \frac{\text{Total GHG emissions of country}}{\$M \text{ PPP Adjusted GDP}}$
Portfolio alignment	**SBTi validated targets**	Percentage of each Mercer Fund with validated net zero decarbonisation targets as assessed by the Science Based Targets Initiative (SBTi).
Non-emissions-based	**Data coverage**	Percentage of the portfolio covered where data is available and verified.
	Climate Value at Risk	This demonstrates the expected return contribution from changes arising in a 1.5°C scenario out to 2100. It is designed to provide a forward-looking and returns-based valuation assessment to measure climate-related risks and opportunities in an investment portfolio across top-down risks and opportunities (transition and physical exposures) and bottom-up risks and opportunities (policy / economic impacts and technology / company-specifics).

Appendix D: Technical Climate Scenario Analysis, Climate Impact and Metrics

Funds reported under this Statement and their Strategic Asset Allocation (SAA) as at 31 March 2024[59]

Mercer FlexiSaver[60]

Modelling Asset Class	Mercer Cash	Mercer Conservative	Mercer Moderate	Mercer Balanced	Mercer Growth	Mercer High Growth	Mercer Shares
Global Developed Equity	-	8.4%	16.0%	24.7%	33.7%	42.4%	47.9%
Emerging Markets Equity	-	-	2.5%	4.0%	6.0%	7.0%	9.0%
New Zealand Equity	-	5.0%	10.0%	14.0%	18.0%	20.0%	26.0%
All World Global Equity - ESG Tilting	-	1.2%	2.0%	3.1%	4.1%	5.2%	5.7%
Passive Paris Aligned Equity	-	2.4%	4.0%	6.2%	8.2%	10.4%	11.4%
Absolute Return Fixed Income (ARFI)	-	2.0%	3.0%	3.0%	2.0%	1.0%	-
Global Investment Grade Credit	-	15.0%	12.0%	11.0%	5.5%	1.0%	-
Listed Infrastructure	-	1.0%	1.5%	2.0%	3.0%	3.0%	-
Global Private Infrastructure	-	1.0%	2.0%	3.0%	3.5%	1.0%	-
Global Government Bonds	-	18.0%	14.0%	11.0%	5.5%	1.0%	-
New Zealand Sovereign	-	15.0%	13.0%	10.0%	5.0%	3.5%	-
Unlisted property Trans Tasman	-	1.0%	2.0%	3.0%	3.5%	3.5%	-
Global Real Estate	-	-		-	-	-	-
Cash	100.0%	30.0%	18.0%	5.0%	2.0%	1.0%	-

Mercer Super Trust[61]

Modelling Asset Class	Mercer Cash	Mercer Conservative	Mercer Moderate	Mercer Passive Balanced	Mercer Balanced	Mercer Passive Growth	Mercer Growth	Mercer High Growth	Mercer Shares
Global Developed Equity	-	8.4%	16.0%	40.0%	24.7%	55.0%	33.7%	42.4%	47.9%
Emerging Markets Equity	-	-	2.5%	-	4.0%	-	6.0%	7.0%	9.0%
New Zealand Equity	-	5.0%	10.0%	15.0%	14.0%	20.0%	18.0%	20.0%	26.0%
All World Global Equity - ESG Tilting	-	1.2%	2.0%	-	3.1%	-	4.1%	5.2%	5.7%
Passive Paris Aligned Equity	-	2.4%	4.0%	-	6.2%	-	8.2%	10.4%	11.4%
Absolute Return Fixed Income (ARFI)	-	2.0%	3.0%	-	3.0%	-	2.0%	1.0%	-
Global Investment Grade Credit	-	15.0%	12.0%	15.4%	11.0%	8.8%	5.5%	1.0%	-
Listed Infrastructure	-	1.0%	1.5%	-	2.0%	-	3.0%	3.0%	-
Global Private Infrastructure	-	1.0%	2.0%	-	3.0%	-	3.5%	1.0%	-
Global Government Bonds	-	18.0%	14.0%	12.6%	11.0%	7.2%	5.5%	1.0%	-
New Zealand Sovereign	-	15.0%	13.0%	11.0%	10.0%	6.0%	5.0%	3.5%	-
Unlisted property Trans Tasman	-	1.0%	2.0%	-	3.0%	-	3.5%	3.5%	-
Global Real Estate	-	-		-	-	-	-	-	-
Cash	100.0%	30.0%	18.0%	6.0%	5.0%	3.0%	2.0%	1.0%	-

[59] The Mercer Passive Balanced fund and the Mercer Passive Growth fund in the Mercer Super Trust were opened on 1 November 2024 and scenario analysis for these funds was undertaken based on their strategic asset allocation as at 31 March 2025.

[60] The New Zealand Defence Force FlexiSaver Scheme is not a separate managed investment scheme, but a section within Mercer FlexiSaver. In this Statement, information for the funds within the New Zealand Defence Force FlexiSaver Scheme is reflected in the Mercer FlexiSaver funds.

[61] In accordance with section 461ZC of the FMCA, Mercer NZ is required to complete a climate statement for the Mercer Super Trust as a whole as the liabilities of each fund are not absolutely limited to that fund. This table does not include the breakdown for the consolidated Mercer Super Trust climate statement which appears on page 77 of this Appendix. The breakdown has not been included in this table for the reasons set out in the explanatory note accompanying the consolidated Mercer Super Trust climate statement on page 77.

Funds reported under this Statement and their Strategic Asset Allocation (SAA)

Mercer KiwiSaver scheme

Modelling Asset Class	Cash	Responsible Conservative	Sustainable Moderate	Sustainable Balanced	Sustainable Growth	Sustainable High Growth	Sustainable Shares
Global Developed Equity	-	-	-	-	-	-	-
Emerging Markets Equity	-	-	-	-	-	-	-
New Zealand Equity	-	5.0%	10.0%	14.0%	18.0%	20.0%	26.0%
All World Global Equity - ESG Tilting	-	15.0%	19.6%	30.4%	41.6%	52.0%	59.2%
Passive Paris Aligned Equity	-	-	4.9%	7.6%	10.4%	13.0%	14.8%
Absolute Return Fixed Income (ARFI)	-	-	3.0%	3.0%	2.0%	1.0%	-
Global Investment Grade Credit	-	16.5%	12.0%	11.0%	5.5%	1.0%	-
Listed Infrastructure	-	-	1.5%	2.0%	3.0%	3.0%	-
Global Private Infrastructure	-	-	2.0%	3.0%	3.5%	3.5%	-
Global Government Bonds	-	18.5%	14.0%	11.0%	5.5%	1.0%	-
New Zealand Sovereign	-	15.0%	13.0%	10.0%	5.0%	1.0%	-
Unlisted property Trans Tasman	-	-	2.0%	3.0%	3.5%	3.5%	-
Global Real Estate	-	-	-	-	-	-	-
Cash	100.0%	30.0%	18.0%	5.0%	2.0%	1.0%	-

New Zealand Defence Force KiwiSaver Scheme

Modelling Asset Class	Cash	Conservative	Moderate	Balanced	Growth	High Growth	Shares
Global Developed Equity	-	7.8%	13.7%	21.7%	31.0%	37.4%	45.5%
Emerging Markets Equity	-	-	2.0%	3.6%	5.5%	6.6%	9.3%
New Zealand Equity	-	5.0%	9.5%	12.5%	15.5%	20.0%	26.0%
All World Global Equity - ESG Tilting	-	1.9%	3.4%	5.1%	7.0%	8.5%	9.6%
Passive Paris Aligned Equity	-	1.9%	3.4%	5.1%	7.0%	8.5%	9.6%
Absolute Return Fixed Income (ARFI)	-	3.0%	5.0%	7.0%	5.0%	1.0%	-
Global Investment Grade Credit	-	13.5%	10.0%	8.0%	4.0%	1.0%	-
Listed Infrastructure	-	1.8%	4.0%	6.0%	7.0%	7.0%	-
Global Private Infrastructure	-	-	-	-	5.0%	1.0%	-
Global Government Bonds	-	18.5%	14.0%	11.0%	-	-	-
New Zealand Sovereign	-	15.0%	13.0%	10.0%	5.0%	1.0%	-
Unlisted property Trans Tasman	-	--	-	-	-	-	-
Global Real Estate	-	1.8%	4.0%	6.0%	7.0%	7.0%	-
Cash	100.0%	30.0%	18.0%	4.0%	1.0%	1.0%	-

Defence Force Superannuation Scheme

Modelling Asset Class	Cash	Conservative	Moderate	Balanced	Growth	High Growth	Shares
Global Developed Equity	-	7.8%	13.7%	21.7%	31.0%	37.4%	45.5%
Emerging Markets Equity	-	-	2.0%	3.6%	5.5%	6.6%	9.3%
New Zealand Equity	-	5.0%	9.5%	12.5%	15.5%	20.0%	26.0%
All World Global Equity - ESG Tilting	-	1.9%	3.4%	5.1%	7.0%	8.5%	9.6%
Passive Paris Aligned Equity	-	1.9%	3.4%	5.1%	7.0%	8.5%	9.6%
Absolute Return Fixed Income (ARFI)	-	3.0%	5.0%	7.0%	5.0%	1.0%	-
Global Investment Grade Credit	-	13.5%	10.0%	8.0%	4.0%	1.0%	-
Listed Infrastructure	-	1.8%	4.0%	6.0%	7.0%	7.0%	-
Global Private Infrastructure	-	-	-	-	5.0%	1.0%	-
Global Government Bonds	-	18.5%	14.0%	11.0%	-	-	-
New Zealand Sovereign	-	15.0%	13.0%	10.0%	5.0%	1.0%	-
Unlisted property Trans Tasman	-	--	-	-	-	-	-
Global Real Estate	-	1.8%	4.0%	6.0%	7.0%	7.0%	-
Cash	100.0%	30.0%	18.0%	4.0%	1.0%	1.0%	-

Funds reported under this Statement and their Strategic Asset Allocation (SAA)

Mercer Investment Funds

Modelling Asset Class	Mercer Sustainable Balanced	Mercer Responsible Global Shares	Mercer Responsible Trans-Tasman Shares	Mercer Responsible Hedged Global Fixed Interest Index	Mercer Macquarie Real Return Opportunities Fund	Mercer Macquarie Global Income Opportunities Fund	Mercer Income Generator Fund	Mercer Core Global Shares (Hedged & Unhedged) Fund
Global Developed Equity	35.0%	-	-	-	7.0%	-	-	100.0%
All World Global Equity	-	-	-	-	-	-	-	-
All World Global ESG Equity	-	100.0%	-	-	-	-	-	-
New Zealand Equity	20.0%	-	100.0%	-	-	-	20.0%	-
Australian Equity	-	-	-	-	6.0%	-	10.0%	-
Emerging Markets Equity	-	-	-	-	-	-	-	-
Global High Yield Credit	-	-	-	-	9.0%	5.0%		-
Global Real Estate (listed)	10.0%	-	-	-	-	-	3.0%	-
New Zealand Composite	12.5%	-	-	-	-	-	-	-
Absolute Return Fixed Income (ARFI)	-	-	-	-	-	-	31.5%	-
Global Government Bonds	-	-	-	55.0%	-	-		-
Global Investment Grade Credit	5.6%	-	-	45.0%	45.0%	72.0%	11.3%	-
Global Bonds	6.9%	-	-				13.8%	-
Emerging Market Debt – Hard Currency	-	-	-	-	5.0%	8.0%		-
Listed Infrastructure	-	-	-	-	-	-	5.0%	-
Australasian Listed Property	-	-	-	-	-	-	2.5%	-
Global Real Estate (listed)	-	-	-	-	-	-	-	-
New Zealand Fixed Income	-	-	-	-	-	-	-	-
Hedge Fund	-	-	-	-	8.0%	-	-	-
Cash	10.0%	-	-	-	20.0%	15.0%	3.0%	-

Funds reported under this Statement and their Strategic Asset Allocation (SAA)

Mercer Investment Funds (cont.)

Modelling Asset Class	Mercer Global Shares/Mercer All Country Global Shares Index Fund	Mercer NZ Shares Passive Fund	Mercer Macquarie Australian Shares Fund	Mercer Emerging Markets Shares Fund	Mercer Macquarie NZ Fixed Interest Fund	Mercer Macquarie Global Listed Infrastructure Fund	Mercer Australian Property Index Fund	Mercer Macquarie Global Listed Real Estate Fund	Mercer Macquarie NZ Short Duration Fund	Mercer Macquarie NZ Cash Fund
Global Developed Equity	-	-	-	-	-	-	-	-	-	-
All World Global Equity	100.0%	-	-	-	-	-	-	-	-	-
All World Global ESG Equity	-	-	-	-	-	-	-	-	-	-
New Zealand Equity	-	100.0%	-	-	-	-	-	-	-	-
Australian Equity	-	-	100.0%	-	-	-	-	-	-	-
Emerging Markets Equity	-	-	-	100.0%		-	-	-	-	-
Global High Yield Credit	-	-	-	-	-	-	-	-	-	-
Global Real Estate (listed)	-	-	-	-	-	-	-	-	-	-
New Zealand Composite	-	-	-	-	100.0%	-	-	-	-	-
Absolute Return Fixed Income (ARFI)	-	-	-	-	-	-	-	-	-	-
Global Government Bonds	-	-	-	-	-	-	-	-	-	-
Global Investment Grade Credit	-	-	-	-	-	-	-	-	-	-
Global Bonds	-	-	-	-	-	-	-	-	-	-
Emerging Market Debt – Hard Currency	-	-	-	-	-	-	-	-	-	-
Listed Infrastructure	-	-	-	-	-	100.0%	-	-	-	-
Australasian Listed Property	-	-	-	-	-	-	100.0%	-	-	-
Global Real Estate (listed)	-	-	-	-	-	-	-	100.0%	-	-
New Zealand Fixed Income	-	-	-	-	-	-	-	-	100.0%	-
Hedge Fund	-	-	-	-	-	-	-	-	-	-
Cash	-	-	-	-	-	-	-	-	-	100.0%

Climate Scenario Analysis, Impact and Metrics

Mercer FlexiSaver[62]

Mercer Conservative

Summary of results

5 Years: Over the short term, transition risk dominates, with the **Rapid Transition scenario having the most significant impact on investment returns**. Under this scenario there is a shock to returns of about **2.8%** in year 3 from a sudden and aggressive pricing-in of transition risk driven by unprecedented policy action, with markets initially overreacting before partially recovering. Overall, returns are reduced by **1.9%** over the 5-year period in the Rapid Transition. The return impact under a Failed Transition is marginally positive due to transition costs not materialising.

10 Years: Over this time period, the Rapid Transition reduces returns by **1.8%**. The impact of the Orderly Transition and Failed Transition is relatively small at this point on the basis that transition costs and impacts are largely priced in.

30 Years: Over the medium to long term, impacts from physical damages begin to be priced in and the **Failed Transition becomes the most impactful scenario**. Under this scenario, returns are reduced by **8.2%** on a cumulative basis.

40 Years: Over the long term, physical damages continue to be the dominant risk driver and the **Failed Transition is by far the worst scenario**. The reduction in returns under this scenario is around **11.4%** on a cumulative basis. It is also worth highlighting that the higher warming and hence damage under the Orderly Transition (<2°C) scenario, relative to the Rapid Transition (1.5°C) scenario, makes the lower warming scenario the one that **generates the most favourable long-term outcomes for the portfolio**.

This table sets out the annualised and cumulative return impacts of the three climate scenarios relative to the baseline based on the asset allocation modelled.

	Annualised Returns (%)		Cumulative Returns (%)
	Expected Return (Baseline)	Climate Impact	Climate Impact
Rapid Transition			
Impact at 5 years	5.5%	-0.4%	-1.9%
Impact at 10 years	5.7%	-0.2%	-1.8%
Impact at 30 years	6.1%	0.0%	0.3%
Impact at 40 years	5.4%	0.0%	0.7%
Orderly Transition			
Impact at 5 years	5.5%	-0.1%	-0.5%
Impact at 10 years	5.7%	0.0%	-0.1%
Impact at 30 years	6.1%	0.0%	0.1%
Impact at 40 years	5.4%	0.0%	-1.8%
Failed Transition			
Impact at 5 years	5.5%	0.1%	0.3%
Impact at 10 years	5.7%	-0.1%	-0.8%
Impact at 30 years	6.1%	-0.3%	-8.2%
Impact at 40 years	5.4%	-0.3%	-11.4%

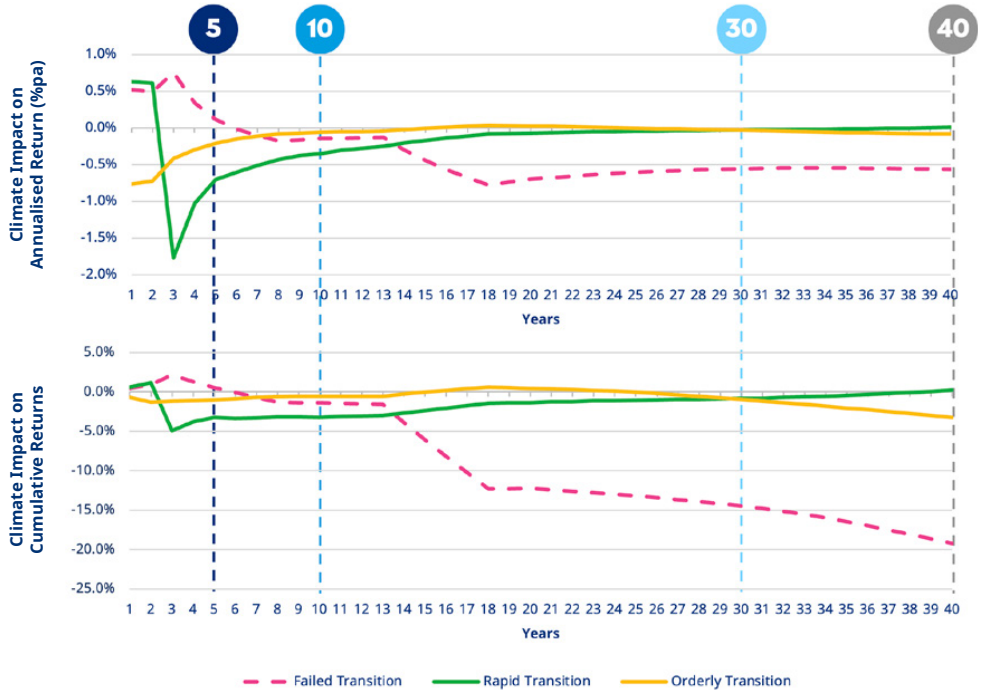
AUM (NZD) in million	Proportion of fund in Corporates (%)	% of Fund Covered by Assessment	Total Carbon Footprint (tCO_2e / USD $M FUM Corporate + Sovereign)	Corporate Carbon Footprint (tCO_2e / USD $M FUM)	Benchmark Carbon Footprint (Corporate)	Sovereign Carbon Intensity (tCO_2e / $M PPP Adj GDP)	Fund WACI (tCO_2e/$M Sales) (Corporate)	Benchmark WACI (Corporate)	Corporate + Sovereign Absolute Emissions
$3	55.7%	77.9%	160.0	33.3	33.6	319.3	90.5	101.1	308.6

Transition Risks (%)	Physical Risk (%) Climate VaR	Climate Opportunities (SDG Score)	Benchmark Climate Opportunities	Climate Opportunities - Weight % (threshold >0.2)	Climate Opportunities - Weight % Benchmark (threshold >0.2)	% of Fossil Fuel Capital Deployment	% of Capex Opportunities	% fund with SBTI approved targets
0.9%	-9.7%	0.02	-0.06	7.2%	11.6%	0.3%	1.5%	22.1%

[62] The New Zealand Defence Force FlexiSaver Scheme is not a separate managed investment scheme, but a section within Mercer FlexiSaver. In this Statement, information for the funds within the New Zealand Defence Force FlexiSaver Scheme is reflected in the Mercer FlexiSaver funds.

Mercer FlexiSaver

Mercer Moderate



Summary of results

5 Years: Over the short term, transition risk dominates, with the **Rapid Transition scenario having the most significant impact on investment returns**. Under this scenario there is a shock to returns of about **4.9%** in year 3 from a sudden and aggressive pricing-in of transition risk driven by unprecedented policy action, with markets initially overreacting before partially recovering. Overall, returns are reduced by **3.3%** over the 5-year period in the Rapid Transition. The return impact under a Failed Transition is marginally positive due to transition costs not materialising.

10 Years: Over this time period, the Rapid Transition reduces returns by **3.3%**. The impact of the Orderly Transition and Failed Transition is relatively small at this point on the basis that transition costs and impacts are largely priced in.

30 Years: Over the medium to long term, impacts from physical damages begin to be priced in and the **Failed Transition becomes the most impactful scenario**. Under this scenario, returns are reduced by **14.5%** on a cumulative basis.

40 Years: Over the long term, physical damages continue to be the dominant risk driver and the **Failed Transition is by far the worst scenario**. The reduction in returns under this scenario is around **19.2%** on a cumulative basis. It is also worth highlighting that the higher warming and hence damage under the Orderly Transition (<2°C) scenario, relative to the Rapid Transition (1.5°C) scenario, makes the lower warming scenario the one that **generates the most favourable long-term outcomes for the portfolio**.

This table sets out the annualised and cumulative return impacts of the three climate scenarios relative to the baseline based on the asset allocation modelled.

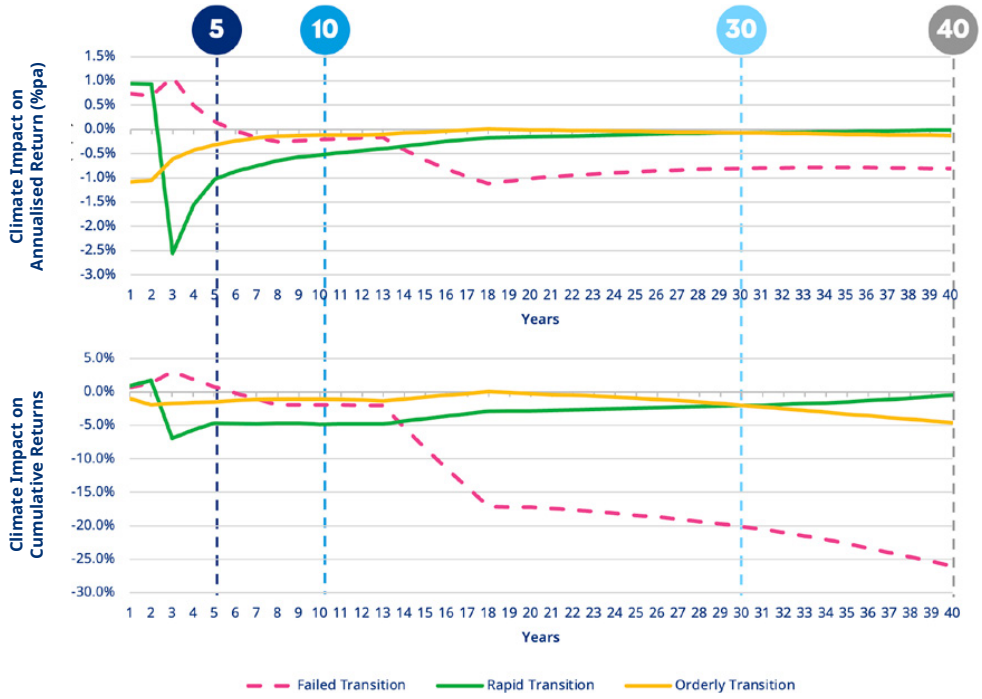
	Annualised Returns (%)		Cumulative Returns (%)
	Expected Return (Baseline)	Climate Impact	Climate Impact
Rapid Transition			
Impact at 5 years	6.5%	-0.7%	-3.3%
Impact at 10 years	6.7%	-0.4%	-3.3%
Impact at 30 years	7.0%	0.0%	-0.8%
Impact at 40 years	6.4%	0.0%	0.2%
Orderly Transition			
Impact at 5 years	6.5%	-0.2%	-1.0%
Impact at 10 years	6.7%	-0.1%	-0.6%
Impact at 30 years	7.0%	0.0%	-0.9%
Impact at 40 years	6.4%	-0.1%	-3.2%
Failed Transition			
Impact at 5 years	6.5%	0.1%	0.5%
Impact at 10 years	6.7%	-0.1%	-1.4%
Impact at 30 years	7.0%	-0.6%	-14.5%
Impact at 40 years	6.4%	-0.6%	-19.2%

AUM (NZD) in million	Proportion of fund in Corporates (%)	% of Fund Covered by Assessment	Total Carbon Footprint (tCO_2e / USD $M FUM Corporate + Sovereign)	Corporate Carbon Footprint (tCO_2e / USD $M FUM)	Benchmark Carbon Footprint (Corporate)	Sovereign Carbon Intensity (tCO_2e / $M PPP Adj GDP)	Fund WACI (tCO_2e/$M Sales) (Corporate)	Benchmark WACI (Corporate)	Corporate + Sovereign Absolute Emissions
$7	66.3%	84.2%	132.1	37.7	41.8	318.1	99.1	129.7	552.8

Transition Risks (%)	Physical Risk (%) Climate VaR	Climate Opportunities (SDG Score)	Benchmark Climate Opportunities	Climate Opportunities - Weight % (threshold >0.2)	Climate Opportunities - Weight % Benchmark (threshold >0.2)	% of Fossil Fuel Capital Deployment	% of Capex Opportunities	% fund with SBTI approved targets
1.2%	-10.5%	0.02	-0.04	11.8%	17.3%	0.5%	2.4%	29.5%

Mercer FlexiSaver

Mercer Balanced



Summary of results

5 Years: Over the short term, transition risk dominates, with the **Rapid Transition scenario having the most significant impact on investment returns**. Under this scenario there is a shock to returns of about **7.0%** in year 3 from a sudden and aggressive pricing-in of transition risk driven by unprecedented policy action, with markets initially overreacting before partially recovering. Overall, returns are reduced by **4.7%** over the 5-year period in the Rapid Transition. The return impact under a Failed Transition is marginally positive due to transition costs not materialising.

10 Years: Over this time period, the Rapid Transition reduces returns by **4.9%**. The impact of the Orderly Transition and Failed Transition is relatively small at this point on the basis that transition costs and impacts are largely priced in.

30 Years: Over the medium to long term, impacts from physical damages begin to be priced in and the **Failed Transition becomes the most impactful scenario**. Under this scenario, returns are reduced by **20.1%** on a cumulative basis.

40 Years: Over the long term, physical damages continue to be the dominant risk driver and the **Failed Transition is by far the worst scenario**. The reduction in returns under this scenario is around **26.0%** on a cumulative basis. It is also worth highlighting that the higher warming and hence damage under the Orderly Transition (<2°C) scenario, relative to the Rapid Transition (1.5°C) scenario, makes the lower warming scenario the one that **generates the most favourable long-term outcomes for the portfolio**.

This table sets out the annualised and cumulative return impacts of the three climate scenarios relative to the baseline based on the asset allocation modelled.

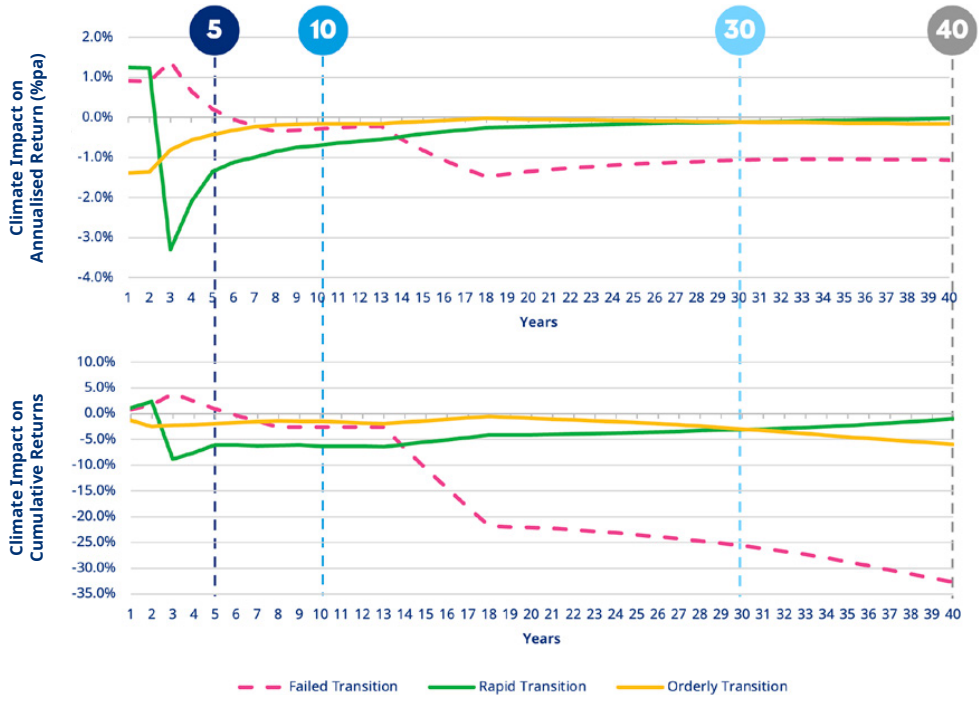
	Annualised Returns (%)		Cumulative Returns (%)
	Expected Return (Baseline)	Climate Impact	Climate Impact
Rapid Transition			
Impact at 5 years	7.4%	-1.0%	-4.7%
Impact at 10 years	7.6%	-0.5%	-4.9%
Impact at 30 years	7.9%	-0.1%	-2.0%
Impact at 40 years	7.3%	0.0%	-0.5%
Orderly Transition			
Impact at 5 years	7.4%	-0.3%	-1.5%
Impact at 10 years	7.6%	-0.1%	-1.1%
Impact at 30 years	7.9%	-0.1%	-2.0%
Impact at 40 years	7.3%	-0.1%	-4.6%
Failed Transition			
Impact at 5 years	7.4%	0.2%	0.7%
Impact at 10 years	7.6%	-0.2%	-1.9%
Impact at 30 years	7.9%	-0.8%	-20.1%
Impact at 40 years	7.3%	-0.8%	-26.0%

AUM (NZD) in million	Proportion of fund in Corporates (%)	% of Fund Covered by Assessment	Total Carbon Footprint (tCO_2e / USD $M FUM Corporate + Sovereign)	Corporate Carbon Footprint (tCO_2e / USD $M FUM)	Benchmark Carbon Footprint (Corporate)	Sovereign Carbon Intensity (tCO_2e / $M PPP Adj GDP)	Fund WACI (tCO_2e/$M Sales) (Corporate)	Benchmark WACI (Corporate)	Corporate + Sovereign Absolute Emissions
$30	77.9%	90.9%	100.0	41.3	47.6	306.8	107.3	150.4	1709.2

Transition Risks (%)	Physical Risk (%) Climate VaR	Climate Opportunities (SDG Score)	Benchmark Climate Opportunities	Climate Opportunities - Weight % (threshold >0.2)	Climate Opportunities - Weight % Benchmark (threshold >0.2)	% of Fossil Fuel Capital Deployment	% of Capex Opportunities	% fund with SBTI approved targets
1.6%	-11.1%	0.02	-0.02	14.8%	21.3%	0.6%	2.7%	34.7%

Mercer FlexiSaver

Mercer Growth



Summary of results

5 Years: Over the short term, transition risk dominates, with the **Rapid Transition scenario having the most significant impact on investment returns**. Under this scenario there is a shock to returns of about **8.9%** in year 3 from a sudden and aggressive pricing-in of transition risk driven by unprecedented policy action, with markets initially overreacting before partially recovering. Overall, returns are reduced by **6.1%** over the 5-year period in the Rapid Transition. The return impact under a Failed Transition is marginally positive due to transition costs not materialising.

10 Years: Over this time period, the Rapid Transition reduces returns by **6.3%**. The impact of the Orderly Transition and Failed Transition is relatively small at this point on the basis that transition costs and impacts are largely priced in.

30 Years: Over the medium to long term, impacts from physical damages begin to be priced in and the **Failed Transition becomes the most impactful scenario**. Under this scenario, returns are reduced by **25.6%** on a cumulative basis.

40 Years: Over the long term, physical damages continue to be the dominant risk driver and the **Failed Transition is by far the worst scenario**. The reduction in returns under this scenario is around **32.7%** on a cumulative basis. It is also worth highlighting that the higher warming and hence damage under the Orderly Transition (<2°C) scenario, relative to the Rapid Transition (1.5°C) scenario, makes the lower warming scenario the one that **generates the most favourable long-term outcomes for the portfolio**.

This table sets out the annualised and cumulative return impacts of the three climate scenarios relative to the baseline based on the asset allocation modelled.

	Annualised Returns (%)		Cumulative Returns (%)
	Expected Return (Baseline)	Climate Impact	Climate Impact
Rapid Transition			
Impact at 5 years	8.4%	-1.3%	-6.1%
Impact at 10 years	8.5%	-0.7%	-6.3%
Impact at 30 years	8.8%	-0.1%	-3.1%
Impact at 40 years	8.2%	0.0%	-1.0%
Orderly Transition			
Impact at 5 years	8.4%	-0.4%	-2.0%
Impact at 10 years	8.5%	-0.2%	-1.5%
Impact at 30 years	8.8%	-0.1%	-3.0%
Impact at 40 years	8.2%	-0.2%	-5.9%
Failed Transition			
Impact at 5 years	8.4%	0.2%	0.9%
Impact at 10 years	8.5%	-0.3%	-2.6%
Impact at 30 years	8.8%	-1.1%	-25.6%
Impact at 40 years	8.2%	-1.1%	-32.7%

AUM (NZD) in million	Proportion of fund in Corporates (%)	% of Fund Covered by Assessment	Total Carbon Footprint (tCO_2e / USD $M FUM Corporate + Sovereign)	Corporate Carbon Footprint (tCO_2e / USD $M FUM)	Benchmark Carbon Footprint (Corporate)	Sovereign Carbon Intensity (tCO_2e / $M PPP Adj GDP)	Fund WACI (tCO_2e/$M Sales) (Corporate)	Benchmark WACI (Corporate)	Corporate + Sovereign Absolute Emissions
$34	88.9%	94.1%	69.5	39.7	48.9	307.6	104.6	154.6	1342.1

Transition Risks (%)	Physical Risk (%) Climate VaR	Climate Opportunities (SDG Score)	Benchmark Climate Opportunities	Climate Opportunities - Weight % (threshold >0.2)	Climate Opportunities - Weight % Benchmark (threshold >0.2)	% of Fossil Fuel Capital Deployment	% of Capex Opportunities	% fund with SBTI approved targets
1.7%	-11.0%	0.03	-0.03	17.6%	23.3%	0.8%	3.4%	38.8%

Mercer FlexiSaver

Mercer High Growth

Summary of results

5 Years: Over the short term, transition risk dominates, with the **Rapid Transition scenario having the most significant impact on investment returns**. Under this scenario there is a shock to returns of about **10.3%** in year 3 from a sudden and aggressive pricing-in of transition risk driven by unprecedented policy action, with markets initially overreacting before partially recovering. Overall, returns are reduced by **7.2%** over the 5-year period in the Rapid Transition. The return impact under a Failed Transition is marginally positive due to transition costs not materialising.

10 Years: Over this time period, the Rapid Transition reduces returns by **7.4%**. The impact of the Orderly Transition and Failed Transition is relatively small at this point on the basis that transition costs and impacts are largely priced in.

30 Years: Over the medium to long term, impacts from physical damages begin to be priced in and the **Failed Transition becomes the most impactful scenario**. Under this scenario, returns are reduced by **29.6%** on a cumulative basis.

40 Years: Over the long term, physical damages continue to be the dominant risk driver and the **Failed Transition is by far the worst scenario**. The reduction in returns under this scenario is around **37.3%** on a cumulative basis. It is also worth highlighting that the higher warming and hence damage under the Orderly Transition (<2°C) scenario, relative to the Rapid Transition (1.5°C) scenario, makes the lower warming scenario the one that **generates the most favourable long-term outcomes for the portfolio**.

This table sets out the annualised and cumulative return impacts of the three climate scenarios relative to the baseline based on the asset allocation modelled.

	Annualised Returns (%)		Cumulative Returns (%)
	Expected Return (Baseline)	Climate Impact	Climate Impact
Rapid Transition			
Impact at 5 years	9.1%	-1.6%	-7.2%
Impact at 10 years	9.2%	-0.8%	-7.4%
Impact at 30 years	9.5%	-0.1%	-4.0%
Impact at 40 years	8.8%	0.0%	-1.6%
Orderly Transition			
Impact at 5 years	9.1%	-0.5%	-2.4%
Impact at 10 years	9.2%	-0.2%	-1.8%
Impact at 30 years	9.5%	-0.1%	-3.8%
Impact at 40 years	8.8%	-0.2%	-7.0%
Failed Transition			
Impact at 5 years	9.1%	0.2%	1.1%
Impact at 10 years	9.2%	-0.4%	-3.2%
Impact at 30 years	9.5%	-1.3%	-29.6%
Impact at 40 years	8.8%	-1.3%	-37.3%

AUM (NZD) in million	Proportion of fund in Corporates (%)	% of Fund Covered by Assessment	Total Carbon Footprint (tCO_2e / USD $M FUM Corporate + Sovereign)	Corporate Carbon Footprint (tCO_2e / USD $M FUM)	Benchmark Carbon Footprint (Corporate)	Sovereign Carbon Intensity (tCO_2e / $M PPP Adj GDP)	Fund WACI (tCO_2e/$M Sales) (Corporate)	Benchmark WACI (Corporate)	Corporate + Sovereign Absolute Emissions
$16	97.8%	95.3%	43.3	37.3	48.4	313.4	97.2	151.3	394.5

Transition Risks (%)	Physical Risk (%) Climate VaR	Climate Opportunities (SDG Score)	Benchmark Climate Opportunities	Climate Opportunities - Weight % (threshold >0.2)	Climate Opportunities - Weight % Benchmark (threshold >0.2)	% of Fossil Fuel Capital Deployment	% of Capex Opportunities	% fund with SBTI approved targets
1.9%	-10.9%	0.03	-0.03	19.0%	24.4%	0.8%	3.5%	40.2%

Mercer FlexiSaver

Mercer Shares

Summary of results

5 Years: Over the short term, transition risk dominates, with the **Rapid Transition scenario having the most significant impact on investment returns**. Under this scenario there is a shock to returns of about **11.1%** in year 3 from a sudden and aggressive pricing-in of transition risk driven by unprecedented policy action, with markets initially overreacting before partially recovering. Overall, returns are reduced by **7.9%** over the 5-year period in the Rapid Transition. The return impact under a Failed Transition is marginally positive due to transition costs not materialising.

10 Years: Over this time period, the Rapid Transition reduces returns by **8.3%**. The impact of the Orderly Transition and Failed Transition is relatively small at this point on the basis that transition costs and impacts are largely priced in.

30 Years: Over the medium to long term, impacts from physical damages begin to be priced in and the **Failed Transition becomes the most impactful scenario**. Under this scenario, returns are reduced by **31.2%** on a cumulative basis.

40 Years: Over the long term, physical damages continue to be the dominant risk driver and the **Failed Transition is by far the worst scenario**. The reduction in returns under this scenario is around **39.2%** on a cumulative basis. It is also worth highlighting that the higher warming and hence damage under the Orderly Transition (<2°C) scenario, relative to the Rapid Transition (1.5°C) scenario, makes the lower warming scenario the one that **generates the most favourable long-term outcomes for the portfolio**.

This table sets out the annualised and cumulative return impacts of the three climate scenarios relative to the baseline based on the asset allocation modelled.

	Annualised Returns (%)		Cumulative Returns (%)
	Expected Return (Baseline)	Climate Impact	Climate Impact
Rapid Transition			
Impact at 5 years	9.4%	-1.8%	-7.9%
Impact at 10 years	9.6%	-0.9%	-8.3%
Impact at 30 years	9.8%	-0.2%	-4.8%
Impact at 40 years	9.1%	-0.1%	-2.2%
Orderly Transition			
Impact at 5 years	9.4%	-0.5%	-2.3%
Impact at 10 years	9.6%	-0.2%	-1.8%
Impact at 30 years	9.8%	-0.1%	-4.0%
Impact at 40 years	9.1%	-0.2%	-7.5%
Failed Transition			
Impact at 5 years	9.4%	0.2%	1.1%
Impact at 10 years	9.6%	-0.4%	-3.4%
Impact at 30 years	9.8%	-1.4%	-31.2%
Impact at 40 years	9.1%	-1.3%	-39.2%

AUM (NZD) in million	Proportion of fund in Corporates (%)	% of Fund Covered by Assessment	Total Carbon Footprint (tCO_2e / USD $M FUM Corporate + Sovereign)	Corporate Carbon Footprint (tCO_2e / USD $M FUM)	Benchmark Carbon Footprint (Corporate)	Sovereign Carbon Intensity (tCO_2e / $M PPP Adj GDP)	Fund WACI (tCO_2e/$M Sales) (Corporate)	Benchmark WACI (Corporate)	Corporate + Sovereign Absolute Emissions
$8	100.0%	95.7%	30.7	30.7	41.6	-	73.9	107.2	135.3

Transition Risks (%)	Physical Risk (%) Climate VaR	Climate Opportunities (SDG Score)	Benchmark Climate Opportunities	Climate Opportunities - Weight % (threshold >0.2)	Climate Opportunities - Weight % Benchmark (threshold >0.2)	% of Fossil Fuel Capital Deployment	% of Capex Opportunities	% fund with SBTI approved targets
1.7%	-12.1%	-0.07	-0.11	20.0%	23.0%	1.2%	3.8%	43.4%

Mercer Super Trust

Mercer Conservative

Summary of results

5 Years: Over the short term, transition risk dominates, with the **Rapid Transition scenario having the most significant impact on investment returns**. Under this scenario there is a shock to returns of about **2.8%** in year 3 from a sudden and aggressive pricing-in of transition risk driven by unprecedented policy action, with markets initially overreacting before partially recovering. Overall, returns are reduced by **1.9%** over the 5-year period in the Rapid Transition. The return impact under a Failed Transition is marginally positive due to transition costs not materialising.

10 Years: Over this time period, the Rapid Transition reduces returns by **1.8%**. The impact of the Orderly Transition and Failed Transition is relatively small at this point on the basis that transition costs and impacts are largely priced in.

30 Years: Over the medium to long term, impacts from physical damages begin to be priced in and the **Failed Transition becomes the most impactful scenario**. Under this scenario, returns are reduced by **8.2%** on a cumulative basis.

40 Years: Over the long term, physical damages continue to be the dominant risk driver and the **Failed Transition is by far the worst scenario**. The reduction in returns under this scenario is around **11.4%** on a cumulative basis. It is also worth highlighting that the higher warming and hence damage under the Orderly Transition (<2°C) scenario, relative to the Rapid Transition (1.5°C) scenario, makes the lower warming scenario the one that **generates the most favourable long-term outcomes for the portfolio**.

This table sets out the annualised and cumulative return impacts of the three climate scenarios relative to the baseline based on the asset allocation modelled.

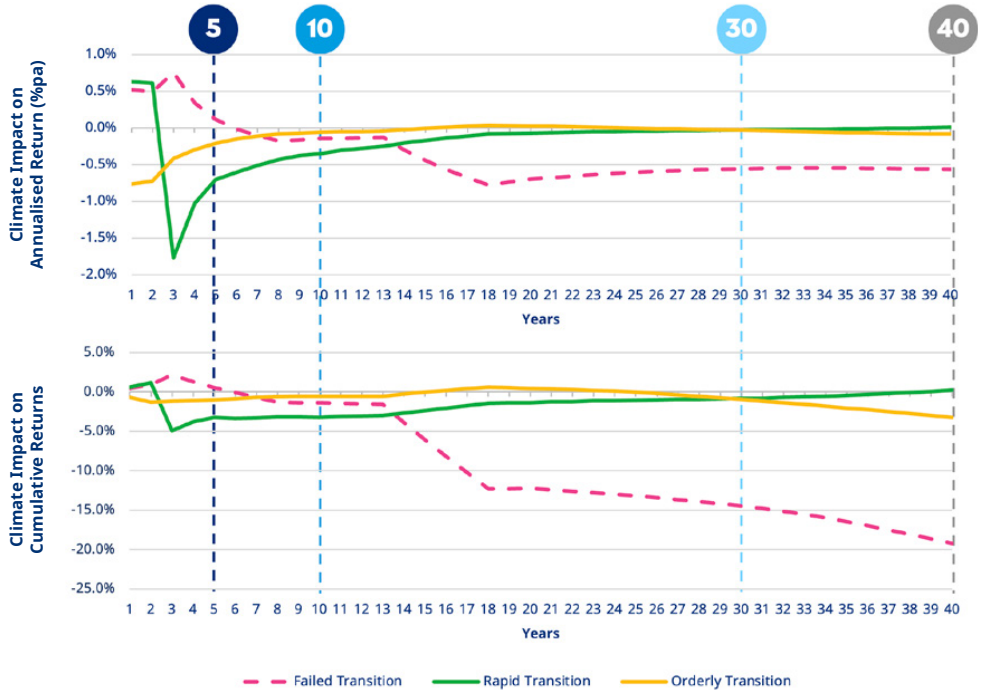
	Annualised Returns (%)		Cumulative Returns (%)
	Expected Return (Baseline)	Climate Impact	Climate Impact
Rapid Transition			
Impact at 5 years	5.5%	-0.4%	-1.9%
Impact at 10 years	5.7%	-0.2%	-1.8%
Impact at 30 years	6.1%	0.0%	0.3%
Impact at 40 years	5.4%	0.0%	0.7%
Orderly Transition			
Impact at 5 years	5.5%	-0.1%	-0.5%
Impact at 10 years	5.7%	0.0%	-0.1%
Impact at 30 years	6.1%	0.0%	0.1%
Impact at 40 years	5.4%	0.0%	-1.8%
Failed Transition			
Impact at 5 years	5.5%	0.1%	0.3%
Impact at 10 years	5.7%	-0.1%	-0.8%
Impact at 30 years	6.1%	-0.3%	-8.2%
Impact at 40 years	5.4%	-0.3%	-11.4%

AUM (NZD) in million	Proportion of fund in Corporates (%)	% of Fund Covered by Assessment	Total Carbon Footprint (tCO_2e / USD $M FUM Corporate + Sovereign)	Corporate Carbon Footprint (tCO_2e / USD $M FUM)	Benchmark Carbon Footprint (Corporate)	Sovereign Carbon Intensity (tCO_2e / $M PPP Adj GDP)	Fund WACI (tCO_2e/$M Sales) (Corporate)	Benchmark WACI (Corporate)	Corporate + Sovereign Absolute Emissions
$53	55.7%	77.9%	160.0	33.3	33.6	319.3	90.5	101.1	4713.0

Transition Risks (%)	Physical Risk (%) Climate VaR	Climate Opportunities (SDG Score)	Benchmark Climate Opportunities	Climate Opportunities - Weight % (threshold >0.2)	Climate Opportunities - Weight % Benchmark (threshold >0.2)	% of Fossil Fuel Capital Deployment	% of Capex Opportunities	% fund with SBTI approved targets
0.9%	-9.7%	0.02	-0.06	7.2%	11.6%	0.3%	1.5%	22.1%

Mercer Super Trust

Mercer Moderate



Summary of results

5 Years: Over the short term, transition risk dominates, with the **Rapid Transition scenario having the most significant impact on investment returns**. Under this scenario there is a shock to returns of about **4.9%** in year 3 from a sudden and aggressive pricing-in of transition risk driven by unprecedented policy action, with markets initially overreacting before partially recovering. Overall, returns are reduced by **3.3%** over the 5-year period in the Rapid Transition. The return impact under a Failed Transition is marginally positive due to transition costs not materialising.

10 Years: Over this time period, the Rapid Transition reduces returns by **3.3%**. The impact of the Orderly Transition and Failed Transition is relatively small at this point on the basis that transition costs and impacts are largely priced in.

30 Years: Over the medium to long term, impacts from physical damages begin to be priced in and the **Failed Transition becomes the most impactful scenario**. Under this scenario, returns are reduced by **14.5%** on a cumulative basis.

40 Years: Over the long term, physical damages continue to be the dominant risk driver and the **Failed Transition is by far the worst scenario**. The reduction in returns under this scenario is around **19.2%** on a cumulative basis. It is also worth highlighting that the higher warming and hence damage under the Orderly Transition (<2°C) scenario, relative to the Rapid Transition (1.5°C) scenario, makes the lower warming scenario the one that **generates the most favourable long-term outcomes for the portfolio**.

This table sets out the annualised and cumulative return impacts of the three climate scenarios relative to the baseline based on the asset allocation modelled.

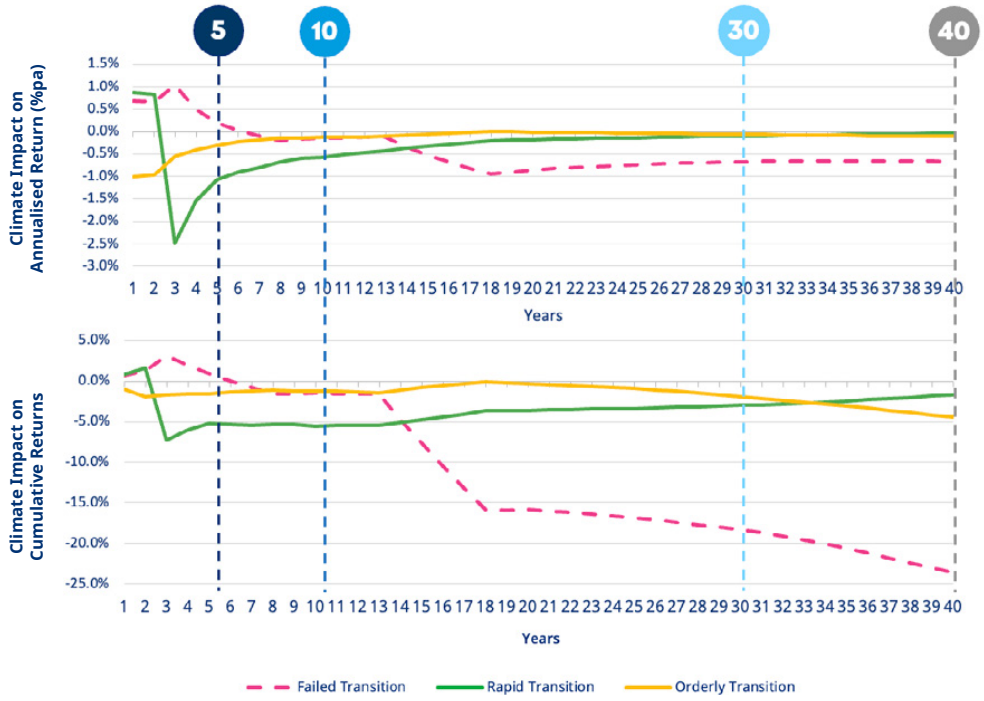
	Annualised Returns (%)		Cumulative Returns (%)
	Expected Return (Baseline)	Climate Impact	Climate Impact
Rapid Transition			
Impact at 5 years	6.5%	-0.7%	-3.3%
Impact at 10 years	6.7%	-0.4%	-3.3%
Impact at 30 years	7.0%	0.0%	-0.8%
Impact at 40 years	6.4%	0.0%	0.2%
Orderly Transition			
Impact at 5 years	6.5%	-0.2%	-1.0%
Impact at 10 years	6.7%	-0.1%	-0.6%
Impact at 30 years	7.0%	0.0%	-0.9%
Impact at 40 years	6.4%	-0.1%	-3.2%
Failed Transition			
Impact at 5 years	6.5%	0.1%	0.5%
Impact at 10 years	6.7%	-0.1%	-1.4%
Impact at 30 years	7.0%	-0.6%	-14.5%
Impact at 40 years	6.4%	-0.6%	-19.2%

AUM (NZD) in million	Proportion of fund in Corporates (%)	% of Fund Covered by Assessment	Total Carbon Footprint (tCO_2e / USD $M FUM Corporate + Sovereign)	Corporate Carbon Footprint (tCO_2e / USD $M FUM)	Benchmark Carbon Footprint (Corporate)	Sovereign Carbon Intensity (tCO_2e / $M PPP Adj GDP)	Fund WACI (tCO_2e/$M Sales) (Corporate)	Benchmark WACI (Corporate)	Corporate + Sovereign Absolute Emissions
$93	66.3%	84.2%	132.1	37.7	41.8	318.1	99.1	129.7	6847.0

Transition Risks (%)	Physical Risk (%) Climate VaR	Climate Opportunities (SDG Score)	Benchmark Climate Opportunities	Climate Opportunities - Weight % (threshold >0.2)	Climate Opportunities - Weight % Benchmark (threshold >0.2)	% of Fossil Fuel Capital Deployment	% of Capex Opportunities	% fund with SBTI approved targets
1.2%	-10.5%	0.02	-0.04	11.8%	17.3%	0.5%	2.4%	29.5%

Mercer Super Trust

Mercer Passive Balanced



Summary of results

5 Years: Over the short term, transition risk dominates, with the **Rapid Transition scenario having the most significant impact on investment returns.** Under this scenario there is a shock to returns of about **7.3%** in year 3 from a sudden and aggressive pricing-in of transition risk driven by unprecedented policy action, with markets initially overreacting before partially recovering. Overall, returns are reduced by **5.2%** over the 5-year period in the Rapid Transition. The return impact under a Failed Transition is marginally positive due to transition costs not materialising.

10 Years: Over this time period, the Rapid Transition reduces returns by **5.6%**. The impact of the Orderly Transition and Failed Transition is relatively small at this point on the basis that transition costs and impacts are largely priced in.

30 Years: Over the medium to long term, impacts from physical damages begin to be priced in and the **Failed Transition becomes the most impactful scenario.** Under this scenario, returns are reduced by **18.3%** on a cumulative basis.

40 Years: Over the long term, physical damages continue to be the dominant risk driver and the **Failed Transition is by far the worst scenario.** The reduction in returns under this scenario is around **23.6%** on a cumulative basis. It is also worth highlighting that the higher warming and hence damage under the Orderly Transition (<2°C) scenario, relative to the Rapid Transition (1.5°C) scenario, makes the lower warming scenario the one that **generates the most favorable long-term outcomes for the portfolio.**

This table sets out the annualised and cumulative return impacts of the three climate scenarios relative to the baseline based on the asset allocation modelled.

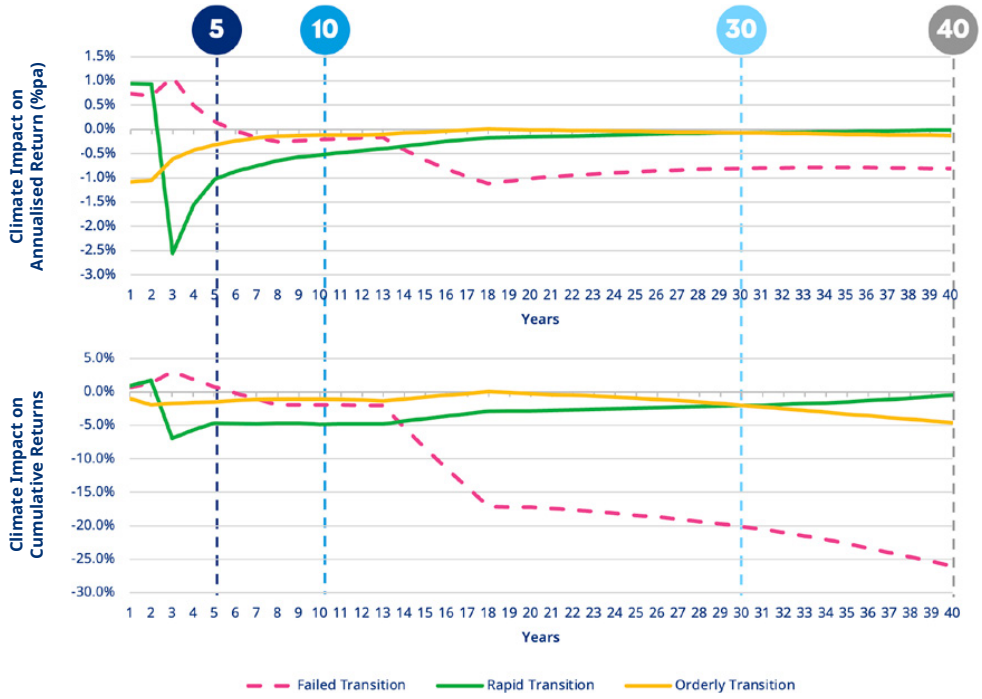
	Annualised Returns (%)		Cumulative Returns (%)
	Expected Return (Baseline)	Climate Impact	Climate Impact
Rapid Transition			
Impact at 5 years	7.1%	-1.1%	-5.2%
Impact at 10 years	7.3%	-0.6%	-5.6%
Impact at 30 years	7.6%	-0.1%	-3.0%
Impact at 40 years	7.0%	0.0%	-1.6%
Orderly Transition			
Impact at 5 years	7.1%	-0.3%	-1.5%
Impact at 10 years	7.3%	-0.1%	-1.2%
Impact at 30 years	7.6%	-0.1%	-1.9%
Impact at 40 years	7.0%	-0.1%	-4.4%
Failed Transition			
Impact at 5 years	7.1%	0.2%	0.9%
Impact at 10 years	7.3%	-0.2%	-1.5%
Impact at 30 years	7.6%	-0.7%	-18.3%
Impact at 40 years	7.0%	-0.7%	-23.6%

AUM (NZD) in million	Proportion of fund in Corporates (%)	% of Fund Covered by Assessment	Total Carbon Footprint (tCO_2e / USD $M FUM Corporate + Sovereign)	Corporate Carbon Footprint (tCO_2e / USD $M FUM)	Benchmark Carbon Footprint (Corporate)	Sovereign Carbon Intensity (tCO_2e / $M PPP Adj GDP)	Fund WACI (tCO_2e/$M Sales) (Corporate)	Benchmark WACI (Corporate)	Corporate + Sovereign Absolute Emissions
$79	69.9%	86.6%	104.0	24.2	34.5	289.6	53.8	88.6	4580.3

Transition Risks (%)	Physical Risk (%) Climate VaR	Climate Opportunities (SDG Score)	Benchmark Climate Opportunities	Climate Opportunities - Weight % (threshold >0.2)	Climate Opportunities - Weight % Benchmark (threshold >0.2)	% of Fossil Fuel Capital Deployment	% of Capex Opportunities	% fund with SBTI approved targets
1.8%	-10.6%	-0.07	-0.09	14.6%	17.7%	0.6%	3.3%	36.1%

Mercer Super Trust

Mercer Balanced



Summary of results

5 Years: Over the short term, transition risk dominates, with the **Rapid Transition scenario having the most significant impact on investment returns**. Under this scenario there is a shock to returns of about **7.0%** in year 3 from a sudden and aggressive pricing-in of transition risk driven by unprecedented policy action, with markets initially overreacting before partially recovering. Overall, returns are reduced by **4.7%** over the 5-year period in the Rapid Transition. The return impact under a Failed Transition is marginally positive due to transition costs not materialising.

10 Years: Over this time period, the Rapid Transition reduces returns by **4.9%**. The impact of the Orderly Transition and Failed Transition is relatively small at this point on the basis that transition costs and impacts are largely priced in.

30 Years: Over the medium to long term, impacts from physical damages begin to be priced in and the **Failed Transition becomes the most impactful scenario**. Under this scenario, returns are reduced by **20.1%** on a cumulative basis.

40 Years: Over the long term, physical damages continue to be the dominant risk driver and the **Failed Transition is by far the worst scenario**. The reduction in returns under this scenario is around **26.0%** on a cumulative basis. It is also worth highlighting that the higher warming and hence damage under the Orderly Transition (<2°C) scenario, relative to the Rapid Transition (1.5°C) scenario, makes the lower warming scenario the one that **generates the most favourable long-term outcomes for the portfolio**.

This table sets out the annualised and cumulative return impacts of the three climate scenarios relative to the baseline based on the asset allocation modelled.

	Annualised Returns (%)		Cumulative Returns (%)
	Expected Return (Baseline)	Climate Impact	Climate Impact
Rapid Transition			
Impact at 5 years	7.4%	-1.0%	-4.7%
Impact at 10 years	7.6%	-0.5%	-4.9%
Impact at 30 years	7.9%	-0.1%	-2.0%
Impact at 40 years	7.3%	0.0%	-0.5%
Orderly Transition			
Impact at 5 years	7.4%	-0.3%	-1.5%
Impact at 10 years	7.6%	-0.1%	-1.1%
Impact at 30 years	7.9%	-0.1%	-2.0%
Impact at 40 years	7.3%	-0.1%	-4.6%
Failed Transition			
Impact at 5 years	7.4%	0.2%	0.7%
Impact at 10 years	7.6%	-0.2%	-1.9%
Impact at 30 years	7.9%	-0.8%	-20.1%
Impact at 40 years	7.3%	-0.8%	-26.0%

AUM (NZD) in million	Proportion of fund in Corporates (%)	% of Fund Covered by Assessment	Total Carbon Footprint (tCO_2e / USD $M FUM Corporate + Sovereign)	Corporate Carbon Footprint (tCO_2e / USD $M FUM)	Benchmark Carbon Footprint (Corporate)	Sovereign Carbon Intensity (tCO_2e / $M PPP Adj GDP)	Fund WACI (tCO_2e/$M Sales) (Corporate)	Benchmark WACI (Corporate)	Corporate + Sovereign Absolute Emissions
$277	77.9%	90.9%	100.0	41.3	47.6	306.8	107.3	150.4	15497.9

Transition Risks (%)	Physical Risk (%) Climate VaR	Climate Opportunities (SDG Score)	Benchmark Climate Opportunities	Climate Opportunities - Weight % (threshold >0.2)	Climate Opportunities - Weight % Benchmark (threshold >0.2)	% of Fossil Fuel Capital Deployment	% of Capex Opportunities	% fund with SBTI approved targets
1.6%	-11.1%	0.02	-0.02	14.8%	21.3%	0.6%	2.7%	34.7%

Mercer Super Trust

Mercer Passive Growth

Summary of results

5 Years: Over the short term, transition risk dominates, with the **Rapid Transition scenario having the most significant impact on investment returns.** Under this scenario there is a shock to returns of about **9.4%** in year 3 from a sudden and aggressive pricing-in of transition risk driven by unprecedented policy action, with markets initially overreacting before partially recovering. Overall, returns are reduced by **6.8%** over the 5-year period in the Rapid Transition. The return impact under a Failed Transition is marginally positive due to transition costs not materialising.

10 Years: Over this time period, the Rapid Transition reduces returns by **7.3%**. The impact of the Orderly Transition and Failed Transition is relatively small at this point on the basis that transition costs and impacts are largely priced in.

30 Years: Over the medium to long term, impacts from physical damages begin to be priced in and the **Failed Transition becomes the most impactful scenario.** Under this scenario, returns are reduced by **23.7%** on a cumulative basis.

40 Years: Over the long term, physical damages continue to be the dominant risk driver and the **Failed Transition is by far the worst scenario.** The reduction in returns under this scenario is around **30.0%** on a cumulative basis. It is also worth highlighting that the higher warming and hence damage under the Orderly Transition (<2°C) scenario, relative to the Rapid Transition (1.5°C) scenario, makes the lower warming scenario the one that **generates the most favorable long-term outcomes for the portfolio.**

This table sets out the annualised and cumulative return impacts of the three climate scenarios relative to the baseline based on the asset allocation modelled.

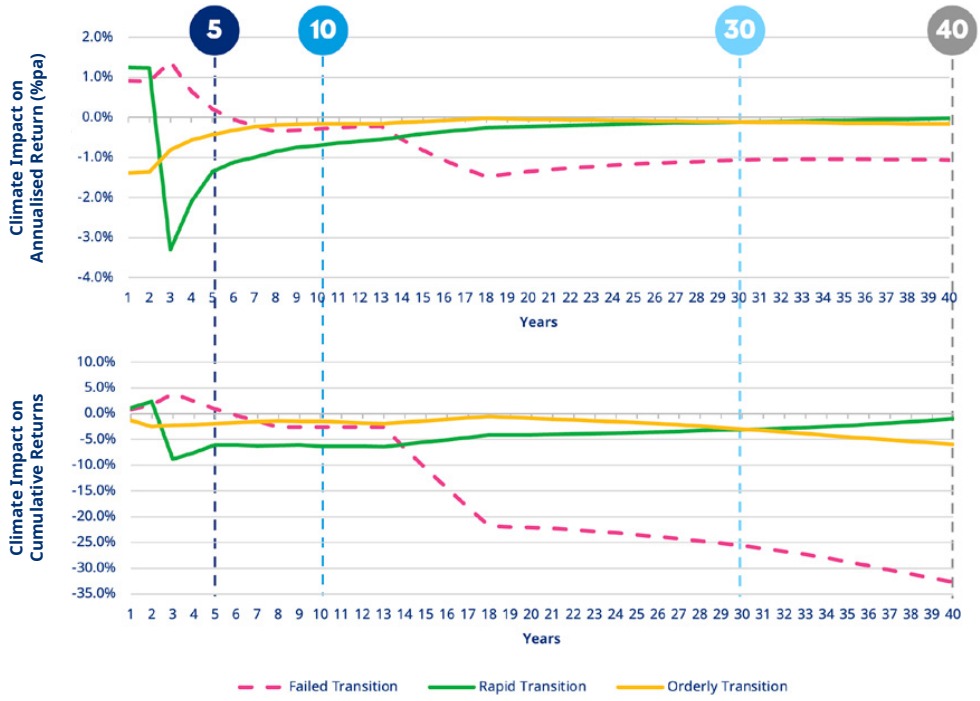
	Annualised Returns (%)		Cumulative Returns (%)
	Expected Return (Baseline)	Climate Impact	Climate Impact
Rapid Transition			
Impact at 5 years	8.1%	-1.5%	-6.8%
Impact at 10 years	8.2%	-0.8%	-7.3%
Impact at 30 years	8.5%	-0.2%	-4.4%
Impact at 40 years	7.8%	-0.1%	-2.5%
Orderly Transition			
Impact at 5 years	8.1%	-0.4%	-2.1%
Impact at 10 years	8.2%	-0.2%	-1.7%
Impact at 30 years	8.5%	-0.1%	-3.0%
Impact at 40 years	7.8%	-0.2%	-5.7%
Failed Transition			
Impact at 5 years	8.1%	0.3%	1.2%
Impact at 10 years	8.2%	-0.2%	-2.1%
Impact at 30 years	8.5%	-1.0%	-23.7%
Impact at 40 years	7.8%	-1.0%	-30.0%

AUM (NZD) in million	Proportion of fund in Corporates (%)	% of Fund Covered by Assessment	Total Carbon Footprint (tCO_2e / USD $M FUM Corporate + Sovereign)	Corporate Carbon Footprint (tCO_2e / USD $M FUM)	Benchmark Carbon Footprint (Corporate)	Sovereign Carbon Intensity (tCO_2e / $M PPP Adj GDP)	Fund WACI (tCO_2e/$M Sales) (Corporate)	Benchmark WACI (Corporate)	Corporate + Sovereign Absolute Emissions
$16	83.1%	91.8%	70.8	26.5	34.0	288.1	58.7	87.3	621.6

Transition Risks (%)	Physical Risk (%) Climate VaR	Climate Opportunities (SDG Score)	Benchmark Climate Opportunities	Climate Opportunities - Weight % (threshold >0.2)	Climate Opportunities - Weight % Benchmark (threshold >0.2)	% of Fossil Fuel Capital Deployment	% of Capex Opportunities	% fund with SBTI approved targets
2.1%	-11.1%	-0.08	-0.10	16.7%	20.3%	0.7%	3.8%	40.7%

Mercer Super Trust

Mercer Growth



Summary of results

5 Years: Over the short term, transition risk dominates, with the **Rapid Transition scenario having the most significant impact on investment returns**. Under this scenario there is a shock to returns of about **8.9%** in year 3 from a sudden and aggressive pricing-in of transition risk driven by unprecedented policy action, with markets initially overreacting before partially recovering. Overall, returns are reduced by **6.1%** over the 5-year period in the Rapid Transition. The return impact under a Failed Transition is marginally positive due to transition costs not materialising.

10 Years: Over this time period, the Rapid Transition reduces returns by **6.3%**. The impact of the Orderly Transition and Failed Transition is relatively small at this point on the basis that transition costs and impacts are largely priced in.

30 Years: Over the medium to long term, impacts from physical damages begin to be priced in and the **Failed Transition becomes the most impactful scenario**. Under this scenario, returns are reduced by **25.6%** on a cumulative basis.

40 Years: Over the long term, physical damages continue to be the dominant risk driver and the **Failed Transition is by far the worst scenario**. The reduction in returns under this scenario is around **32.7%** on a cumulative basis. It is also worth highlighting that the higher warming and hence damage under the Orderly Transition (<2°C) scenario, relative to the Rapid Transition (1.5°C) scenario, makes the lower warming scenario the one that **generates the most favourable long-term outcomes for the portfolio**.

This table sets out the annualised and cumulative return impacts of the three climate scenarios relative to the baseline based on the asset allocation modelled.

	Annualised Returns (%)		Cumulative Returns (%)
	Expected Return (Baseline)	Climate Impact	Climate Impact
Rapid Transition			
Impact at 5 years	8.4%	-1.3%	-6.1%
Impact at 10 years	8.5%	-0.7%	-6.3%
Impact at 30 years	8.8%	-0.1%	-3.1%
Impact at 40 years	8.2%	0.0%	-1.0%
Orderly Transition			
Impact at 5 years	8.4%	-0.4%	-2.0%
Impact at 10 years	8.5%	-0.2%	-1.5%
Impact at 30 years	8.8%	-0.1%	-3.0%
Impact at 40 years	8.2%	-0.2%	-5.9%
Failed Transition			
Impact at 5 years	8.4%	0.2%	0.9%
Impact at 10 years	8.5%	-0.3%	-2.6%
Impact at 30 years	8.8%	-1.1%	-25.6%
Impact at 40 years	8.2%	-1.1%	-32.7%

AUM (NZD) in million	Proportion of fund in Corporates (%)	% of Fund Covered by Assessment	Total Carbon Footprint (tCO_2e / USD $M FUM Corporate + Sovereign)	Corporate Carbon Footprint (tCO_2e / USD $M FUM)	Benchmark Carbon Footprint (Corporate)	Sovereign Carbon Intensity (tCO_2e / $M PPP Adj GDP)	Fund WACI (tCO_2e/$M Sales) (Corporate)	Benchmark WACI (Corporate)	Corporate + Sovereign Absolute Emissions
$183	88.9%	94.1%	69.5	39.7	48.9	307.6	104.6	154.6	7136.3

Transition Risks (%)	Physical Risk (%) Climate VaR	Climate Opportunities (SDG Score)	Benchmark Climate Opportunities	Climate Opportunities - Weight % (threshold >0.2)	Climate Opportunities - Weight % Benchmark (threshold >0.2)	% of Fossil Fuel Capital Deployment	% of Capex Opportunities	% fund with SBTI approved targets
1.7%	-11.0%	0.03	-0.03	17.6%	23.3%	0.8%	3.4%	38.8%

Mercer Super Trust

Mercer High Growth

Summary of results

5 Years: Over the short term, transition risk dominates, with the **Rapid Transition scenario having the most significant impact on investment returns**. Under this scenario there is a shock to returns of about **10.3%** in year 3 from a sudden and aggressive pricing-in of transition risk driven by unprecedented policy action, with markets initially overreacting before partially recovering. Overall, returns are reduced by **7.2%** over the 5-year period in the Rapid Transition. The return impact under a Failed Transition is marginally positive due to transition costs not materialising.

10 Years: Over this time period, the Rapid Transition reduces returns by **7.4%**. The impact of the Orderly Transition and Failed Transition is relatively small at this point on the basis that transition costs and impacts are largely priced in.

30 Years: Over the medium to long term, impacts from physical damages begin to be priced in and the **Failed Transition becomes the most impactful scenario**. Under this scenario, returns are reduced by **29.6%** on a cumulative basis.

40 Years: Over the long term, physical damages continue to be the dominant risk driver and the **Failed Transition is by far the worst scenario**. The reduction in returns under this scenario is around **37.3%** on a cumulative basis. It is also worth highlighting that the higher warming and hence damage under the Orderly Transition (<2°C) scenario, relative to the Rapid Transition (1.5°C) scenario, makes the lower warming scenario the one that **generates the most favourable long-term outcomes for the portfolio**.

This table sets out the annualised and cumulative return impacts of the three climate scenarios relative to the baseline based on the asset allocation modelled.

	Annualised Returns (%)		Cumulative Returns (%)
	Expected Return (Baseline)	Climate Impact	Climate Impact
Rapid Transition			
Impact at 5 years	9.1%	-1.6%	-7.2%
Impact at 10 years	9.2%	-0.8%	-7.4%
Impact at 30 years	9.5%	-0.1%	-4.0%
Impact at 40 years	8.8%	0.0%	-1.6%
Orderly Transition			
Impact at 5 years	9.1%	-0.5%	-2.4%
Impact at 10 years	9.2%	-0.2%	-1.8%
Impact at 30 years	9.5%	-0.1%	-3.8%
Impact at 40 years	8.8%	-0.2%	-7.0%
Failed Transition			
Impact at 5 years	9.1%	0.2%	1.1%
Impact at 10 years	9.2%	-0.4%	-3.2%
Impact at 30 years	9.5%	-1.3%	-29.6%
Impact at 40 years	8.8%	-1.3%	-37.3%

AUM (NZD) in million	Proportion of fund in Corporates (%)	% of Fund Covered by Assessment	Total Carbon Footprint (tCO_2e / USD $M FUM Corporate + Sovereign)	Corporate Carbon Footprint (tCO_2e / USD $M FUM)	Benchmark Carbon Footprint (Corporate)	Sovereign Carbon Intensity (tCO_2e / $M PPP Adj GDP)	Fund WACI (tCO_2e/$M Sales) (Corporate)	Benchmark WACI (Corporate)	Corporate + Sovereign Absolute Emissions
$46	97.8%	95.3%	43.3	37.3	48.4	313.4	97.2	151.3	1112.3

Transition Risks (%)	Physical Risk (%) Climate VaR	Climate Opportunities (SDG Score)	Benchmark Climate Opportunities	Climate Opportunities - Weight % (threshold >0.2)	Climate Opportunities - Weight % Benchmark (threshold >0.2)	% of Fossil Fuel Capital Deployment	% of Capex Opportunities	% fund with SBTI approved targets
1.9%	-10.9%	0.03	-0.03	19.0%	24.4%	0.8%	3.5%	40.2%

Mercer Super Trust

Mercer Shares

Summary of results

5 Years: Over the short term, transition risk dominates, with the **Rapid Transition scenario having the most significant impact on investment returns**. Under this scenario there is a shock to returns of about **11.1%** in year 3 from a sudden and aggressive pricing-in of transition risk driven by unprecedented policy action, with markets initially overreacting before partially recovering. Overall, returns are reduced by **7.9%** over the 5-year period in the Rapid Transition. The return impact under a Failed Transition is marginally positive due to transition costs not materialising.

10 Years: Over this time period, the Rapid Transition reduces returns by **8.3%**. The impact of the Orderly Transition and Failed Transition is relatively small at this point on the basis that transition costs and impacts are largely priced in.

30 Years: Over the medium to long term, impacts from physical damages begin to be priced in and the **Failed Transition becomes the most impactful scenario**. Under this scenario, returns are reduced by **31.2%** on a cumulative basis.

40 Years: Over the long term, physical damages continue to be the dominant risk driver and the **Failed Transition is by far the worst scenario**. The reduction in returns under this scenario is around **39.2%** on a cumulative basis. It is also worth highlighting that the higher warming and hence damage under the Orderly Transition (<2°C) scenario, relative to the Rapid Transition (1.5°C) scenario, makes the lower warming scenario the one that **generates the most favourable long-term outcomes for the portfolio**.

This table sets out the annualised and cumulative return impacts of the three climate scenarios relative to the baseline based on the asset allocation modelled.

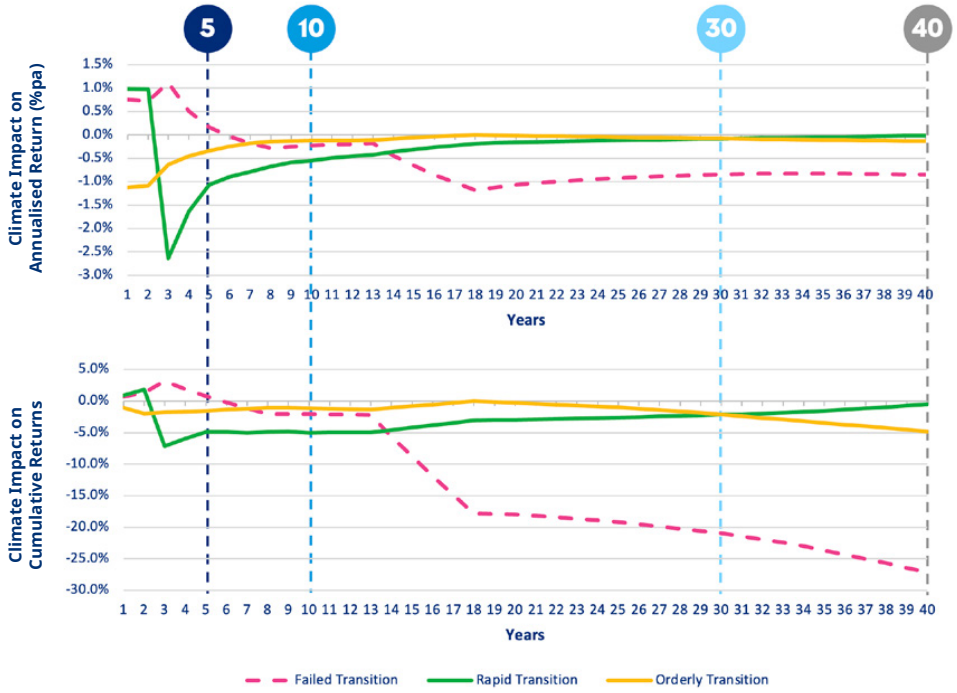
	Annualised Returns (%)		Cumulative Returns (%)
	Expected Return (Baseline)	Climate Impact	Climate Impact
Rapid Transition			
Impact at 5 years	9.4%	-1.8%	-7.9%
Impact at 10 years	9.6%	-0.9%	-8.3%
Impact at 30 years	9.8%	-0.2%	-4.8%
Impact at 40 years	9.1%	-0.1%	-2.2%
Orderly Transition			
Impact at 5 years	9.4%	-0.5%	-2.3%
Impact at 10 years	9.6%	-0.2%	-1.8%
Impact at 30 years	9.8%	-0.1%	-4.0%
Impact at 40 years	9.1%	-0.2%	-7.5%
Failed Transition			
Impact at 5 years	9.4%	0.2%	1.1%
Impact at 10 years	9.6%	-0.4%	-3.4%
Impact at 30 years	9.8%	-1.4%	-31.2%
Impact at 40 years	9.1%	-1.3%	-39.2%

AUM (NZD) in million	Proportion of fund in Corporates (%)	% of Fund Covered by Assessment	Total Carbon Footprint (tCO_2e / USD $M FUM Corporate + Sovereign)	Corporate Carbon Footprint (tCO_2e / USD $M FUM)	Benchmark Carbon Footprint (Corporate)	Sovereign Carbon Intensity (tCO_2e / $M PPP Adj GDP)	Fund WACI (tCO_2e/$M Sales) (Corporate)	Benchmark WACI (Corporate)	Corporate + Sovereign Absolute Emissions
$39	100.0%	95.7%	30.7	30.7	41.6	-	73.9	107.2	668.7

Transition Risks (%)	Physical Risk (%) Climate VaR	Climate Opportunities (SDG Score)	Benchmark Climate Opportunities	Climate Opportunities - Weight % (threshold >0.2)	Climate Opportunities - Weight % Benchmark (threshold >0.2)	% of Fossil Fuel Capital Deployment	% of Capex Opportunities	% fund with SBTI approved targets
1.7%	-12.1%	-0.07	-0.11	20.0%	23.0%	1.2%	3.8%	43.4%

Mercer Super Trust

Consolidated Climate Statement[63]



Under section 461ZC of the FMCA, Mercer NZ is required to complete a climate statement for the Mercer Super Trust as a whole as the liabilities of each fund are not absolutely limited to that fund. However, in accordance with the fair presentation requirements contained within NZ CS 3, and specifically the underlying principle of relevance, we believe it is appropriate to treat each fund constituted under the Mercer Super Trust as a separate fund for the purposes of this Statement, as reported in the previous pages, notwithstanding the fact that the liabilities of each fund are not absolutely limited to that fund. This view has been formed on the basis that the liabilities and expenses attributable for each fund are met at first instance from that fund and given the context in which Mercer Super Trust operates it is not reasonable to anticipate a scenario in which the liabilities and expenses of a fund would not be able to be met from its own assets. In addition, investors are unable to invest in the Mercer Super Trust as a whole, and can only invest in its underlying funds.

This consolidated climate statement for the Mercer Super Trust should be read in light of our view that the separate climate statements for each fund constituted under the Mercer Super Trust provide a more accurate and useful description of the climate impacts of each Mercer Super Trust fund.

Summary of results

5 Years: Over the short term, transition risk dominates, with the **Rapid Transition scenario having the most significant impact on investment returns**. Under this scenario there is a shock to returns of about **7.2%** in year 3 from a sudden and aggressive pricing-in of transition risk driven by unprecedented policy action, with markets initially overreacting before partially recovering. Overall, returns are reduced by **4.9%** over the 5-year period in the Rapid Transition. The return impact under a Failed Transition is marginally positive due to transition costs not materialising.

10 Years: Over this time period, the Rapid Transition reduces returns by **5.0%**. The impact of the Orderly Transition and Failed Transition is relatively small at this point on the basis that transition costs and impacts are largely priced in.

30 Years: Over the medium to long term, impacts from physical damages begin to be priced in and the **Failed Transition becomes the most impactful scenario**. Under this scenario, returns are reduced by **21.0%** on a cumulative basis.

40 Years: Over the long term, physical damages continue to be the dominant risk driver and the **Failed Transition is by far the worst scenario**. The reduction in returns under this scenario is around 27.1% on a cumulative basis. It is also worth highlighting that the higher warming and hence damage under the Orderly Transition (<2°C) scenario, relative to the Rapid Transition (1.5°C) scenario, makes the lower warming scenario the one that **generates the most favorable long-term outcomes for the portfolio**.

This table sets out the annualised and cumulative return impacts of the three climate scenarios relative to the baseline based on the asset allocation modelled.

	Annualised Returns (%)		Cumulative Returns (%)
	Expected Return (Baseline)	Climate Impact	Climate Impact
Rapid Transition			
Impact at 5 years	7.6%	-1.1%	-4.9%
Impact at 10 years	7.7%	-0.6%	-5.0%
Impact at 30 years	8.0%	-0.1%	-2.2%
Impact at 40 years	7.4%	0.0%	-0.5%
Orderly Transition			
Impact at 5 years	7.6%	-0.3%	-1.6%
Impact at 10 years	7.7%	-0.1%	-1.1%
Impact at 30 years	8.0%	-0.1%	-2.1%
Impact at 40 years	7.4%	-0.1%	-4.8%
Failed Transition			
Impact at 5 years	7.6%	0.2%	0.8%
Impact at 10 years	7.7%	-0.2%	-2.1%
Impact at 30 years	8.0%	-0.8%	-21.0%
Impact at 40 years	7.4%	-0.8%	-27.1%

AUM (NZD) in million	Proportion of fund in Corporates (%)	% of Fund Covered by Assessment	Total Carbon Footprint (tCO_2e / USD $M FUM Corporate + Sovereign)	Corporate Carbon Footprint (tCO_2e / USD $M FUM)	Benchmark Carbon Footprint (Corporate)	Sovereign Carbon Intensity (tCO_2e / $M PPP Adj GDP)	Fund WACI (tCO_2e/$M Sales) (Corporate)	Benchmark WACI (Corporate)	Corporate + Sovereign Absolute Emissions
$833	80.4%	85.8%	88.2	34.7	41.6	308.1	89.4	127.5	41201.9

Transition Risks (%)	Physical Risk (%) Climate VaR	Climate Opportunities (SDG Score)	Benchmark Climate Opportunities	Climate Opportunities - Weight % (threshold >0.2)	Climate Opportunities - Weight % Benchmark (threshold >0.2)	% of Fossil Fuel Capital Deployment	% of Capex Opportunities	% fund with SBTI approved targets
1.5%	-10.5%	0.01	-0.04	14.4%	19.4%	0.6%	2.8%	33.2%

[63] The Mercer Passive Balanced fund and the Mercer Passive Growth fund were opened on 1 November 2024 and were not included in the scenario analysis for the Mercer Super Trust shown which was based on the strategic asset allocation of the Mercer Super Trust as at 31 March 2024.

Mercer KiwiSaver scheme

Responsible Conservative

Summary of results

5 Years: Over the short term, transition risk dominates, with the **Rapid Transition scenario having the most significant impact on investment returns**. Under this scenario there is a shock to returns of about **2.6%** in year 3 from a sudden and aggressive pricing-in of transition risk driven by unprecedented policy action, with markets initially overreacting before partially recovering. Overall, returns are reduced by **1.8%** over the 5-year period in the Rapid Transition. The return impact under a Failed Transition is marginally positive due to transition costs not materialising.

10 Years: Over this time period, the Rapid Transition reduces returns by **1.5%**. The impact of the Orderly Transition and Failed Transition is relatively small at this point on the basis that transition costs and impacts are largely priced in.

30 Years: Over the medium to long term, impacts from physical damages begin to be priced in and the **Failed Transition becomes the most impactful scenario**. Under this scenario, returns are reduced by **9.1%** on a cumulative basis.

40 Years: Over the long term, physical damages continue to be the dominant risk driver and the **Failed Transition is by far the worst scenario**. The reduction in returns under this scenario is around **12.5%** on a cumulative basis. It is also worth highlighting that the higher warming and hence damage under the Orderly Transition (<2°C) scenario, relative to the Rapid Transition (1.5°C) scenario, makes the lower warming scenario the one that **generates the most favourable long-term outcomes for the portfolio**.

This table sets out the annualised and cumulative return impacts of the three climate scenarios relative to the baseline based on the asset allocation modelled.

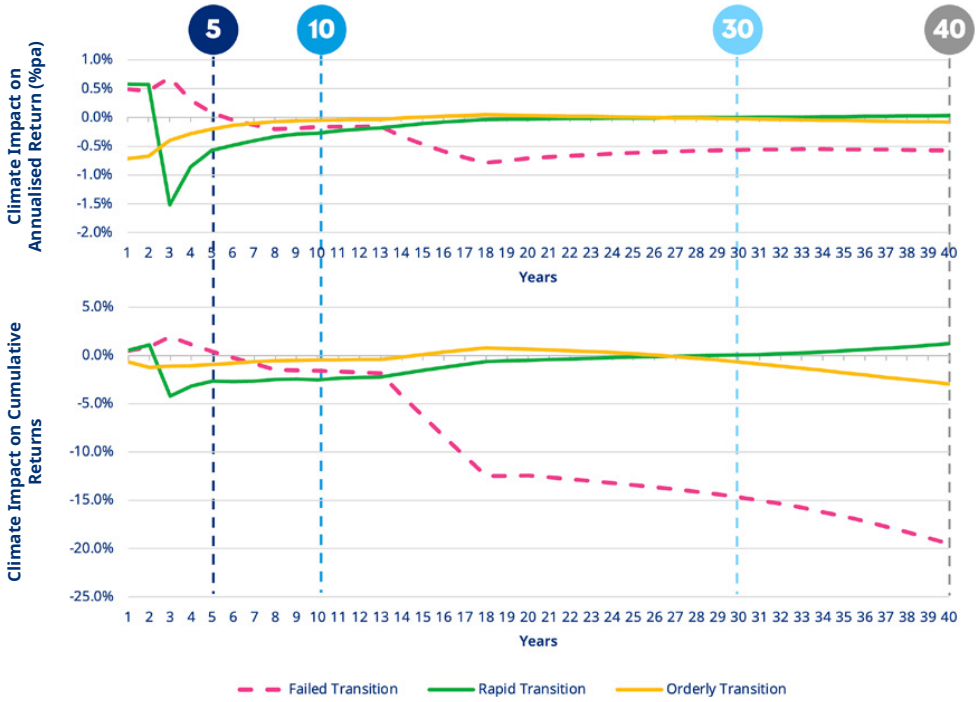
	Annualised Returns (%)		Cumulative Returns (%)
	Expected Return (Baseline)	Climate Impact	Climate Impact
Rapid Transition			
Impact at 5 years	5.5%	-0.4%	-1.8%
Impact at 10 years	5.7%	-0.2%	-1.5%
Impact at 30 years	6.1%	0.0%	0.5%
Impact at 40 years	5.4%	-0.1%	1.1%
Orderly Transition			
Impact at 5 years	5.5%	-0.1%	-0.5%
Impact at 10 years	5.7%	0.0%	0.0%
Impact at 30 years	6.1%	0.0%	0.2%
Impact at 40 years	5.4%	-0.1%	-1.9%
Failed Transition			
Impact at 5 years	5.5%	0.0%	0.2%
Impact at 10 years	5.7%	-0.1%	-1.0%
Impact at 30 years	6.1%	-0.3%	-9.1%
Impact at 40 years	5.4%	-0.4%	-12.5%

AUM (NZD) in million	Proportion of fund in Corporates (%)	% of Fund Covered by Assessment	Total Carbon Footprint (tCO_2e / USD $M FUM Corporate + Sovereign)	Corporate Carbon Footprint (tCO_2e / USD $M FUM)	Benchmark Carbon Footprint (Corporate)	Sovereign Carbon Intensity (tCO_2e / $M PPP Adj GDP)	Fund WACI (tCO_2e/$M Sales) (Corporate)	Benchmark WACI (Corporate)	Corporate + Sovereign Absolute Emissions
$779	51.1%	72.9%	158.2	14.3	27.4	308.9	40.0	70.8	69050.6

Transition Risks (%)	Physical Risk (%) Climate VaR	Climate Opportunities (SDG Score)	Benchmark Climate Opportunities	Climate Opportunities - Weight % (threshold >0.2)	Climate Opportunities - Weight % Benchmark (threshold >0.2)	% of Fossil Fuel Capital Deployment	% of Capex Opportunities	% fund with SBTI approved targets
0.2%	-7.0%	0.07	-0.05	10.1%	8.8%	0.3%	1.6%	21.9%

Mercer KiwiSaver scheme

Sustainable Moderate



Summary of results

5 Years: Over the short term, transition risk dominates, with the **Rapid Transition scenario having the most significant impact on investment returns**. Under this scenario there is a shock to returns of about **4.2%** in year 3 from a sudden and aggressive pricing-in of transition risk driven by unprecedented policy action, with markets initially overreacting before partially recovering. Overall, returns are reduced by **2.7%** over the 5-year period in the Rapid Transition. The return impact under a Failed Transition is marginally positive due to transition costs not materialising.

10 Years: Over this time period, the **Rapid Transition and Failed Transition have impacts of similar magnitude**. Meaning transition risks and physical risks are similarly important. The Rapid Transition reduces annualised returns by **2.5% p.a.** and Failed Transition reduces annualised returns by **1.6% p.a.** The impact of the Orderly Transition is small on the basis that transition costs and impacts are smaller and largely priced in.

30 Years: Over the medium to long term, impacts from physical damages begin to be priced in and the **Failed Transition becomes the most impactful scenario**. Under this scenario, returns are reduced by **14.7%** on a cumulative basis.

40 Years: Over the long term, physical damages continue to be the dominant risk driver and the **Failed Transition is by far the worst scenario**. The reduction in returns under this scenario is around **19.5%** on a cumulative basis. It is also worth highlighting that the higher warming and hence damage under the Orderly Transition (<2°C) scenario, relative to the Rapid Transition (1.5°C) scenario, makes the lower warming scenario the one that **generates the most favourable long-term outcomes for the portfolio**.

This table sets out the annualised and cumulative return impacts of the three climate scenarios relative to the baseline based on the asset allocation modelled.

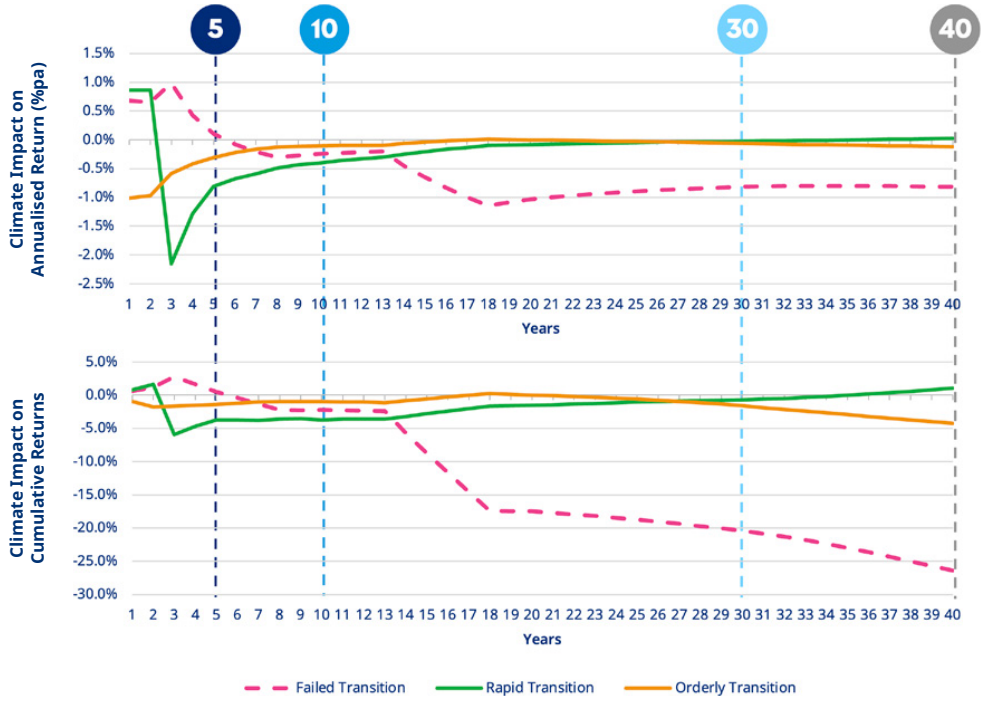
	Annualised Returns (%)		Cumulative Returns (%)
	Expected Return (Baseline)	Climate Impact	Climate Impact
Rapid Transition			
Impact at 5 years	6.4%	-0.6%	-2.7%
Impact at 10 years	6.6%	-0.3%	-2.5%
Impact at 30 years	6.9%	0.0%	0.1%
Impact at 40 years	6.3%	0.0%	1.2%
Orderly Transition			
Impact at 5 years	6.4%	-0.2%	-0.9%
Impact at 10 years	6.6%	0.0%	-0.5%
Impact at 30 years	6.9%	0.0%	-0.7%
Impact at 40 years	6.3%	-0.1%	-3.0%
Failed Transition			
Impact at 5 years	6.4%	0.1%	0.4%
Impact at 10 years	6.6%	-0.2%	-1.6%
Impact at 30 years	6.9%	-0.6%	-14.7%
Impact at 40 years	6.3%	-0.6%	-19.5%

AUM (NZD) in million	Proportion of fund in Corporates (%)	% of Fund Covered by Assessment	Total Carbon Footprint (tCO_2e / USD $M FUM Corporate + Sovereign)	Corporate Carbon Footprint (tCO_2e / USD $M FUM)	Benchmark Carbon Footprint (Corporate)	Sovereign Carbon Intensity (tCO_2e / $M PPP Adj GDP)	Fund WACI (tCO_2e/$M Sales) (Corporate)	Benchmark WACI (Corporate)	Corporate + Sovereign Absolute Emissions
$236	67.0%	84.3%	127.3	32.6	38.8	319.2	96.1	121.8	16828.0

Transition Risks (%)	Physical Risk (%) Climate VaR	Climate Opportunities (SDG Score)	Benchmark Climate Opportunities	Climate Opportunities - Weight % (threshold >0.2)	Climate Opportunities - Weight % Benchmark (threshold >0.2)	% of Fossil Fuel Capital Deployment	% of Capex Opportunities	% fund with SBTI approved targets
0.4%	-7.8%	0.14	-0.04	14.6%	17.0%	0.4%	2.8%	34.2%

Mercer KiwiSaver scheme

Sustainable Balanced



Summary of results

5 Years: Over the short term, transition risk dominates, with the **Rapid Transition scenario having the most significant impact on investment returns**. Under this scenario there is a shock to returns of about **5.9%** in year 3 from a sudden and aggressive pricing-in of transition risk driven by unprecedented policy action, with markets initially overreacting before partially recovering. Overall, returns are reduced by **3.7%** over the 5-year period in the Rapid Transition. The return impact under a Failed Transition is marginally positive due to transition costs not materialising.

10 Years: Over this time period, the Rapid Transition reduces returns by **3.7%**. The impact of the Orderly Transition and Failed Transition is relatively small at this point on the basis that transition costs and impacts are largely priced in.

30 Years: Over the medium to long term, impacts from physical damages begin to be priced in and the **Failed Transition becomes the most impactful scenario**. Under this scenario, returns are reduced by **20.4%** on a cumulative basis.

40 Years: Over the long term, physical damages continue to be the dominant risk driver and the **Failed Transition is by far the worst scenario**. The reduction in returns under this scenario is around **26.4%** on a cumulative basis. It is also worth highlighting that the higher warming and hence damage under the Orderly Transition (<2°C) scenario, relative to the Rapid Transition (1.5°C) scenario, makes the lower warming scenario the one that **generates the most favourable long-term outcomes for the portfolio**.

This table sets out the annualised and cumulative return impacts of the three climate scenarios relative to the baseline based on the asset allocation modelled.

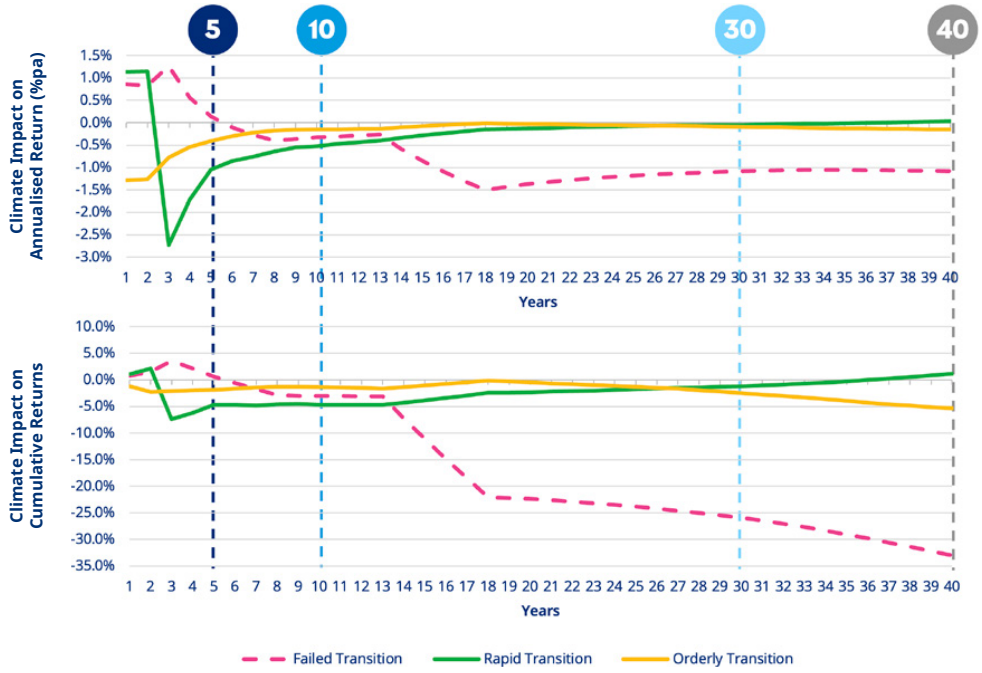
	Annualised Returns (%)		Cumulative Returns (%)
	Expected Return (Baseline)	Climate Impact	Climate Impact
Rapid Transition			
Impact at 5 years	7.3%	-0.8%	-3.7%
Impact at 10 years	7.5%	-0.4%	-3.7%
Impact at 30 years	7.8%	0.0%	-0.7%
Impact at 40 years	7.2%	0.0%	1.0%
Orderly Transition			
Impact at 5 years	7.3%	-0.3%	-1.4%
Impact at 10 years	7.5%	-0.1%	-0.9%
Impact at 30 years	7.8%	-0.1%	-1.6%
Impact at 40 years	7.2%	-0.1%	-4.2%
Failed Transition			
Impact at 5 years	7.3%	0.1%	0.5%
Impact at 10 years	7.5%	-0.2%	-2.2%
Impact at 30 years	7.8%	-0.8%	-20.4%
Impact at 40 years	7.2%	-0.8%	-26.4%

AUM (NZD) in million	Proportion of fund in Corporates (%)	% of Fund Covered by Assessment	Total Carbon Footprint (tCO_2e / USD $M FUM Corporate + Sovereign)	Corporate Carbon Footprint (tCO_2e / USD $M FUM)	Benchmark Carbon Footprint (Corporate)	Sovereign Carbon Intensity (tCO_2e / $M PPP Adj GDP)	Fund WACI (tCO_2e/$M Sales) (Corporate)	Benchmark WACI (Corporate)	Corporate + Sovereign Absolute Emissions
$652	78.4%	91.5%	94.5	35.7	43.5	308.1	106.8	139.3	34532.0

Transition Risks (%)	Physical Risk (%) Climate VaR	Climate Opportunities (SDG Score)	Benchmark Climate Opportunities	Climate Opportunities - Weight % (threshold >0.2)	Climate Opportunities - Weight % Benchmark (threshold >0.2)	% of Fossil Fuel Capital Deployment	% of Capex Opportunities	% fund with SBTI approved targets
0.5%	-7.9%	0.20	-0.02	18.7%	21.0%	0.4%	3.1%	40.7%

Mercer KiwiSaver scheme

Sustainable Growth



Summary of results

5 Years: Over the short term, transition risk dominates, with the **Rapid Transition scenario having the most significant impact on investment returns**. Under this scenario there is a shock to returns of about **7.4%** in year 3 from a sudden and aggressive pricing-in of transition risk driven by unprecedented policy action, with markets initially overreacting before partially recovering. Overall, returns are reduced by **4.7%** over the 5-year period in the Rapid Transition. The return impact under a Failed Transition is marginally positive due to transition costs not materialising.

10 Years: Over this time period, the Rapid Transition reduces returns by **4.7%**. The impact of the Orderly Transition and Failed Transition is relatively small at this point on the basis that transition costs and impacts are largely priced in.

30 Years: Over the medium to long term, impacts from physical damages begin to be priced in and the **Failed Transition becomes the most impactful scenario**. Under this scenario, returns are reduced by **26.0%** on a cumulative basis.

40 Years: Over the long term, physical damages continue to be the dominant risk driver and the **Failed Transition is by far the worst scenario**. The reduction in returns under this scenario is around **33.0%** on a cumulative basis. It is also worth highlighting that the higher warming and hence damage under the Orderly Transition (<2°C) scenario, relative to the Rapid Transition (1.5°C) scenario, makes the lower warming scenario the one that **generates the most favourable long-term outcomes for the portfolio**.

This table sets out the annualised and cumulative return impacts of the three climate scenarios relative to the baseline based on the asset allocation modelled.

	Annualised Returns (%)		Cumulative Returns (%)
	Expected Return (Baseline)	Climate Impact	Climate Impact
Rapid Transition			
Impact at 5 years	8.2%	-1.0%	-4.7%
Impact at 10 years	8.4%	-0.5%	-4.7%
Impact at 30 years	8.7%	0.0%	-1.2%
Impact at 40 years	8.1%	0.0%	1.1%
Orderly Transition			
Impact at 5 years	8.2%	-0.4%	-1.9%
Impact at 10 years	8.4%	-0.1%	-1.3%
Impact at 30 years	8.7%	-0.1%	-2.5%
Impact at 40 years	8.1%	-0.1%	-5.4%
Failed Transition			
Impact at 5 years	8.2%	0.1%	0.6%
Impact at 10 years	8.4%	-0.3%	-3.0%
Impact at 30 years	8.7%	-1.1%	-26.0%
Impact at 40 years	8.1%	-1.1%	-33.0%

AUM (NZD) in million	Proportion of fund in Corporates (%)	% of Fund Covered by Assessment	Total Carbon Footprint (tCO_2e / USD $M FUM Corporate + Sovereign)	Corporate Carbon Footprint (tCO_2e / USD $M FUM)	Benchmark Carbon Footprint (Corporate)	Sovereign Carbon Intensity (tCO_2e / $M PPP Adj GDP)	Fund WACI (tCO_2e/$M Sales) (Corporate)	Benchmark WACI (Corporate)	Corporate + Sovereign Absolute Emissions
$277	89.1%	95.4%	64.3	34.4	43.8	308.7	107.9	141.1	9985.5

Transition Risks (%)	Physical Risk (%) Climate VaR	Climate Opportunities (SDG Score)	Benchmark Climate Opportunities	Climate Opportunities - Weight % (threshold >0.2)	Climate Opportunities - Weight % Benchmark (threshold >0.2)	% of Fossil Fuel Capital Deployment	% of Capex Opportunities	% fund with SBTI approved targets
0.5%	-7.7%	0.23	-0.03	22.2%	23.0%	0.5%	4.0%	45.9%

Mercer KiwiSaver scheme

Sustainable High Growth

Summary of results

5 Years: Over the short term, transition risk dominates, with the **Rapid Transition scenario having the most significant impact on investment returns**. Under this scenario there is a shock to returns of about **8.5%** in year 3 from a sudden and aggressive pricing-in of transition risk driven by unprecedented policy action, with markets initially overreacting before partially recovering. Overall, returns are reduced by **5.5%** over the 5-year period in the Rapid Transition. The return impact under a Failed Transition is marginally positive due to transition costs not materialising.

10 Years: Over this time period, the Rapid Transition reduces returns by **5.4%**. The impact of the Orderly Transition and Failed Transition is relatively small at this point on the basis that transition costs and impacts are largely priced in.

30 Years: Over the medium to long term, impacts from physical damages begin to be priced in and the **Failed Transition becomes the most impactful scenario**. Under this scenario, returns are reduced by **30.0%** on a cumulative basis.

40 Years: Over the long term, physical damages continue to be the dominant risk driver and the **Failed Transition is by far the worst scenario**. The reduction in returns under this scenario is around **37.8%** on a cumulative basis. It is also worth highlighting that the higher warming and hence damage under the Orderly Transition (<2°C) scenario, relative to the Rapid Transition (1.5°C) scenario, makes the lower warming scenario the one that **generates the most favourable long-term outcomes for the portfolio**.

This table sets out the annualised and cumulative return impacts of the three climate scenarios relative to the baseline based on the asset allocation modelled.

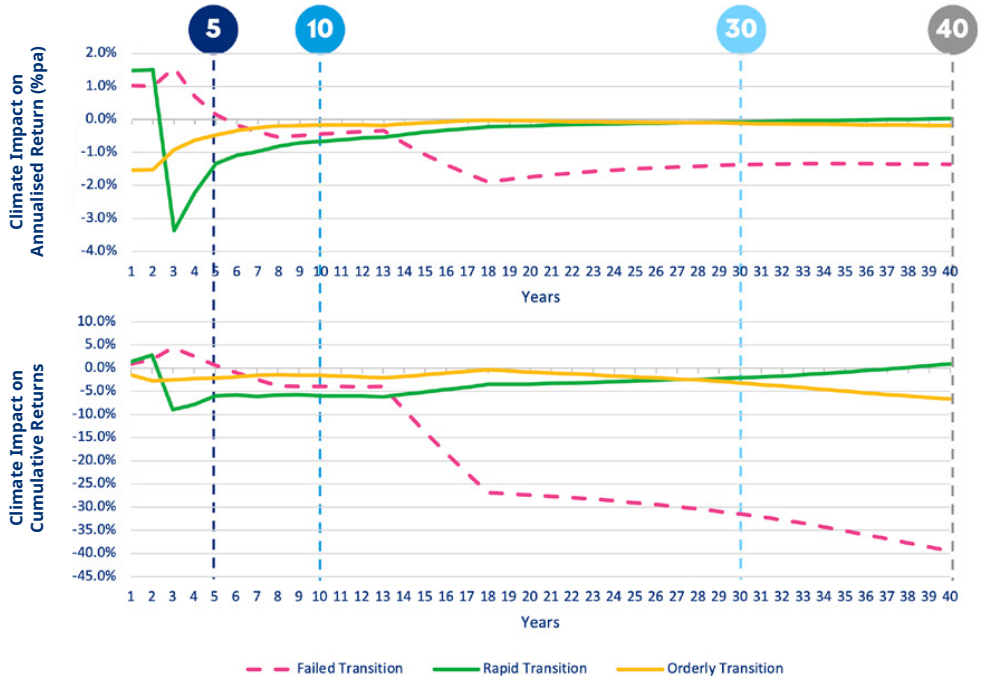
	Annualised Returns (%)		Cumulative Returns (%)
	Expected Return (Baseline)	Climate Impact	Climate Impact
Rapid Transition			
Impact at 5 years	8.9%	-1.2%	-5.5%
Impact at 10 years	9.1%	-0.6%	-5.4%
Impact at 30 years	9.4%	-0.1%	-1.6%
Impact at 40 years	8.7%	0.0%	1.1%
Orderly Transition			
Impact at 5 years	8.9%	-0.5%	-2.2%
Impact at 10 years	9.1%	-0.2%	-1.6%
Impact at 30 years	9.4%	-0.1%	-3.1%
Impact at 40 years	8.7%	-0.2%	-6.3%
Failed Transition			
Impact at 5 years	8.9%	0.1%	0.7%
Impact at 10 years	9.1%	-0.4%	-3.7%
Impact at 30 years	9.4%	-1.3%	-30.0%
Impact at 40 years	8.7%	-1.3%	-37.8%

AUM (NZD) in million	Proportion of fund in Corporates (%)	% of Fund Covered by Assessment	Total Carbon Footprint (tCO_2e / USD $M FUM Corporate + Sovereign)	Corporate Carbon Footprint (tCO_2e / USD $M FUM)	Benchmark Carbon Footprint (Corporate)	Sovereign Carbon Intensity (tCO_2e / $M PPP Adj GDP)	Fund WACI (tCO_2e/$M Sales) (Corporate)	Benchmark WACI (Corporate)	Corporate + Sovereign Absolute Emissions
$407	97.8%	97.3%	38.0	31.9	42.4	314.1	102.6	135.6	8659.6

Transition Risks (%)	Physical Risk (%) Climate VaR	Climate Opportunities (SDG Score)	Benchmark Climate Opportunities	Climate Opportunities - Weight % (threshold >0.2)	Climate Opportunities - Weight % Benchmark (threshold >0.2)	% of Fossil Fuel Capital Deployment	% of Capex Opportunities	% fund with SBTI approved targets
0.5%	-7.4%	0.25	-0.03	24.2%	24.1%	0.6%	4.0%	48.1%

Mercer KiwiSaver scheme

Sustainable Shares



Summary of results

5 Years: Over the short term, transition risk dominates, with the **Rapid Transition scenario having the most significant impact on investment returns**. Under this scenario there is a shock to returns of about **9.0%** in year 3 from a sudden and aggressive pricing-in of transition risk driven by unprecedented policy action, with markets initially overreacting before partially recovering. Overall, returns are reduced by **6.0%** over the 5-year period in the Rapid Transition. The return impact under a Failed Transition is marginally positive due to transition costs not materialising.

10 Years: Over this time period, the Rapid Transition reduces returns by **6.0%**. The impact of the Orderly Transition and Failed Transition is relatively small at this point on the basis that transition costs and impacts are largely priced in.

30 Years: Over the medium to long term, impacts from physical damages begin to be priced in and the **Failed Transition becomes the most impactful scenario**. Under this scenario, returns are reduced by **31.5%** on a cumulative basis.

40 Years: Over the long term, physical damages continue to be the dominant risk driver and the **Failed Transition is by far the worst scenario**. The reduction in returns under this scenario is around **39.5%** on a cumulative basis. It is also worth highlighting that the higher warming and hence damage under the Orderly Transition (<2°C) scenario, relative to the Rapid Transition (1.5°C) scenario, makes the lower warming scenario the one that **generates the most favourable long-term outcomes for the portfolio**.

This table sets out the annualised and cumulative return impacts of the three climate scenarios relative to the baseline based on the asset allocation modelled.

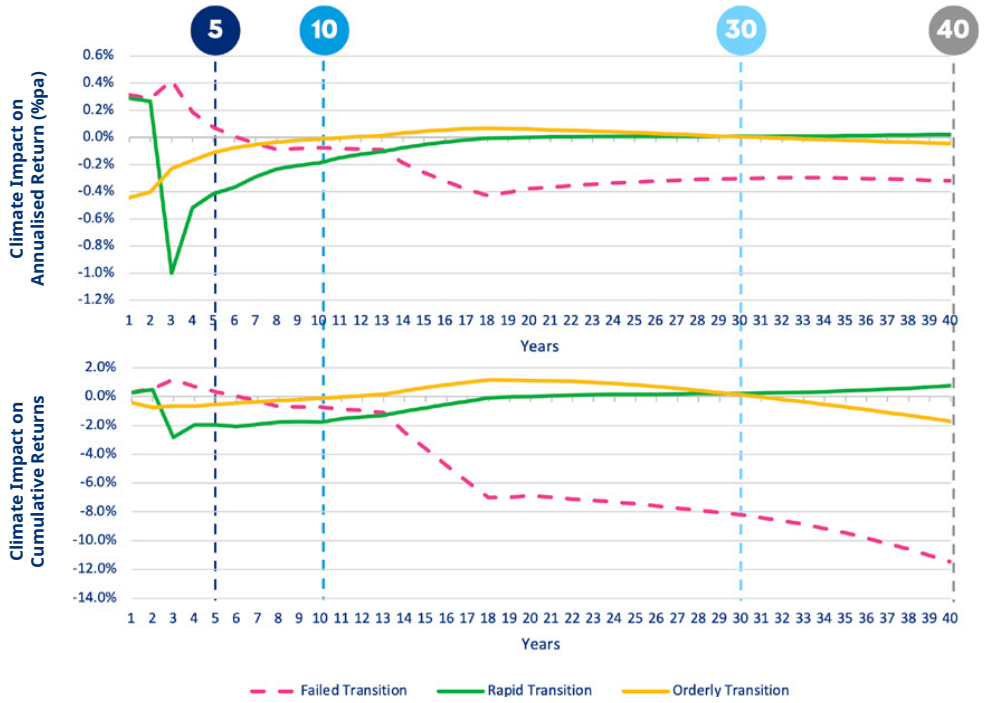
	Annualised Returns (%)		Cumulative Returns (%)
	Expected Return (Baseline)	Climate Impact	Climate Impact
Rapid Transition			
Impact at 5 years	9.2%	-1.3%	-6.0%
Impact at 10 years	9.4%	-0.7%	-6.0%
Impact at 30 years	9.6%	-0.1%	-2.1%
Impact at 40 years	8.9%	0.0%	0.9%
Orderly Transition			
Impact at 5 years	9.2%	-0.5%	-2.2%
Impact at 10 years	9.4%	-0.2%	-1.6%
Impact at 30 years	9.6%	-0.1%	-3.2%
Impact at 40 years	8.9%	-0.2%	-6.7%
Failed Transition			
Impact at 5 years	9.2%	0.1%	0.7%
Impact at 10 years	9.4%	-0.4%	-4.0%
Impact at 30 years	9.6%	-1.4%	-31.5%
Impact at 40 years	8.9%	-1.4%	-39.5%

AUM (NZD) in million	Proportion of fund in Corporates (%)	% of Fund Covered by Assessment	Total Carbon Footprint (tCO_2e / USD $M FUM Corporate + Sovereign)	Corporate Carbon Footprint (tCO_2e / USD $M FUM)	Benchmark Carbon Footprint (Corporate)	Sovereign Carbon Intensity (tCO_2e / $M PPP Adj GDP)	Fund WACI (tCO_2e/$M Sales) (Corporate)	Benchmark WACI (Corporate)	Corporate + Sovereign Absolute Emissions
$69	100.0%	98.3%	23.0	23.0	33.2	-	76.7	85.2	895.1

Transition Risks (%)	Physical Risk (%) Climate VaR	Climate Opportunities (SDG Score)	Benchmark Climate Opportunities	Climate Opportunities - Weight % (threshold >0.2)	Climate Opportunities - Weight % Benchmark (threshold >0.2)	% of Fossil Fuel Capital Deployment	% of Capex Opportunities	% fund with SBTI approved targets
0.2%	-7.8%	0.23	-0.11	25.9%	22.5%	0.6%	4.4%	52.6%

New Zealand Defence Force KiwiSaver Scheme[64]

Conservative



Summary of results

5 Years: Over the short term, transition risk dominates, with the **Rapid Transition scenario having the most significant impact on investment returns**. Under this scenario there is a shock to returns of about **2.8%** in year 3 from a sudden and aggressive pricing-in of transition risk driven by unprecedented policy action, with markets initially overreacting before partially recovering. Overall, returns are reduced by **2.0%** over the 5-year period in the Rapid Transition. The return impact under a Failed Transition is marginally positive due to transition costs not materialising.

10 Years: Over this time period, the Rapid Transition reduces returns by **1.8%**. The impact of the Orderly Transition and Failed Transition is relatively small at this point on the basis that transition costs and impacts are largely priced in.

30 Years: Over the medium to long term, impacts from physical damages begin to be priced in and the **Failed Transition becomes the most impactful scenario**. Under this scenario, returns are reduced by **8.2%** on a cumulative basis.

40 Years: Over the long term, physical damages continue to be the dominant risk driver and the **Failed Transition is by far the worst scenario**. The reduction in returns under this scenario is around **11.5%** on a cumulative basis. It is also worth highlighting that the higher warming and hence damage under the Orderly Transition (<2°C) scenario, relative to the Rapid Transition (1.5°C) scenario, makes the lower warming scenario the one that **generates the most favourable long-term outcomes for the portfolio**.

This table sets out the annualised and cumulative return impacts of the three climate scenarios relative to the baseline based on the asset allocation modelled.

	Annualised Returns (%)		Cumulative Returns (%)
	Expected Return (Baseline)	Climate Impact	Climate Impact
Rapid Transition			
Impact at 5 years	5.5%	-0.4%	-2.0%
Impact at 10 years	5.7%	-0.2%	-1.8%
Impact at 30 years	6.1%	0.0%	0.2%
Impact at 40 years	5.4%	0.0%	0.8%
Orderly Transition			
Impact at 5 years	5.5%	-0.1%	-0.5%
Impact at 10 years	5.7%	0.0%	-0.1%
Impact at 30 years	6.1%	0.0%	0.1%
Impact at 40 years	5.4%	0.0%	-1.7%
Failed Transition			
Impact at 5 years	5.5%	0.1%	0.3%
Impact at 10 years	5.7%	-0.1%	-0.7%
Impact at 30 years	6.1%	-0.3%	-8.2%
Impact at 40 years	5.4%	-0.3%	-11.5%

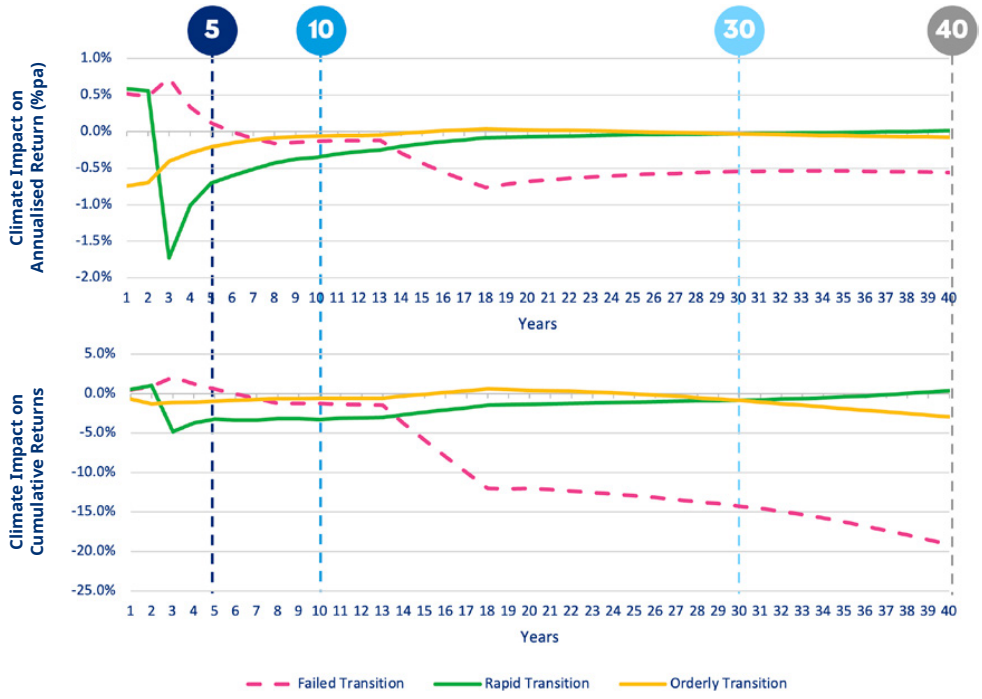
AUM (NZD) in million	Proportion of fund in Corporates (%)	% of Fund Covered by Assessment	Total Carbon Footprint (tCO_2e / USD $M FUM Corporate + Sovereign)	Corporate Carbon Footprint (tCO_2e / USD $M FUM)	Benchmark Carbon Footprint (Corporate)	Sovereign Carbon Intensity (tCO_2e / $M PPP Adj GDP)	Fund WACI (tCO_2e/$M Sales) (Corporate)	Benchmark WACI (Corporate)	Corporate + Sovereign Absolute Emissions
$11	59.4%	78.5%	139.3	33.2	34.2	294.4	87.2	87.5	823.6

Transition Risks (%)	Physical Risk (%) Climate VaR	Climate Opportunities (SDG Score)	Benchmark Climate Opportunities	Climate Opportunities - Weight % (threshold >0.2)	Climate Opportunities - Weight % Benchmark (threshold >0.2)	% of Fossil Fuel Capital Deployment	% of Capex Opportunities	% fund with SBTI approved targets
0.8%	-11.1%	-0.02	-0.11	7.1%	10.7%	0.4%	1.2%	23.1%

[64] In preparing this analysis, the SAAs are translated into the asset class categories modelled in the Scenario Analysis tool. For some funds, such as the New Zealand Defence Force Savings schemes, SAAs were under review at the time of the translation to the Scenario Analysis tool. In this case, mapping to scenario categories was adjusted to seek to better align the analysis to the fund. These will be further reviewed and adjusted, as needed, upon each iteration of Scenario Analysis.

New Zealand Defence Force KiwiSaver Scheme[65]

Moderate



Summary of results

5 Years: Over the short term, transition risk dominates, with the **Rapid Transition scenario having the most significant impact on investment returns**. Under this scenario there is a shock to returns of about **4.8%** in year 3 from a sudden and aggressive pricing-in of transition risk driven by unprecedented policy action, with markets initially overreacting before partially recovering. Overall, returns are reduced by **3.3%** over the 5-year period in the Rapid Transition. The return impact under a Failed Transition is marginally positive due to transition costs not materialising.

10 Years: Over this time period, the Rapid Transition reduces returns by **3.3%**. The impact of the Orderly Transition and Failed Transition is relatively small at this point on the basis that transition costs and impacts are largely priced in.

30 Years: Over the medium to long term, impacts from physical damages begin to be priced in and the **Failed Transition becomes the most impactful scenario**. Under this scenario, returns are reduced by **14.2%** on a cumulative basis.

40 Years: Over the long term, physical damages continue to be the dominant risk driver and the **Failed Transition is by far the worst scenario**. The reduction in returns under this scenario is around **19.1%** on a cumulative basis. It is also worth highlighting that the higher warming and hence damage under the Orderly Transition (<2°C) scenario, relative to the Rapid Transition (1.5°C) scenario, makes the lower warming scenario the one that **generates the most favourable long-term outcomes for the portfolio**.

This table sets out the annualised and cumulative return impacts of the three climate scenarios relative to the baseline based on the asset allocation modelled.

	Annualised Returns (%)		Cumulative Returns (%)
	Expected Return (Baseline)	Climate Impact	Climate Impact
Rapid Transition			
Impact at 5 years	6.5%	-0.7%	-3.3%
Impact at 10 years	6.7%	-0.4%	-3.3%
Impact at 30 years	7.0%	0.0%	-0.8%
Impact at 40 years	6.4%	0.0%	0.3%
Orderly Transition			
Impact at 5 years	6.5%	-0.2%	-1.0%
Impact at 10 years	6.7%	-0.1%	-0.6%
Impact at 30 years	7.0%	0.0%	-0.9%
Impact at 40 years	6.4%	-0.1%	-2.9%
Failed Transition			
Impact at 5 years	6.5%	0.1%	0.6%
Impact at 10 years	6.7%	-0.1%	-1.2%
Impact at 30 years	7.0%	-0.5%	-14.2%
Impact at 40 years	6.4%	-0.6%	-19.1%

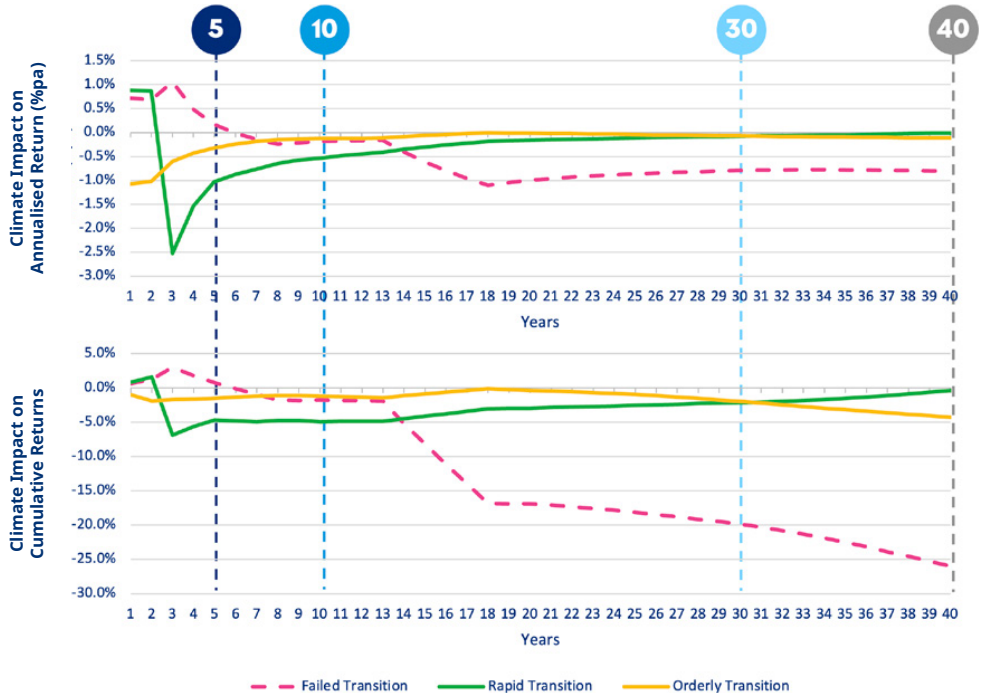
AUM (NZD) in million	Proportion of fund in Corporates (%)	% of Fund Covered by Assessment	Total Carbon Footprint (tCO_2e / USD $M FUM Corporate + Sovereign)	Corporate Carbon Footprint (tCO_2e / USD $M FUM)	Benchmark Carbon Footprint (Corporate)	Sovereign Carbon Intensity (tCO_2e / $M PPP Adj GDP)	Fund WACI (tCO_2e/$M Sales) (Corporate)	Benchmark WACI (Corporate)	Corporate + Sovereign Absolute Emissions
$10	68.9%	82.2%	116.8	34.0	39.2	300.6	96.2	114.0	634.2

Transition Risks (%)	Physical Risk (%) Climate VaR	Climate Opportunities (SDG Score)	Benchmark Climate Opportunities	Climate Opportunities - Weight % (threshold >0.2)	Climate Opportunities - Weight % Benchmark (threshold >0.2)	% of Fossil Fuel Capital Deployment	% of Capex Opportunities	% fund with SBTI approved targets
1.1%	-10.9%	0.05	-0.06	13.8%	16.5%	0.6%	2.5%	31.2%

[65] In preparing this analysis, the SAAs are translated into the asset class categories modelled in the Scenario Analysis tool. For some funds, such as the New Zealand Defence Force Savings schemes, SAAs were under review at the time of the translation to the Scenario Analysis tool. In this case, mapping to scenario categories was adjusted to seek to better align the analysis to the fund. These will be further reviewed and adjusted, as needed, upon each iteration of Scenario Analysis.

New Zealand Defence Force KiwiSaver Scheme[66]

Balanced



Summary of results

5 Years: Over the short term, transition risk dominates, with the **Rapid Transition scenario having the most significant impact on investment returns**. Under this scenario there is a shock to returns of about **6.9%** in year 3 from a sudden and aggressive pricing-in of transition risk driven by unprecedented policy action, with markets initially overreacting before partially recovering. Overall, returns are reduced by **4.7%** over the 5-year period in the Rapid Transition. The return impact under a Failed Transition is marginally positive due to transition costs not materialising.

10 Years: Over this time period, the Rapid Transition reduces returns by **4.9%**. The impact of the Orderly Transition and Failed Transition is relatively small at this point on the basis that transition costs and impacts are largely priced in.

30 Years: Over the medium to long term, impacts from physical damages begin to be priced in and the **Failed Transition becomes the most impactful scenario**. Under this scenario, returns are reduced by **19.9%** on a cumulative basis.

40 Years: Over the long term, physical damages continue to be the dominant risk driver and the **Failed Transition is by far the worst scenario**. The reduction in returns under this scenario is around **26.0%** on a cumulative basis. It is also worth highlighting that the higher warming and hence damage under the Orderly Transition (<2°C) scenario, relative to the Rapid Transition (1.5°C) scenario, makes the lower warming scenario the one that **generates the most favourable long-term outcomes for the portfolio**.

This table sets out the annualised and cumulative return impacts of the three climate scenarios relative to the baseline based on the asset allocation modelled.

	Annualised Returns (%)		Cumulative Returns (%)
	Expected Return (Baseline)	Climate Impact	Climate Impact
Rapid Transition			
Impact at 5 years	7.4%	-1.0%	-4.7%
Impact at 10 years	7.6%	-0.5%	-4.9%
Impact at 30 years	7.9%	-0.1%	-2.1%
Impact at 40 years	7.3%	0.0%	-0.4%
Orderly Transition			
Impact at 5 years	7.4%	-0.3%	-1.5%
Impact at 10 years	7.6%	-0.1%	-1.2%
Impact at 30 years	7.9%	-0.1%	-2.0%
Impact at 40 years	7.3%	-0.1%	-4.3%
Failed Transition			
Impact at 5 years	7.4%	0.2%	0.8%
Impact at 10 years	7.6%	-0.2%	-1.8%
Impact at 30 years	7.9%	-0.8%	-19.9%
Impact at 40 years	7.3%	-0.8%	-26.0%

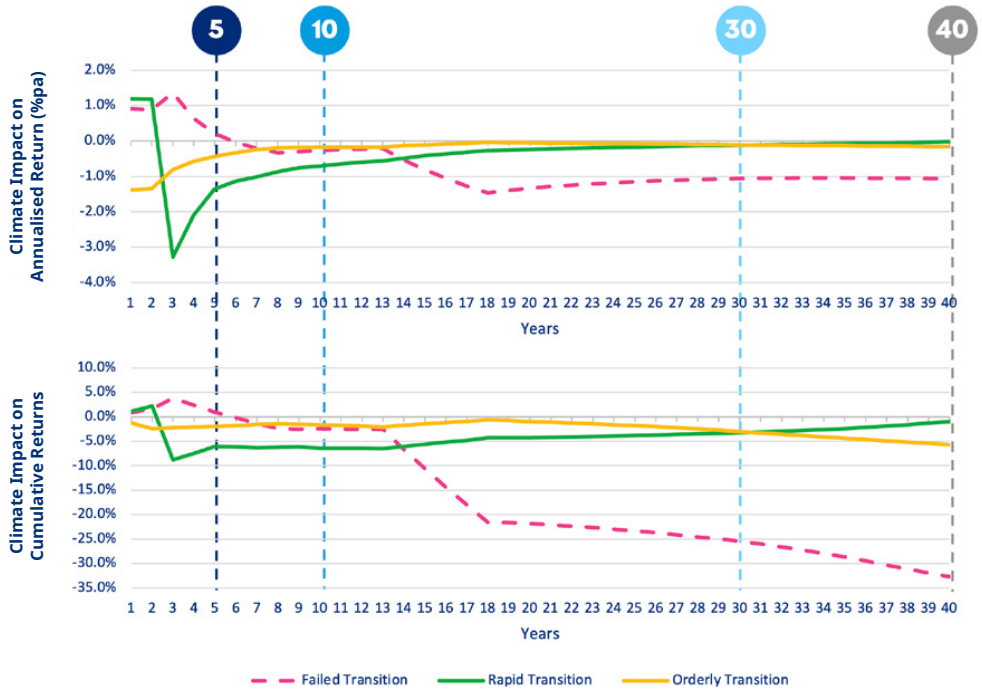
AUM (NZD) in million	Proportion of fund in Corporates (%)	% of Fund Covered by Assessment	Total Carbon Footprint (tCO_2e / USD $M FUM Corporate + Sovereign)	Corporate Carbon Footprint (tCO_2e / USD $M FUM)	Benchmark Carbon Footprint (Corporate)	Sovereign Carbon Intensity (tCO_2e / $M PPP Adj GDP)	Fund WACI (tCO_2e/$M Sales) (Corporate)	Benchmark WACI (Corporate)	Corporate + Sovereign Absolute Emissions
$119	75.1%	92.0%	103.4	38.7	46.4	298.4	111.0	137.6	6880.7

Transition Risks (%)	Physical Risk (%) Climate VaR	Climate Opportunities (SDG Score)	Benchmark Climate Opportunities	Climate Opportunities - Weight % (threshold >0.2)	Climate Opportunities - Weight % Benchmark (threshold >0.2)	% of Fossil Fuel Capital Deployment	% of Capex Opportunities	% fund with SBTI approved targets
1.5%	-11.9%	0.07	-0.06	18.8%	21.7%	0.9%	3.4%	40.3%

[66] In preparing this analysis, the SAAs are translated into the asset class categories modelled in the Scenario Analysis tool. For some funds, such as the New Zealand Defence Force Savings schemes, SAAs were under review at the time of the translation to the Scenario Analysis tool. In this case, mapping to scenario categories was adjusted to seek to better align the analysis to the fund. These will be further reviewed and adjusted, as needed, upon each iteration of Scenario Analysis.

New Zealand Defence Force KiwiSaver Scheme[67]

Growth



Summary of results

5 Years: Over the short term, transition risk dominates, with the **Rapid Transition scenario having the most significant impact on investment returns**. Under this scenario there is a shock to returns of about **8.8%** in year 3 from a sudden and aggressive pricing-in of transition risk driven by unprecedented policy action, with markets initially overreacting before partially recovering. Overall, returns are reduced by **6.1%** over the 5-year period in the Rapid Transition. The return impact under a Failed Transition is marginally positive due to transition costs not materialising.

10 Years: Over this time period, the Rapid Transition reduces returns by **6.4%**. The impact of the Orderly Transition and Failed Transition is relatively small at this point on the basis that transition costs and impacts are largely priced in.

30 Years: Over the medium to long term, impacts from physical damages begin to be priced in and the **Failed Transition becomes the most impactful scenario**. Under this scenario, returns are reduced by **25.5%** on a cumulative basis.

40 Years: Over the long term, physical damages continue to be the dominant risk driver and the **Failed Transition is by far the worst scenario**. The reduction in returns under this scenario is around **32.7%** on a cumulative basis. It is also worth highlighting that the higher warming and hence damage under the Orderly Transition (<2°C) scenario, relative to the Rapid Transition (1.5°C) scenario, makes the lower warming scenario the one that **generates the most favourable long-term outcomes for the portfolio**.

This table sets out the annualised and cumulative return impacts of the three climate scenarios relative to the baseline based on the asset allocation modelled.

	Annualised Returns (%)		Cumulative Returns (%)
	Expected Return (Baseline)	Climate Impact	Climate Impact
Rapid Transition			
Impact at 5 years	8.4%	-1.4%	-6.1%
Impact at 10 years	8.6%	-0.7%	-6.4%
Impact at 30 years	8.8%	-0.1%	-3.2%
Impact at 40 years	8.2%	0.0%	-1.0%
Orderly Transition			
Impact at 5 years	8.4%	-0.4%	-2.0%
Impact at 10 years	8.6%	-0.2%	-1.6%
Impact at 30 years	8.8%	-0.1%	-3.0%
Impact at 40 years	8.2%	-0.2%	-5.6%
Failed Transition			
Impact at 5 years	8.4%	0.2%	0.9%
Impact at 10 years	8.6%	-0.3%	-2.5%
Impact at 30 years	8.8%	-1.1%	-25.5%
Impact at 40 years	8.2%	-1.1%	-32.7%

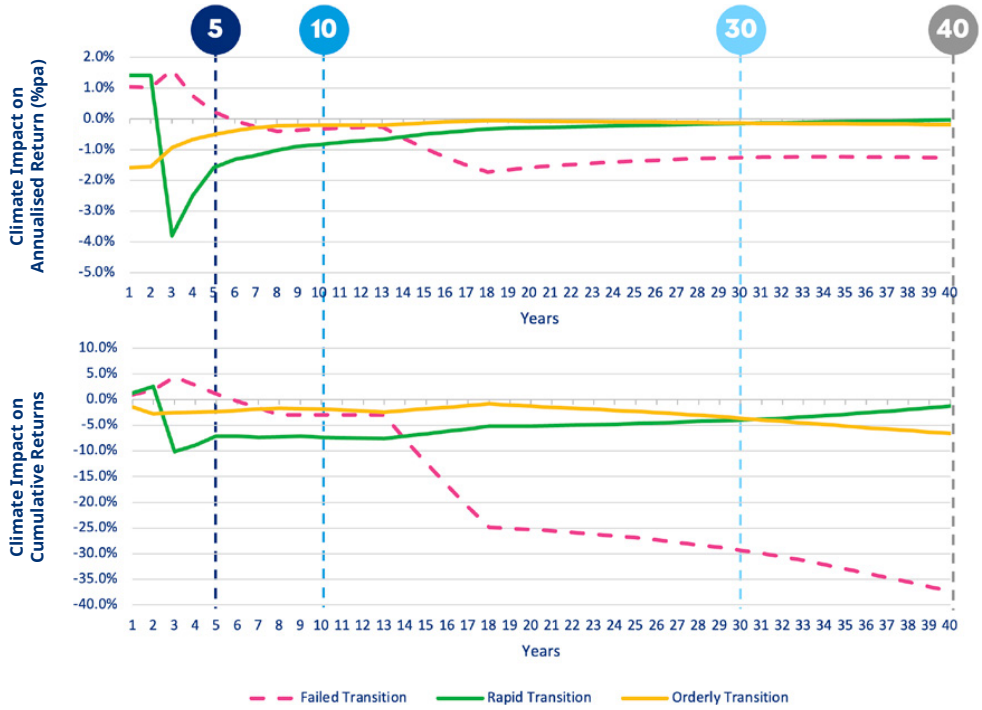
AUM (NZD) in million	Proportion of fund in Corporates (%)	% of Fund Covered by Assessment	Total Carbon Footprint (tCO_2e / USD $M FUM Corporate + Sovereign)	Corporate Carbon Footprint (tCO_2e / USD $M FUM)	Benchmark Carbon Footprint (Corporate)	Sovereign Carbon Intensity (tCO_2e / $M PPP Adj GDP)	Fund WACI (tCO_2e/$M Sales) (Corporate)	Benchmark WACI (Corporate)	Corporate + Sovereign Absolute Emissions
$55	87.0%	95.0%	70.5	36.7	46.1	296.4	104.8	136.9	2159.5

Transition Risks (%)	Physical Risk (%) Climate VaR	Climate Opportunities (SDG Score)	Benchmark Climate Opportunities	Climate Opportunities - Weight % (threshold >0.2)	Climate Opportunities - Weight % Benchmark (threshold >0.2)	% of Fossil Fuel Capital Deployment	% of Capex Opportunities	% fund with SBTI approved targets
1.6%	-11.8%	0.06	-0.05	21.1%	23.7%	1.0%	4.1%	44.0%

[67] In preparing this analysis, the SAAs are translated into the asset class categories modelled in the Scenario Analysis tool. For some funds, such as the New Zealand Defence Force Savings schemes, SAAs were under review at the time of the translation to the Scenario Analysis tool. In this case, mapping to scenario categories was adjusted to seek to better align the analysis to the fund. These will be further reviewed and adjusted, as needed, upon each iteration of Scenario Analysis.

New Zealand Defence Force KiwiSaver Scheme[68]

High Growth



Summary of results

5 Years: Over the short term, transition risk dominates, with the **Rapid Transition scenario having the most significant impact on investment returns**. Under this scenario there is a shock to returns of about **10.1%** in year 3 from a sudden and aggressive pricing-in of transition risk driven by unprecedented policy action, with markets initially overreacting before partially recovering. Overall, returns are reduced by **7.1%** over the 5-year period in the Rapid Transition. The return impact under a Failed Transition is marginally positive due to transition costs not materialising.

10 Years: Over this time period, the Rapid Transition reduces returns by **7.4%**. The impact of the Orderly Transition and Failed Transition is relatively small at this point on the basis that transition costs and impacts are largely priced in.

30 Years: Over the medium to long term, impacts from physical damages begin to be priced in and the **Failed Transition becomes the most impactful scenario**. Under this scenario, returns are reduced by **29.3%** on a cumulative basis.

40 Years: Over the long term, physical damages continue to be the dominant risk driver and the **Failed Transition is by far the worst scenario**. The reduction in returns under this scenario is around **37.3%** on a cumulative basis. It is also worth highlighting that the higher warming and hence damage under the Orderly Transition (<2°C) scenario, relative to the Rapid Transition (1.5°C) scenario, makes the lower warming scenario the one that **generates the most favourable long-term outcomes for the portfolio**.

This table sets out the annualised and cumulative return impacts of the three climate scenarios relative to the baseline based on the asset allocation modelled.

	Annualised Returns (%)		Cumulative Returns (%)
	Expected Return (Baseline)	Climate Impact	Climate Impact
Rapid Transition			
Impact at 5 years	9.0%	-1.6%	-7.1%
Impact at 10 years	9.2%	-0.8%	-7.4%
Impact at 30 years	9.5%	-0.1%	-3.9%
Impact at 40 years	8.8%	0.0%	-1.2%
Orderly Transition			
Impact at 5 years	9.0%	-0.5%	-2.3%
Impact at 10 years	9.2%	-0.2%	-1.9%
Impact at 30 years	9.5%	-0.1%	-3.6%
Impact at 40 years	8.8%	-0.2%	-6.5%
Failed Transition			
Impact at 5 years	9.0%	0.2%	1.1%
Impact at 10 years	9.2%	-0.3%	-3.0%
Impact at 30 years	9.5%	-1.3%	-29.3%
Impact at 40 years	8.8%	-1.3%	-37.3%

AUM (NZD) in million	Proportion of fund in Corporates (%)	% of Fund Covered by Assessment	Total Carbon Footprint (tCO_2e / USD $M FUM Corporate + Sovereign)	Corporate Carbon Footprint (tCO_2e / USD $M FUM)	Benchmark Carbon Footprint (Corporate)	Sovereign Carbon Intensity (tCO_2e / $M PPP Adj GDP)	Fund WACI (tCO_2e/$M Sales) (Corporate)	Benchmark WACI (Corporate)	Corporate + Sovereign Absolute Emissions
$65	97.3%	95.2%	40.5	33.4	43.9	294.4	90.0	125.1	1482.2

Transition Risks (%)	Physical Risk (%) Climate VaR	Climate Opportunities (SDG Score)	Benchmark Climate Opportunities	Climate Opportunities - Weight % (threshold >0.2)	Climate Opportunities - Weight % Benchmark (threshold >0.2)	% of Fossil Fuel Capital Deployment	% of Capex Opportunities	% fund with SBTI approved targets
1.7%	-11.8%	0.01	-0.07	21.2%	23.8%	1.1%	4.0%	43.9%

[68] In preparing this analysis, the SAAs are translated into the asset class categories modelled in the Scenario Analysis tool. For some funds, such as the New Zealand Defence Force Savings schemes, SAAs were under review at the time of the translation to the Scenario Analysis tool. In this case, mapping to scenario categories was adjusted to seek to better align the analysis to the fund. These will be further reviewed and adjusted, as needed, upon each iteration of Scenario Analysis.

New Zealand Defence Force KiwiSaver Scheme[69]

Shares

Summary of results

5 Years: Over the short term, transition risk dominates, with the **Rapid Transition scenario having the most significant impact on investment returns**. Under this scenario there is a shock to returns of about **11.0%** in year 3 from a sudden and aggressive pricing-in of transition risk driven by unprecedented policy action, with markets initially overreacting before partially recovering. Overall, returns are reduced by **7.9%** over the 5-year period in the Rapid Transition. The return impact under a Failed Transition is marginally positive due to transition costs not materialising.

10 Years: Over this time period, the Rapid Transition reduces returns by **8.2%**. The impact of the Orderly Transition and Failed Transition is relatively small at this point on the basis that transition costs and impacts are largely priced in.

30 Years: Over the medium to long term, impacts from physical damages begin to be priced in and the **Failed Transition becomes the most impactful scenario**. Under this scenario, returns are reduced by **31.3%** on a cumulative basis.

40 Years: Over the long term, physical damages continue to be the dominant risk driver and the **Failed Transition is by far the worst scenario**. The reduction in returns under this scenario is around **39.4%** on a cumulative basis. It is also worth highlighting that the higher warming and hence damage under the Orderly Transition (<2°C) scenario, relative to the Rapid Transition (1.5°C) scenario, makes the lower warming scenario the one that **generates the most favourable long-term outcomes for the portfolio**.

This table sets out the annualised and cumulative return impacts of the three climate scenarios relative to the baseline based on the asset allocation modelled.

	Annualised Returns (%)		Cumulative Returns (%)
	Expected Return (Baseline)	Climate Impact	Climate Impact
Rapid Transition			
Impact at 5 years	9.4%	-1.8%	-7.9%
Impact at 10 years	9.6%	-0.9%	-8.2%
Impact at 30 years	9.8%	-0.2%	-4.7%
Impact at 40 years	9.1%	-0.1%	-2.1%
Orderly Transition			
Impact at 5 years	9.4%	-0.5%	-2.3%
Impact at 10 years	9.6%	-0.2%	-1.8%
Impact at 30 years	9.8%	-0.1%	-4.0%
Impact at 40 years	9.1%	-0.2%	-7.5%
Failed Transition			
Impact at 5 years	9.4%	0.2%	1.0%
Impact at 10 years	9.6%	-0.4%	-3.5%
Impact at 30 years	9.8%	-1.4%	-31.3%
Impact at 40 years	9.1%	-1.4%	-39.4%

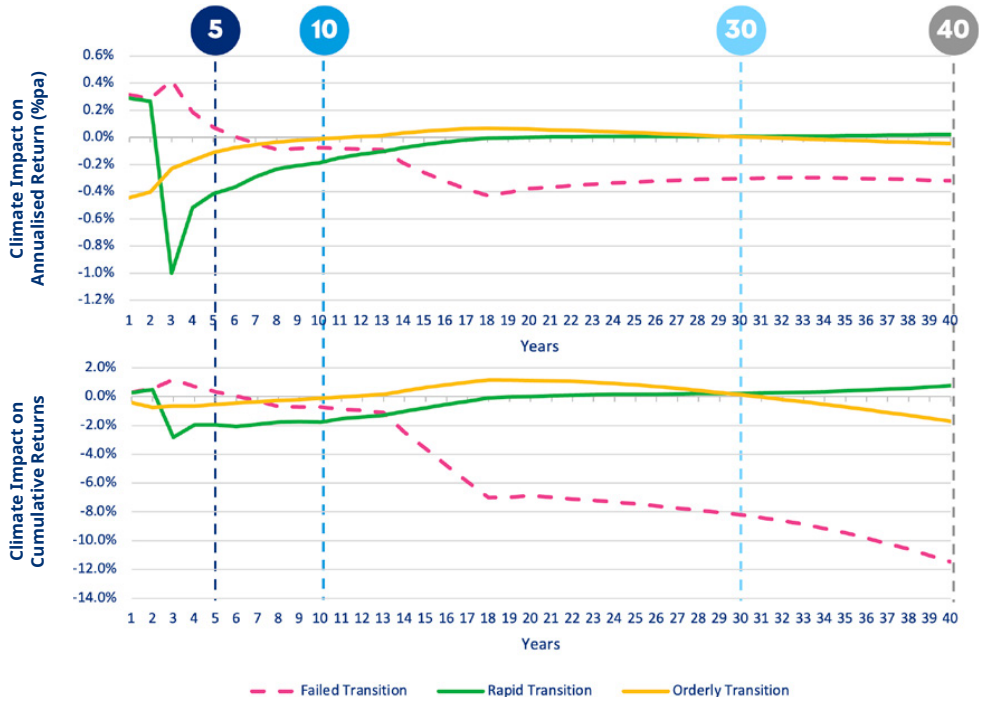
AUM (NZD) in million	Proportion of fund in Corporates (%)	% of Fund Covered by Assessment	Total Carbon Footprint (tCO_2e / USD $M FUM Corporate + Sovereign)	Corporate Carbon Footprint (tCO_2e / USD $M FUM)	Benchmark Carbon Footprint (Corporate)	Sovereign Carbon Intensity (tCO_2e / $M PPP Adj GDP)	Fund WACI (tCO_2e/$M Sales) (Corporate)	Benchmark WACI (Corporate)	Corporate + Sovereign Absolute Emissions
$38	100.0%	95.7%	30.7	30.7	41.6	-	73.9	107.2	662.1

Transition Risks (%)	Physical Risk (%) Climate VaR	Climate Opportunities (SDG Score)	Benchmark Climate Opportunities	Climate Opportunities - Weight % (threshold >0.2)	Climate Opportunities - Weight % Benchmark (threshold >0.2)	% of Fossil Fuel Capital Deployment	% of Capex Opportunities	% fund with SBTI approved targets
1.7%	-12.1%	-0.07	-0.11	20.0%	23.0%	1.2%	3.8%	43.4%

[69] In preparing this analysis, the SAAs are translated into the asset class categories modelled in the Scenario Analysis tool. For some funds, such as the New Zealand Defence Force Savings schemes, SAAs were under review at the time of the translation to the Scenario Analysis tool. In this case, mapping to scenario categories was adjusted to seek to better align the analysis to the fund. These will be further reviewed and adjusted, as needed, upon each iteration of Scenario Analysis.

Defence Force Superannuation Scheme[70]

Conservative



Summary of results

5 Years: Over the short term, transition risk dominates, with the **Rapid Transition scenario having the most significant impact on investment returns**. Under this scenario there is a shock to returns of about **2.8%** in year 3 from a sudden and aggressive pricing-in of transition risk driven by unprecedented policy action, with markets initially overreacting before partially recovering. Overall, returns are reduced by **2.0%** over the 5-year period in the Rapid Transition. The return impact under a Failed Transition is marginally positive due to transition costs not materialising.

10 Years: Over this time period, the Rapid Transition reduces returns by **1.8%**. The impact of the Orderly Transition and Failed Transition is relatively small at this point on the basis that transition costs and impacts are largely priced in.

30 Years: Over the medium to long term, impacts from physical damages begin to be priced in and the **Failed Transition becomes the most impactful scenario**. Under this scenario, returns are reduced by **8.2%** on a cumulative basis.

40 Years: Over the long term, physical damages continue to be the dominant risk driver and the **Failed Transition is by far the worst scenario**. The reduction in returns under this scenario is around **11.5%** on a cumulative basis. It is also worth highlighting that the higher warming and hence damage under the Orderly Transition (<2°C) scenario, relative to the Rapid Transition (1.5°C) scenario, makes the lower warming scenario the one that **generates the most favourable long-term outcomes for the portfolio**.

This table sets out the annualised and cumulative return impacts of the three climate scenarios relative to the baseline based on the asset allocation modelled.

	Annualised Returns (%)		Cumulative Returns (%)
	Expected Return (Baseline)	Climate Impact	Climate Impact
Rapid Transition			
Impact at 5 years	5.5%	-0.4%	-2.0%
Impact at 10 years	5.7%	-0.2%	-1.8%
Impact at 30 years	6.1%	0.0%	0.2%
Impact at 40 years	5.4%	0.0%	0.8%
Orderly Transition			
Impact at 5 years	5.5%	-0.1%	-0.5%
Impact at 10 years	5.7%	0.0%	-0.1%
Impact at 30 years	6.1%	0.0%	0.1%
Impact at 40 years	5.4%	0.0%	-1.7%
Failed Transition			
Impact at 5 years	5.5%	0.1%	0.3%
Impact at 10 years	5.7%	-0.1%	-0.7%
Impact at 30 years	6.1%	-0.3%	-8.2%
Impact at 40 years	5.4%	-0.3%	-11.5%

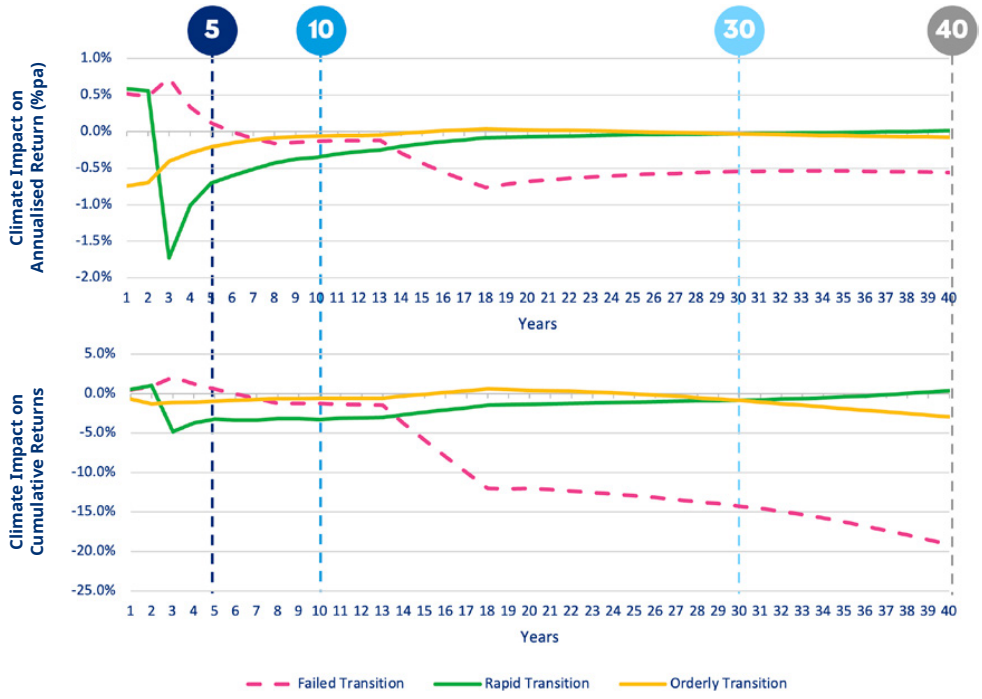
AUM (NZD) in million	Proportion of fund in Corporates (%)	% of Fund Covered by Assessment	Total Carbon Footprint (tCO_2e / USD $M FUM Corporate + Sovereign)	Corporate Carbon Footprint (tCO_2e / USD $M FUM)	Benchmark Carbon Footprint (Corporate)	Sovereign Carbon Intensity (tCO_2e / $M PPP Adj GDP)	Fund WACI (tCO_2e/$M Sales) (Corporate)	Benchmark WACI (Corporate)	Corporate + Sovereign Absolute Emissions
$4	59.4%	78.5%	139.3	33.2	34.2	294.4	87.2	87.5	338.4

Transition Risks (%)	Physical Risk (%) Climate VaR	Climate Opportunities (SDG Score)	Benchmark Climate Opportunities	Climate Opportunities - Weight % (threshold >0.2)	Climate Opportunities - Weight % Benchmark (threshold >0.2)	% of Fossil Fuel Capital Deployment	% of Capex Opportunities	% fund with SBTI approved targets
0.8%	-11.1%	-0.02	-0.11	7.1%	10.7%	0.4%	1.2%	23.1%

[70] In preparing this analysis, the SAAs are translated into the asset class categories modelled in the Scenario Analysis tool. For some funds, such as the New Zealand Defence Force Savings schemes, SAAs were under review at the time of the translation to the Scenario Analysis tool. In this case, mapping to scenario categories was adjusted to seek to better align the analysis to the fund. These will be further reviewed and adjusted, as needed, upon each iteration of Scenario Analysis.

Defence Force Superannuation Scheme[71]

Moderate



Summary of results

5 Years: Over the short term, transition risk dominates, with the **Rapid Transition scenario having the most significant impact on investment returns**. Under this scenario there is a shock to returns of about **4.8%** in year 3 from a sudden and aggressive pricing-in of transition risk driven by unprecedented policy action, with markets initially overreacting before partially recovering. Overall, returns are reduced by **3.3%** over the 5-year period in the Rapid Transition. The return impact under a Failed Transition is marginally positive due to transition costs not materialising.

10 Years: Over this time period, the Rapid Transition reduces returns by **3.3%**. The impact of the Orderly Transition and Failed Transition is relatively small at this point on the basis that transition costs and impacts are largely priced in.

30 Years: Over the medium to long term, impacts from physical damages begin to be priced in and the **Failed Transition becomes the most impactful scenario**. Under this scenario, returns are reduced by **14.2%** on a cumulative basis.

40 Years: Over the long term, physical damages continue to be the dominant risk driver and the **Failed Transition is by far the worst scenario**. The reduction in returns under this scenario is around **19.1%** on a cumulative basis. It is also worth highlighting that the higher warming and hence damage under the Orderly Transition (<2°C) scenario, relative to the Rapid Transition (1.5°C) scenario, makes the lower warming scenario the one that **generates the most favourable long-term outcomes for the portfolio**.

This table sets out the annualised and cumulative return impacts of the three climate scenarios relative to the baseline based on the asset allocation modelled.

	Annualised Returns (%)		Cumulative Returns (%)
	Expected Return (Baseline)	Climate Impact	Climate Impact
Rapid Transition			
Impact at 5 years	6.5%	-0.7%	-3.3%
Impact at 10 years	6.7%	-0.4%	-3.3%
Impact at 30 years	7.0%	0.0%	-0.8%
Impact at 40 years	6.4%	0.0%	0.3%
Orderly Transition			
Impact at 5 years	6.5%	-0.2%	-1.0%
Impact at 10 years	6.7%	-0.1%	-0.6%
Impact at 30 years	7.0%	0.0%	-0.9%
Impact at 40 years	6.4%	-0.1%	-2.9%
Failed Transition			
Impact at 5 years	6.5%	0.1%	0.6%
Impact at 10 years	6.7%	-0.1%	-1.2%
Impact at 30 years	7.0%	-0.5%	-14.2%
Impact at 40 years	6.4%	-0.6%	-19.1%

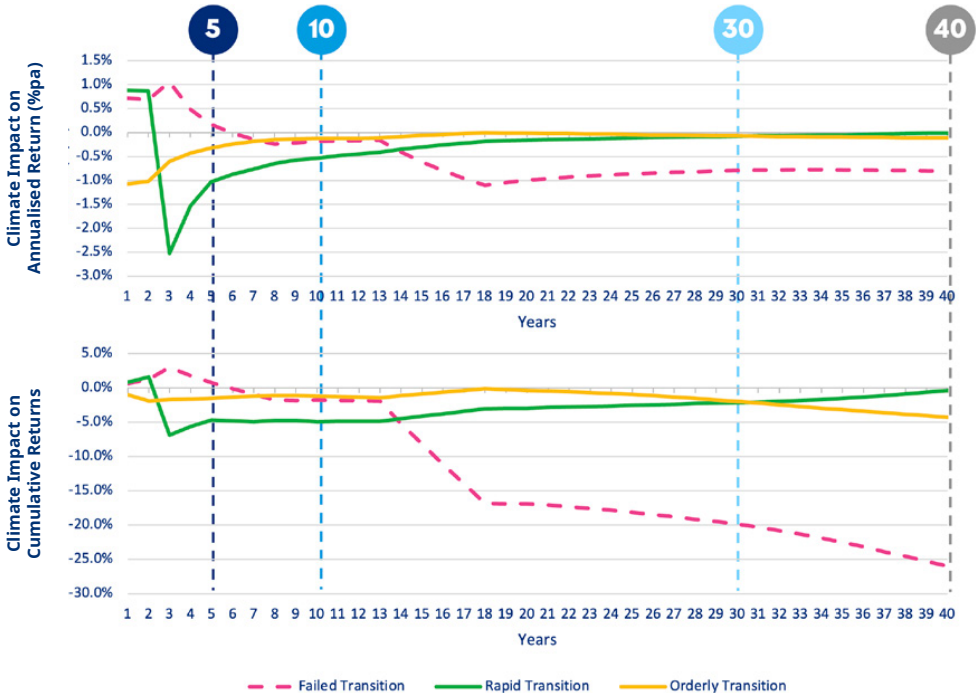
AUM (NZD) in million	Proportion of fund in Corporates (%)	% of Fund Covered by Assessment	Total Carbon Footprint (tCO_2e / USD $M FUM Corporate + Sovereign)	Corporate Carbon Footprint (tCO_2e / USD $M FUM)	Benchmark Carbon Footprint (Corporate)	Sovereign Carbon Intensity (tCO_2e / $M PPP Adj GDP)	Fund WACI (tCO_2e/$M Sales) (Corporate)	Benchmark WACI (Corporate)	Corporate + Sovereign Absolute Emissions
$8	68.9%	82.2%	116.8	34.0	39.2	300.6	96.2	114.0	531.9

Transition Risks (%)	Physical Risk (%) Climate VaR	Climate Opportunities (SDG Score)	Benchmark Climate Opportunities	Climate Opportunities - Weight % (threshold >0.2)	Climate Opportunities - Weight % Benchmark (threshold >0.2)	% of Fossil Fuel Capital Deployment	% of Capex Opportunities	% fund with SBTI approved targets
1.1%	-10.9%	0.05	-0.06	13.8%	16.5%	0.6%	2.5%	31.2%

[71] In preparing this analysis, the SAAs are translated into the asset class categories modelled in the Scenario Analysis tool. For some funds, such as the New Zealand Defence Force Savings schemes, SAAs were under review at the time of the translation to the Scenario Analysis tool. In this case, mapping to scenario categories was adjusted to seek to better align the analysis to the fund. These will be further reviewed and adjusted, as needed, upon each iteration of Scenario Analysis.

Defence Force Superannuation Scheme[72]

Balanced



Summary of results

5 Years: Over the short term, transition risk dominates, with the **Rapid Transition scenario having the most significant impact on investment returns**. Under this scenario there is a shock to returns of about **6.9%** in year 3 from a sudden and aggressive pricing-in of transition risk driven by unprecedented policy action, with markets initially overreacting before partially recovering. Overall, returns are reduced by **4.7%** over the 5-year period in the Rapid Transition. The return impact under a Failed Transition is marginally positive due to transition costs not materialising.

10 Years: Over this time period, the Rapid Transition reduces returns by **4.9%**. The impact of the Orderly Transition and Failed Transition is relatively small at this point on the basis that transition costs and impacts are largely priced in.

30 Years: Over the medium to long term, impacts from physical damages begin to be priced in and the **Failed Transition becomes the most impactful scenario**. Under this scenario, returns are reduced by **19.9%** on a cumulative basis.

40 Years: Over the long term, physical damages continue to be the dominant risk driver and the **Failed Transition is by far the worst scenario**. The reduction in returns under this scenario is around **26.0%** on a cumulative basis. It is also worth highlighting that the higher warming and hence damage under the Orderly Transition (<2°C) scenario, relative to the Rapid Transition (1.5°C) scenario, makes the lower warming scenario the one that **generates the most favourable long-term outcomes for the portfolio**.

This table sets out the annualised and cumulative return impacts of the three climate scenarios relative to the baseline based on the asset allocation modelled.

	Annualised Returns (%)		Cumulative Returns (%)
	Expected Return (Baseline)	Climate Impact	Climate Impact
Rapid Transition			
Impact at 5 years	7.4%	-1.0%	-4.7%
Impact at 10 years	7.6%	-0.5%	-4.9%
Impact at 30 years	7.9%	-0.1%	-2.1%
Impact at 40 years	7.3%	0.0%	-0.4%
Orderly Transition			
Impact at 5 years	7.4%	-0.3%	-1.5%
Impact at 10 years	7.6%	-0.1%	-1.2%
Impact at 30 years	7.9%	-0.1%	-2.0%
Impact at 40 years	7.3%	-0.1%	-4.3%
Failed Transition			
Impact at 5 years	7.4%	0.2%	0.8%
Impact at 10 years	7.6%	-0.2%	-1.8%
Impact at 30 years	7.9%	-0.8%	-19.9%
Impact at 40 years	7.3%	-0.8%	-26.0%

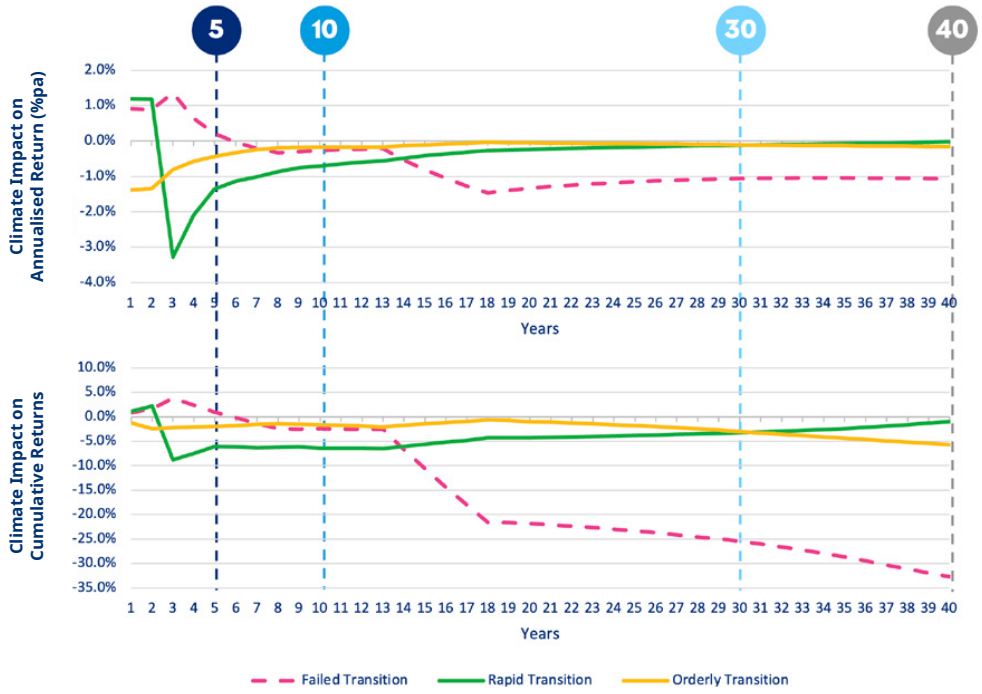
AUM (NZD) in million	Proportion of fund in Corporates (%)	% of Fund Covered by Assessment	Total Carbon Footprint (tCO_2e / USD $M FUM Corporate + Sovereign)	Corporate Carbon Footprint (tCO_2e / USD $M FUM)	Benchmark Carbon Footprint (Corporate)	Sovereign Carbon Intensity (tCO_2e / $M PPP Adj GDP)	Fund WACI (tCO_2e/$M Sales) (Corporate)	Benchmark WACI (Corporate)	Corporate + Sovereign Absolute Emissions
$265	75.1%	92.0%	103.4	38.7	46.4	298.4	111.0	137.6	15380.3

Transition Risks (%)	Physical Risk (%) Climate VaR	Climate Opportunities (SDG Score)	Benchmark Climate Opportunities	Climate Opportunities - Weight % (threshold >0.2)	Climate Opportunities - Weight % Benchmark (threshold >0.2)	% of Fossil Fuel Capital Deployment	% of Capex Opportunities	% fund with SBTI approved targets
1.5%	-11.9%	0.07	-0.06	18.8%	21.7%	0.9%	3.4%	40.3%

[72] In preparing this analysis, the SAAs are translated into the asset class categories modelled in the Scenario Analysis tool. For some funds, such as the New Zealand Defence Force Savings schemes, SAAs were under review at the time of the translation to the Scenario Analysis tool. In this case, mapping to scenario categories was adjusted to seek to better align the analysis to the fund. These will be further reviewed and adjusted, as needed, upon each iteration of Scenario Analysis.

Defence Force Superannuation Scheme[73]

Growth



Summary of results

5 Years: Over the short term, transition risk dominates, with the **Rapid Transition scenario having the most significant impact on investment returns**. Under this scenario there is a shock to returns of about **8.8%** in year 3 from a sudden and aggressive pricing-in of transition risk driven by unprecedented policy action, with markets initially overreacting before partially recovering. Overall, returns are reduced by **6.1%** over the 5-year period in the Rapid Transition. The return impact under a Failed Transition is marginally positive due to transition costs not materialising.

10 Years: Over this time period, the Rapid Transition reduces returns by **6.4%**. The impact of the Orderly Transition and Failed Transition is relatively small at this point on the basis that transition costs and impacts are largely priced in.

30 Years: Over the medium to long term, impacts from physical damages begin to be priced in and the **Failed Transition becomes the most impactful scenario**. Under this scenario, returns are reduced by **25.5%** on a cumulative basis.

40 Years: Over the long term, physical damages continue to be the dominant risk driver and the **Failed Transition is by far the worst scenario**. The reduction in returns under this scenario is around **32.7%** on a cumulative basis. It is also worth highlighting that the higher warming and hence damage under the Orderly Transition (<2°C) scenario, relative to the Rapid Transition (1.5°C) scenario, makes the lower warming scenario the one that **generates the most favourable long-term outcomes for the portfolio**.

This table sets out the annualised and cumulative return impacts of the three climate scenarios relative to the baseline based on the asset allocation modelled.

	Annualised Returns (%)		Cumulative Returns (%)
	Expected Return (Baseline)	Climate Impact	Climate Impact
Rapid Transition			
Impact at 5 years	8.4%	-1.4%	-6.1%
Impact at 10 years	8.6%	-0.7%	-6.4%
Impact at 30 years	8.8%	-0.1%	-3.2%
Impact at 40 years	8.2%	0.0%	-1.0%
Orderly Transition			
Impact at 5 years	8.4%	-0.4%	-2.0%
Impact at 10 years	8.6%	-0.2%	-1.6%
Impact at 30 years	8.8%	-0.1%	-3.0%
Impact at 40 years	8.2%	-0.2%	-5.6%
Failed Transition			
Impact at 5 years	8.4%	0.2%	0.9%
Impact at 10 years	8.6%	-0.3%	-2.5%
Impact at 30 years	8.8%	-1.1%	-25.5%
Impact at 40 years	8.2%	-1.1%	-32.7%

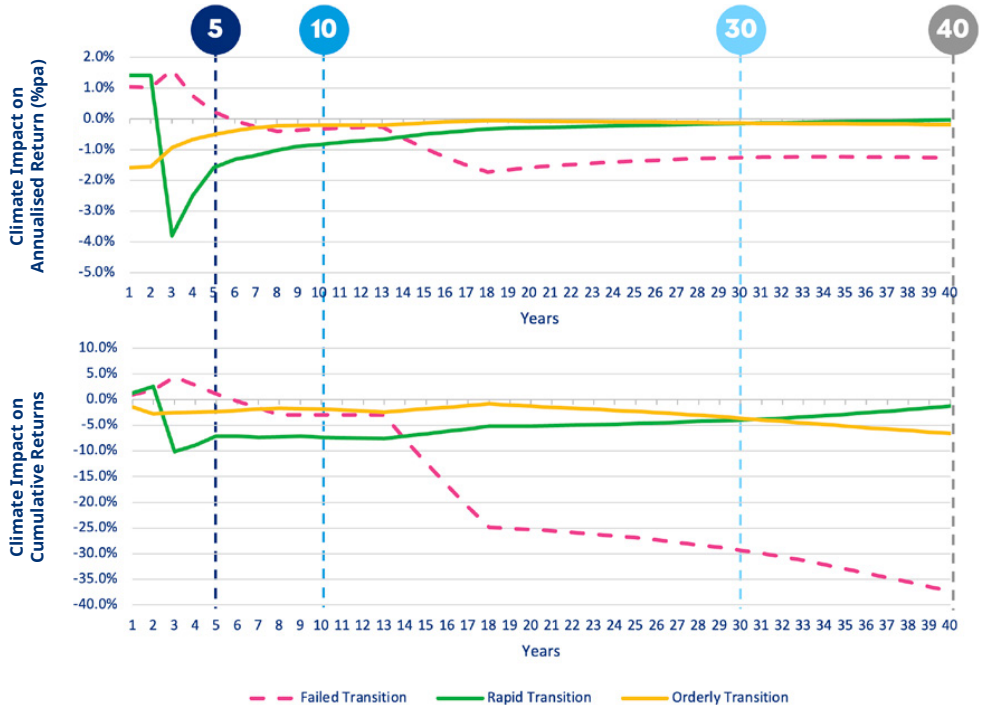
AUM (NZD) in million	Proportion of fund in Corporates (%)	% of Fund Covered by Assessment	Total Carbon Footprint (tCO_2e / USD $M FUM Corporate + Sovereign)	Corporate Carbon Footprint (tCO_2e / USD $M FUM)	Benchmark Carbon Footprint (Corporate)	Sovereign Carbon Intensity (tCO_2e / $M PPP Adj GDP)	Fund WACI (tCO_2e/$M Sales) (Corporate)	Benchmark WACI (Corporate)	Corporate + Sovereign Absolute Emissions
$53	87.0%	95.0%	70.5	36.7	46.1	296.4	104.8	136.9	2083.4

Transition Risks (%)	Physical Risk (%) Climate VaR	Climate Opportunities (SDG Score)	Benchmark Climate Opportunities	Climate Opportunities - Weight % (threshold >0.2)	Climate Opportunities - Weight % Benchmark (threshold >0.2)	% of Fossil Fuel Capital Deployment	% of Capex Opportunities	% fund with SBTI approved targets
1.6%	-11.8%	0.06	-0.05	21.1%	23.7%	1.0%	4.1%	44.0%

[73] In preparing this analysis, the SAAs are translated into the asset class categories modelled in the Scenario Analysis tool. For some funds, such as the New Zealand Defence Force Savings schemes, SAAs were under review at the time of the translation to the Scenario Analysis tool. In this case, mapping to scenario categories was adjusted to seek to better align the analysis to the fund. These will be further reviewed and adjusted, as needed, upon each iteration of Scenario Analysis.

Defence Force Superannuation Scheme[74]

High Growth



Summary of results

5 Years: Over the short term, transition risk dominates, with the **Rapid Transition scenario having the most significant impact on investment returns**. Under this scenario there is a shock to returns of about **10.1%** in year 3 from a sudden and aggressive pricing-in of transition risk driven by unprecedented policy action, with markets initially overreacting before partially recovering. Overall, returns are reduced by **7.1%** over the 5-year period in the Rapid Transition. The return impact under a Failed Transition is marginally positive due to transition costs not materialising.

10 Years: Over this time period, the Rapid Transition reduces returns by **7.4%**. The impact of the Orderly Transition and Failed Transition is relatively small at this point on the basis that transition costs and impacts are largely priced in.

30 Years: Over the medium to long term, impacts from physical damages begin to be priced in and the **Failed Transition becomes the most impactful scenario**. Under this scenario, returns are reduced by **29.3%** on a cumulative basis.

40 Years: Over the long term, physical damages continue to be the dominant risk driver and the **Failed Transition is by far the worst scenario**. The reduction in returns under this scenario is around **37.3%** on a cumulative basis. It is also worth highlighting that the higher warming and hence damage under the Orderly Transition (<2°C) scenario, relative to the Rapid Transition (1.5°C) scenario, makes the lower warming scenario the one that **generates the most favourable long-term outcomes for the portfolio**.

This table sets out the annualised and cumulative return impacts of the three climate scenarios relative to the baseline based on the asset allocation modelled.

	Annualised Returns (%)		Cumulative Returns (%)
	Expected Return (Baseline)	Climate Impact	Climate Impact
Rapid Transition			
Impact at 5 years	9.0%	-1.6%	-7.1%
Impact at 10 years	9.2%	-0.8%	-7.4%
Impact at 30 years	9.5%	-0.1%	-3.9%
Impact at 40 years	8.8%	0.0%	-1.2%
Orderly Transition			
Impact at 5 years	9.0%	-0.5%	-2.3%
Impact at 10 years	9.2%	-0.2%	-1.9%
Impact at 30 years	9.5%	-0.1%	-3.6%
Impact at 40 years	8.8%	-0.2%	-6.5%
Failed Transition			
Impact at 5 years	9.0%	0.2%	1.1%
Impact at 10 years	9.2%	-0.3%	-3.0%
Impact at 30 years	9.5%	-1.3%	-29.3%
Impact at 40 years	8.8%	-1.3%	-37.3%

AUM (NZD) in million	Proportion of fund in Corporates (%)	% of Fund Covered by Assessment	Total Carbon Footprint (tCO_2e / USD $M FUM Corporate + Sovereign)	Corporate Carbon Footprint (tCO_2e / USD $M FUM)	Benchmark Carbon Footprint (Corporate)	Sovereign Carbon Intensity (tCO_2e / $M PPP Adj GDP)	Fund WACI (tCO_2e/$M Sales) (Corporate)	Benchmark WACI (Corporate)	Corporate + Sovereign Absolute Emissions
$48	97.3%	95.2%	40.5	33.4	43.9	294.4	90.0	125.1	1085.8

Transition Risks (%)	Physical Risk (%) Climate VaR	Climate Opportunities (SDG Score)	Benchmark Climate Opportunities	Climate Opportunities - Weight % (threshold >0.2)	Climate Opportunities - Weight % Benchmark (threshold >0.2)	% of Fossil Fuel Capital Deployment	% of Capex Opportunities	% fund with SBTI approved targets
1.7%	-11.8%	0.01	-0.07	21.2%	23.8%	1.1%	4.0%	43.9%

[74] In preparing this analysis, the SAAs are translated into the asset class categories modelled in the Scenario Analysis tool. For some funds, such as the New Zealand Defence Force Savings schemes, SAAs were under review at the time of the translation to the Scenario Analysis tool. In this case, mapping to scenario categories was adjusted to seek to better align the analysis to the fund. These will be further reviewed and adjusted, as needed, upon each iteration of Scenario Analysis.

Defence Force Superannuation Scheme[75]

Shares

Summary of results

5 Years: Over the short term, transition risk dominates, with the **Rapid Transition scenario having the most significant impact on investment returns**. Under this scenario there is a shock to returns of about **11.0%** in year 3 from a sudden and aggressive pricing-in of transition risk driven by unprecedented policy action, with markets initially overreacting before partially recovering. Overall, returns are reduced by **7.9%** over the 5-year period in the Rapid Transition. The return impact under a Failed Transition is marginally positive due to transition costs not materialising.

10 Years: Over this time period, the Rapid Transition reduces returns by **8.2%**. The impact of the Orderly Transition and Failed Transition is relatively small at this point on the basis that transition costs and impacts are largely priced in.

30 Years: Over the medium to long term, impacts from physical damages begin to be priced in and the **Failed Transition becomes the most impactful scenario**. Under this scenario, returns are reduced by **31.3%** on a cumulative basis.

40 Years: Over the long term, physical damages continue to be the dominant risk driver and the **Failed Transition is by far the worst scenario**. The reduction in returns under this scenario is around **39.4%** on a cumulative basis. It is also worth highlighting that the higher warming and hence damage under the Orderly Transition (<2°C) scenario, relative to the Rapid Transition (1.5°C) scenario, makes the lower warming scenario the one that **generates the most favourable long-term outcomes for the portfolio**.

This table sets out the annualised and cumulative return impacts of the three climate scenarios relative to the baseline based on the asset allocation modelled.

	Annualised Returns (%)		Cumulative Returns (%)
	Expected Return (Baseline)	Climate Impact	Climate Impact
Rapid Transition			
Impact at 5 years	9.4%	-1.8%	-7.9%
Impact at 10 years	9.6%	-0.9%	-8.2%
Impact at 30 years	9.8%	-0.2%	-4.7%
Impact at 40 years	9.1%	-0.1%	-2.1%
Orderly Transition			
Impact at 5 years	9.4%	-0.5%	-2.3%
Impact at 10 years	9.6%	-0.2%	-1.8%
Impact at 30 years	9.8%	-0.1%	-4.0%
Impact at 40 years	9.1%	-0.2%	-7.5%
Failed Transition			
Impact at 5 years	9.4%	0.2%	1.0%
Impact at 10 years	9.6%	-0.4%	-3.5%
Impact at 30 years	9.8%	-1.4%	-31.3%
Impact at 40 years	9.1%	-1.4%	-39.4%

AUM (NZD) in million	Proportion of fund in Corporates (%)	% of Fund Covered by Assessment	Total Carbon Footprint (tCO_2e / USD $M FUM Corporate + Sovereign)	Corporate Carbon Footprint (tCO_2e / USD $M FUM)	Benchmark Carbon Footprint (Corporate)	Sovereign Carbon Intensity (tCO_2e / $M PPP Adj GDP)	Fund WACI (tCO_2e/$M Sales) (Corporate)	Benchmark WACI (Corporate)	Corporate + Sovereign Absolute Emissions
$22	100.0%	95.7%	30.7	30.7	41.6	-	73.9	107.2	382.5

Transition Risks (%)	Physical Risk (%) Climate VaR	Climate Opportunities (SDG Score)	Benchmark Climate Opportunities	Climate Opportunities - Weight % (threshold >0.2)	Climate Opportunities - Weight % Benchmark (threshold >0.2)	% of Fossil Fuel Capital Deployment	% of Capex Opportunities	% fund with SBTI approved targets
1.7%	-12.1%	-0.07	-0.11	20.0%	23.0%	1.2%	3.8%	43.4%

[75] In preparing this analysis, the SAAs are translated into the asset class categories modelled in the Scenario Analysis tool. For some funds, such as the New Zealand Defence Force Savings schemes, SAAs were under review at the time of the translation to the Scenario Analysis tool. In this case, mapping to scenario categories was adjusted to seek to better align the analysis to the fund. These will be further reviewed and adjusted, as needed, upon each iteration of Scenario Analysis.

Cash[76,77]

Cash funds are excluded from the climate scenario analysis due to the very short duration nature of cash. In the climate scenario analysis, the impacts on short term interest rates are close to zero. We have repeated the climate metrics for the Mercer cash funds below noting the low percentage of the underlying fund holdings coverage (18%).

Mercer FlexiSaver - Mercer Cash

AUM (NZD) in million	Proportion of fund in Corporates (%)	% of Fund Covered by Assessment	Total Carbon Footprint (tCO_2e / USD $M FUM Corporate + Sovereign)	Corporate Carbon Footprint (tCO_2e / USD $M FUM)	Benchmark Carbon Footprint (Corporate)	Sovereign Carbon Intensity (tCO_2e / $M PPP Adj GDP)	Fund WACI (tCO_2e/$M Sales) (Corporate)	Benchmark WACI (Corporate)	Corporate + Sovereign Absolute Emissions
$3.60	100.0%	18.0%	0.9	0.9	-	-	1.4	-	1.8

Transition Risks (%)	Physical Risk (%) Climate VaR	Climate Opportunities (SDG Score)	Benchmark Climate Opportunities	Climate Opportunities - Weight % (threshold >0.2)	Climate Opportunities - Weight % Benchmark (threshold >0.2)	% of Fossil Fuel Capital Deployment	% of Capex Opportunities	% fund with SBTI approved targets
-	-4.3%	-	-	-	-	-	-	-

Mercer Super Trust - Mercer Cash

AUM (NZD) in million	Proportion of fund in Corporates (%)	% of Fund Covered by Assessment	Total Carbon Footprint (tCO_2e / USD $M FUM Corporate + Sovereign)	Corporate Carbon Footprint (tCO_2e / USD $M FUM)	Benchmark Carbon Footprint (Corporate)	Sovereign Carbon Intensity (tCO_2e / $M PPP Adj GDP)	Fund WACI (tCO_2e/$M Sales) (Corporate)	Benchmark WACI (Corporate)	Corporate + Sovereign Absolute Emissions
$50	100.0%	18.0%	0.9	0.9	-	-	1.4	-	24.8

Transition Risks (%)	Physical Risk (%) Climate VaR	Climate Opportunities (SDG Score)	Benchmark Climate Opportunities	Climate Opportunities - Weight % (threshold >0.2)	Climate Opportunities - Weight % Benchmark (threshold >0.2)	% of Fossil Fuel Capital Deployment	% of Capex Opportunities	% fund with SBTI approved targets
-	-4.3%	-	-	-	-	-	-	-

Mercer KiwiSaver scheme - Cash

AUM (NZD) in million	Proportion of fund in Corporates (%)	% of Fund Covered by Assessment	Total Carbon Footprint (tCO_2e / USD $M FUM Corporate + Sovereign)	Corporate Carbon Footprint (tCO_2e / USD $M FUM)	Benchmark Carbon Footprint (Corporate)	Sovereign Carbon Intensity (tCO_2e / $M PPP Adj GDP)	Fund WACI (tCO_2e/$M Sales) (Corporate)	Benchmark WACI (Corporate)	Corporate + Sovereign Absolute Emissions
$33	100.0%	18.0%	0.9	0.9	-	-	1.4	-	16.4

Transition Risks (%)	Physical Risk (%) Climate VaR	Climate Opportunities (SDG Score)	Benchmark Climate Opportunities	Climate Opportunities - Weight % (threshold >0.2)	Climate Opportunities - Weight % Benchmark (threshold >0.2)	% of Fossil Fuel Capital Deployment	% of Capex Opportunities	% fund with SBTI approved targets
-	-4.3%	-	-	-	-	-	-	-

New Zealand Defence Force KiwiSaver Scheme - Cash

AUM (NZD) in million	Proportion of fund in Corporates (%)	% of Fund Covered by Assessment	Total Carbon Footprint (tCO_2e / USD $M FUM Corporate + Sovereign)	Corporate Carbon Footprint (tCO_2e / USD $M FUM)	Benchmark Carbon Footprint (Corporate)	Sovereign Carbon Intensity (tCO_2e / $M PPP Adj GDP)	Fund WACI (tCO_2e/$M Sales) (Corporate)	Benchmark WACI (Corporate)	Corporate + Sovereign Absolute Emissions
$3	100.0%	18.0%	0.9	0.9	-	-	1.4	-	1.5

Transition Risks (%)	Physical Risk (%) Climate VaR	Climate Opportunities (SDG Score)	Benchmark Climate Opportunities	Climate Opportunities - Weight % (threshold >0.2)	Climate Opportunities - Weight % Benchmark (threshold >0.2)	% of Fossil Fuel Capital Deployment	% of Capex Opportunities	% fund with SBTI approved targets
-	-4.3%	-	-	-	-	-	-	-

Defence Force Superannuation Scheme - Cash

AUM (NZD) in million	Proportion of fund in Corporates (%)	% of Fund Covered by Assessment	Total Carbon Footprint (tCO_2e / USD $M FUM Corporate + Sovereign)	Corporate Carbon Footprint (tCO_2e / USD $M FUM)	Benchmark Carbon Footprint (Corporate)	Sovereign Carbon Intensity (tCO_2e / $M PPP Adj GDP)	Fund WACI (tCO_2e/$M Sales) (Corporate)	Benchmark WACI (Corporate)	Corporate + Sovereign Absolute Emissions
$2	100.0%	18.0%	0.9	0.9	-	-	1.4	-	1.2

Transition Risks (%)	Physical Risk (%) Climate VaR	Climate Opportunities (SDG Score)	Benchmark Climate Opportunities	Climate Opportunities - Weight % (threshold >0.2)	Climate Opportunities - Weight % Benchmark (threshold >0.2)	% of Fossil Fuel Capital Deployment	% of Capex Opportunities	% fund with SBTI approved targets
-	-4.3%	-	-	-	-	-	-	-

[76] In 2024, the Sovereign allocation in the Cash funds was included in our total fund calculations despite low coverage. In 2025, in the absence of better coverage and data quality, we have excluded the Sovereign portion of these funds from the calculation. The change of approach will drive some changes in the results, for example it will lead to a slight increase in Carbon Footprint since the excluded Sovereign data had very low Carbon Footprint values.

[77] Most of the Cash funds are allocated to Corporate Bonds. We consider that the coverage on the Corporate exposure is sufficient to provide confidence in the results and so have applied these results as representative of the total fund metrics. It is anticipated this adjustment will more accurately capture and represent the contribution of these funds to the overall fund's Carbon Footprint, WACI and Absolute Emissions.

Mercer Investment Funds

Mercer Macquarie NZ Cash Fund[78,79]

Cash funds are excluded from the climate scenario analysis due to the very short duration nature of cash. In the climate scenario analysis, the impacts on short term interest rates are close to zero. We have repeated the climate metrics for the Mercer Macquarie NZ Cash Fund below noting the low percentage of the underlying fund holdings coverage (27.9%).

AUM (NZD) in million	Proportion of fund in Corporates (%)	% of Fund Covered by Assessment	Total Carbon Footprint (tCO_2e / USD $M FUM Corporate + Sovereign)	Corporate Carbon Footprint (tCO_2e / USD $M FUM)	Benchmark Carbon Footprint (Corporate)	Sovereign Carbon Intensity (tCO_2e / $M PPP Adj GDP)	Fund WACI (tCO_2e/$M Sales) (Corporate)	Benchmark WACI (Corporate)	Corporate + Sovereign Absolute Emissions
$297	100.0%	27.9%	12.8	12.8	-	-	34.3	-	2129.1

Transition Risks (%)	Physical Risk (%) Climate VaR	Climate Opportunities (SDG Score)	Benchmark Climate Opportunities	Climate Opportunities - Weight % (threshold >0.2)	Climate Opportunities - Weight % Benchmark (threshold >0.2)	% of Fossil Fuel Capital Deployment	% of Capex Opportunities	% fund with SBTI approved targets
-	-9.3%	-	-	-	-	-	-	2.2%

[78] In 2024, the Sovereign allocation in the Cash funds was included in our total fund calculations despite low coverage. In 2025, in the absence of better coverage and data quality, we have excluded the Sovereign portion of these funds from the calculation. The change of approach will drive some changes in the results, for example it will lead to a slight increase in Carbon Footprint since the excluded Sovereign data had very low Carbon Footprint values.

[79] Most of the Cash funds are allocated to Corporate Bonds. We consider that the coverage on the Corporate exposure is sufficient to provide confidence in the results and so have applied these results as representative of the total fund metrics. It is anticipated this adjustment will more accurately capture and represent the contribution of these funds to the overall fund's Carbon Footprint, WACI and Absolute Emissions.

Mercer Investment Funds

Mercer Macquarie NZ Fixed Interest Fund

Summary of results

5 Years: Over the short term, transition risk dominates, with the **Rapid Transition scenario having the most significant impact on investment returns**. Under this scenario there is a shock to returns of about **1.7%** in year 3 from a sudden and aggressive pricing-in of transition risk driven by unprecedented policy action, with markets initially overreacting before partially recovering. Overall, returns are reduced by **1.1%** over the 5-year period in the Rapid Transition. The return impact under a Failed Transition is marginally positive due to transition costs not materialising.

10 Years: Over this time period, the Rapid Transition reduces returns by **1.3%**. The impact of the Orderly Transition and Failed Transition is relatively small at this point on the basis that transition costs and impacts are largely priced in.

30 Years: Over the medium to long term, impacts from physical damages begin to be priced in and the **Failed Transition becomes the most impactful scenario**. Under this scenario, returns are reduced by **1.1%** on a cumulative basis.

40 Years: Over the long term, physical damages continue to be the dominant risk driver and the **Failed Transition is by far the worst scenario**. The reduction in returns under this scenario is around **2.1%** on a cumulative basis. It is also worth highlighting that the higher warming and hence damage under the Orderly Transition (<2°C) scenario, relative to the Rapid Transition (1.5°C) scenario, makes the lower warming scenario the one that **generates the most favourable long-term outcomes for the portfolio**.

This table sets out the annualised and cumulative return impacts of the three climate scenarios relative to the baseline based on the asset allocation modelled.

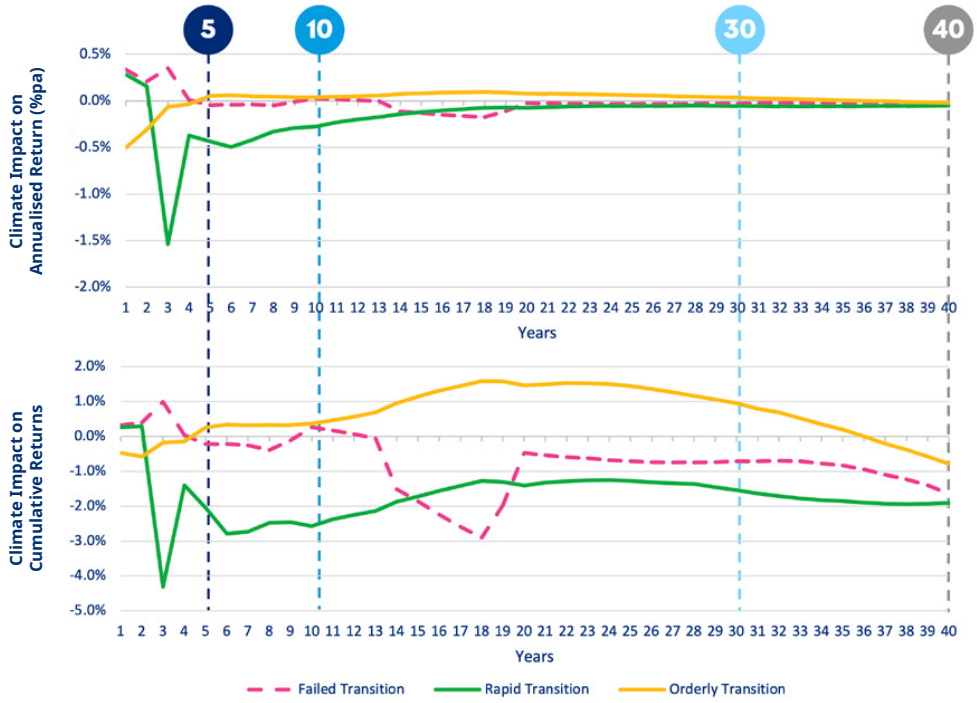
	Annualised Returns (%)		Cumulative Returns (%)
	Expected Return (Baseline)	Climate Impact	Climate Impact
Rapid Transition			
Impact at 5 years	4.6%	-0.2%	-1.1%
Impact at 10 years	4.8%	-0.1%	-1.3%
Impact at 30 years	5.2%	0.0%	0.2%
Impact at 40 years	4.6%	0.0%	0.0%
Orderly Transition			
Impact at 5 years	4.6%	0.0%	0.0%
Impact at 10 years	4.8%	0.0%	0.0%
Impact at 30 years	5.2%	0.0%	0.8%
Impact at 40 years	4.6%	0.0%	-0.8%
Failed Transition			
Impact at 5 years	4.6%	0.0%	0.1%
Impact at 10 years	4.8%	0.0%	0.2%
Impact at 30 years	5.2%	0.0%	-1.1%
Impact at 40 years	4.6%	-0.1%	-2.1%

AUM (NZD) in million	Proportion of fund in Corporates (%)	% of Fund Covered by Assessment	Total Carbon Footprint (tCO_2e / USD $M FUM Corporate + Sovereign)	Corporate Carbon Footprint (tCO_2e / USD $M FUM)	Benchmark Carbon Footprint (Corporate)	Sovereign Carbon Intensity (tCO_2e / $M PPP Adj GDP)	Fund WACI (tCO_2e/$M Sales) (Corporate)	Benchmark WACI (Corporate)	Corporate + Sovereign Absolute Emissions
$258	38.4%	83.2%	247.8	46.0	11.6	373.6	35.9	14.7	35877.0

Transition Risks (%)	Physical Risk (%) Climate VaR	Climate Opportunities (SDG Score)	Benchmark Climate Opportunities	Climate Opportunities - Weight % (threshold >0.2)	Climate Opportunities - Weight % Benchmark (threshold >0.2)	% of Fossil Fuel Capital Deployment	% of Capex Opportunities	% fund with SBTI approved targets
-	-10.6%	-	0.02	-	4.3%	-	-	5.9%

Mercer Investment Funds

Mercer Macquarie NZ Short Duration Fund



Summary of results

5 Years: Over the short term, transition risk dominates, with the **Rapid Transition scenario having the most significant impact on investment returns**. Under this scenario there is a shock to returns of about **4.3%** in year 3 from a sudden and aggressive pricing-in of transition risk driven by unprecedented policy action, with markets initially overreacting before partially recovering. Overall, returns are reduced by **2.0%** over the 5-year period in the Rapid Transition. The return impact under a Failed Transition is marginally positive due to transition costs not materialising.

10 Years: Over this time period, the Rapid Transition reduces returns by **2.6%**. The impact of the Orderly Transition and Failed Transition is relatively small at this point on the basis that transition costs and impacts are largely priced in.

30 Years / 40 Years: Over the medium to long term, Rapid Transition remains with the most significant impacts, also physical damages begin to be priced.

This table sets out the annualised and cumulative return impacts of the three climate scenarios relative to the baseline based on the asset allocation modelled.

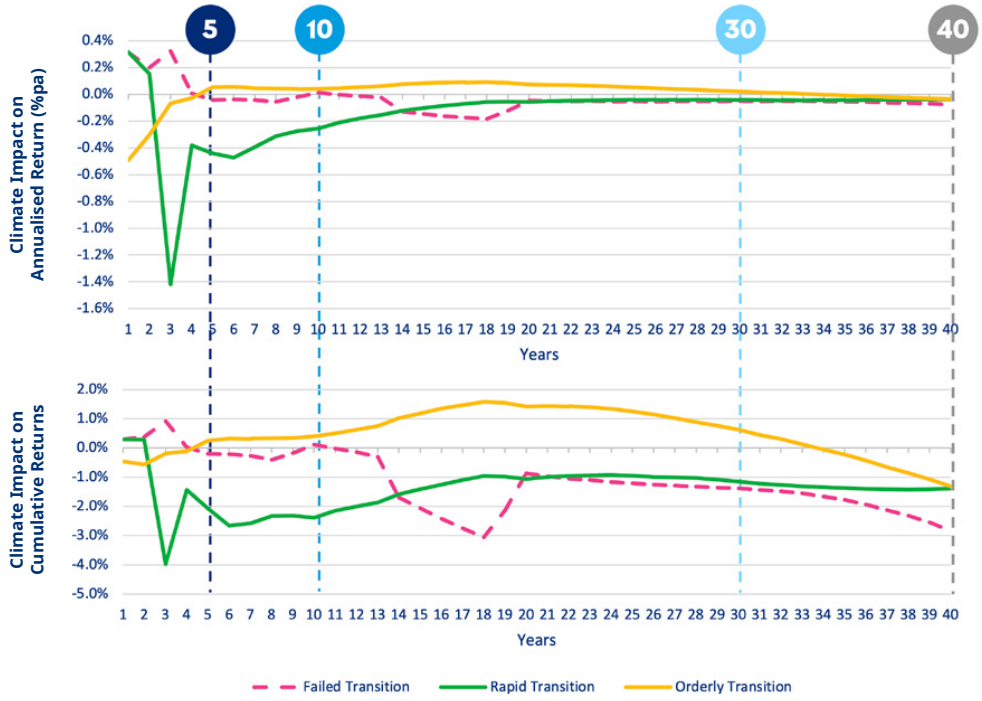
	Annualised Returns (%)		Cumulative Returns (%)
	Expected Return (Baseline)	Climate Impact	Climate Impact
Rapid Transition			
Impact at 5 years	5.5%	-0.4%	-2.0%
Impact at 10 years	5.6%	-0.3%	-2.6%
Impact at 30 years	5.8%	-0.1%	-1.5%
Impact at 40 years	5.0%	-0.1%	-1.9%
Orderly Transition			
Impact at 5 years	5.5%	0.1%	0.3%
Impact at 10 years	5.6%	0.0%	0.4%
Impact at 30 years	5.8%	0.0%	1.0%
Impact at 40 years	5.0%	0.0%	-0.8%
Failed Transition			
Impact at 5 years	5.5%	0.0%	-0.2%
Impact at 10 years	5.6%	0.0%	0.3%
Impact at 30 years	5.8%	0.0%	-0.7%
Impact at 40 years	5.0%	0.0%	-1.6%

AUM (NZD) in million	Proportion of fund in Corporates (%)	% of Fund Covered by Assessment	Total Carbon Footprint (tCO_2e / USD $M FUM Corporate + Sovereign)	Corporate Carbon Footprint (tCO_2e / USD $M FUM)	Benchmark Carbon Footprint (Corporate)	Sovereign Carbon Intensity (tCO_2e / $M PPP Adj GDP)	Fund WACI (tCO_2e/$M Sales) (Corporate)	Benchmark WACI (Corporate)	Corporate + Sovereign Absolute Emissions
$61	88.9%	71.9%	102.7	68.9	11.6	373.6	54.9	14.7	3484.4

Transition Risks (%)	Physical Risk (%) Climate VaR	Climate Opportunities (SDG Score)	Benchmark Climate Opportunities	Climate Opportunities - Weight % (threshold >0.2)	Climate Opportunities - Weight % Benchmark (threshold >0.2)	% of Fossil Fuel Capital Deployment	% of Capex Opportunities	% fund with SBTI approved targets
-	-15.2%	-0.04	0.02	1.2%	4.3%	-	-	24.5%

Mercer Investment Funds

Mercer Macquarie Global Income Opportunities Fund



Summary of results

5 Years: Over the short term, transition risk dominates, with the **Rapid Transition scenario having the most significant impact on investment returns**. Under this scenario there is a shock to returns of about **4.0%** in year 3 from a sudden and aggressive pricing-in of transition risk driven by unprecedented policy action, with markets initially overreacting before partially recovering. Overall, returns are reduced by **2.1%** over the 5-year period in the Rapid Transition. The return impact under a Failed Transition is marginally positive due to transition costs not materialising.

10 Years: Over this time period, the Rapid Transition reduces returns by **2.4%**. The impact of the Orderly Transition and Failed Transition is relatively small at this point on the basis that transition costs and impacts are largely priced in.

30 Years: Over the medium to long term, impacts from physical damages begin to be priced in and the **Failed Transition becomes the most impactful scenario**. Under this scenario, returns are reduced by **1.1%** on a cumulative basis.

40 Years: Over the long term, physical damages continue to be the dominant risk driver and the **Failed Transition is by far the worst scenario**. The reduction in returns under this scenario is around **2.8%** on a cumulative basis. It is also worth highlighting that the higher warming and hence damage under the Orderly Transition (<2°C) scenario, relative to the Rapid Transition (1.5°C) scenario.

This table sets out the annualised and cumulative return impacts of the three climate scenarios relative to the baseline based on the asset allocation modelled.

	Annualised Returns (%)		Cumulative Returns (%)
	Expected Return (Baseline)	Climate Impact	Climate Impact
Rapid Transition			
Impact at 5 years	5.6%	-0.4%	-2.1%
Impact at 10 years	5.8%	-0.3%	-2.4%
Impact at 30 years	6.0%	0.0%	-1.1%
Impact at 40 years	5.2%	0.0%	-1.4%
Orderly Transition			
Impact at 5 years	5.6%	0.1%	0.3%
Impact at 10 years	5.8%	0.0%	0.4%
Impact at 30 years	6.0%	0.0%	0.6%
Impact at 40 years	5.2%	0.0%	-1.3%
Failed Transition			
Impact at 5 years	5.6%	0.0%	-0.2%
Impact at 10 years	5.8%	0.0%	0.1%
Impact at 30 years	6.0%	0.0%	-1.4%
Impact at 40 years	5.2%	-0.1%	-2.8%

AUM (NZD) in million	Proportion of fund in Corporates (%)	% of Fund Covered by Assessment	Total Carbon Footprint (tCO_2e / USD $M FUM Corporate + Sovereign)	Corporate Carbon Footprint (tCO_2e / USD $M FUM)	Benchmark Carbon Footprint (Corporate)	Sovereign Carbon Intensity (tCO_2e / $M PPP Adj GDP)	Fund WACI (tCO_2e/$M Sales) (Corporate)	Benchmark WACI (Corporate)	Corporate + Sovereign Absolute Emissions
$9	99.7%	57.6%	10.3	9.1	-	352.3	41.7	-	50.6

Transition Risks (%)	Physical Risk (%) Climate VaR	Climate Opportunities (SDG Score)	Benchmark Climate Opportunities	Climate Opportunities - Weight % (threshold >0.2)	Climate Opportunities - Weight % Benchmark (threshold >0.2)	% of Fossil Fuel Capital Deployment	% of Capex Opportunities	% fund with SBTI approved targets
0.0%	-12.2%	-	-	-	-	-	-	6.8%

Mercer Investment Funds

Mercer Income Generator Fund

Summary of results

5 Years: Over the short term, transition risk dominates, with the **Rapid Transition scenario having the most significant impact on investment returns**. Under this scenario there is a shock to returns of about **6.0%** in year 3 from a sudden and aggressive pricing-in of transition risk driven by unprecedented policy action, with markets initially overreacting before partially recovering. Overall, returns are reduced by **3.6%** over the 5-year period in the Rapid Transition. The return impact under a Failed Transition is marginally positive due to transition costs not materialising.

10 Years: Over this time period, the Rapid Transition reduces returns by **4.1%**. The impact of the Orderly Transition and Failed Transition is relatively small at this point on the basis that transition costs and impacts are largely priced in.

30 Years: Over the medium to long term, impacts from physical damages begin to be priced in and the **Failed Transition becomes the most impactful scenario**. Under this scenario, returns are reduced by **12.6%** on a cumulative basis.

40 Years: Over the long term, physical damages continue to be the dominant risk driver and the **Failed Transition is by far the worst scenario**. The reduction in returns under this scenario is around **17.0%** on a cumulative basis. It is also worth highlighting that the higher warming and hence damage under the Orderly Transition (<2°C) scenario, relative to the Rapid Transition (1.5°C) scenario, makes the lower warming scenario the one that **generates the most favourable long-term outcomes for the portfolio**.

This table sets out the annualised and cumulative return impacts of the three climate scenarios relative to the baseline based on the asset allocation modelled.

	Annualised Returns (%)		Cumulative Returns (%)
	Expected Return (Baseline)	Climate Impact	Climate Impact
Rapid Transition			
Impact at 5 years	6.9%	-0.8%	-3.6%
Impact at 10 years	7.1%	-0.5%	-4.1%
Impact at 30 years	7.6%	-0.1%	-1.8%
Impact at 40 years	7.1%	0.0%	-0.4%
Orderly Transition			
Impact at 5 years	6.9%	-0.1%	-0.6%
Impact at 10 years	7.1%	-0.1%	-0.5%
Impact at 30 years	7.6%	0.0%	-0.7%
Impact at 40 years	7.1%	-0.1%	-2.2%
Failed Transition			
Impact at 5 years	6.9%	0.1%	0.5%
Impact at 10 years	7.1%	-0.1%	-0.7%
Impact at 30 years	7.6%	-0.5%	-12.6%
Impact at 40 years	7.1%	-0.5%	-17.0%

AUM (NZD) in million	Proportion of fund in Corporates (%)	% of Fund Covered by Assessment	Total Carbon Footprint (tCO_2e / USD $M FUM Corporate + Sovereign)	Corporate Carbon Footprint (tCO_2e / USD $M FUM)	Benchmark Carbon Footprint (Corporate)	Sovereign Carbon Intensity (tCO_2e / $M PPP Adj GDP)	Fund WACI (tCO_2e/$M Sales) (Corporate)	Benchmark WACI (Corporate)	Corporate + Sovereign Absolute Emissions
$30	80.2%	80.2%	32.2	40.2	34.9	-	77.1	108.5	540.3

Transition Risks (%)	Physical Risk (%) Climate VaR	Climate Opportunities (SDG Score)	Benchmark Climate Opportunities	Climate Opportunities - Weight % (threshold >0.2)	Climate Opportunities - Weight % Benchmark (threshold >0.2)	% of Fossil Fuel Capital Deployment	% of Capex Opportunities	% fund with SBTI approved targets
0.1%	-12.3%	-0.02	0.02	12.4%	16.4%	1.0%	5.6%	36.8%

Mercer Investment Funds

Mercer Sustainable Balanced Fund

Summary of results

5 Years: Over the short term, transition risk dominates, with the **Rapid Transition scenario having the most significant impact on investment returns**. Under this scenario there is a shock to returns of about **7.4%** in year 3 from a sudden and aggressive pricing-in of transition risk driven by unprecedented policy action, with markets initially overreacting before partially recovering. Overall, returns are reduced by **5.2%** over the 5-year period in the Rapid Transition. The return impact under a Failed Transition is marginally positive due to transition costs not materialising.

10 Years: Over this time period, the Rapid Transition reduces returns by **5.4%**. The impact of the Orderly Transition and Failed Transition is relatively small at this point on the basis that transition costs and impacts are largely priced in.

30 Years: Over the medium to long term, impacts from physical damages begin to be priced in and the **Failed Transition becomes the most impactful scenario**. Under this scenario, returns are reduced by **20.3%** on a cumulative basis.

40 Years: Over the long term, physical damages continue to be the dominant risk driver and the **Failed Transition is by far the worst scenario**. The reduction in returns under this scenario is around **26.0%** on a cumulative basis. It is also worth highlighting that the higher warming and hence damage under the Orderly Transition (<2°C) scenario, relative to the Rapid Transition (1.5°C) scenario, makes the lower warming scenario the one that **generates the most favourable long-term outcomes for the portfolio**.

This table sets out the annualised and cumulative return impacts of the three climate scenarios relative to the baseline based on the asset allocation modelled.

	Annualised Returns (%)		Cumulative Returns (%)
	Expected Return (Baseline)	Climate Impact	Climate Impact
Rapid Transition			
Impact at 5 years	7.5%	-1.1%	-5.2%
Impact at 10 years	7.6%	-0.6%	-5.4%
Impact at 30 years	7.9%	-0.1%	-2.5%
Impact at 40 years	7.2%	0.0%	-0.8%
Orderly Transition			
Impact at 5 years	7.5%	-0.3%	-1.4%
Impact at 10 years	7.6%	-0.1%	-1.1%
Impact at 30 years	7.9%	-0.1%	-1.8%
Impact at 40 years	7.2%	-0.1%	-4.2%
Failed Transition			
Impact at 5 years	7.5%	0.2%	0.9%
Impact at 10 years	7.6%	-0.2%	-1.8%
Impact at 30 years	7.9%	-0.8%	-20.3%
Impact at 40 years	7.2%	-0.8%	-26.0%

AUM (NZD) in million	Proportion of fund in Corporates (%)	% of Fund Covered by Assessment	Total Carbon Footprint (tCO_2e / USD $M FUM Corporate + Sovereign)	Corporate Carbon Footprint (tCO_2e / USD $M FUM)	Benchmark Carbon Footprint (Corporate)	Sovereign Carbon Intensity (tCO_2e / $M PPP Adj GDP)	Fund WACI (tCO_2e/$M Sales) (Corporate)	Benchmark WACI (Corporate)	Corporate + Sovereign Absolute Emissions
$35	78.4%	91.5%	94.5	35.7	43.5	308.1	106.8	139.3	1843.6

Transition Risks (%)	Physical Risk (%) Climate VaR	Climate Opportunities (SDG Score)	Benchmark Climate Opportunities	Climate Opportunities - Weight % (threshold >0.2)	Climate Opportunities - Weight % Benchmark (threshold >0.2)	% of Fossil Fuel Capital Deployment	% of Capex Opportunities	% fund with SBTI approved targets
0.5%	-7.9%	0.20	-0.02	18.7%	21.0%	0.4%	3.1%	40.7%

Mercer Investment Funds

Mercer Macquarie Real Return Opportunities Fund

Summary of results

5 Years: Over the short term, transition risk dominates, with the **Rapid Transition scenario having the most significant impact on investment returns**. Under this scenario there is a shock to returns of about **4.6%** in year 3 from a sudden and aggressive pricing-in of transition risk driven by unprecedented policy action, with markets initially overreacting before partially recovering. Overall, returns are reduced by **2.9%** over the 5-year period in the Rapid Transition. The return impact under a Failed Transition is marginally positive due to transition costs not materialising.

10 Years: Over this time period, the Rapid Transition reduces returns by **3.0%**. The impact of the Orderly Transition and Failed Transition is relatively small at this point on the basis that transition costs and impacts are largely priced in.

30 Years: Over the medium to long term, impacts from physical damages begin to be priced in and the **Failed Transition becomes the most impactful scenario**. Under this scenario, returns are reduced by **6.4%** on a cumulative basis.

40 Years: Over the long term, physical damages continue to be the dominant risk driver and the **Failed Transition is by far the worst scenario**. The reduction in returns under this scenario is around **9.2%** on a cumulative basis. It is also worth highlighting that the higher warming and hence damage under the Orderly Transition (<2°C) scenario, relative to the Rapid Transition (1.5°C) scenario, makes the lower warming scenario the one that **generates the most favourable long-term outcomes for the portfolio**.

This table sets out the annualised and cumulative return impacts of the three climate scenarios relative to the baseline based on the asset allocation modelled.

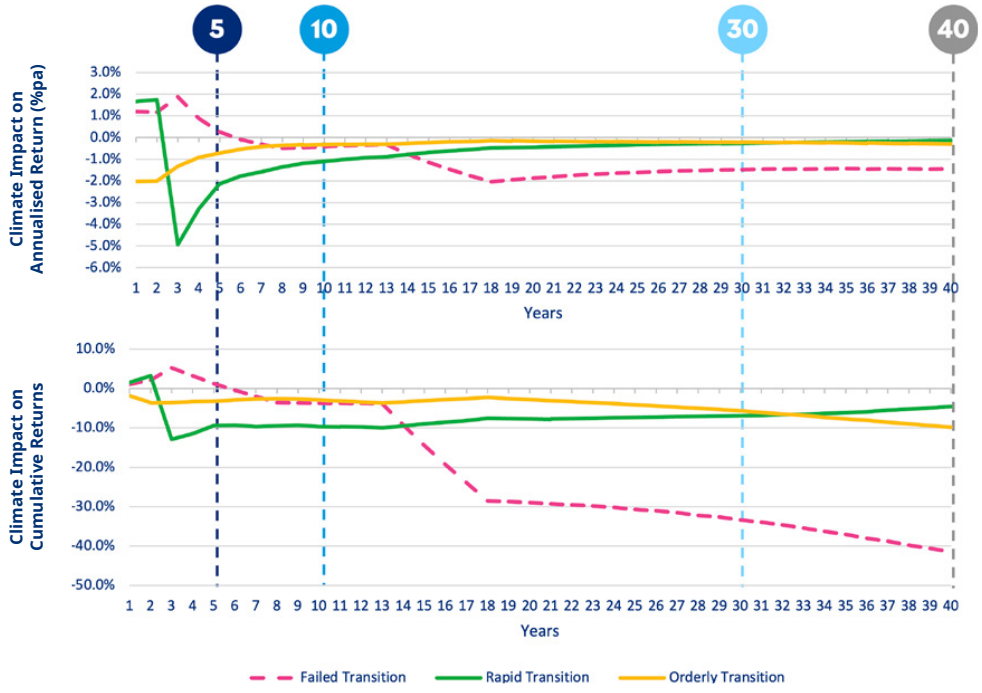
	Annualised Returns (%)		Cumulative Returns (%)
	Expected Return (Baseline)	Climate Impact	Climate Impact
Rapid Transition			
Impact at 5 years	6.3%	-0.6%	-2.9%
Impact at 10 years	6.5%	-0.3%	-3.0%
Impact at 30 years	6.8%	-0.1%	-1.6%
Impact at 40 years	6.1%	0.0%	-1.6%
Orderly Transition			
Impact at 5 years	6.3%	0.0%	-0.2%
Impact at 10 years	6.5%	0.0%	0.1%
Impact at 30 years	6.8%	0.0%	-0.2%
Impact at 40 years	6.1%	-0.1%	-2.3%
Failed Transition			
Impact at 5 years	6.3%	0.0%	0.0%
Impact at 10 years	6.5%	-0.1%	-0.5%
Impact at 30 years	6.8%	-0.2%	-6.4%
Impact at 40 years	6.1%	-0.3%	-9.2%

AUM (NZD) in million	Proportion of fund in Corporates (%)	% of Fund Covered by Assessment	Total Carbon Footprint (tCO_2e / USD $M FUM Corporate + Sovereign)	Corporate Carbon Footprint (tCO_2e / USD $M FUM)	Benchmark Carbon Footprint (Corporate)	Sovereign Carbon Intensity (tCO_2e / $M PPP Adj GDP)	Fund WACI (tCO_2e/$M Sales) (Corporate)	Benchmark WACI (Corporate)	Corporate + Sovereign Absolute Emissions
$5	95.7%	70.5%	71.1	74.3	-	-	125.6	-	188.7

Transition Risks (%)	Physical Risk (%) Climate VaR	Climate Opportunities (SDG Score)	Benchmark Climate Opportunities	Climate Opportunities - Weight % (threshold >0.2)	Climate Opportunities - Weight % Benchmark (threshold >0.2)	% of Fossil Fuel Capital Deployment	% of Capex Opportunities	% fund with SBTI approved targets
0.7%	-15.6%	-	-	-	-	-	-	19.8%

Mercer Investment Funds

Mercer Global Shares Fund



Summary of results

5 Years: Over the short term, transition risk dominates, with the **Rapid Transition scenario having the most significant impact on investment returns**. Under this scenario there is a shock to returns of about **12.9%** in year 3 from a sudden and aggressive pricing-in of transition risk driven by unprecedented policy action, with markets initially overreacting before partially recovering. Overall, returns are reduced by **9.4%** over the 5-year period in the Rapid Transition. The return impact under a Failed Transition is marginally positive due to transition costs not materialising.

10 Years: Over this time period, the Rapid Transition reduces returns by **9.6%**. The impact of the Orderly Transition and Failed Transition is relatively small at this point on the basis that transition costs and impacts are largely priced in.

30 Years: Over the medium to long term, impacts from physical damages begin to be priced in and the **Failed Transition becomes the most impactful scenario**. Under this scenario, returns are reduced by **33.4%** on a cumulative basis.

40 Years: Over the long term, physical damages continue to be the dominant risk driver and the **Failed Transition is by far the worst scenario**. The reduction in returns under this scenario is around **41.4%** on an annualised basis. It is also worth highlighting that the higher warming and hence damage under the Orderly Transition (<2°C) scenario, relative to the Rapid Transition (1.5°C) scenario, makes the lower warming scenario the one that **generates the most favourable long-term outcomes for the portfolio**.

This table sets out the annualised and cumulative return impacts of the three climate scenarios relative to the baseline based on the asset allocation modelled.

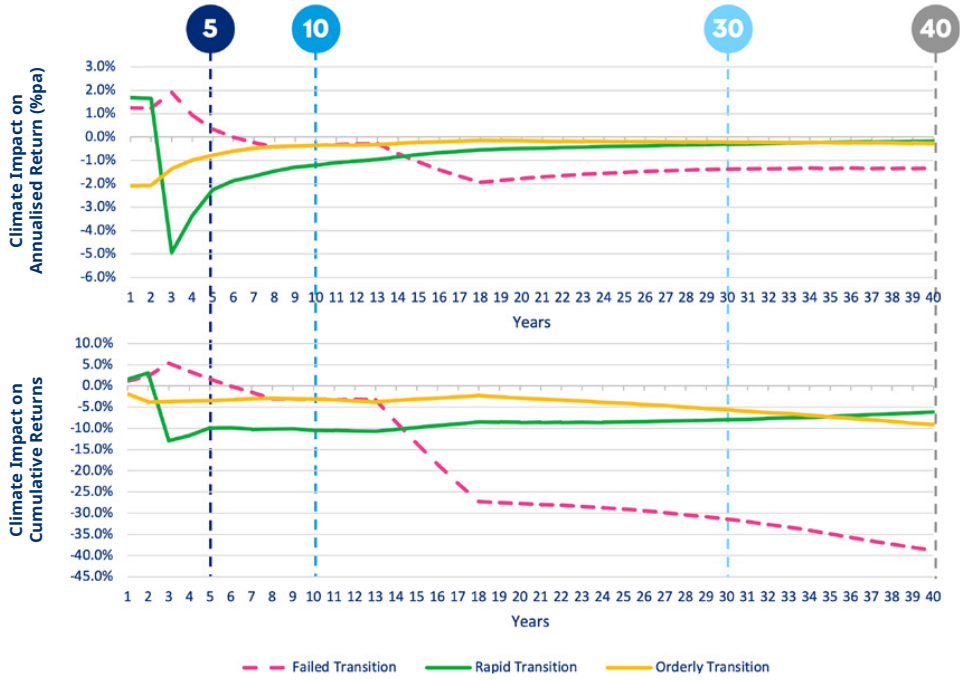
	Annualised Returns (%)		Cumulative Returns (%)
	Expected Return (Baseline)	Climate Impact	Climate Impact
Rapid Transition			
Impact at 5 years	9.4%	-2.1%	-9.4%
Impact at 10 years	9.7%	-1.1%	-9.6%
Impact at 30 years	9.9%	-0.3%	-6.9%
Impact at 40 years	9.1%	-0.1%	-4.6%
Orderly Transition			
Impact at 5 years	9.4%	-0.7%	-3.2%
Impact at 10 years	9.7%	-0.3%	-2.9%
Impact at 30 years	9.9%	-0.2%	-5.7%
Impact at 40 years	9.1%	-0.3%	-9.8%
Failed Transition			
Impact at 5 years	9.4%	0.3%	1.2%
Impact at 10 years	9.7%	-0.4%	-3.7%
Impact at 30 years	9.9%	-1.5%	-33.4%
Impact at 40 years	9.1%	-1.4%	-41.4%

AUM (NZD) in million	Proportion of fund in Corporates (%)	% of Fund Covered by Assessment	Total Carbon Footprint (tCO_2e / USD $M FUM Corporate + Sovereign)	Corporate Carbon Footprint (tCO_2e / USD $M FUM)	Benchmark Carbon Footprint (Corporate)	Sovereign Carbon Intensity (tCO_2e / $M PPP Adj GDP)	Fund WACI (tCO_2e/$M Sales) (Corporate)	Benchmark WACI (Corporate)	Corporate + Sovereign Absolute Emissions
$28	100.0%	95.6%	32.1	32.1	42.2	-	74.7	114.5	505.2

Transition Risks (%)	Physical Risk (%) Climate VaR	Climate Opportunities (SDG Score)	Benchmark Climate Opportunities	Climate Opportunities - Weight % (threshold >0.2)	Climate Opportunities - Weight % Benchmark (threshold >0.2)	% of Fossil Fuel Capital Deployment	% of Capex Opportunities	% fund with SBTI approved targets
2.4%	-12.1%	-0.02	-0.06	19.4%	23.0%	1.4%	0.5%	38.0%

Mercer Investment Funds

Mercer Core Global Shares Fund



Summary of results

5 Years: Over the short term, transition risk dominates, with the **Rapid Transition scenario having the most significant impact on investment returns**. Under this scenario there is a shock to returns of about **12.9%** in year 3 from a sudden and aggressive pricing-in of transition risk driven by unprecedented policy action, with markets initially overreacting before partially recovering. Overall, returns are reduced by **9.9%** over the 5-year period in the Rapid Transition. The return impact under a Failed Transition is marginally positive due to transition costs not materialising.

10 Years: Over this time period, the Rapid Transition reduces returns by **10.4%**. The impact of the Orderly Transition and Failed Transition is relatively small at this point on the basis that transition costs and impacts are largely priced in.

30 Years: Over the medium to long term, impacts from physical damages begin to be priced in and the **Failed Transition becomes the most impactful scenario**. Under this scenario, returns are reduced by **31.4%** on a cumulative basis.

40 Years: Over the long term, physical damages continue to be the dominant risk driver and the **Failed Transition is by far the worst scenario**. The reduction in returns under this scenario is around **38.8%** on a cumulative basis. It is also worth highlighting that the higher warming and hence damage under the Orderly Transition (<2°C) scenario, relative to the Rapid Transition (1.5°C) scenario, makes the lower warming scenario the one that **generates the most favourable long-term outcomes for the portfolio**.

This table sets out the annualised and cumulative return impacts of the three climate scenarios relative to the baseline based on the asset allocation modelled.

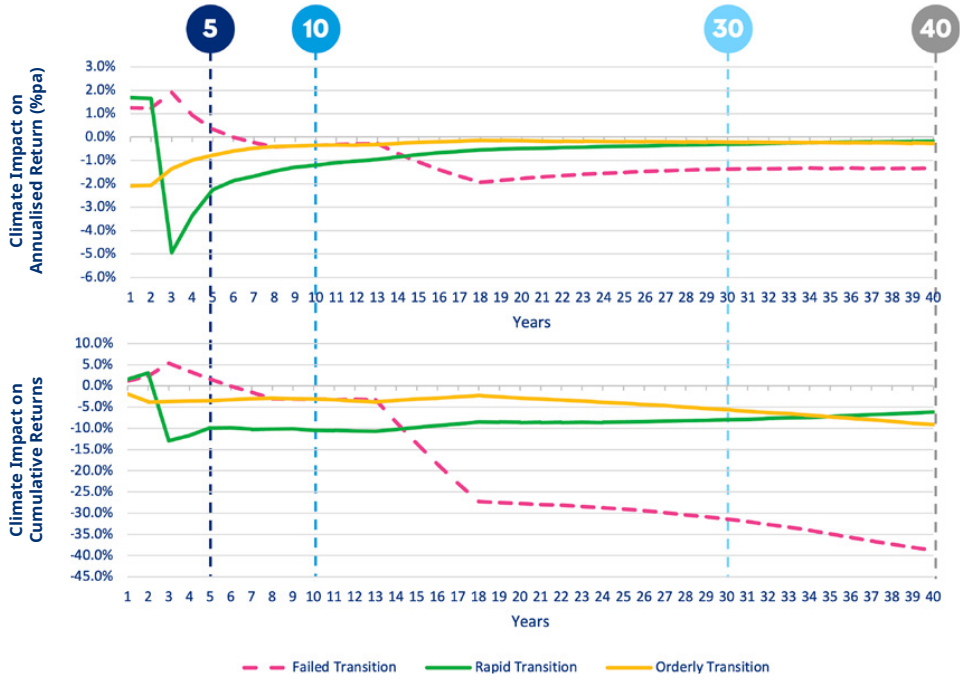
	Annualised Returns (%)		Cumulative Returns (%)
	Expected Return (Baseline)	Climate Impact	Climate Impact
Rapid Transition			
Impact at 5 years	9.4%	-2.3%	-9.9%
Impact at 10 years	9.7%	-1.2%	-10.4%
Impact at 30 years	9.9%	-0.3%	-7.9%
Impact at 40 years	9.1%	-0.2%	-6.2%
Orderly Transition			
Impact at 5 years	9.4%	-0.8%	-3.5%
Impact at 10 years	9.7%	-0.3%	-3.1%
Impact at 30 years	9.9%	-0.2%	-5.6%
Impact at 40 years	9.1%	-0.3%	-9.1%
Failed Transition			
Impact at 5 years	9.4%	0.3%	1.6%
Impact at 10 years	9.7%	-0.3%	-3.1%
Impact at 30 years	9.9%	-1.4%	-31.4%
Impact at 40 years	9.1%	-1.3%	-38.8%

AUM (NZD) in million	Proportion of fund in Corporates (%)	% of Fund Covered by Assessment	Total Carbon Footprint (tCO_2e / USD $M FUM Corporate + Sovereign)	Corporate Carbon Footprint (tCO_2e / USD $M FUM)	Benchmark Carbon Footprint (Corporate)	Sovereign Carbon Intensity (tCO_2e / $M PPP Adj GDP)	Fund WACI (tCO_2e/$M Sales) (Corporate)	Benchmark WACI (Corporate)	Corporate + Sovereign Absolute Emissions
$58	100.0%	97.0%	27.5	27.5	33.8	-	62.1	92.6	896.4

Transition Risks (%)	Physical Risk (%) Climate VaR	Climate Opportunities (SDG Score)	Benchmark Climate Opportunities	Climate Opportunities - Weight % (threshold >0.2)	Climate Opportunities - Weight % Benchmark (threshold >0.2)	% of Fossil Fuel Capital Deployment	% of Capex Opportunities	% fund with SBTI approved targets
3.1%	-0.1	-0.03	-0.06	17.0%	22.5%	0.9%	0.4%	38.1%

Mercer Investment Funds

Mercer Core Hedged Global Shares Fund



Summary of results

5 Years: Over the short term, transition risk dominates, with the **Rapid Transition scenario having the most significant impact on investment returns**. Under this scenario there is a shock to returns of about **12.9%** in year 3 from a sudden and aggressive pricing-in of transition risk driven by unprecedented policy action, with markets initially overreacting before partially recovering. Overall, returns are reduced by **9.9%** over the 5-year period in the Rapid Transition. The return impact under a Failed Transition is marginally positive due to transition costs not materialising.

10 Years: Over this time period, the Rapid Transition reduces returns by **10.4%**. The impact of the Orderly Transition and Failed Transition is relatively small at this point on the basis that transition costs and impacts are largely priced in.

30 Years: Over the medium to long term, impacts from physical damages begin to be priced in and the **Failed Transition becomes the most impactful scenario**. Under this scenario, returns are reduced by **31.4%** on a cumulative basis.

40 Years: Over the long term, physical damages continue to be the dominant risk driver and the **Failed Transition is by far the worst scenario**. The reduction in returns under this scenario is around **38.8%** on a cumulative basis. It is also worth highlighting that the higher warming and hence damage under the Orderly Transition (<2°C) scenario, relative to the Rapid Transition (1.5°C) scenario, makes the lower warming scenario the one that **generates the most favourable long-term outcomes for the portfolio**.

This table sets out the annualised and cumulative return impacts of the three climate scenarios relative to the baseline based on the asset allocation modelled.

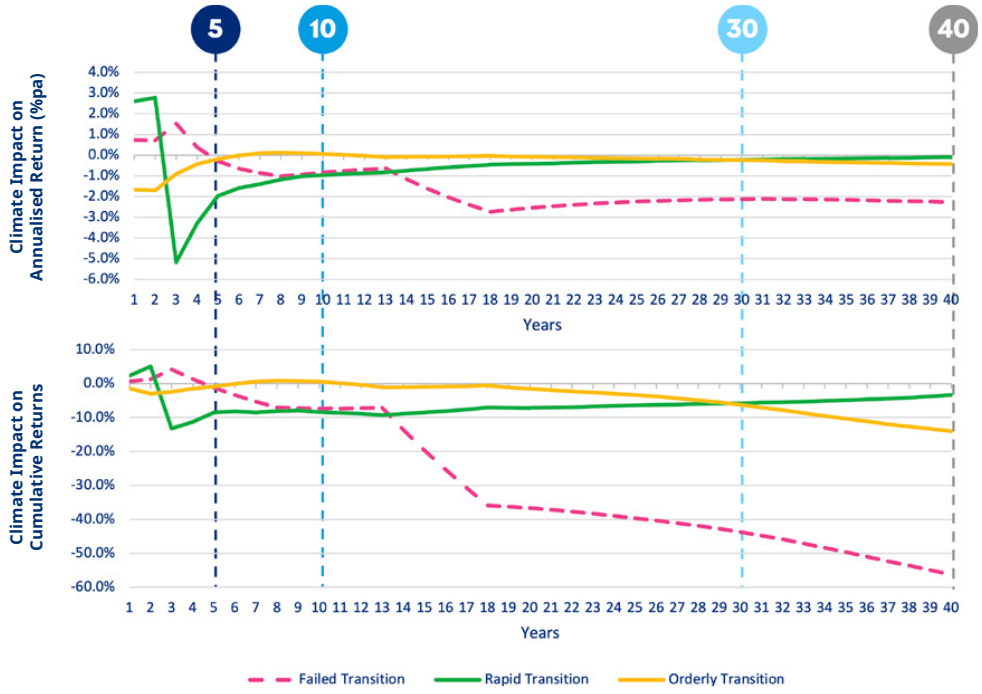
	Annualised Returns (%)		Cumulative Returns (%)
	Expected Return (Baseline)	Climate Impact	Climate Impact
Rapid Transition			
Impact at 5 years	9.4%	-2.3%	-9.9%
Impact at 10 years	9.7%	-1.2%	-10.4%
Impact at 30 years	9.9%	-0.3%	-7.9%
Impact at 40 years	9.1%	-0.2%	-6.2%
Orderly Transition			
Impact at 5 years	9.4%	-0.8%	-3.5%
Impact at 10 years	9.7%	-0.3%	-3.1%
Impact at 30 years	9.9%	-0.2%	-5.6%
Impact at 40 years	9.1%	-0.3%	-9.1%
Failed Transition			
Impact at 5 years	9.4%	0.3%	1.6%
Impact at 10 years	9.7%	-0.3%	-3.1%
Impact at 30 years	9.9%	-1.4%	-31.4%
Impact at 40 years	9.1%	-1.3%	-38.8%

AUM (NZD) in million	Proportion of fund in Corporates (%)	% of Fund Covered by Assessment	Total Carbon Footprint (tCO_2e / USD $M FUM Corporate + Sovereign)	Corporate Carbon Footprint (tCO_2e / USD $M FUM)	Benchmark Carbon Footprint (Corporate)	Sovereign Carbon Intensity (tCO_2e / $M PPP Adj GDP)	Fund WACI (tCO_2e/$M Sales) (Corporate)	Benchmark WACI (Corporate)	Corporate + Sovereign Absolute Emissions
$19	100.0%	97.0%	27.5	27.5	33.8	-	62.1	92.6	295.7

Transition Risks (%)	Physical Risk (%) Climate VaR	Climate Opportunities (SDG Score)	Benchmark Climate Opportunities	Climate Opportunities - Weight % (threshold >0.2)	Climate Opportunities - Weight % Benchmark (threshold >0.2)	% of Fossil Fuel Capital Deployment	% of Capex Opportunities	% fund with SBTI approved targets
3.1%	-11.3%	-0.03	-0.06	17.0%	22.5%	0.9%	0.4%	38.1%

Mercer Investment Funds

Mercer Emerging Markets Shares Fund



Summary of results

5 Years: Over the short term, transition risk dominates, with the **Rapid Transition scenario having the most significant impact on investment returns**. Under this scenario there is a shock to returns of about **13.3%** in year 3 from a sudden and aggressive pricing-in of transition risk driven by unprecedented policy action, with markets initially overreacting before partially recovering. Overall, returns are reduced by **8.5%** over the 5-year period in the Rapid Transition. The return impact under a Failed Transition is marginally positive due to transition costs not materialising.

10 Years: Over this time period, the **Rapid Transition and Failed Transition have impacts of similar magnitude**. Meaning transition risks and physical risks are similarly important. The Rapid Transition reduces annualised returns by **1.0% p.a**. and the Failed Transition reduces annualised returns by **0.8%p.a.**. The impact of the Orderly Transition is small on the basis that transition costs and impacts are smaller and largely priced in.

30 Years: Over the medium to long term, impacts from physical damages begin to be priced in and the **Failed Transition becomes the most impactful scenario**. Under this scenario, returns are reduced by **43.8%** on an annualised basis.

40 Years: Over the long term, physical damages continue to be the dominant risk driver and the **Failed Transition is by far the worst scenario**. The reduction in returns under this scenario is around **56.2%** on a cumulative basis. It is also worth highlighting that the higher warming and hence damage under the Orderly Transition (<2°C) scenario, relative to the Rapid Transition (1.5°C) scenario, makes the lower warming scenario the one that **generates the most favourable long-term outcomes for the portfolio**.

This table sets out the annualised and cumulative return impacts of the three climate scenarios relative to the baseline based on the asset allocation modelled.

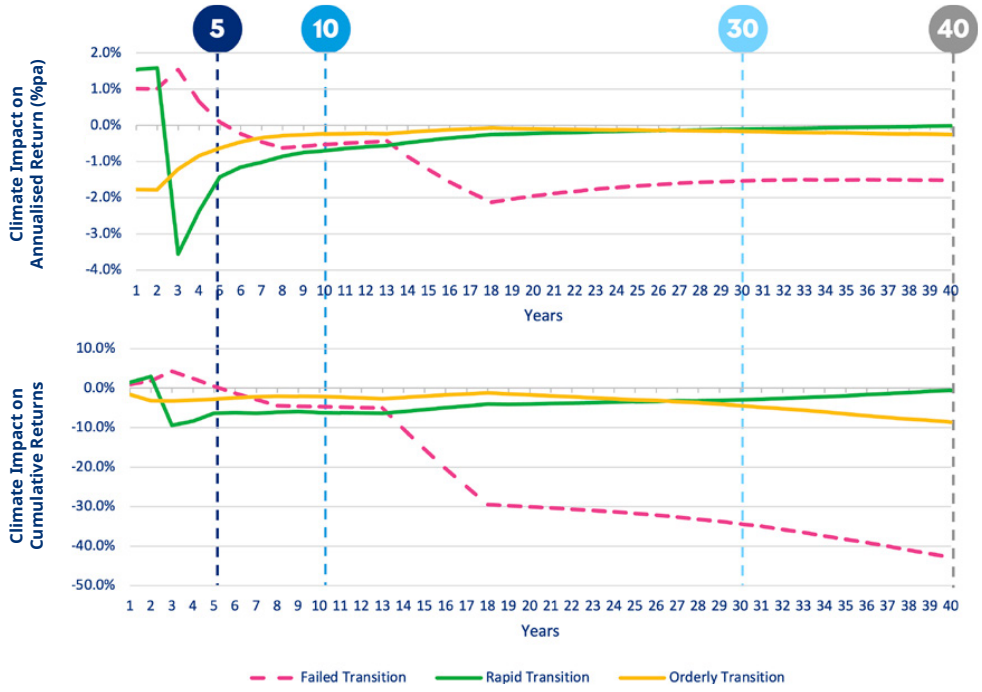
	Annualised Returns (%)		Cumulative Returns (%)
	Expected Return (Baseline)	Climate Impact	Climate Impact
Rapid Transition			
Impact at 5 years	11.5%	-2.0%	-8.5%
Impact at 10 years	11.7%	-1.0%	-8.4%
Impact at 30 years	11.9%	-0.2%	-5.8%
Impact at 40 years	11.1%	-0.1%	-3.4%
Orderly Transition			
Impact at 5 years	11.5%	-0.2%	-0.9%
Impact at 10 years	11.7%	0.1%	0.5%
Impact at 30 years	11.9%	-0.2%	-6.3%
Impact at 40 years	11.1%	-0.4%	-14.1%
Failed Transition			
Impact at 5 years	11.5%	-0.3%	-1.3%
Impact at 10 years	11.7%	-0.8%	-7.3%
Impact at 30 years	11.9%	-2.1%	-43.8%
Impact at 40 years	11.1%	-2.3%	-56.2%

AUM (NZD) in million	Proportion of fund in Corporates (%)	% of Fund Covered by Assessment	Total Carbon Footprint (tCO_2e / USD $M FUM Corporate + Sovereign)	Corporate Carbon Footprint (tCO_2e / USD $M FUM)	Benchmark Carbon Footprint (Corporate)	Sovereign Carbon Intensity (tCO_2e / $M PPP Adj GDP)	Fund WACI (tCO_2e/$M Sales) (Corporate)	Benchmark WACI (Corporate)	Corporate + Sovereign Absolute Emissions
$6	100.0%	76.7%	55.5	55.5	117.5	-	94.1	312.0	189.6

Transition Risks (%)	Physical Risk (%) Climate VaR	Climate Opportunities (SDG Score)	Benchmark Climate Opportunities	Climate Opportunities - Weight % (threshold >0.2)	Climate Opportunities - Weight % Benchmark (threshold >0.2)	% of Fossil Fuel Capital Deployment	% of Capex Opportunities	% fund with SBTI approved targets
1.6%	-23.4%	0.11	-0.10	22.7%	27.0%	1.1%	0.4%	14.6%

Mercer Investment Funds

Mercer Responsible Global Shares Fund



Summary of results

5 Years: Over the short term, transition risk dominates, with the **Rapid Transition scenario having the most significant impact on investment returns**. Under this scenario there is a shock to returns of about **9.4%** in year 3 from a sudden and aggressive pricing-in of transition risk driven by unprecedented policy action, with markets initially overreacting before partially recovering. Overall, returns are reduced by **6.4%** over the 5-year period in the Rapid Transition. The return impact under a Failed Transition is marginally positive due to transition costs not materialising.

10 Years: Over this time period, the Rapid Transition reduces returns by **6.2%**. The impact of the Orderly Transition and Failed Transition is relatively small at this point on the basis that transition costs and impacts are largely priced in.

30 Years: Over the medium to long term, impacts from physical damages begin to be priced in and the **Failed Transition becomes the most impactful scenario**. Under this scenario, returns are reduced by **34.4%** on a cumulative basis.

40 Years: Over the long term, physical damages continue to be the dominant risk driver and the **Failed Transition is by far the worst scenario**. The reduction in returns under this scenario is around **42.9%** on an annualised basis. It is also worth highlighting that the higher warming and hence damage under the Orderly Transition (<2°C) scenario, relative to the Rapid Transition (1.5°C) scenario, makes the lower warming scenario the one that **generates the most favourable long-term outcomes for the portfolio**.

This table sets out the annualised and cumulative return impacts of the three climate scenarios relative to the baseline based on the asset allocation modelled.

	Annualised Returns (%)		Cumulative Returns (%)
	Expected Return (Baseline)	Climate Impact	Climate Impact
Rapid Transition			
Impact at 5 years	9.4%	-1.4%	-6.4%
Impact at 10 years	9.7%	-0.7%	-6.2%
Impact at 30 years	9.9%	-0.1%	-3.0%
Impact at 40 years	9.1%	0.0%	-0.5%
Orderly Transition			
Impact at 5 years	9.4%	-0.6%	-2.8%
Impact at 10 years	9.7%	-0.2%	-2.1%
Impact at 30 years	9.9%	-0.2%	-4.4%
Impact at 40 years	9.1%	-0.2%	-8.6%
Failed Transition			
Impact at 5 years	9.4%	0.1%	0.4%
Impact at 10 years	9.7%	-0.5%	-4.7%
Impact at 30 years	9.9%	-1.5%	-34.4%
Impact at 40 years	9.1%	-1.5%	-42.9%

AUM (NZD) in million	Proportion of fund in Corporates (%)	% of Fund Covered by Assessment	Total Carbon Footprint (tCO_2e / USD $M FUM Corporate + Sovereign)	Corporate Carbon Footprint (tCO_2e / USD $M FUM)	Benchmark Carbon Footprint (Corporate)	Sovereign Carbon Intensity (tCO_2e / $M PPP Adj GDP)	Fund WACI (tCO_2e/$M Sales) (Corporate)	Benchmark WACI (Corporate)	Corporate + Sovereign Absolute Emissions
$14	100.0%	99.1%	17.5	17.5	33.8	-	52.0	92.6	133.9

Transition Risks (%)	Physical Risk (%) Climate VaR	Climate Opportunities (SDG Score)	Benchmark Climate Opportunities	Climate Opportunities - Weight % (threshold >0.2)	Climate Opportunities - Weight % Benchmark (threshold >0.2)	% of Fossil Fuel Capital Deployment	% of Capex Opportunities	% fund with SBTI approved targets
-	-6.3%	0.26	-0.06	25.2%	22.5%	0.6%	0.2%	47.4%

Mercer Investment Funds

Mercer Macquarie Australian Shares Fund

Summary of results

5 Years: Over the short term, transition risk dominates, with the **Rapid Transition scenario having the most significant impact on investment returns**. Under this scenario there is a shock to returns of about **12.5%** in year 3 from a sudden and aggressive pricing-in of transition risk driven by unprecedented policy action, with markets initially overreacting before partially recovering. Overall, returns are reduced by **9.1%** over the 5-year period in the Rapid Transition. The return impact under a Failed Transition is marginally positive due to transition costs not materialising.

10 Years: Over this time period, the Rapid Transition reduces returns by **10.0%**. The impact of the Orderly Transition and Failed Transition is relatively small at this point on the basis that transition costs and impacts are largely priced in.

30 Years: Over the medium to long term, impacts from physical damages begin to be priced in and the **Failed Transition becomes the most impactful scenario**. Under this scenario, returns are reduced by **34.3%** on a cumulative basis.

40 Years: Over the long term, physical damages continue to be the dominant risk driver and the **Failed Transition is by far the worst scenario**. The reduction in returns under this scenario is around **42.5%** on a cumulative basis. It is also worth highlighting that the higher warming and hence damage under the Orderly Transition (<2°C) scenario, relative to the Rapid Transition (1.5°C) scenario, makes the lower warming scenario the one that **generates the most favourable long-term outcomes for the portfolio**.

This table sets out the annualised and cumulative return impacts of the three climate scenarios relative to the baseline based on the asset allocation modelled.

	Annualised Returns (%)		Cumulative Returns (%)
	Expected Return (Baseline)	Climate Impact	Climate Impact
Rapid Transition			
Impact at 5 years	9.1%	-2.0%	-9.1%
Impact at 10 years	9.6%	-1.1%	-10.0%
Impact at 30 years	11.0%	-0.3%	-7.7%
Impact at 40 years	11.4%	-0.2%	-6.2%
Orderly Transition			
Impact at 5 years	9.1%	-0.7%	-3.0%
Impact at 10 years	9.6%	-0.3%	-2.8%
Impact at 30 years	11.0%	-0.2%	-6.5%
Impact at 40 years	11.4%	-0.3%	-10.5%
Failed Transition			
Impact at 5 years	9.1%	0.2%	0.9%
Impact at 10 years	9.6%	-0.4%	-3.7%
Impact at 30 years	11.0%	-1.5%	-34.3%
Impact at 40 years	11.4%	-1.5%	-42.5%

AUM (NZD) in million	Proportion of fund in Corporates (%)	% of Fund Covered by Assessment	Total Carbon Footprint (tCO_2e / USD $M FUM Corporate + Sovereign)	Corporate Carbon Footprint (tCO_2e / USD $M FUM)	Benchmark Carbon Footprint (Corporate)	Sovereign Carbon Intensity (tCO_2e / $M PPP Adj GDP)	Fund WACI (tCO_2e/$M Sales) (Corporate)	Benchmark WACI (Corporate)	Corporate + Sovereign Absolute Emissions
$361	100.0%	98.1%	74.4	74.4	76.1	-	141.9	146.2	15061.0

Transition Risks (%)	Physical Risk (%) Climate VaR	Climate Opportunities (SDG Score)	Benchmark Climate Opportunities	Climate Opportunities - Weight % (threshold >0.2)	Climate Opportunities - Weight % Benchmark (threshold >0.2)	% of Fossil Fuel Capital Deployment	% of Capex Opportunities	% fund with SBTI approved targets
1.3%	-23.5%	-0.48	-0.51	8.7%	8.7%	3.1%	0.1%	15.2%

Mercer Investment Funds

Mercer Responsible Trans-Tasman Shares Fund

Summary of results

5 Years: Over the short term, transition risk dominates, with the **Rapid Transition scenario having the most significant impact on investment returns**. Under this scenario there is a shock to returns of about **9.5%** in year 3 from a sudden and aggressive pricing-in of transition risk driven by unprecedented policy action, with markets initially overreacting before partially recovering. Overall, returns are reduced by **6.1%** over the 5-year period in the Rapid Transition. The return impact under a Failed Transition is marginally positive due to transition costs not materialising.

10 Years: Over this time period, the Rapid Transition reduces returns by **6.7%**. The impact of the Orderly Transition and Failed Transition is relatively small at this point on the basis that transition costs and impacts are largely priced in.

30 Years: Over the medium to long term, impacts from physical damages begin to be priced in and the **Failed Transition becomes the most impactful scenario**. Under this scenario, returns are reduced by **25.4%** on a cumulative basis.

40 Years: Over the long term, physical damages continue to be the dominant risk driver and the **Failed Transition is by far the worst scenario**. The reduction in returns under this scenario is around **32.4%** on a cumulative basis. It is also worth highlighting that the higher warming and hence damage under the Orderly Transition (<2°C) scenario, relative to the Rapid Transition (1.5°C) scenario, makes the lower warming scenario the one that **generates the most favourable long-term outcomes for the portfolio**.

This table sets out the annualised and cumulative return impacts of the three climate scenarios relative to the baseline based on the asset allocation modelled.

	Annualised Returns (%)		Cumulative Returns (%)
	Expected Return (Baseline)	Climate Impact	Climate Impact
Rapid Transition			
Impact at 5 years	8.6%	-1.4%	-6.1%
Impact at 10 years	8.6%	-0.8%	-6.7%
Impact at 30 years	8.9%	0.0%	-0.9%
Impact at 40 years	8.3%	0.1%	3.7%
Orderly Transition			
Impact at 5 years	8.6%	-0.1%	-0.5%
Impact at 10 years	8.6%	0.0%	-0.1%
Impact at 30 years	8.9%	0.0%	0.0%
Impact at 40 years	8.3%	0.0%	-1.7%
Failed Transition			
Impact at 5 years	8.6%	0.3%	1.6%
Impact at 10 years	8.6%	-0.2%	-1.7%
Impact at 30 years	8.9%	-1.1%	-25.4%
Impact at 40 years	8.3%	-1.1%	-32.4%

AUM (NZD) in million	Proportion of fund in Corporates (%)	% of Fund Covered by Assessment	Total Carbon Footprint (tCO_2e / USD $M FUM Corporate + Sovereign)	Corporate Carbon Footprint (tCO_2e / USD $M FUM)	Benchmark Carbon Footprint (Corporate)	Sovereign Carbon Intensity (tCO_2e / $M PPP Adj GDP)	Fund WACI (tCO_2e/$M Sales) (Corporate)	Benchmark WACI (Corporate)	Corporate + Sovereign Absolute Emissions
$38	100.0%	91.5%	16.9	16.9	31.5	-	50.0	64.4	355.9

Transition Risks (%)	Physical Risk (%) Climate VaR	Climate Opportunities (SDG Score)	Benchmark Climate Opportunities	Climate Opportunities - Weight % (threshold >0.2)	Climate Opportunities - Weight % Benchmark (threshold >0.2)	% of Fossil Fuel Capital Deployment	% of Capex Opportunities	% fund with SBTI approved targets
-	-10.4%	-0.30	-0.24	15.2%	22.4%	-	10.1%	51.5%

Mercer Investment Funds

Mercer NZ Shares Passive Fund

Summary of results

5 Years: Over the short term, transition risk dominates, with the **Rapid Transition scenario having the most significant impact on investment returns**. Under this scenario there is a shock to returns of about **9.5%** in year 3 from a sudden and aggressive pricing-in of transition risk driven by unprecedented policy action, with markets initially overreacting before partially recovering. Overall, returns are reduced by **6.1%** over the 5-year period in the Rapid Transition. The return impact under a Failed Transition is marginally positive due to transition costs not materialising.

10 Years: Over this time period, the Rapid Transition reduces returns by **6.7%**. The impact of the Orderly Transition and Failed Transition is relatively small at this point on the basis that transition costs and impacts are largely priced in.

30 Years: Over the medium to long term, impacts from physical damages begin to be priced in and the **Failed Transition becomes the most impactful scenario**. Under this scenario, returns are reduced by **25.4%** on a cumulative basis.

40 Years: Over the long term, physical damages continue to be the dominant risk driver and the **Failed Transition is by far the worst scenario**. The reduction in returns under this scenario is around **32.4%** on a cumulative basis. It is also worth highlighting that the higher warming and hence damage under the Orderly Transition (<2°C) scenario, relative to the Rapid Transition (1.5°C) scenario, makes the lower warming scenario the one that **generates the most favourable long-term outcomes for the portfolio**.

This table sets out the annualised and cumulative return impacts of the three climate scenarios relative to the baseline based on the asset allocation modelled.

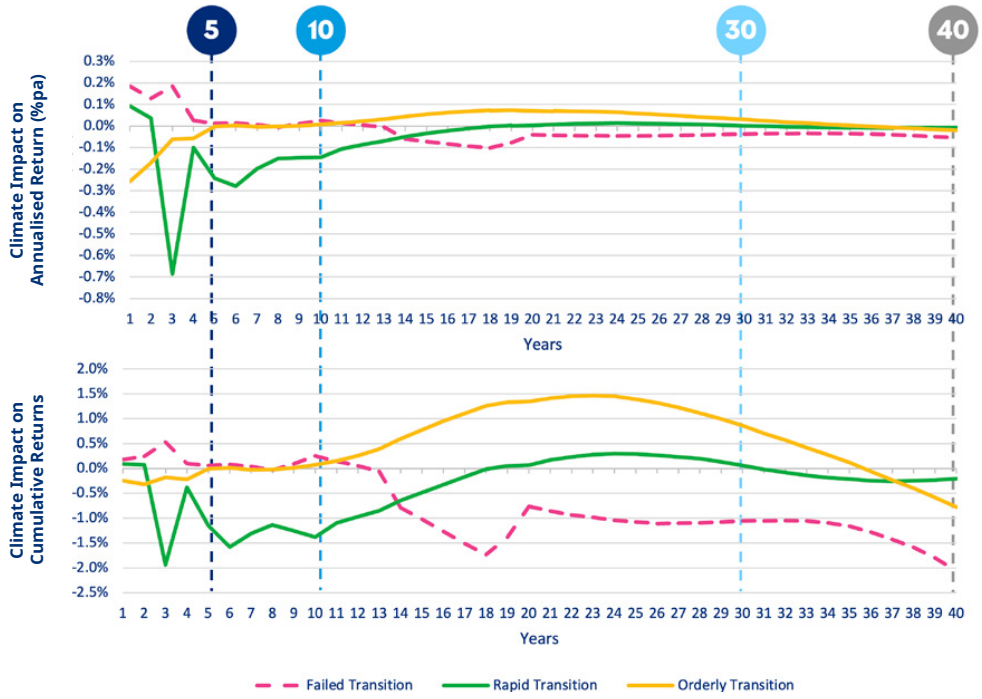
	Annualised Returns (%)		Cumulative Returns (%)
	Expected Return (Baseline)	Climate Impact	Climate Impact
Rapid Transition			
Impact at 5 years	8.6%	-1.4%	-6.1%
Impact at 10 years	8.6%	-0.8%	-6.7%
Impact at 30 years	8.9%	0.0%	-0.9%
Impact at 40 years	8.3%	0.1%	3.7%
Orderly Transition			
Impact at 5 years	8.6%	-0.1%	-0.5%
Impact at 10 years	8.6%	0.0%	-0.1%
Impact at 30 years	8.9%	0.0%	0.0%
Impact at 40 years	8.3%	0.0%	-1.7%
Failed Transition			
Impact at 5 years	8.6%	0.3%	1.6%
Impact at 10 years	8.6%	-0.2%	-1.7%
Impact at 30 years	8.9%	-1.1%	-25.4%
Impact at 40 years	8.3%	-1.1%	-32.4%

AUM (NZD) in million	Proportion of fund in Corporates (%)	% of Fund Covered by Assessment	Total Carbon Footprint (tCO_2e / USD $M FUM Corporate + Sovereign)	Corporate Carbon Footprint (tCO_2e / USD $M FUM)	Benchmark Carbon Footprint (Corporate)	Sovereign Carbon Intensity (tCO_2e / $M PPP Adj GDP)	Fund WACI (tCO_2e/$M Sales) (Corporate)	Benchmark WACI (Corporate)	Corporate + Sovereign Absolute Emissions
$385	100.0%	99.6%	30.9	30.9	31.5	-	63.6	64.4	6660.0

Transition Risks (%)	Physical Risk (%) Climate VaR	Climate Opportunities (SDG Score)	Benchmark Climate Opportunities	Climate Opportunities - Weight % (threshold >0.2)	Climate Opportunities - Weight % Benchmark (threshold >0.2)	% of Fossil Fuel Capital Deployment	% of Capex Opportunities	% fund with SBTI approved targets
-	-12.2%	-0.24	-0.24	22.2%	22.4%	0.5%	14.2%	62.6%

Mercer Investment Funds

Mercer Responsible Hedged Global Fixed Interest Index Fund



Summary of results

5 Years: Over the short term, transition risk dominates, with the **Rapid Transition scenario having the most significant impact on investment returns**. Under this scenario there is a shock to returns of about **1.9%** in year 3 from a sudden and aggressive pricing-in of transition risk driven by unprecedented policy action, with markets initially overreacting before partially recovering. Overall, returns are reduced by **1.1%** over the 5-year period in the Rapid Transition. The return impact under a Failed Transition is marginally positive due to transition costs not materialising.

10 Years: Over this time period, the Rapid Transition reduces returns by **1.4%**. The impact of the Orderly Transition and Failed Transition is relatively small at this point on the basis that transition costs and impacts are largely priced in.

30 Years: Over the medium to long term, impacts from physical damages begin to be priced in and the **Failed Transition becomes the most impactful scenario**. Under this scenario, returns are reduced by **1.1%** on a cumulative basis.

40 Years: Over the long term, physical damages continue to be the dominant risk driver and the **Failed Transition is by far the worst scenario**. The reduction in returns under this scenario is around **2.1%** on a cumulative basis. It is also worth highlighting that the higher warming and hence damage under the Orderly Transition (<2°C) scenario, relative to the Rapid Transition (1.5°C) scenario, **makes the lower warming scenario the one that generates the most favourable long-term outcomes for the portfolio**.

This table sets out the annualised and cumulative return impacts of the three climate scenarios relative to the baseline based on the asset allocation modelled.

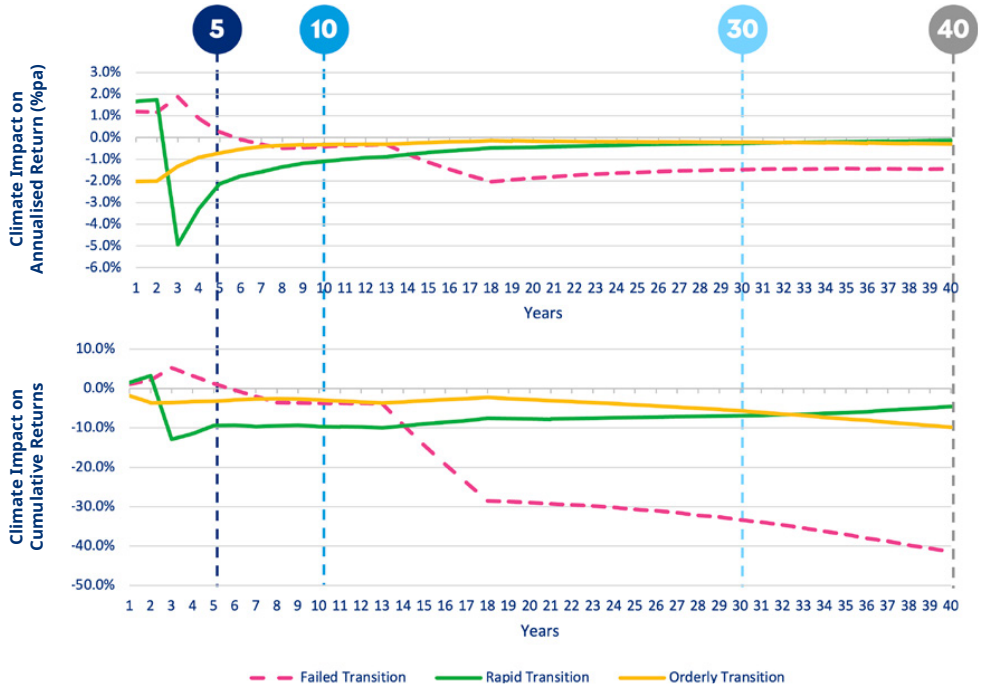
	Annualised Returns (%)		Cumulative Returns (%)
	Expected Return (Baseline)	Climate Impact	Climate Impact
Rapid Transition			
Impact at 5 years	4.7%	-0.2%	-1.1%
Impact at 10 years	4.9%	-0.1%	-1.4%
Impact at 30 years	5.2%	0.0%	0.1%
Impact at 40 years	4.7%	0.0%	-0.2%
Orderly Transition			
Impact at 5 years	4.7%	0.0%	0.0%
Impact at 10 years	4.9%	0.0%	0.1%
Impact at 30 years	5.2%	0.0%	0.9%
Impact at 40 years	4.7%	0.0%	-0.8%
Failed Transition			
Impact at 5 years	4.7%	0.0%	0.1%
Impact at 10 years	4.9%	0.0%	0.2%
Impact at 30 years	5.2%	0.0%	-1.1%
Impact at 40 years	4.7%	-0.1%	-2.1%

AUM (NZD) in million	Proportion of fund in Corporates (%)	% of Fund Covered by Assessment	Total Carbon Footprint (tCO_2e / USD $M FUM Corporate + Sovereign)	Corporate Carbon Footprint (tCO_2e / USD $M FUM)	Benchmark Carbon Footprint (Corporate)	Sovereign Carbon Intensity (tCO_2e / $M PPP Adj GDP)	Fund WACI (tCO_2e/$M Sales) (Corporate)	Benchmark WACI (Corporate)	Corporate + Sovereign Absolute Emissions
$537	31.8%	78.7%	168.5	13.1	66.1	241.1	35.0	171.4	50688.6

Transition Risks (%)	Physical Risk (%) Climate VaR	Climate Opportunities (SDG Score)	Benchmark Climate Opportunities	Climate Opportunities - Weight % (threshold >0.2)	Climate Opportunities - Weight % Benchmark (threshold >0.2)	% of Fossil Fuel Capital Deployment	% of Capex Opportunities	% fund with SBTI approved targets
0.0%	-9.1%	-0.00	-0.04	0.3%	2.7%	-	-	7.4%

Mercer Investment Funds

Mercer All Country Global Shares Index Fund



Summary of results

5 Years: Over the short term, transition risk dominates, with the **Rapid Transition scenario having the most significant impact on investment returns**. Under this scenario there is a shock to returns of about **12.9%** in year 3 from a sudden and aggressive pricing-in of transition risk driven by unprecedented policy action, with markets initially overreacting before partially recovering. Overall, returns are reduced by **9.4%** over the 5-year period in the Rapid Transition. The return impact under a Failed Transition is marginally positive due to transition costs not materialising.

10 Years: Over this time period, the Rapid Transition reduces returns by **9.6%**. The impact of the Orderly Transition and Failed Transition is relatively small at this point on the basis that transition costs and impacts are largely priced in.

30 Years: Over the medium to long term, impacts from physical damages begin to be priced in and the **Failed Transition becomes the most impactful scenario**. Under this scenario, returns are reduced by **33.4%** on a cumulative basis.

40 Years: Over the long term, physical damages continue to be the dominant risk driver and the **Failed Transition is by far the worst scenario**. The reduction in returns under this scenario is around **41.4%** on an annualised basis. It is also worth highlighting that the higher warming and hence damage under the Orderly Transition (<2°C) scenario, relative to the Rapid Transition (1.5°C) scenario, makes the lower warming scenario the one that **generates the most favourable long-term outcomes for the portfolio**.

This table sets out the annualised and cumulative return impacts of the three climate scenarios relative to the baseline based on the asset allocation modelled.

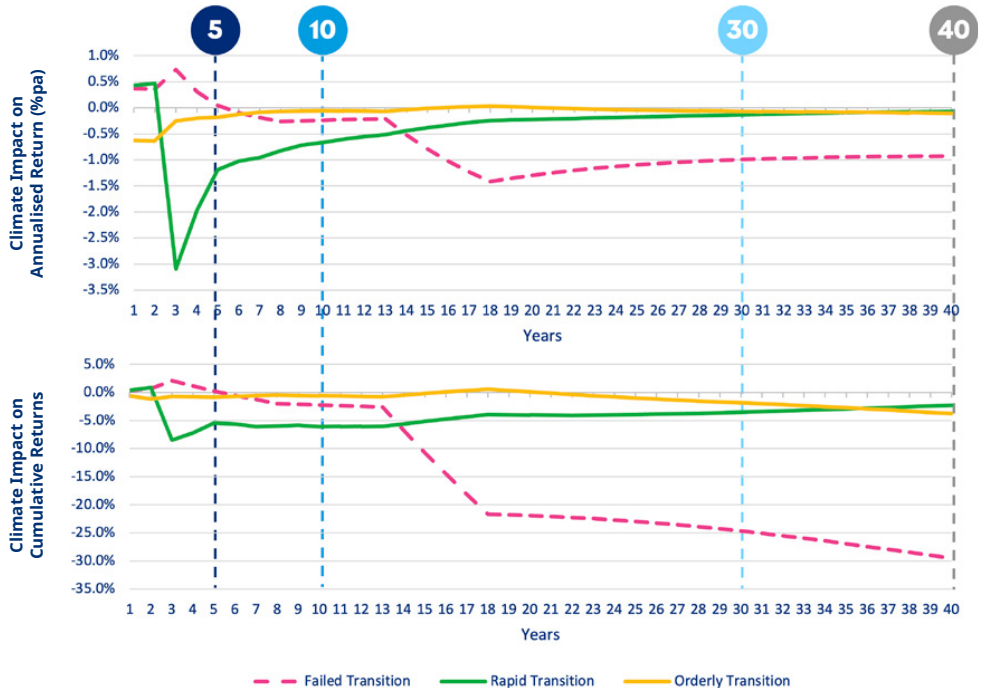
	Annualised Returns (%)		Cumulative Returns (%)
	Expected Return (Baseline)	Climate Impact	Climate Impact
Rapid Transition			
Impact at 5 years	9.4%	-2.1%	-9.4%
Impact at 10 years	9.7%	-1.1%	-9.6%
Impact at 30 years	9.9%	-0.3%	-6.9%
Impact at 40 years	9.1%	-0.1%	-4.6%
Orderly Transition			
Impact at 5 years	9.4%	-0.7%	-3.2%
Impact at 10 years	9.7%	-0.3%	-2.9%
Impact at 30 years	9.9%	-0.2%	-5.7%
Impact at 40 years	9.1%	-0.3%	-9.8%
Failed Transition			
Impact at 5 years	9.4%	0.3%	1.2%
Impact at 10 years	9.7%	-0.4%	-3.7%
Impact at 30 years	9.9%	-1.5%	-33.4%
Impact at 40 years	9.1%	-1.4%	-41.4%

AUM (NZD) in million	Proportion of fund in Corporates (%)	% of Fund Covered by Assessment	Total Carbon Footprint (tCO_2e / USD $M FUM Corporate + Sovereign)	Corporate Carbon Footprint (tCO_2e / USD $M FUM)	Benchmark Carbon Footprint (Corporate)	Sovereign Carbon Intensity (tCO_2e / $M PPP Adj GDP)	Fund WACI (tCO_2e/$M Sales) (Corporate)	Benchmark WACI (Corporate)	Corporate + Sovereign Absolute Emissions
$84	100.0%	97.2%	43.2	43.2	48.1	-	109.7	130.1	2041.5

Transition Risks (%)	Physical Risk (%) Climate VaR	Climate Opportunities (SDG Score)	Benchmark Climate Opportunities	Climate Opportunities - Weight % (threshold >0.2)	Climate Opportunities - Weight % Benchmark (threshold >0.2)	% of Fossil Fuel Capital Deployment	% of Capex Opportunities	% fund with SBTI approved targets
2.4%	-12.5%	-0.02	-0.03	18.3%	11.6%	1.7%	0.4%	38.5%

Mercer Investment Funds

Mercer Australian Property Index Fund



Summary of results

5 Years: Over the short term, transition risk dominates, with the **Rapid Transition scenario having the most significant impact on investment returns**. Under this scenario there is a shock to returns of about **8.5%** in year 3 from a sudden and aggressive pricing-in of transition risk driven by unprecedented policy action, with markets initially overreacting before partially recovering. Overall, returns are reduced by **5.4%** over the 5-year period in the Rapid Transition. The return impact under a Failed Transition is marginally positive due to transition costs not materialising.

10 Years: Over this time period, the Rapid Transition reduces returns by **6.1%**. The impact of the Orderly Transition and Failed Transition is relatively small at this point on the basis that transition costs and impacts are largely priced in.

30 Years: Over the medium to long term, impacts from physical damages begin to be priced in and the **Failed Transition becomes the most impactful scenario**. Under this scenario, returns are reduced by **24.7%** on a cumulative basis.

40 Years: Over the long term, physical damages continue to be the dominant risk driver and the **Failed Transition is by far the worst scenario**. The reduction in returns under this scenario is around **29.5%** on a cumulative basis. It is also worth highlighting that the higher warming and hence damage under the Orderly Transition (<2°C) scenario, relative to the Rapid Transition (1.5°C) scenario, makes the lower warming scenario the one that **generates the most favourable long-term outcomes for the portfolio**.

This table sets out the annualised and cumulative return impacts of the three climate scenarios relative to the baseline based on the asset allocation modelled.

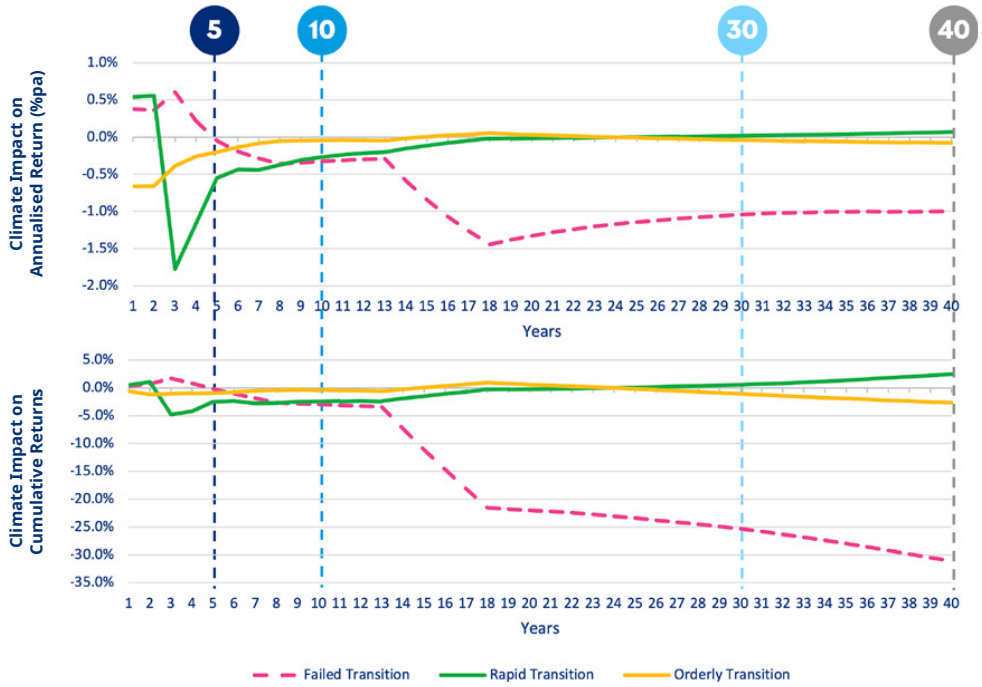
	Annualised Returns (%)		Cumulative Returns (%)
	Expected Return (Baseline)	Climate Impact	Climate Impact
Rapid Transition			
Impact at 5 years	6.2%	-1.2%	-5.4%
Impact at 10 years	6.7%	-0.7%	-6.1%
Impact at 30 years	8.1%	-0.1%	-3.5%
Impact at 40 years	8.5%	-0.1%	-2.3%
Orderly Transition			
Impact at 5 years	6.2%	-0.2%	-0.8%
Impact at 10 years	6.7%	-0.1%	-0.5%
Impact at 30 years	8.1%	-0.1%	-1.8%
Impact at 40 years	8.5%	-0.1%	-3.8%
Failed Transition			
Impact at 5 years	6.2%	0.0%	0.2%
Impact at 10 years	6.7%	-0.2%	-2.2%
Impact at 30 years	8.1%	-1.0%	-24.7%
Impact at 40 years	8.5%	-0.9%	-29.5%

AUM (NZD) in million	Proportion of fund in Corporates (%)	% of Fund Covered by Assessment	Total Carbon Footprint (tCO_2e / USD $M FUM Corporate + Sovereign)	Corporate Carbon Footprint (tCO_2e / USD $M FUM)	Benchmark Carbon Footprint (Corporate)	Sovereign Carbon Intensity (tCO_2e / $M PPP Adj GDP)	Fund WACI (tCO_2e/$M Sales) (Corporate)	Benchmark WACI (Corporate)	Corporate + Sovereign Absolute Emissions
$11	100.0%	99.2%	5.5	5.5	5.5	-	62.2	62.2	34.7

Transition Risks (%)	Physical Risk (%) Climate VaR	Climate Opportunities (SDG Score)	Benchmark Climate Opportunities	Climate Opportunities - Weight % (threshold >0.2)	Climate Opportunities - Weight % Benchmark (threshold >0.2)	% of Fossil Fuel Capital Deployment	% of Capex Opportunities	% fund with SBTI approved targets
-	-4.4%	-	2.29	-	85.0%	-	-	46.6%

Mercer Investment Funds

Mercer Macquarie Global Listed Real Estate Fund



Summary of results

5 Years: Over the short term, transition risk dominates, with the **Rapid Transition scenario having the most significant impact on investment returns**. Under this scenario there is a shock to returns of about **4.8%** in year 3 from a sudden and aggressive pricing-in of transition risk driven by unprecedented policy action, with markets initially overreacting before partially recovering. Overall, returns are reduced by **2.5%** over the 5-year period in the Rapid Transition. The return impact under a Failed Transition is marginally positive due to transition costs not materialising.

10 Years: Over this time period, the **Rapid Transition and Failed Transition have impacts of similar magnitude**. Meaning transition risks and physical risks are similarly important and reduces annualised returns by **0.3% p.a.** The impact of the Orderly Transition is small on the basis that transition costs and impacts are smaller and largely priced in.

30 Years: Over the medium to long term, impacts from physical damages begin to be priced in and the **Failed Transition becomes the most impactful scenario**. Under this scenario, returns are reduced by **25.3%** on a cumulative basis.

40 Years: Over the long term, physical damages continue to be the dominant risk driver and the **Failed Transition is by far the worst scenario**. The reduction in returns under this scenario is around **31.1%** on a cumulative basis. It is also worth highlighting that the higher warming and hence damage under the Orderly Transition (<2°C) scenario, relative to the Rapid Transition (1.5°C) scenario, makes the lower warming scenario the one that **generates the most favourable long-term outcomes for the portfolio**.

This table sets out the annualised and cumulative return impacts of the three climate scenarios relative to the baseline based on the asset allocation modelled.

	Annualised Returns (%)		Cumulative Returns (%)
	Expected Return (Baseline)	Climate Impact	Climate Impact
Rapid Transition			
Impact at 5 years	8.0%	-0.6%	-2.5%
Impact at 10 years	8.2%	-0.3%	-2.4%
Impact at 30 years	8.4%	0.0%	0.6%
Impact at 40 years	7.6%	0.1%	2.5%
Orderly Transition			
Impact at 5 years	8.0%	-0.2%	-0.9%
Impact at 10 years	8.2%	0.0%	-0.4%
Impact at 30 years	8.4%	0.0%	-1.1%
Impact at 40 years	7.6%	-0.1%	-2.7%
Failed Transition			
Impact at 5 years	8.0%	0.0%	-0.2%
Impact at 10 years	8.2%	-0.3%	-3.0%
Impact at 30 years	8.4%	-1.0%	-25.3%
Impact at 40 years	7.6%	-1.0%	-31.1%

AUM (NZD) in million	Proportion of fund in Corporates (%)	% of Fund Covered by Assessment	Total Carbon Footprint (tCO_2e / USD $M FUM Corporate + Sovereign)	Corporate Carbon Footprint (tCO_2e / USD $M FUM)	Benchmark Carbon Footprint (Corporate)	Sovereign Carbon Intensity (tCO_2e / $M PPP Adj GDP)	Fund WACI (tCO_2e/$M Sales) (Corporate)	Benchmark WACI (Corporate)	Corporate + Sovereign Absolute Emissions
$178	100.0%	98.5%	10.4	10.4	7.9	-	125.1	90.5	1034.0

Transition Risks (%)	Physical Risk (%) Climate VaR	Climate Opportunities (SDG Score)	Benchmark Climate Opportunities	Climate Opportunities - Weight % (threshold >0.2)	Climate Opportunities - Weight % Benchmark (threshold >0.2)	% of Fossil Fuel Capital Deployment	% of Capex Opportunities	% fund with SBTI approved targets
-	-7.8%	1.61	1.67	67.4%	71.0%	-	-	55.0%

Mercer Investment Funds

Mercer Macquarie Global Listed Infrastructure Fund

Summary of results

5 Years: Over the short term, transition risk dominates, with the **Rapid Transition scenario having the most significant impact on investment returns**. Under this scenario there is a shock to returns of about **10.3%** in year 3 from a sudden and aggressive pricing-in of transition risk driven by unprecedented policy action, with markets initially overreacting before partially recovering. Overall, returns are reduced by **7.7%** over the 5-year period in the Rapid Transition. The return impact under a Failed Transition is marginally positive due to transition costs not materialising.

10 Years: Over this time period, the Rapid Transition reduces returns by **7.8%**. The impact of the Orderly Transition and Failed Transition is relatively small at this point on the basis that transition costs and impacts are largely priced in.

30 Years: Over the medium to long term, impacts from physical damages begin to be priced in and the **Failed Transition becomes the most impactful scenario**. Under this scenario, returns are reduced by **27.3%** on an annualised basis.

40 Years: Over the long term, physical damages continue to be the dominant risk driver and the **Failed Transition is by far the worst scenario**. The reduction in returns under this scenario is around **38.7%** on an annualised basis. It is also worth highlighting that the higher warming and hence damage under the Orderly Transition (<2°C) scenario, relative to the Rapid Transition (1.5°C) scenario, **makes the lower warming scenario the one that generates the most favourable long-term outcomes for the portfolio**.

This table sets out the annualised and cumulative return impacts of the three climate scenarios relative to the baseline based on the asset allocation modelled.

	Annualised Returns (%)		Cumulative Returns (%)
	Expected Return (Baseline)	Climate Impact	Climate Impact
Rapid Transition			
Impact at 5 years	8.3%	-1.6%	-7.4%
Impact at 10 years	8.5%	-0.9%	-7.9%
Impact at 30 years	9.0%	-0.1%	-2.4%
Impact at 40 years	9.3%	0.1%	4.4%
Orderly Transition			
Impact at 5 years	8.3%	-1.1%	-5.0%
Impact at 10 years	8.5%	-0.5%	-4.9%
Impact at 30 years	9.0%	-0.2%	-4.8%
Impact at 40 years	9.3%	-0.1%	-2.8%
Failed Transition			
Impact at 5 years	8.3%	0.8%	3.8%
Impact at 10 years	8.5%	0.1%	0.8%
Impact at 30 years	9.0%	-1.2%	-27.3%
Impact at 40 years	9.3%	-1.3%	-38.7%

AUM (NZD) in million	Proportion of fund in Corporates (%)	% of Fund Covered by Assessment	Total Carbon Footprint (tCO_2e / USD $M FUM Corporate + Sovereign)	Corporate Carbon Footprint (tCO_2e / USD $M FUM)	Benchmark Carbon Footprint (Corporate)	Sovereign Carbon Intensity (tCO_2e / $M PPP Adj GDP)	Fund WACI (tCO_2e/$M Sales) (Corporate)	Benchmark WACI (Corporate)	Corporate + Sovereign Absolute Emissions
$187	100.0%	98.5%	99.0	99.0	207.8	-	393.8	939.4	10357.0

Transition Risks (%)	Physical Risk (%) Climate VaR	Climate Opportunities (SDG Score)	Benchmark Climate Opportunities	Climate Opportunities - Weight % (threshold >0.2)	Climate Opportunities - Weight % Benchmark (threshold >0.2)	% of Fossil Fuel Capital Deployment	% of Capex Opportunities	% fund with SBTI approved targets
1.8%	-16.9%	0.54	-0.17	26.9%	26.6%	12.4%	4.5%	38.2%

Appendix E: Metrics Comparisons

Mercer FlexiSaver

	Mercer Cash		Mercer Conservative		Mercer Moderate		Mercer Balanced		Mercer Growth		Mercer High Growth		Mercer Shares	
	2024^	2025	2024^	2025	2024^	2025	2024^	2025	2024^	2025	2024^	2025	2024^	2025
AUM (NZD) in million*	$4	$4	$3	$3	$8	$7	$29	$30	$31	$34	$14	$16	$8	$8
Proportion of fund in Corporates (%)	19.2%+	100.0%++	41.0%+	55.7%	56.2%+	66.3%	72.7%+	77.9%	86.5%+	88.9%	96.6%+	97.8%	100.0%+	100.0%
% of Fund Covered by Assessment	16.1%	18.0%	65.3%	77.9%	73.2%	84.2%	82.2%	90.9%	85.3%	94.1%	87.6%	95.3%	95.3%	95.7%
Total Carbon Footprint (tCO_2e / USD $M FUM Corporate + Sovereign)	302.0+++	0.9	214.2	160.0	174.3	132.1	127.5	100.0	92.7	69.5	65.0	43.3	44.4	30.7
Corporate Carbon Footprint (tCO_2e / USD $M FUM)	0.4	0.9	46.8	33.3	55.2	37.7	57.8	41.3	58.4	39.7	55.8	37.3	44.4	30.7
Benchmark Carbon Footprint (Corporate)**	-	-	-	33.6	-	41.8	-	47.6	-	48.9	-	48.4	-	41.6
Sovereign Carbon Intensity (tCO_2e / $M PPP Adj GDP)	373.6+++	-++	330.4	319.3	326.9	318.1	313.5	306.8	311.5	307.6	321.9	313.4	-	-
Fund WACI (tCO_2e/$M Sales) (Corporate)	4.0	1.4	114.3	90.5	117.6	99.1	118.6	107.3	118.1	104.6	110.6	97.2	82.3	73.9
Benchmark WACI (Corporate)*	-	-	-	101.1	-	129.7	-	150.4	-	154.6	-	151.3	-	107.2
Corporate Absolute Emissions (tCO_2e)***	0.2	1.8	34.5	35.8	156.2	104.7	748.9	549.9	971.7	681.5	467.4	332.3	207.9	135.3
Sovereign Absolute Emissions (tCO_2e)***	705.3+++	-++	350.7	272.8	721.5	448.1	1523.6	1159.3	810.9	660.6	96.3	62.2	-	-
Corporate + Sovereign Absolute Emissions	705.5+++	1.8	385.2	308.6	877.7	552.8	2272.5	1709.2	1782.6	1342.1	563.8	394.5	207.9	135.3
Transition Risks (%)	-	-	0.7%	0.9%	1.1%	1.2%	1.2%	1.6%	1.3%	1.7%	1.4%	1.9%	1.5%	1.7%
Physical Risk (%) Climate VaR	-4.0%	-4.3%	-11.4%	-9.7%	-11.8%	-10.5%	-11.8%	-11.1%	-11.7%	-11.0%	-11.6%	-10.9%	-12.8%	-12.1%
Climate Opportunities (SDG Score)****	-0.00	-	0.01	0.02	0.01	0.02	0.02	0.02	0.03	0.03	0.03	0.03	-0.00	-0.07
Benchmark Climate Opportunities	-	-	-0.06	-0.06	-0.08	-0.04	-0.09	-0.02	-0.11	-0.03	-0.13	-0.03	-0.22	-0.11
Climate Opportunities - Weight % (threshold >0.2)**	-	-	-	7.2%	-	11.8%	-	14.8%	-	17.6%	-	19.0%	-	20.0%
Climate Opportunities - Weight % Benchmark (threshold >0.2)**	-	-	-	11.6%	-	17.3%	-	21.3%	-	23.3%	-	24.4%	-	23.0%
% of Fossil Fuel Capital Deployment	-	-	1.8%	0.3%	2.2%	0.5%	2.4%	0.6%	2.6%	0.8%	2.7%	0.8%	2.8%	1.2%
% of Capex Opportunities	-	-	4.1%	1.5%	5.7%	2.4%	6.3%	2.7%	6.9%	3.4%	7.1%	3.5%	8.2%	3.8%
% fund with SBTI approved targets	-	-	27.3%	22.1%	30.6%	29.5%	32.9%	34.7%	34.4%	38.8%	35.6%	40.2%	38.6%	43.4%

^ The 2024 metrics were restated in 2025 as in 2024 these were reported on a combined basis across funds.

+ Figure is restated as was reported as a proportion of the fund in Sovereigns (%) in 2024.

++ We find that most of the Cash funds are allocated to Corporate Bonds. We consider that the coverage on the Corporate exposure is sufficient to provide confidence in the results and so have applied these results as representative of the total fund metrics. It is anticipated this adjustment will more accurately capture and represent the contribution of these funds to the overall fund's Carbon Footprint, WACI and Absolute Emissions.

+++ The Sovereign Carbon Intensity figure for this fund was miscalculated in 2024 and is restated (2024 metric, if restated as per footnote ^, would have been 3.7). Since this metric is used for calculating the Sovereign Absolute Emissions and the combined Corporate and Sovereign Absolute Emissions, these figures are also restated (2024 respective metrics, if restated as per footnote ^, would have been 7.1 and 7.2).

* In 2024, the asset values reflected mid pricing for the Net Asset Values ('**NAV**'). In 2025, the methodology has been updated to reflect bid pricing, in order to be consistent with other Mercer NZ disclosure documents.

** Added as a metric in 2025 to improve reporting, therefore no metrics are available as a comparison for 2024.

*** Corporate Absolute Emissions (tCO_2e) and Sovereign Absolute Emissions (tCO_2e) are reported together as Corporate & Sovereign Absolute Emissions (tCO_2e) in 2025 Appendix D, but have also been separated out in this Appendix to improve the quality of information presented.

**** The coverage of the Climate Related Opportunity metric is low for some funds such as the Cash fund. For some funds, there is no benchmark CRO data available.

Mercer Super Trust[80]

	Mercer Cash		Mercer Conservative		Mercer Moderate		Mercer Balanced		Mercer Growth		Mercer High Growth		Mercer Shares		Consolidated Climate Statement	
	2024^	2025	2024^	2025	2024^	2025	2024^	2025	2024^	2025	2024^	2025	2024^	2025	2024^	2025
AUM (NZD) in million*	$33	$50	$56	$53	$100	$93	$272	$277	$167	$183	$39	$46	$33	$39	$700	$833
Proportion of fund in Corporates (%)	19.2%	100.0%++	41.0%	55.7%	56.2%	66.3%	72.7%	77.9%	86.5%	88.9%	96.6%	97.8%	100.0%	100.0%	71.1%	80.4%
% of Fund Covered by Assessment	16.1%	18.0%	65.3%	77.9%	73.2%	84.2%	82.2%	90.9%	85.3%	94.1%	87.6%	95.3%	95.3%	95.7%	78.1%	85.8%
Total Carbon Footprint (tCO_2e / USD $M FUM Corporate + Sovereign)	302.0+++	0.9	214.2	160.0	174.3	132.1	127.5	100.0	92.7	69.5	65.0	43.3	44.4	30.7	133.8	88.2
Corporate Carbon Footprint (tCO_2e / USD $M FUM)	0.4	0.9	46.8	33.3	55.2	37.7	57.8	41.3	58.4	39.7	55.8	37.3	44.4	30.7	55.4	34.7
Benchmark Carbon Footprint (Corporate)**	-	-	-	33.6	-	41.8	-	47.6	-	48.9	-	48.4	-	41.6	-	41.6
Sovereign Carbon Intensity (tCO_2e / $M PPP Adj GDP)	373.6+++	-++	330.4	319.3	326.9	318.1	313.5	306.8	311.5	307.6	321.9	313.4	-	-	327.0	308.1
Fund WACI (tCO_2e/$M Sales) (Corporate)	4.0	1.4	114.3	90.5	117.6	99.1	118.6	107.3	118.1	104.6	110.6	97.2	82.3	73.9	113.7	89.4
Benchmark WACI (Corporate)**	-	-	-	101.1	-	129.7	-	150.4	-	154.6	-	151.3	-	107.2	-	127.5
Corporate Absolute Emissions (tCO_2e)***	1.5	24.8	670.7	547.1	1939.3	1297.0	7109.8	4986.0	5237.3	3623.8	1317.9	936.8	906.7	668.7	17183.2	13021.5
Sovereign Absolute Emissions (tCO_2e)***	6263.9+++	-++	6827.7	4165.9	8956.3	5550.1	14463.9	10512.0	4370.7	3512.5	271.6	175.4	-	-	41154.1	28180.4
Corporate + Sovereign Absolute Emissions	6265.4+++	24.8	7498.4	4713.0	10895.6	6847.0	21573.7	15497.9	9608.0	7136.3	1589.5	1112.3	906.7	668.7	58337.3	41201.9
Transition Risks (%)	-	-	0.7%	0.9%	1.1%	1.2%	1.2%	1.6%	1.3%	1.7%	1.4%	1.9%	1.5%	1.7%	1.2%	1.5%
Physical Risk (%) Climate VaR	-4.0%	-4.3%	-11.4%	-9.7%	-11.8%	-10.5%	-11.8%	-11.1%	-11.7%	-11.0%	-11.6%	-10.9%	-12.8%	-12.1%	-11.7%	-10.5%
Climate Opportunities (SDG Score)****	-0.00	-	0.01	0.02	0.01	0.02	0.02	0.02	0.03	0.03	0.03	0.03	-0.00	-0.07	0.02	0.01
Benchmark Climate Opportunities	-	-	-0.06	-0.06	-0.08	-0.04	-0.09	-0.02	-0.11	-0.03	-0.13	-0.03	-0.22	-0.11	-0.10	-0.04
Climate Opportunities - Weight % (threshold >0.2)**	-	-	-	7.2%	-	11.8%	-	14.8%	-	17.6%	-	19.0%	-	20.0%	-	14.4%
Climate Opportunities - Weight % Benchmark (threshold >0.2)**	-	-	-	11.6%	-	17.3%	-	21.3%	-	23.3%	-	24.4%	-	23.0%	-	19.4%
% of Fossil Fuel Capital Deployment	-	-	1.8%	0.3%	2.2%	0.5%	2.4%	0.6%	2.6%	0.8%	2.7%	0.8%	2.8%	1.2%	2.4%	0.6%
% of Capex Opportunities	-	-	4.1%	1.5%	5.7%	2.4%	6.3%	2.7%	6.9%	3.4%	7.1%	3.5%	8.2%	3.8%	6.4%	2.8%
% fund with SBTI approved targets	-	-	27.3%	22.1%	30.6%	29.5%	32.9%	34.7%	34.4%	38.8%	35.6%	40.2%	38.6%	43.4%	33.0%	33.2%

[80] The Mercer Passive Balanced fund and the Mercer Passive Growth fund in the Mercer Super Trust were opened on 1 November 2024 and comparisons from the 31 March 2024 reporting period are therefore not available for these funds.

^ The 2024 metrics were restated in 2025 as in 2024 these were reported on a combined basis across funds.

++ We find that most of the Cash funds are allocated to Corporate Bonds. We consider that the coverage on the Corporate exposure is sufficient to provide confidence in the results and so have applied these results as representative of the total fund metrics. It is anticipated this adjustment will more accurately capture and represent the contribution of these funds to the overall fund's Carbon Footprint, WACI and Absolute Emissions.

+++ The Sovereign Carbon Intensity figure for this fund was miscalculated in 2024 and is restated (2024 metric, if restated as per footnote ^, would have been 3.7). Since this metric is used for calculating the Sovereign Absolute Emissions and the combined Corporate and Sovereign Absolute Emissions, these figures are also restated (2024 respective metrics, if restated as per footnote ^, would have been 62.6 and 64.2).

* In 2024, the asset values reflected mid pricing for the Net Asset Values ('**NAV**'). In 2025, the methodology has been updated to reflect bid pricing, in order to be consistent with other Mercer NZ disclosure documents.

** Added as a metric in 2025 to improve reporting, therefore no metrics are available as a comparison for 2024.

*** Corporate Absolute Emissions (tCO_2e) and Sovereign Absolute Emissions (tCO_2e) are reported together as Corporate & Sovereign Absolute Emissions (tCO_2e) in 2025 Appendix D, but have also been separated out in this Appendix to improve the quality of information presented.

**** The coverage of the Climate Related Opportunity metric is low for some funds such as the Cash fund. For some funds, there is no benchmark CRO data available.

Mercer KiwiSaver scheme

	Cash		Responsible Conservative		Sustainable Moderate		Sustainable Balanced		Sustainable Growth		Sustainable High Growth		Sustainable Shares	
	2024^	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025
AUM (NZD) in million*	$36	$33	$752	$779	$225	$236	$590	$652	$234	$277	$337	$407	$55	$69
Proportion of fund in Corporates (%)	19.2%	100.0%++	41.8%	51.1%	56.6%	67.0%	73.1%	78.4%	86.7%	89.1%	96.6%	97.8%	100.0%	100.0%
% of Fund Covered by Assessment	16.1%	18.0%	73.1%	72.9%	76.0%	84.3%	85.0%	91.5%	87.3%	95.4%	88.9%	97.3%	96.8%	98.3%
Total Carbon Footprint (tCO_2e / USD $M FUM Corporate + Sovereign)	302.0+++	0.9	206.2	158.2	165.9	127.3	116.6	94.5	78.8	64.3	49.7	38.0	25.4	23.0
Corporate Carbon Footprint (tCO_2e / USD $M FUM)	0.4	0.9	33.1	14.3	42.0	32.6	43.9	35.7	42.9	34.4	40.0	31.9	25.4	23.0
Benchmark Carbon Footprint (Corporate)**	-	-	-	27.4	-	38.8	-	43.5	-	43.8	-	42.4	-	33.2
Sovereign Carbon Intensity (tCO_2e / $M PPP Adj GDP)	373.6+++	-++	330.5	308.9	327.6	319.2	314.3	308.1	312.3	308.7	322.6	314.1	-	-
Fund WACI (tCO_2e/$M Sales) (Corporate)	4.0	1.4	93.4	40.0	112.4	96.1	116.3	106.8	118.3	107.9	113.3	102.6	84.4	76.7
Benchmark WACI (Corporate)**	-	-	-	70.8	-	121.8	-	139.3	-	141.1	-	135.6	-	85.2
Corporate Absolute Emissions (tCO_2e)***	1.6	16.4	6483.4	3184.9	3334.6	2884.2	11784.3	10241.6	5409.2	4764.3	8124.3	7118.6	870.0	895.1
Sovereign Absolute Emissions (tCO_2e)***	6754.4+++	-++	90058.1	65865.7	19954.5	13943.8	31040.1	24290.4	6069.0	5221.2	2313.3	1541.1	-	-
Corporate + Sovereign Absolute Emissions	6756.1+++	16.4	96541.5	69050.6	23289.1	16828.0	42824.4	34532.0	11478.2	9985.5	10437.6	8659.6	870.0	895.1
Transition Risks (%)	-	-	0.2%	0.2%	0.1%	0.4%	0.1%	0.5%	0.2%	0.5%	0.1%	0.5%	0.0%	0.2%
Physical Risk (%) Climate VaR	-4.0%	-4.3%	-9.2%	-7.0%	-6.4%	-7.8%	-5.9%	-7.9%	-5.3%	-7.7%	-5.0%	-7.4%	-5.1%	-7.8%
Climate Opportunities (SDG Score)****	-0.00	-	0.06	0.07	0.22	0.14	0.27	0.20	0.30	0.23	0.34	0.25	0.33	0.23
Benchmark Climate Opportunities	-	-	-0.19	-0.05	-0.12	-0.04	-0.12	-0.02	-0.12	-0.03	-0.14	-0.03	-0.22	-0.11
Climate Opportunities - Weight % (threshold >0.2)**	-	-	-	10.1%	-	14.6%	-	18.7%	-	22.2%	-	24.2%	-	25.9%
Climate Opportunities - Weight % Benchmark (threshold >0.2)**	-	-	-	8.8%	-	17.0%	-	21.0%	-	23.0%	-	24.1%	-	22.5%
% of Fossil Fuel Capital Deployment	-	-	3.1%	0.3%	1.4%	0.4%	1.2%	0.4%	1.0%	0.5%	0.8%	0.6%	0.7%	0.6%
% of Capex Opportunities	-	-	4.4%	1.6%	5.8%	2.8%	6.2%	3.1%	6.6%	4.0%	6.6%	4.0%	7.7%	4.4%
% fund with SBTI approved targets	-	-	37.2%	21.9%	40.3%	34.2%	43.3%	40.7%	45.4%	45.9%	46.9%	48.1%	51.6%	52.6%

^ The 2024 metrics were restated in 2025 as in 2024 these were reported on a combined basis across funds.

++ We find that most of the Cash funds are allocated to Corporate Bonds. We consider that the coverage on the Corporate exposure is sufficient to provide confidence in the results and so have applied these results as representative of the total fund metrics. It is anticipated this adjustment will more accurately capture and represent the contribution of these funds to the overall fund's Carbon Footprint, WACI and Absolute Emissions.

+++ The Sovereign Carbon Intensity figure for this fund was miscalculated in 2024 and is restated (2024 metric, if restated as per footnote ^, would have been 3.7). Since this metric is used for calculating the Sovereign Absolute Emissions and the combined Corporate and Sovereign Absolute Emissions, these figures are also restated (2024 respective metrics, if restated as per footnote ^, would have been 67.5 and 769.2).

* In 2024, the asset values reflected mid pricing for the Net Asset Values ('**NAV**'). In 2025, the methodology has been updated to reflect bid pricing, in order to be consistent with other Mercer NZ disclosure documents.

** Added as a metric in 2025 to improve reporting, therefore no metrics are available as a comparison for 2024.

*** Corporate Absolute Emissions (tCO_2e) and Sovereign Absolute Emissions (tCO_2e) are reported together as Corporate & Sovereign Absolute Emissions (tCO_2e) in 2025 Appendix D, but have also been separated out in this Appendix to improve the quality of information presented.

**** The coverage of the Climate Related Opportunity metric is low for some funds such as the Cash fund. For some funds, there is no benchmark CRO data available.

New Zealand Defence Force KiwiSaver Scheme

	Cash		Conservative		Moderate		Balanced		Growth		High Growth		Shares	
	2024^	2025	2024^	2025	2024^	2025	2024^	2025	2024^	2025	2024^	2025	2024^	2025
AUM (NZD) in million*	$3	$3	$9	$11	$9	$10	$106	$119	$47	$55	$53	$65	$30	$38
Proportion of fund in Corporates (%)	19.2%	100.0%++	39.9%	59.4%	55.1%	68.9%	71.2%	75.1%	86.0%	87.0%	96.6%	97.3%	100.0%	100.0%
% of Fund Covered by Assessment	16.1%	18.0%	67.2%	78.5%	77.2%	82.2%	88.7%	92.0%	92.6%	95.0%	94.4%	95.2%	95.3%	95.7%
Total Carbon Footprint (tCO_2e / USD $M FUM Corporate + Sovereign)	302.0+++	0.9	213.3	139.3	171.0	116.8	122.5	103.4	82.7	70.5	53.9	40.5	44.4	30.7
Corporate Carbon Footprint (tCO_2e / USD $M FUM)	0.4	0.9	38.6	33.2	44.0	34.0	46.2	38.7	45.8	36.7	44.3	33.4	44.4	30.7
Benchmark Carbon Footprint (Corporate)**	-	-	-	34.2	-	39.2	-	46.4	-	46.1	-	43.9	-	41.6
Sovereign Carbon Intensity (tCO_2e / $M PPP Adj GDP)	373.6+++	-++	329.5	294.4	326.5	300.6	311.5	298.4	310.2	296.4	321.9	294.4	-	-
Fund WACI (tCO_2e/$M Sales) (Corporate)	4.0	1.4	118.7	87.2	134.2	96.2	141.0	111.0	135.6	104.8	127.2	90.0	82.3	73.9
Benchmark WACI (Corporate)**	-	-	-	87.5	-	114.0	-	137.6	-	136.9	-	125.1	-	107.2
Corporate Absolute Emissions (tCO_2e)***	0.2	1.5	86.5	116.5	137.0	127.1	2170.4	1932.4	1147.0	978.9	1411.3	1190.3	833.0	662.1
Sovereign Absolute Emissions (tCO_2e)***	642.4+++	-++	1112.4	707.1	830.2	507.1	5905.5	4948.3	1261.9	1180.6	366.3	291.9	-	-
Corporate + Sovereign Absolute Emissions	642.6+++	1.5	1198.9	823.6	967.2	634.2	8075.8	6880.7	2408.9	2159.5	1777.6	1482.2	833.0	662.1
Transition Risks (%)	-	-	0.7%	0.8%	1.1%	1.1%	1.2%	1.5%	1.4%	1.6%	1.4%	1.7%	1.5%	1.7%
Physical Risk (%) Climate VaR	-4.0%	-4.3%	-11.1%	-11.1%	-11.4%	-10.9%	-11.5%	-11.9%	-11.5%	-11.8%	-11.2%	-11.8%	-12.8%	-12.1%
Climate Opportunities (SDG Score)****	-0.00	-	0.12	-0.02	0.18	0.05	0.22	0.07	0.23	0.06	0.21	0.01	-0.00	-0.07
Benchmark Climate Opportunities	-	-	-0.04	-0.11	-0.04	-0.06	-0.04	-0.06	-0.06	-0.05	-0.09	-0.07	-0.22	-0.11
Climate Opportunities - Weight % (threshold >0.2)**	-	-	-	7.1%	-	13.8%	-	18.8%	-	21.1%	-	21.2%	-	20.0%
Climate Opportunities - Weight % Benchmark (threshold >0.2)**	-	-	-	10.7%	-	16.5%	-	21.7%	-	23.7%	-	23.8%	-	23.0%
% of Fossil Fuel Capital Deployment	-	-	1.6%	0.4%	2.0%	0.6%	2.2%	0.9%	2.4%	1.0%	2.4%	1.1%	2.8%	1.2%
% of Capex Opportunities	-	-	4.1%	1.2%	5.6%	2.5%	6.0%	3.4%	6.3%	4.1%	7.0%	4.0%	8.2%	3.8%
% fund with SBTI approved targets	-	-	30.9%	23.1%	35.7%	31.2%	38.5%	40.3%	40.0%	44.0%	41.3%	43.9%	38.6%	43.4%

^ The 2024 metrics were restated in 2025 as in 2024 these were reported on a combined basis across funds.

++ We find that most of the Cash funds are allocated to Corporate Bonds. We consider that the coverage on the Corporate exposure is sufficient to provide confidence in the results and so have applied these results as representative of the total fund metrics. It is anticipated this adjustment will more accurately capture and represent the contribution of these funds to the overall fund's Carbon Footprint, WACI and Absolute Emissions.

+++ The Sovereign Carbon Intensity figure for this fund was miscalculated in 2024 and is restated (2024 metric, if restated as per footnote ^, would have been 3.7). Since this metric is used for calculating the Sovereign Absolute Emissions and the combined Corporate and Sovereign Absolute Emissions, these figures are also restated (2024 respective metrics, if restated as per footnote ^, would have been 6.4 and 6.6).

* In 2024, the asset values reflected mid pricing for the Net Asset Values ('**NAV**'). In 2025, the methodology has been updated to reflect bid pricing, in order to be consistent with other Mercer NZ disclosure documents.

** Added as a metric in 2025 to improve reporting, therefore no metrics are available as a comparison for 2024.

*** Corporate Absolute Emissions (tCO_2e) and Sovereign Absolute Emissions (tCO_2e) are reported together as Corporate & Sovereign Absolute Emissions (tCO_2e) in 2025 Appendix D, but have also been separated out in this Appendix to improve the quality of information presented.

**** The coverage of the Climate Related Opportunity metric is low for some funds such as the Cash fund. For some funds, there is no benchmark CRO data available.

Defence Force Superannuation Scheme

	Cash		Conservative		Moderate		Balanced		Growth		High Growth		Shares	
	2024^	2025	2024^	2025	2024^	2025	2024^	2025	2024^	2025	2024^	2025	2024^	2025
AUM (NZD) in million*	$4	$2	$6	$4	$9	$8	$255	$265	$43	$53	$38	$48	$15	$22
Proportion of fund in Corporates (%)	19.2%	100.0%++	39.9%	59.4%	55.1%	68.9%	71.2%	75.1%	86.0%	87.0%	96.6%	97.3%	100.0%	100.0%
% of Fund Covered by Assessment	16.1%	18.0%	67.2%	78.5%	77.2%	82.2%	88.7%	92.0%	92.6%	95.0%	94.4%	95.2%	95.3%	95.7%
Total Carbon Footprint (tCO_2e / USD $M FUM Corporate + Sovereign)	302.0+++	0.9	213.3	139.3	171.0	116.8	122.5	103.4	82.7	70.5	53.9	40.5	44.4	30.7
Corporate Carbon Footprint (tCO_2e / USD $M FUM)	0.4	0.9	38.6	33.2	44.0	34.0	46.2	38.7	45.8	36.7	44.3	33.4	44.4	30.7
Benchmark Carbon Footprint (Corporate)**	-	-	-	34.2	-	39.2	-	46.4	-	46.1	-	43.9	-	41.6
Sovereign Carbon Intensity (tCO_2e / $M PPP Adj GDP)	373.6+++	-++	329.5	294.4	326.5	300.6	311.5	298.4	310.2	296.4	321.9	294.4	-	-
Fund WACI (tCO_2e/$M Sales) (Corporate)	4.0	1.4	118.7	87.2	134.2	96.2	141.0	111.0	135.6	104.8	127.2	90.0	82.3	73.9
Benchmark WACI (Corporate)**	-	-	-	87.5	-	114.0	-	137.6	-	136.9	-	125.1	-	107.2
Corporate Absolute Emissions (tCO_2e)***	0.2	1.2	53.1	47.9	132.2	106.6	5228.5	4319.5	1049.8	944.5	1016.9	871.9	428.6	382.5
Sovereign Absolute Emissions (tCO_2e)***	774.0+++	-++	682.6	290.6	801.0	425.3	14226.5	11060.8	1154.9	1139.0	263.9	213.8	-	-
Corporate + Sovereign Absolute Emissions	774.2+++	1.2	735.7	338.4	933.3	531.9	19455.0	15380.3	2204.7	2083.4	1280.8	1085.8	428.6	382.5
Transition Risks (%)	-	-	0.7%	0.8%	1.1%	1.1%	1.2%	1.5%	1.4%	1.6%	1.4%	1.7%	1.5%	1.7%
Physical Risk (%) Climate VaR	-4.0%	-4.3%	-11.1%	-11.1%	-11.4%	-10.9%	-11.5%	-11.9%	-11.5%	-11.8%	-11.2%	-11.8%	-12.8%	-12.1%
Climate Opportunities (SDG Score)****	-0.00	-	0.12	-0.02	0.18	0.05	0.22	0.07	0.23	0.06	0.21	0.01	-0.00	-0.07
Benchmark Climate Opportunities	-	-	-0.04	-0.11	-0.04	-0.06	-0.04	-0.06	-0.06	-0.05	-0.09	-0.07	-0.22	-0.11
Climate Opportunities - Weight % (threshold >0.2)**	-	-	-	7.1%	-	13.8%	-	18.8%	-	21.1%	-	21.2%	-	20.0%
Climate Opportunities - Weight % Benchmark (threshold >0.2)**	-	-	-	10.7%	-	16.5%	-	21.7%	-	23.7%	-	23.8%	-	23.0%
% of Fossil Fuel Capital Deployment	-	-	1.6%	0.4%	2.0%	0.6%	2.2%	0.9%	2.4%	1.0%	2.4%	1.1%	2.8%	1.2%
% of Capex Opportunities	-	-	4.1%	1.2%	5.6%	2.5%	6.0%	3.4%	6.3%	4.1%	7.0%	4.0%	8.2%	3.8%
% fund with SBTI approved targets	-	-	30.9%	23.1%	35.7%	31.2%	38.5%	40.3%	40.0%	44.0%	41.3%	43.9%	38.6%	43.4%

^ The 2024 metrics were restated in 2025 as in 2024 these were reported on a combined basis across funds.

++ We find that most of the Cash funds are allocated to Corporate Bonds. We consider that the coverage on the Corporate exposure is sufficient to provide confidence in the results and so have applied these results as representative of the total fund metrics. It is anticipated this adjustment will more accurately capture and represent the contribution of these funds to the overall fund's Carbon Footprint, WACI and Absolute Emissions.

+++ The Sovereign Carbon Intensity figure for this fund was miscalculated in 2024 and is restated (2024 metric, if restated as per footnote ^, would have been 3.7). Since this metric is used for calculating the Sovereign Absolute Emissions and the combined Corporate and Sovereign Absolute Emissions, these figures are also restated (2024 respective metrics, if restated as per footnote ^, would have been 7.7 and 7.9).

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** Added as a metric in 2025 to improve reporting, therefore no metrics are available as a comparison for 2024.

*** Corporate Absolute Emissions (tCO_2e) and Sovereign Absolute Emissions (tCO_2e) are reported together as Corporate & Sovereign Absolute Emissions (tCO_2e) in 2025 Appendix D, but have also been separated out in this Appendix to improve the quality of information presented.

**** The coverage of the Climate Related Opportunity metric is low for some funds such as the Cash fund. For some funds, there is no benchmark CRO data available.

Mercer Investment Funds[81]

	Mercer Macquarie NZ Cash Fund		Mercer Macquarie NZ Fixed Interest Fund		Mercer Macquarie NZ Short Duration Fund		Mercer Macquarie Global Income Opportunities Fund		Mercer Income Generator Fund		Mercer Sustainable Balanced Fund		Mercer Macquarie Real Return Opportunities Fund		Mercer Global Shares Fund	
	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024^	2025
AUM (NZD) in million*	$298	$297	$317	$258	$91	$61	$12	$9	$38	$30	$43	$35	$11	$5	$28	$28
Proportion of fund in Corporates (%)	28.9%	100.0%++	31.4%	38.4%	80.5%	88.9%	98.2%	99.7%	70.6%	80.2%	75.6%	78.4%	92.5%	95.7%	100.0%	100.0%
% of Fund Covered by Assessment	27.5%	27.9%	80.7%	83.2%	67.9%	71.9%	43.5%	57.6%	76.7%	80.2%	86.3%	91.5%	53.8%	70.5%	93.9%	95.6%
Total Carbon Footprint (tCO_2e / USD $M FUM Corporate + Sovereign)	272.9	12.8	266.0	247.8	114.5	102.7	101.7	10.3	133.0	32.2	95.5	94.5	50.8	71.1	53.6	32.1
Corporate Carbon Footprint (tCO_2e / USD $M FUM)	25.3	12.8	31.1	46.0	52.0	68.9	96.7	9.1	67.1	40.2	21.8	35.7	55.0	74.3	53.6	32.1
Benchmark Carbon Footprint (Corporate)**	-	-	-	11.6	-	11.6	-	-	-	34.9	-	43.5	-	-	-	42.2
Sovereign Carbon Intensity (tCO_2e / $M PPP Adj GDP)	373.6+++	-++	373.6+++2	373.6	371.6+++3	373.6	382.7+++4	352.3	291.1	-	324.1	308.1	-	-	-	-
Fund WACI (tCO_2e/$M Sales) (Corporate)	44.4	34.3	36.1	35.9	36.4	54.9	285.0	41.7	126.6	77.1	61.3	106.8	203.6	125.6	80.6	74.7
Benchmark WACI (Corporate)**	-	-	-	14.7	-	14.7	-	-	-	108.5	-	139.3	-	-	-	114.5
Corporate Absolute Emissions (tCO_2e)***	1357.7	2129.1	1925.9	2556.5	2379.8	2078.5	689.3	44.6	1123.7	540.3	444.3	546.8	334.9	188.7	923.8	505.2
Sovereign Absolute Emissions (tCO_2e)***	49347.8+++	-++	50502.9+++2	33320.5	4132.9+++3	1406.0	48.8+++4	6.0	2029.1	-	2131.3	1296.8	-	-	-	-
Corporate + Sovereign Absolute Emissions	50705.5+++	2129.1	52428.8+++2	35877.0	6512.7+++3	3484.4	738.1+++4	50.6	3152.7	540.3	2575.6	1843.6	334.9	188.7	923.8	505.2
Transition Risks (%)	-	-	-	-	-	-	0.8%	0.0%	1.0%	0.1%	-	0.5%	0.8%	0.7%	3.4%	2.4%
Physical Risk (%) Climate VaR	-4.8%*****	-9.3%	-4.5%	-10.6%	-7.9%	-15.2%	-13.9%	-12.2%	-10.9%	-12.3%	-5.3%	-7.9%	-13.4%	-15.6%	-16.1%	-12.1%
Climate Opportunities (SDG Score)****	0.01	-****	-0.00	-****	-0.07	-0.04	-	-	-0.07	-0.02	0.14	0.20	0.00	-****	-0.40	-0.02
Benchmark Climate Opportunities	-	-	-	0.02	-	0.02	-	-	0.04	0.02	0.06	-0.02	-	-	-0.24	-0.06
Climate Opportunities - Weight % (threshold >0.2)**	-	-	-	-	-	1.2%	-	-	-	12.4%	-	18.7%	-	-	-	19.4%
Climate Opportunities - Weight % Benchmark (threshold >0.2)**	-	-	-	4.3%	-	4.3%	-	-	-	16.4%	-	21.0%	-	-	-	23.0%
% of Fossil Fuel Capital Deployment	1.7%	-****	-	-	1.1%	-	-	-	6.6%	1.0%	0.1%	0.4%	0.0%	-	9.3%	1.4%
% of Capex Opportunities	3.9%	-****	0.5%	-	3.6%	-	-	-	10.2%	5.6%	6.0%	3.1%	0.1%	-	6.8%	0.5%
% fund with SBTI approved targets	5.3%	2.2%	5.5%	5.9%	15.0%	24.5%	5.0%	6.8%	28.4%	36.8%	41.5%	40.7%	3.7%	19.8%	35.4%	38.0%

[81] In 2025, the following funds in the Scheme were closed - Mercer Ethical Leaders Conservative Fund, Mercer Ethical Leaders Growth Fund and Mercer NZ Shares Fund.

^ The 2024 metrics were restated in 2025 as in 2024 these were reported on a combined basis across funds.

++ We find that most of the Cash funds are allocated to Corporate Bonds. We consider that the coverage on the Corporate exposure is sufficient to provide confidence in the results and so have applied these results as representative of the total fund metrics. It is anticipated this adjustment will more accurately capture and represent the contribution of these funds to the overall fund's Carbon Footprint, WACI and Absolute Emissions.

+++ The Sovereign Carbon Intensity figure for this fund was miscalculated in 2024 and is restated (2024 reported metric: 3.7). Since this metric is used for calculating the Sovereign Absolute Emissions and the combined Corporate and Sovereign Absolute Emissions, these figures are also restated (2024 respective reported metrics: 493 and 1851).

+++2 The Sovereign Carbon Intensity figure for this fund was miscalculated in 2024 and is restated (2024 reported metric: 3.7). Since this metric is used for calculating the Sovereign Absolute Emissions and the combined Corporate and Sovereign Absolute Emissions, these figures are also restated (2024 respective reported metrics: 506 and 2433).

+++3 The Sovereign Carbon Intensity figure for this fund was miscalculated in 2024 and is restated (2024 reported metric: 3.7). Since this metric is used for calculating the Sovereign Absolute Emissions and the combined Corporate and Sovereign Absolute Emissions, these figures are also restated (2024 respective reported metrics: 41 and 2422).

+++4 The Sovereign Carbon Intensity figure for this fund was miscalculated in 2024 and is restated (2024 reported metric: 3.8). Since this metric is used for calculating the Sovereign Absolute Emissions and the combined Corporate and Sovereign Absolute Emissions, these figures are also restated (2024 respective reported metrics: 0 and 691).

* In 2024, the asset values reflected mid pricing for the Net Asset Values ('**NAV**'). In 2025, the methodology has been updated to reflect bid pricing, in order to be consistent with other Mercer NZ disclosure documents.

** Added as a metric in 2025 to improve reporting, therefore no metrics are available as a comparison for 2024.

*** Corporate Absolute Emissions (tCO_2e) and Sovereign Absolute Emissions (tCO_2e) are reported together as Corporate & Sovereign Absolute Emissions (tCO_2e) in 2025 Appendix D, but have also been separated out in this Appendix to improve the quality of information presented.

**** The coverage of the Climate Related Opportunity, Fossil Fuel Capital Deployment and Capex Opportunities metrics is low for some funds such as the Cash fund. For some funds, there is no benchmark CRO data available.

***** The 2024 Physical Risk value for this fund has been restated (2024 reported metric: 4.8%).

Mercer Investment Funds (cont.)

	Mercer Core Global Shares Fund		Mercer Core Hedged Global Shares Fund		Mercer Emerging Markets Shares Fund		Mercer Responsible Global Shares Fund		Mercer Macquarie Australian Shares Fund		Mercer Responsible Trans-Tasman Shares Fund	
	2024^	2025	2024^	2025	2024	2025	2024	2025	2024	2025	2024	2025
AUM (NZD) in million*	$52	$58	$21	$19	$5	$6	$37	$14	$338	$361	$47	$38
Proportion of fund in Corporates (%)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
% of Fund Covered by Assessment	94.7%	97.0%	94.7%	97.0%	73.9%	76.7%	97.4%	99.1%	97.4%	98.1%	98.8%	91.5%
Total Carbon Footprint (tCO_2e / USD $M FUM Corporate + Sovereign)	55.0	27.5	55.0	27.5	79.6	55.5	21.0	17.5	102.9	74.4	27.1	16.9
Corporate Carbon Footprint (tCO_2e / USD $M FUM)	55.0	27.5	55.0	27.5	79.6	55.5	21.0	17.5	102.9	74.4	27.1	16.9
Benchmark Carbon Footprint (Corporate)**	-	33.8	-	33.8	-	117.5	-	33.8	-	76.1	-	31.5
Sovereign Carbon Intensity (tCO_2e / $M PPP Adj GDP)	-	-	-	-	-	-	-	-	-	-	-	-
Fund WACI (tCO_2e/$M Sales) (Corporate)	61.6	62.1	61.6	62.1	97.9	94.1	48.0	52.0	171.4	141.9	77.6	50.0
Benchmark WACI (Corporate)**	-	92.6	-	92.6	-	312.0	-	92.6	-	146.2	-	64.4
Corporate Absolute Emissions (tCO_2e)***	1782.1	896.4	706.9	295.7	255.5	189.6	488.7	133.9	21682.6	15061.0	787.1	355.9
Sovereign Absolute Emissions (tCO_2e)***	-	-	-	-	-	-	-	-	-	-	-	-
Corporate + Sovereign Absolute Emissions	1782.1	896.4	706.9	295.7	255.5	189.6	488.7	133.9	21682.6	15061.0	787.1	355.9
Transition Risks (%)	3.8%	3.1%	3.8%	3.1%	3.4%	1.6%	-	-	5.4%	1.3%	-	-
Physical Risk (%) Climate VaR	-15.9%	-11.3%	-15.9%	-11.3%	-30.9%	-23.4%	-7.0%	-6.3%	-24.2%	-23.5%	-2.6%	-10.4%
Climate Opportunities (SDG Score)****	-0.56	-0.03	-0.56	-0.03	-	0.11	-	0.26	-0.64	-0.48	-0.15	-0.30
Benchmark Climate Opportunities	-0.25	-0.06	-0.25	-0.06	-0.18	-0.10	-0.25	-0.06	-0.62	-0.51	-0.14	-0.24
Climate Opportunities - Weight % (threshold >0.2)**	-	17.0%	-	17.0%	-	22.7%	-	25.2%	-	8.7%	-	15.2%
Climate Opportunities - Weight % Benchmark (threshold >0.2)**	-	22.5%	-	22.5%	-	27.0%	-	22.5%	-	8.7%	-	22.4%
% of Fossil Fuel Capital Deployment	11.5%	0.9%	11.5%	0.9%	-	1.1%	-	0.6%	17.9%	3.1%	-	-
% of Capex Opportunities	8.7%	0.4%	8.7%	0.4%	-	0.4%	-	0.2%	3.7%	0.1%	22.0%	10.1%
% fund with SBTI approved targets	35.2%	38.1%	35.2%	38.1%	13.1%	14.6%	43.5%	47.4%	12.5%	15.2%	51.8%	51.5%

^ The 2024 metrics were restated in 2025 as in 2024 these were reported on a combined basis across funds.

* In 2024, the asset values reflected mid pricing for the Net Asset Values ('**NAV**'). In 2025, the methodology has been updated to reflect bid pricing, in order to be consistent with other Mercer NZ disclosure documents.

** Added as a metric in 2025 to improve reporting, therefore no metrics are available as a comparison for 2024.

*** Corporate Absolute Emissions (tCO_2e) and Sovereign Absolute Emissions (tCO_2e) are reported together as Corporate & Sovereign Absolute Emissions (tCO_2e) in 2025 Appendix D, but have also been separated out in this Appendix to improve the quality of information presented.

**** The coverage of the Climate Related Opportunity metric is low for some funds such as the Cash fund. For some funds, there is no benchmark CRO data available.

Mercer Investment Funds (cont.)

	Mercer NZ Shares Passive Fund		Mercer Responsible Hedged Global Fixed Interest Index Fund		Mercer All Country Global Shares Index Fund		Mercer Australian Property Index Fund		Mercer Macquarie Global Listed Real Estate Fund		Mercer Macquarie Global Listed Infrastructure Fund	
	2024^	2025	2024	2025	2024^	2025	2024	2025	2024	2025	2024	2025
AUM (NZD) in million*	$134	$385	$251	$537	$70	$84	$13	$11	$190	$178	$176	$187
Proportion of fund in Corporates (%)	100.0%	100.0%	30.4%	31.8%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
% of Fund Covered by Assessment	98.8%	99.6%	79.6%	78.7%	99.2%	97.2%	95.9%	99.2%	96.4%	98.5%	98.4%	98.5%
Total Carbon Footprint (tCO_2e / USD $M FUM Corporate + Sovereign)	40.8	30.9	170.3	168.5	57.5	43.2	7.2	5.5	9.0	10.4	142.4	99.0
Corporate Carbon Footprint (tCO_2e / USD $M FUM)	40.8	30.9	22.6	13.1	57.5	43.2	7.2	5.5	9.0	10.4	142.4	99.0
Benchmark Carbon Footprint (Corporate)**	-	31.5	-	66.1	-	48.1	-	5.5	-	7.9	-	207.8
Sovereign Carbon Intensity (tCO_2e / $M PPP Adj GDP)	-	-	234.8+++5	241.1	-	-	-	-	-	-	-	-
Fund WACI (tCO_2e/$M Sales) (Corporate)	92.4	63.6	47.3	35.0	141.5	109.7	72.1	62.2	95.6	125.1	604.8	393.8
Benchmark WACI (Corporate)**	-	64.4	-	171.4	-	130.1	-	62.2	-	90.5	-	939.4
Corporate Absolute Emissions (tCO_2e)***	3403.4	6660.0	1075.9	1253.6	2520.2	2041.5	58.0	34.7	1059.6	1034.0	15626.8	10357.0
Sovereign Absolute Emissions (tCO_2e)***	-	-	25581.2+++5	49435.0	-	-	-	-	-	-	-	-
Corporate + Sovereign Absolute Emissions	3403.4	6660.0	26657.2+++5	50688.6	2520.2	2041.5	58.0	34.7	1059.6	1034.0	15626.8	10357.0
Transition Risks (%)	0.3%	0.0%	-	0.0%	3.1%	2.4%	-	-	-	-	6.0%	1.8%
Physical Risk (%) Climate VaR	-5.6%	-12.2%	-8.8%	-9.1%	-13.7%	-12.5%	-5.8%	-4.4%	-10.5%	-7.8%	-27.1%	-16.9%
Climate Opportunities (SDG Score)****	-0.14	-0.24	0.00	-0.00	-0.20	-0.02	-	-	1.33	1.61	0.29	0.54
Benchmark Climate Opportunities	-0.14	-0.24	-0.04	-0.04	-0.24	-0.03	2.25	2.29	1.62	1.67	-0.31	-0.17
Climate Opportunities - Weight % (threshold >0.2)**	-	22.2%	-	0.3%	-	18.3%	-	-	-	67.4%	-	26.9%
Climate Opportunities - Weight % Benchmark (threshold >0.2)**	-	22.4%	-	2.7%	-	11.6%	-	85.0%	-	71.0%	-	26.6%
% of Fossil Fuel Capital Deployment	2.2%	0.5%	-	-	6.2%	1.7%	-	-	-	-	33.7%	12.4%
% of Capex Opportunities	21.7%	14.2%	-	-	4.0%	0.4%	-	-	-	-	23.7%	4.5%
% fund with SBTI approved targets	54.5%	62.6%	6.8%	7.4%	40.2%	38.5%	34.1%	46.6%	51.5%	55.0%	37.9%	38.2%

^ The 2024 metrics were restated in 2025 as in 2024 these were reported on a combined basis across funds.

+++5 The Sovereign Carbon Intensity figure for this fund was miscalculated in 2024 and is restated (2024 reported metric: 2.3). Since this metric is used for calculating the Sovereign Absolute Emissions and the combined Corporate and Sovereign Absolute Emissions, these figures are also restated (2024 respective reported metrics: 256 and 1333).

* In 2024, the asset values reflected mid pricing for the Net Asset Values ('**NAV**'). In 2025, the methodology has been updated to reflect bid pricing, in order to be consistent with other Mercer NZ disclosure documents.

** Added as a metric in 2025 to improve reporting, therefore no metrics are available as a comparison for 2024.

*** Corporate Absolute Emissions (tCO_2e) and Sovereign Absolute Emissions (tCO_2e) are reported together as Corporate & Sovereign Absolute Emissions (tCO_2e) in 2025 Appendix D, but have also been separated out in this Appendix to improve the quality of information presented.

**** The coverage of the Climate Related Opportunity and Transition Risks metric is low for some funds such as the Cash fund. For some funds, there is no benchmark CRO data available.

If you have any feedback or questions, please contact your Mercer representative or email **CRDNZ@mercer.com**.

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