

ACC Climate Report

2024/25

For the year ended 30 June 2025



He Kaupare. He Manaaki. He Whakaora.
Prevention. Care. Recovery.

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From the Board

We are pleased to present the ACC Climate Report 2024/25.

ACC aims to help ensure the safety, wellbeing, and resilience of all whānau and communities in New Zealand. Our strategic priorities focus on injury prevention and rehabilitation performance, and delivering an efficient, capable, and resilient organisation.

Understanding how climate change will affect ACC in the future is fundamental for our strategic planning. While we know that climate change will lead to more severe weather events, there are also indirect effects that may not be immediately obvious. These include increased pressures on the health system, shifts in community structures due to managed retreat and immigration, public funding challenges arising from upgrade or repair of infrastructure, and changes in international markets that could influence investment performance and broader economic conditions. Social wellbeing might also come under pressure. In combination, some of these effects could affect rehabilitation trajectories.

Last year we presented scenario analysis relating to our Investment Fund. This year we have developed climate scenarios for our claims and injury prevention work. While it is too soon to understand precisely how the changing climate will affect ACC's operations, the discipline of examining plausible futures in a structured way allows ACC to consider potential vulnerabilities and how our operations may need to adapt.

To ensure we are aligned with leading thinking, we have utilised the New Zealand Climate Change Scenarios for the Health Sector which ACC helped to develop in 2023/24 and respected international scenarios from the Network for Greening the Financial System (NGFS). These scenarios explore various future possibilities for climate change and its impacts on the economy and financial systems. By integrating these analyses with the other New Zealand sector scenarios (construction, energy, tourism, and transport), we have constructed a comprehensive scenario analysis tailored specifically for ACC. The scenarios will continue to evolve as we learn more about the impacts of climate change and the practical measures being put in place to manage climate risks in New Zealand and overseas.

As members of the health and investment sectors in New Zealand, we recognise the significant implications of climate change for the communities we serve and the health systems we operate within. These first scenarios are a valuable starting point for our monitoring and adaption work, and ensure we have a planning runway ahead of the impacts of climate change becoming significant for the organisation and communities we serve. ACC is committed to helping create safer and more resilient communities and ensuring the Scheme is sustainable for present and future generations.



David Hunt

Acting Board Chair

Dated 19 September 2025



Bella Takiari-Brame

Risk, Assurance and Audit Committee Chair

Dated 19 September 2025

Overview

Reporting approach

Statement of alignment

The disclosures in this report are made in alignment with the New Zealand Climate Standards (NZCS) issued by the New Zealand External Reporting Board (XRB).

ACC is not a 'climate reporting entity' as defined by the Financial Markets Conduct Act 2013.

ACC reports in alignment with the NZCS based on the 'Ministerial Enduring Letter of Expectations to Crown Financial Institutions in Relation to Responsible Investment' issued in October 2021.¹ This letter established principle-based expectations for responsible investment by Crown Financial Institutions (CFIs) consistent with global best practice investment standards and commitments of the Paris Agreement.

This disclosure includes information that is required by the Carbon Neutral Government Programme (CNGP) which is additional to the requirements of NZCS (please refer to the following section for information about the CNGP).

Evolving reporting requirements

Climate reporting requirements are evolving internationally and here in New Zealand.

ACC will continue to meet all reporting obligations but recognises that climate preparedness is essential to sound governance and organisational resilience, irrespective of shifts in external reporting frameworks. While ACC's climate work is the subject of this report, the programme is part of our strategic planning and risk management and not undertaken solely for reporting compliance.

Reporting structure

ACC's greenhouse gas (GHG) emissions fall into two categories:

- Corporate operations emissions are GHG emissions which relate directly to our organisational operations.
- Investment portfolio emissions are GHG emissions associated with ACC's investment portfolio's underlying holdings.

Reduction planning, risks and the approach to strategy are different for each source. This report presents disclosures separately for the Investment Fund and corporate operations.

Adoption provisions

This is the second year of reporting in alignment with NZCS. ACC has applied adoption provisions 1, 2, 4, and 5 from NZCS 2 Adoption of New Zealand Climate Standards for the disclosures about our corporate operations. Adoption provisions 5 and 6 have been applied for the Investment Fund disclosures.

ACC will continue to evolve our climate reporting to reflect advances in our own adaptation planning, and in response to ongoing developments in reporting standards, frameworks and protocols.

¹ *Ministerial Enduring Letter of Expectations to Crown Financial Institutions in relation to Responsible Investment.pdf*

ACC's climate responsibilities

ACC is the Crown entity set up under the Accident Compensation Act 2001 to deliver New Zealand's accident insurance Scheme ('the Scheme'). The purpose of the Scheme is to deliver injury prevention initiatives and no-fault personal injury cover for everyone in New Zealand.

To read more about ACC's work please go to our [Annual Report 2024/25](#).

Te Tiriti o Waitangi | The Treaty of Waitangi

ACC recognises climate responsibility and action as an expression of stewardship, and an important aspect of partnership under Te Tiriti o Waitangi | The Treaty of Waitangi.

Public Sector Target 9 – Reduced net greenhouse gas emissions

In April 2024, the Government released nine targets to focus the public sector on achieving improved results in health, education, law and order, work, housing and the environment.

Target 9 requires public sector agencies to meet New Zealand's 2050 net-zero climate change targets with total net emissions of no more than 290 megatonnes from 2022 to 2025 and 305 megatonnes from 2026 to 2030.

The targets for ACC are defined by the CNGP and Crown Responsible Investment Framework (CRIF).

Carbon Neutral Government Programme (CNGP)

As a participant in the CNGP ACC is currently required to:

- Measure, verify and report GHG emissions annually.
- Set gross GHG emissions reduction targets for 30 June 2025 and 30 June 2030.
- Implement GHG emissions reductions plans.

The CNGP stipulates minimum gross reduction targets of 21% by 30 June 2025 and 42% by 30 June 2030. ACC has applied these against the benchmark year of 2018/19. Please refer to the Metrics and targets section for corporate operations for further detail about ACC's reduction targets.

The CNGP applies to GHG emissions arising from ACC's corporate operations.

Crown Responsible Investment Framework (CRIF)

In 2021, ACC worked closely with The Treasury and the other CFIs to develop the CRIF. Under the framework, CFIs have committed to transitioning their portfolios to be aligned with a net-zero emissions economy by 2050. ACC has set targets to reduce the carbon intensity of its investment portfolio by 60% by 2025 and 65% by 2030 (against the benchmark year of 2018/19).

ACC's commitment to the principles outlined in the CRIF is in line with the 'Ministerial Enduring Letter of Expectations to Crown Financial Institutions in Relation to Responsible Investment (December 2021)'.² In the letter the Government set out its expectation for ACC (and the other CFIs) to provide reporting aligned with the NZCS.

² [Ministerial Enduring Letter of Expectations to Crown Financial Institutions in Relation to Responsible Investment.pdf](#)



Governance

Governance

Board oversight of climate responsibilities

ACC’s Board has ultimate responsibility for the oversight of climate responsibilities including meeting operational and investment emissions reduction targets and adaptation planning to ensure ACC can continue to deliver treatment, rehabilitation and injury prevention initiatives for all people in New Zealand.

Board members are accountable to the Minister of ACC for the performance of their duties. The Board’s governance role is directed by the provisions of the Crown Entities Act 2004 and the Accident Compensation Act 2001. The Board is supported in climate oversight by the Risk, Assurance and Audit Committee and the Board Investment Committee.

Please refer to the [Annual Report 2024/25](#) for the profile of the ACC Board.

Ensuring the Board has the appropriate skills and competencies

The climate governance competencies of Board members are considered at the time of appointment and reviewed annually. Members of the ACC Board are appointed by the Minister for ACC. Under the Crown Entities Act 2004, the Minister must be satisfied that each Board member has the appropriate knowledge, skills and experience to help ACC achieve its objectives and perform its functions. These objectives and functions include climate responsibilities for both ACC’s investment and corporate operations, as set out in the ACC Board Governance Manual. The matrix of skills held by the Board is assessed as part of the annual performance review process. Climate governance responsibilities are evolving and training is undertaken to maintain professional currency across all required areas.

Delegation of climate responsibilities to management

The Board delegates the day-to-day management and leadership of ACC to the Chief Executive. The assignment of climate-related responsibilities to management level positions is shown in the organisational chart below.



ACC's climate governance and management processes

Position / Committee	Climate-related responsibilities	Process and frequency of information
ACC Board	<ul style="list-style-type: none"> Seeks to ensure ACC's compliance with the law, accountability documents and relevant Crown expectations. Seeks to ensure that ACC creates an environment that promotes the highest standards of safety and wellbeing, both for its employees and the communities it serves. Seeks to ensure ACC investments are ethical, giving particular consideration to environmental, social and governance issues. Oversees implementation of the Carbon Neutral Government Programme. 	<ul style="list-style-type: none"> The ACC Board meets 8-10 times annually. The annual climate disclosure is reviewed by the Risk Assurance and Audit Committee (RAAC) and provided to the Board for final approval (Frequency: Annual). The Board responds to climate-related risks or opportunities escalated by RAAC for Board decision or action (Frequency: As required). The Board receives updates by exception about how the Investment Fund emission reductions are tracking against target.
Risk Assurance and Audit Committee (RAAC)	<ul style="list-style-type: none"> Receives reporting from management about ACC's climate risk. Constructively challenges management's proposals and decisions on all aspects of ACC's management of its climate risk Seeks to ensure compliance with legislative and public sector requirements. Considers the assurance management report prepared by the external auditor. Reviews significant variance from carbon reduction targets or projected results and constructively challenges management's emissions reduction planning. Considers the views of the Board Investment Committee on investment-related matters relevant to ACC's climate risk management and emissions reduction. 	<ul style="list-style-type: none"> RAAC meets quarterly, with out-of-cycle meetings to meet requirements. The annual climate disclosure is provided to RAAC by the Deputy Chief Executive (DCE) of Corporate and Finance (Frequency: Annual). Climate-related risks or opportunities requiring governance consideration are referred to RAAC by the Risk Executive Committee (REC) and escalated to the Board for decision or noting if necessary (Frequency: As required).
Board Investment Committee (BIC)	<ul style="list-style-type: none"> Annually reviews the ethical investment policy which covers our climate-related responsibilities. Monitors the performance of ACC's portfolio emissions against targets. Maintains oversight of the investment portfolio to ensure alignment with environmental, social and governance-related exclusions, including climate-related exclusions. 	<ul style="list-style-type: none"> The BIC meets seven times per year, with the provision for out-of-cycle meetings to meet requirements. The BIC receives quarterly climate-related reports from senior investment management that consider how the pathway is tracking against ACC's interim carbon targets.

Position / Committee	Climate-related responsibilities	Process and frequency of information
Risk Executive Committee	<ul style="list-style-type: none"> Monitors the performance of ACC's enterprise-wide risk management against ACC's risk appetite and metrics with specific focus on non-investment operational, legal, and financial risks, ensuring any significant organisational-wide emerging risks are identified, understood, and acted upon, while maintaining an alignment with and oversight of investment risks. 	<ul style="list-style-type: none"> Climate-related risks or opportunities requiring governance consideration are escalated to Risk Executive Committee (Frequency: As required). Climate-related risks or opportunities are escalated to RAAC as necessary (Frequency: As required).
Climate Change Steering Group (CCSG)	<ul style="list-style-type: none"> Develops the investment strategy to align the ACC Investment Fund with a net-zero emissions world. Develops climate change reporting to support achievement of ACC's investment emissions reduction targets and meet external climate reporting commitments relating to the Investment Fund. 	<ul style="list-style-type: none"> Core members: Chief Investment Officer, Head of External Investments, the Responsible Investment Manager and the Market Risk Manager. The CCSG meets weekly to discuss progress, challenges, strategy and reporting development. The CCSG prepares a quarterly investment emissions reduction update for the BIC and the Board.
Climate Change Working Group	<p>Connects key internal stakeholders to:</p> <ul style="list-style-type: none"> Gather input and track progress for climate work programmes and initiatives. Evaluate emerging topics of relevance to ACC's climate responsibilities. Support the implementation of approved climate policies and initiatives across the organisation. 	<ul style="list-style-type: none"> Core members: DCE — Corporate and Finance, Manager - Sustainability and Reporting, Lead Advisor Sustainability. Representatives from Legal, Actuarial, Investments, Strategy, Engagement and Planning, Risk and Assurance, Finance and Planning. Bi-monthly meetings.

Strategic and operational decision-making: Incorporating climate considerations

ACC tracks claims data to identify emerging trends, allowing early detection of changes in injury prevention, treatment, and rehabilitation needs. This information is shared within the organisation and included in management and governance reports as appropriate. While current systems can highlight physical and transitional climate impacts on injuries or rehabilitation as they occur, they do not predict them in advance. In 2023, ACC started developing a forward-looking approach to climate risks and opportunities. See the Risk Management section for details.

ACC's commitment to climate responsibility in investments is part of the Ethical Investment Policy followed by all investment managers. Updated annually and approved by the Board, this policy supports transitioning the Investment Fund to net-zero.

Metrics and targets

ACC's emissions reductions targets align to our responsibilities under the CNGP and CRIF. Climate targets are included in ACC's Service Agreement. Progress to targets is reported regularly to management and the Board (refer to the table above).

Remuneration

Climate-performance metrics for corporate operations are not linked to remuneration for the ACC Board or Executive.

Portfolio managers are rewarded on their portfolio performance against portfolio benchmarks. Carbon budgets are placed on ACC's investment portfolios and low carbon benchmarks are used to measure performance against these portfolios.



**Corporate
operations**

Risk management

This section describes ACC’s **processes** and **roadmap** for identifying, assessing, and managing climate-related risks. Our scenario analysis is presented in the Strategy section of this disclosure.

Enterprise risk framework

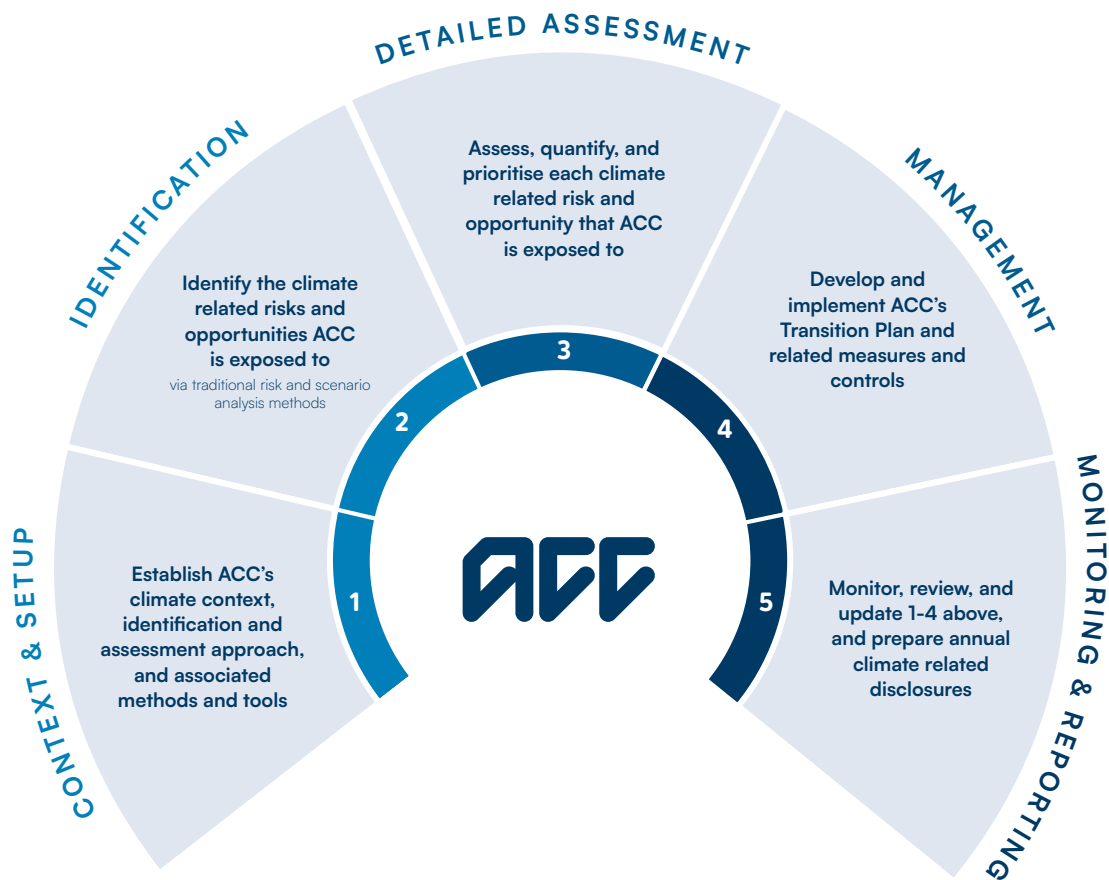
Climate change adaptation is identified as a strategic risk within ACC’s enterprise risk framework. The governance and management processes described in this report’s Governance section provide key controls including:

- Climate Change Working Group meetings
- Quarterly Sustainability Updates to REC and RAAC.

Other key controls are the climate adaption work programme, annual climate disclosures, and sector collaboration and stakeholder engagement.

ACC also has a three-year work programme to thoroughly assess the organisation’s climate risks and opportunities over the short, medium, and long term. Although our claims data will show climate-related impacts on injuries and rehabilitation, this data provides a retrospective understanding only. The work programme transitions ACC to a forward view of climate impact that will help enable early adaptation and planning. The work will lead to a formal climate adaptation plan for ACC.

ACC has adopted a five-stage approach to evaluating climate-related risks and opportunities for corporate operations. The processes and methods employed at each stage are based on climate-related risk standards and guidelines that represent accepted good practice.³



Graphic source: onepointfive

³ Including AS/NZS ISO 31000 and the associated ISO 14090 and 14091, and technical guidance from the Intergovernmental Panel on Climate Change (IPCC) and Task Force for Climate-related Financial Disclosures.

Scenario analysis

Scenario analysis involves creating plausible narratives about different future conditions based on current findings and trends related to climate change. It is used to explore possible future outcomes rather than predict them. While it is impossible to forecast exactly how climate impacts will manifest, scenario analysis examines potential futures in a structured way, allowing ACC to assess potential vulnerabilities and consider necessary adaptations for our operations.

The process involves the following steps:

1. Identifying key climate-related risks and opportunities, including both physical risks (like extreme weather events) and transition risks (associated with shifting to a low-carbon economy).
2. Developing climate scenarios based on different climate trajectories, historical emissions, and expected climate actions. Scenarios typically include best-case, worst-case, and most likely outcomes based on data from reputable sources.
3. Assessing the impacts of each scenario on operating models, supply chains, and stakeholders.

Good practice requires the inclusion of a hothouse (worst-case) scenario. This can seem extreme but is recognised in climate resilience planning as a standard inclusion. The objective is not to predict outcomes but to conduct a comprehensive and impartial review of operations under various conditions.

Step 1 above was completed during 2023/24 and involved the assessment of ACC's client segments, supply chain, assets, sites and operations. Details of the process for this work and the exposures identified in the first year of the work programme are presented in our [Climate Report 2023/24](#).

Step 2 has been completed in the 2024/25 year. This work is presented in the Strategy section of this report.

In the coming year, ACC will complete the third step of impact assessment across the full value chain.

Next stages

Transition planning

Based on the climate scenarios, ACC will develop monitoring for climate impacts and a transition plan for corporate operations. The scenario analysis project will also inform business continuity and risk and resilience planning.

Quantification

In the final phase of the work programme, ACC will consider how to quantify impacts and any appropriate integration of this data into financial reporting and planning. This process will include actuarial review of any potential implications for the outstanding claims liability (OCL) and new year claims costs. Current claims data show that existing severe weather events have not significantly impacted the OCL. According to NIWA projections, climate hazards are expected to increase more gradually before 2040. Consequently, ACC is taking time to complete a systematic assessment.

ACC is aligning with the New Zealand Climate Standards which require reporting entities to consider financial quantification of climate-related impacts on the organisation's operations. However, high measurement uncertainty may limit meaningful quantification of financial impacts for ACC at this stage. The broad nature of the Scheme and the uncertainties around injury prevention and climate trends make reliable forecasting difficult. We recognise the importance of contributing to public knowledge regarding potential climate change impacts, while upholding the integrity of our evidence-based analytical approach. Although there is currently no indication that we will be required to report under this standard, we acknowledge the direction outlined for public sector organisations by the proposed International Public Sector Accounting Standards Board Sustainability Reporting Standard for Climate-related Disclosures. The draft standard permits entities to refrain from quantifying the financial effects of climate-related risks or opportunities when significant measurement uncertainty exists, and such estimates would not provide meaningful insights.

While modelling financial impacts from changing claims across diverse settings is possible, the significant uncertainty in the assumptions would mean the estimates are subject to wide margins of error. It may be more effective and responsible for ACC to identify areas of risk, monitor relevant indicators and screen for emerging trends.

Strategy

As climate change brings new challenges, ACC needs to understand how these changes will affect injuries and our services. More severe weather and other climate-related impacts could put extra pressure on the health system, change our communities, and create new funding and planning challenges.

To make sure we keep supporting New Zealanders effectively, we need to look ahead, identify where we might be vulnerable, and develop strategies that help us adapt and stay resilient in a changing world.

ACC's climate work adheres to five guiding principles that ensure alignment with our legislated mandate and stewardship responsibilities.



Readiness and resilience

ACC strengthens operational resilience and safeguards New Zealand families and communities by assessing climate change impacts on clients, partners, and operations.



Reduce our impact

Minimising environmental impact helps protect the safety and wellbeing of New Zealand communities. ACC is working to meet emissions reduction targets aligned with the Paris Agreement.



Responsible contribution

ACC contributes to national climate adaptation by sharing insights in annual reports and collaborating across the public, health, and insurance sectors.



Lean and efficient

ACC's climate initiatives efficiently support its core services and help New Zealand meet its Paris Agreement commitments.



Good practice

ACC ensures its sustainability practices align with social and regulatory requirements and international good practice for public sector organisations.

ACC's operating model

ACC is the Crown entity set up under the Accident Compensation Act 2001 (AC Act) to deliver New Zealand's accident insurance scheme (the Scheme).

Under the Scheme, individuals forgo the right to sue for compensatory damages following injury, in exchange for comprehensive accident insurance cover and compensation. The purpose of the Scheme is to provide a fair and sustainable scheme for managing personal injuries that minimises the incidence and impacts of those personal injuries on the community.

ACC fulfils this purpose by delivering and commissioning services to prevent injuries and get New Zealanders and visitors back to everyday life if they have had accidents or personal injuries.

The Scheme is managed through five Accounts, with each providing cover based on the circumstances of the covered injury. Each Account operates independently and cannot cross-subsidise another.

ACC is funded through a combination of levies and government appropriations. A portion of the levies collected, and appropriations received is invested in funds managed by ACC. We have one of the largest investment funds in New Zealand. ACC's Investment Fund is designed to meet the future costs of accidents that have already occurred.

Current climate related impacts

As noted in our Financial Condition Report 2024, ACC is not yet making any explicit allowance for the impacts of climate change in our projections. This considers both physical and transition risks and is based on the belief that the future risks posed by climate change to ACC's financial condition are likely to be in the same order of magnitude as other financial risks the Scheme already faces, such as the impact of economic movements. This actuarial view considers evidence available for the future, but also implicitly recognises that impacts of climate change on the Scheme are not yet evident.

ACC recognises the severe weather events that have taken place in recent years. The Scheme provides a range of support to anyone in New Zealand in the aftermath of any event where people are injured or lose their lives.

In addition to processing new claims arising from severe weather, ACC also works to ensure that vulnerable and high-risk existing clients receive the necessary support to maintain their safety during and following the event.

At the present point in time our people and systems are able to effectively manage the claims and support needs that arise from weather events. Despite the significant and enduring effects on people and communities, the volume and costs of claims have also remained within manageable levels. For example, a year after Cyclone Gabrielle, its claims represented less than 0.1% of ACC's annual claims by both volume and cost.

Our scenarios

This year ACC has developed climate scenarios specific to our operations.⁴ While it is too soon to understand precisely how the changing climate will affect the Scheme, the discipline of examining plausible futures in a structured way allows ACC to consider potential vulnerabilities and how our operations may need to adapt.

ACC has taken a careful and thorough approach to scenario analysis. To ensure we are aligned with leading thinking we have used both New Zealand and international climate scenarios, including the New Zealand Climate Change Scenarios for the Health Sector, which ACC helped create in 2023/24, and scenarios from the Network for Greening the Financial System (NGFS). By combining these with scenarios from other New Zealand sectors—like construction, energy, tourism, and transport—we have developed climate scenarios that are based on the drivers most relevant to the ACC Scheme. These scenarios will continue to evolve as we learn more about the impacts of climate change and the practical measures being put in place to manage climate risks in New Zealand and overseas. It is important to note that the scenarios presented are not intended as predictions.

The scenarios are summarised in the table on the following page.

⁴ Scenario analysis for ACC's Investment Fund was completed in 2024 and presented in our Climate Report 2023/24. Both scenario analyses use the same warming pathways.

Scenario	Orderly 1.4°C at 2100			Disorderly 2.6°C at 2100			Hothouse 3.9°C at 2100		
Scenario overview Global content	Prompt coordinated global action accelerates the shift to a sustainable, low-emission economy that respects ecological boundaries. Legal rulings and tech breakthroughs cut emissions. Reduced poverty and greater stability reshape population flows, sector dynamics, and health supply chains.			Meaningful global climate action is delayed until the early 2030s, when extreme weather and missed targets trigger abrupt, policy-led shifts. Uneven responses disrupt sectors, alter trade norms, and reshape supply chains, workforce demand, and population dynamics. Operational and investment risks escalate in the short to medium term.			Conflict and nationalism deepen geopolitical divides, derailing climate action by 2036. Economic growth, energy, and food security take priority. Fossil fuel abatement is minimal and unfolds slowly over decades. Severe physical impacts follow, disrupting supply chains, slowing economic development, and widening socio-economic disparities.		
Reference scenarios (Global and NZ)	SSP1-1.9	CCC Tailwinds	NGFS: Net Zero 2050	SSP2-4.5	CCC Headwinds	NGFS: Delayed Transition	SSP3-7.0	CCC Current Policy	NGFS: Current Policies
Temperature outcomes	Global mean annual change: 2041-2060: 1.6°C 2081-2100: 1.4°C		NZ mean annual change: 0.7°C at 2050 TBC°C at 2100	Global mean annual change: 2°C at 2050 2.6°C at 2100		NZ mean annual change: 2031-2050: 0.7 -0.9°C 2081-2100: 1.3—1.4°C	Global mean annual change: 2.5°C at 2050 3.9°C at 2100		NZ mean annual change: 2031-2050: 0.9 -1.1°C 2081-2100: 2.8—3.1°C
Macro-economic and demographics	GDP: GDP declines moderately to sharply in the early transition, due to restructuring, inflation, and disrupted consumption, but rebounds from the early 2030s. Growth becomes broad-based and resilient, driven by clean tech, productivity gains, and avoided climate impacts. By mid-century, it is increasingly inclusive and emissions-decoupled.			GDP: Post-2032 GDP contracts sharply as delayed action triggers an abrupt, costly transition. Asset write-downs, capital flight, and cost shocks drive dislocation. Recovery is slow and uneven. Long-term growth is suppressed by physical impacts, fiscal strain, and regional scarring from underinvestment, labour disruption, and infrastructure loss.			GDP: Growth is weak and uneven as declining global cooperation, trade disruption, and domestic misallocation suppress productivity. From the 2040s, physical impacts and infrastructure loss deepen the drag. NZ performs comparatively well in food exports, but broader growth is limited by adaptation gaps, system fragility, and widening regional divergence.		
	Other (macroeconomic): Inflation and interest rate volatility spike during early transition, driven by capital demand and structural disruption. Fiscal pressure peaks mid-transition, then eases as tax bases broaden and climate costs decline. Productivity rebounds as early inefficiencies resolve, with long-term gains driven by clean tech, adaptation investment, and digital systems integration.			Other (macroeconomic): From 2032, abrupt transition measures trigger inflation spikes and interest rate volatility. Public debt surges as governments fund emergency support and crisis-driven infrastructure. Fiscal space tightens, crowding out future investment. Productivity improves gradually from the late 2030s but remains uneven due to labour disruption, capital misallocation, and delayed adaptation.			Other (macroeconomic): Public debt accelerates amid climate damage, reactive adaptation, and degraded services. Inflation remains volatile as food, energy, and housing shocks recur. Interest rates stay elevated due to sovereign risk and investor unease. Fiscal space narrows, productivity stagnates, and crowding-out limits investment in resilience, human capital, and long-term system renewal.		
	Demographics: Population grows to ~6.1m by 2050, driven by skilled and Pacific climate migration. Fertility declines; over-65s reach 23%, but ageing is offset by younger migrant inflows. Urban populations densify, especially in Auckland. Māori workforce share rises, supporting rural resilience. Coastal retreat expands but remains uneven and underfunded.			Demographics: Population reaches ~6.1m by 2050, with over-65s exceeding 23%. Migration narrows to investor and high-skill entrants; broader flows decline mid-century. Urbanisation rises via retreat and disruption, but services strain in growth areas. Rural populations shrink. Māori and other vulnerable communities face relocation pressures as ageing and planning gaps widen structural divides.			Demographics: Population surpasses 7 million by 2050, driven by sustained migration—both Pacific displacement and inflows of skilled and high-net-worth individuals. Fertility declines as ageing accelerates, straining aged care. Planned retreat remains incomplete, fuelling fragmented urban growth, housing stress, and social inequality. Some regions adapt; others face depopulation or infrastructure failure.		

Scenario	Orderly 1.4°C at 2100	Disorderly 2.6°C at 2100	Hothouse 3.9°C at 2100
Technology change outcomes	NZ keeps pace —fast, sustained, and widespread deployment of mitigation technologies across all sectors, especially GHG-intensive ones. Focus areas include renewable energy, electrification of transport and process heat, agricultural emissions reduction, low- emissions fuels (e.g. hydrogen, biofuels), and AI-enabled efficiency. Adaptation technologies also scale—particularly in housing, infrastructure, and food systems—though they remain a secondary priority to mitigation and are most advanced where resilience delivers co-benefits.	Delayed then rapid: Delayed transition planning and weak early investment leave NZ lagging in transport, energy, and process heat technologies. Global demand surges post-2032 drive up costs and cause rollout delays. Catch-up efforts are reactive and fragmented. Agricultural R&D continues through the 2020s, reflecting NZ’s early focus on agri-emissions, but on-farm deployment remains limited. Adaptation technologies scale from 2032 across housing, transport, infrastructure, and decentralised energy and water systems, but deployment is reactive, fragmented, and spatially uneven—especially where prior planning lags or institutional capacity is weak.	Slow, fragmented, and uneven: Mitigation technology uptake is limited and fragmented, with most systems underinvested. Some technologies—particularly in energy and food security—are adopted for their resilience value (e.g. energy security, cost control), but rollout is reactive, uneven, and constrained by public funding limits and supply chain disruption. Adaptation technologies expand in response to escalating physical risks but lack coordination and scale. High costs drive uneven investment, concentrated in core infrastructure, energy, and primary production, while many regions remain under- resourced or reliant on imported solutions.
Other economic and social changes	Access to labour: Net labour demand rises as low-carbon sectors expand and emissions-heavy jobs decline. Migration offsets ageing, and Māori and Pacific participation grows. However, persistent skills mismatches and regional shortages—especially in infrastructure, health, and logistics—constrain uptake, despite public investment, targeted retraining, and productivity gains from the early 2030s.	Access to labour: Labour demand fractures post-2032 as emissions-intensive job losses surge. Demand rises in infrastructure, energy, logistics, and adaptation delivery—but absorption is patchy. Migration slows, retraining lags, and regional mismatches deepen—leaving Māori, Pasifika, and mono-sector communities exposed despite reactive investment in workforce development.	Access to labour: Labour conditions deteriorate as attrition and failing public systems reduce participation—especially in rural sectors where labour persists but climate stress erodes workforce viability. Urban centres absorb displaced populations, but mismatches grow. From 2040, physical impacts spur fragmented adaptation demand as labour inequalities widen across region, income, and ethnicity.
	Economic structural shifts: Fossil fuels sunset. Regions pivot to renewables, tourism, data centres and strategic manufacturing hubs supporting the transition. Nationwide renewable-grid build-out underpins electrified, circular manufacturing. Forestry’s bioeconomy rises as sheep—beef shrink while dairy endures; spatial adjustment remains uneven.	Economic structural shifts: Fossil fuel reliance lingers, as fragmented regional shifts to renewables, tourism, data centres and transition- supporting manufacturing unfold. Grid delays and capital constraints stall industrial modernisation. Forestry and bioeconomy growth is uneven; livestock exits are abrupt, while dairy adapts under pressure. Regional imbalances deepen.	Economic structural shifts: Mitigation collapses. Energy shifts unevenly to renewables for security, not emissions. Forestry expands; agricultural productivity declines under climate stress. Transition-aligned sectors stall. Infrastructure failure strands regions. Export volumes and earnings shrink as climate disruption, degraded productivity, and trade fragmentation erode competitiveness.
	Socioeconomic security and well-being: Transition disruption and household cost pressures strain wellbeing, especially in emissions- reliant regions. Central investment cushions impacts via wage support, housing, and services. Access to essentials begins to stabilise. Mental distress rises in exposed communities but eases where clean jobs and inclusive policy take hold.	Socioeconomic security and well-being: Macroeconomic stress, cost shocks, and abrupt transition measures deepen hardship—especially in emissions-reliant and lower-income regions. Public services strain under demand. Wellbeing deteriorates unevenly, with distress highest where disruption, underinvestment, and weak institutional capacity converge. Recovery begins only where support is targeted and sustained.	Socioeconomic security and well-being: Wellbeing declines as food, housing, and health access degrade—first under cost stress, then under rising climate damage. Rural, renting, and low-income households face compounding loss, while better-off communities retreat into private systems. Public services fragment post-2040, leaving many exposed to escalating hardship and long-term inequality.

Scenario	Orderly 1.4°C at 2100			Disorderly 2.6°C at 2100			Hothouse 3.9°C at 2100		
Physical climate-related changes	Chronic: Warming increases hot days, dry spells, fire weather, and disease risks. It also brings drier summers and wetter winters in some regions. Impacts stabilise post-2060 under strong global mitigation.			Chronic: Warming builds steadily, with greater intensification post- 2050. Hot days, dry spells, fire weather, and disease risks accelerate. Seasonal shifts—drier summers, wetter winters—are more pronounced.			Chronic: Unmitigated warming causes chronic stressors to intensify significantly in extent, duration, and reach—often breaking ecological, food, and water systems and pushing some regions beyond recovery.		
	Acute: Extreme and heavy rainfall, flooding, wind, storm and heatwave events rise moderately in frequency and intensity through to mid- century, then stabilise or decline.			Acute: Frequency and intensity of storm, rainfall, flood, wind, drought, and other acute events increase markedly, as do landslides, erosion, and other knock-on impacts— particularly from the 2040s onward.			Acute: Hazards are more severe, frequent, prolonged, and widespread. Multi-hazard events cause widespread loss and systemic breakdowns, pushing the most exposed regions beyond recovery thresholds.		
	Degradation/resource stress: Managed retreat accelerates. Acute and chronic hazards affect growing conditions and water access in some regions, prompting land management or use changes. Water access declines in some areas. Demand for resilient land rises, driving unprecedented pressure on housing and agri-land affordability.			Degradation and resource stress: Pressures seen under an orderly pathway become more frequent, severe, and destabilising. From the 2040s, hazards undermine energy systems, infrastructure resilience, and agricultural yields. Irrigation falters. Land use shifts are greater and more reactive. Scarcity of food, water, and arable land deepens affordability stress and widens inequality.			Degradation and resource stress: By mid-century, compounding hazards drive irreversible land degradation, chronic water insecurity, and agro-ecological system failure in exposed regions. Renewable energy becomes volatile. Competing demands for land, water, and infrastructure cascade into severe inequality, displacement, and the collapse of local resilience.		
Anticipated impacts (Overall severity)	Short-term	Medium-term	Long-term	Short-term	Medium-term	Long-Term	Short-term	Medium-term	Long-term
Physical impacts	● Low	● Moderate	● Moderate	● Low	● Moderate	● High	● Low	● High	● Extreme
Transition impacts	● High	● Moderate	● Low	● Low	● High / extreme	● Moderate	● Low	● Moderate	● Extreme

Positioning for the future

“The purpose of this Act is to enhance the public good and reinforce the social contract represented by the first accident compensation scheme by providing for a fair and sustainable scheme for managing personal injury that has, as its overriding goals, minimising both the overall incidence of injury in the community, and the impact of injury on the community...”

Accident Compensation Act 2001

Regardless of climate change's impact, ACC's legislated responsibilities remain unchanged. Understanding how climate change may affect injuries and recovery, the health system we rely on for treatment and rehabilitation, as well as our investments and operations, is essential to ensuring ACC can continue to fulfil the Scheme's mandated purpose.

The work we are doing to identify climate exposures and assess vulnerabilities is providing valuable insights that are important to the long-term

sustainability of the Scheme. We expect many of these impacts to be some years away, and we also recognise that global policies, innovation, and social change will influence how climate change unfolds. Proactively identifying potential impacts and maintaining ongoing monitoring in the coming years will enable ACC to be well-prepared before the effects of climate change become significant for the organisation. This allows leadership and the Board to plan for any required changes well in advance.

At present, climate adaptation is managed within our enterprise risk framework. Current data shows climate change has not significantly impacted the OCL or ACC's operations, and NIWA forecasts suggest climate hazards will increase gradually before 2040. Accordingly, ACC is taking time to ensure its assessment and planning are thorough and robust.

In the next year, ACC will evaluate how each scenario affects its operations using climate exposures outlined in our [Climate Report 2023/24](#) and this year's scenarios. A formal climate transition plan will be created in the 2025/26 financial year. This plan will be updated regularly to address emerging or changing physical or transitional climate impacts.

Metrics and targets

This section outlines ACC's GHG emissions reduction targets and our progress toward meeting these targets. It also reports on the initiatives we have planned to achieve our goals. The Metrics and targets section includes other metric information required by NZCS about vulnerability to climate risks, internal emissions pricing, capital deployment, and remuneration.

Detailed information about ACC's emissions is reported in the full GHG Emissions Inventory for Corporate Operations at Appendix 1. The inventory has been prepared in accordance with the Greenhouse Gas Protocol and ISO14064 1:2018 Standard and meets the requirements set out by the CNGP.

Table 1: Summarised GHG emissions for ACC by scope and category*

Scope	Category (tCO ₂ -e)*	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Scope 1	Category 1: Direct emissions (Fleet and gas)	263	162	98	47	67	238	239
Scope 2	Category 2: Indirect emissions from imported energy (location-based method*) (Electricity)	557	576	583	550	602	308 ⁵	396
Scope 3	Category 3: Indirect emissions from transportation (Air travel, accommodation, staff commute, freight, private mileage, rental cars, taxis, working from home)	7,119	5,233	3,543	2,971	4,099	3,864 ⁶	3,982
	Category 4: Indirect emissions from products used by organisation (Transmission and distribution losses, waste to landfill, wastewater, water supply)	288	302	293	340	438	401	395
	Category 5: Indirect emissions associated with the use of products from the organisation	-	-	-	-	-	-	-
	Category 6: Indirect emissions from other sources	-	-	-	-	-	-	-
	Total emissions	8,227	6,272	4,518	3,908	5,206	4,811	5,012
	Reduction since base year		23.8%	45.1%	52.5%	36.7%	41.5%	39.1%

Columns may not add to the total due to rounding. Periods prior to 2021/22 were not subject to assurance procedures by Ernst & Young (EY). All periods have been certified by Toitū Envirocare.

*Note: GHG emissions for each individual source are presented in Appendix 1.

⁵ Electricity emissions reduced in 2023/24 due to lower national emissions factors.

⁶ Air travel emissions reduced in 2023/24 due to the availability of aircraft specific travel data.

Table 2: Emissions intensity

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Gross emissions (tCO ₂ -e)	8,227	6,272	4,518	3,908	5,206	4,811	5,012
Reduction on base year		23.8%	45.1%	52.5%	36.7%	41.5%	39.1%
FTE	3,354	3,693	3,630	3,828	4,050	4,273	4,529
Total expenditure \$M 1	732	807	766	818	832	943	931
Total gross emissions per FTE (tCO ₂ -e)	2.45	1.7	1.24	1.02	1.29	1.13	1.11
Total gross emissions per million dollars of expenditure (tCO ₂ -e)	11.24	7.77	5.9	4.78	6.26	5.10	5.38

Columns may not add to the total due to rounding. Periods prior to 2021/22 were not subject to assurance procedures by EY. All periods have been certified by Toitū Envirocare.

Emissions inclusions

The CNGP requires inclusion of specified mandatory scope 3 emissions and any additional scope 3 emissions that are material to the agency, to the extent possible, acknowledging that developing complete inventories may take several years.

The 2025 GHG Emissions Inventory includes all mandatory CNGP scope 1, 2 and 3 emissions sources, plus staff commute emissions which are included because they are a material source of scope 3 emissions.

Detailed information about included and excluded emissions sources is presented in the 2025 GHG Emissions Inventory (Appendix 1).

Targets

ACC is committed to helping the Government achieve the reduction targets New Zealand has signed up to under the Paris Agreement. In line with this, we have set the following targets to reduce gross emissions from corporate operations:

- Reduce GHG emissions by 21% by 30 June 2025.
- Reduce GHG emissions by 42% by 30 June 2030.

ACC's targets are for gross emissions and exclude carbon offsets. ACC does not currently use carbon offsets. The targets are for absolute reduction (not intensity reduction) against the base year of 2018/19.

ACC's reduction targets apply to all emission sources included in the inventory. These sources are shown in Table 1 above and further detailed in Appendix 1.

The targets are the minimum required under the CNGP and were established by the CNGP based on the international Science-based Targets initiative (SBTi). SBTi considers targets to be 'science-based' if they are in line with what the latest climate science deems necessary to limit global warming to 1.5°C above pre-industrial levels. (www.sciencebasedtargets.org).

Scope 3 value chain emissions

In accordance with NZCS 2 adoption provision 4, ACC has deferred assessment and inclusion of scope 3 GHG emissions from the full value chain until the next reporting period (2025/26).

The measurement of the Scope 3 emissions and the requirement to include material emissions sources in the CNGP targets will present challenges for ACC.

ACC has a statutory duty to provide injury prevention, treatment and rehabilitation for people in New Zealand. Reductions in material scope 3 emissions will require reduced spending (for sources calculated using spend-based factors) or a shift to suppliers with lower emissions profiles for equivalent service delivery.

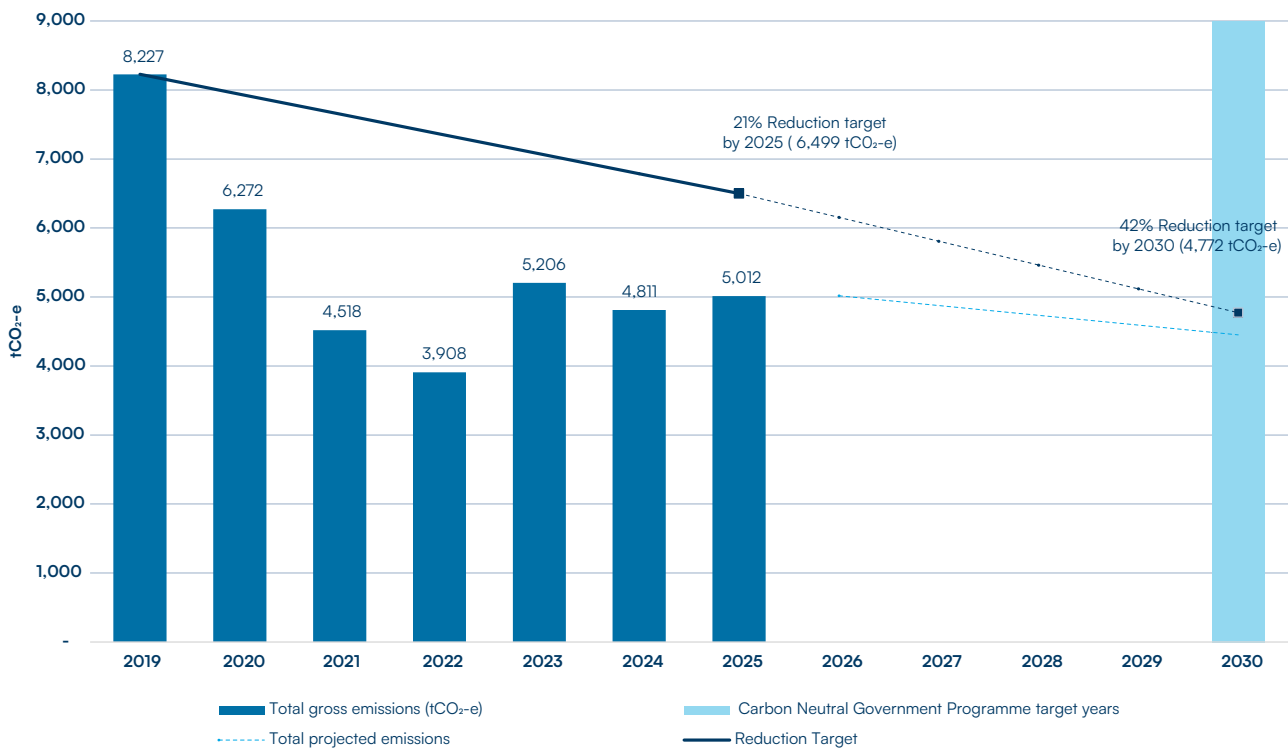
It is essential that any operational or procurement changes made within the value chain for the purpose of reducing emissions do not negatively impact the treatment and rehabilitation pathways for clients. Reducing emissions from many operational sources while maintaining service delivery will therefore require careful assessment and in some cases may not be possible.

A likely solution is that ACC will disclose scope 3 value chain emissions but exclude from the CNGP targets those sources which cannot be reduced without compromising the performance of legislated deliverables. The key example is emissions arising from claims costs expenditures which are part of the value chain.

For this reason, we have taken the additional year offered under adoption provision 4 to set a considered course. ACC remains committed to responsible contribution to public sector emissions reductions and targets that are ambitious but achievable and based on the reduction potential within the agency.

Progress to targets

Figure 1: Actual and projected emissions against targets



Current year emissions

GHG emissions from corporate operations were 5,012 tCO₂-e (tonnes of carbon dioxide equivalent). Consistent with prior years, our largest emissions sources are staff commute 53%, air travel 20% and electricity 8%.

Tracking to targets

ACC has met its 2025 emissions reduction target with significant headroom (39% reduction against a 21% reduction target).

ACC anticipates achieving the 2030 target of a 42% reduction in emissions, noting that the current year emissions are 240 tonnes of carbon equivalent (5%) above the 2030 target. However, the inclusion of additional Scope 3 emission sources in the inventory may affect these projections.

Additionally, changes in emissions factors—particularly those related to air travel and electricity—could influence overall emissions outcomes independently of activity level variations.

Comparison to prior year

Emissions increased 4% (192 tCO₂-e) this year, mainly due to higher staff commuting (+103 tCO₂-e), electricity use (+88 tCO₂-e), working from home (+59 tCO₂-e), and transmission and distribution losses (T&D losses) (+13 tCO₂-e). These increases were partly offset by reductions in waste (-34 tCO₂-e), air travel (-30 tCO₂-e), and accommodation (-11 tCO₂-e).

Although total emissions from staff commuting increased, emissions per employee remained stable, reflecting consistent commuting patterns across a slightly expanded workforce. ACC acknowledges that private considerations, such as residence location and family obligations, impact employees' commuting choices. Where practicable, ACC offers amenities such as shower facilities and flexible start times to support low-carbon commuting alternatives. In the upcoming year, ACC will assess the viability of the Workride Scheme to facilitate bicycle purchases for commuting purposes.

ACC's electricity consumption decreased by 10% in 2024/25 (compared to 2023/24) but our emissions from electricity (and the associated T&D losses) increased due to the uplift in the national emissions factors.

The decrease in electricity usage is linked to our property strategy of reducing sites and consolidating our operations into more energy-efficient buildings. In 2023, ACC combined two locations into the Amohia Ake premises in Kirikiriroa Hamilton. This building achieved a 6 Star NABERSNZ energy efficiency rating in 2025 (one of only six buildings in New Zealand with this rating). The Newmarket and Henderson offices were also merged into a single office with a NABERSNZ energy efficiency rating of 5 stars. This year, we also upgraded the Justice Centre's LED lighting to sensor-driven, reducing electricity use at ACC's main Wellington office by 30%.

The increase in the emissions factor for electricity also increased the factor for working from home emissions. ACC's working from home emissions increased by 38% year-on-year, corresponding with the 39% increase in the emissions factor.

Table 3: Emissions reduction or measurement improvement initiatives

Buildings	<ul style="list-style-type: none"> • ACC looks for ongoing energy improvements across all sites. The property team is exploring renewable energy for large locations and focusing on consolidating buildings and improving energy efficiency. These initiatives are commercially motivated, but they also contribute to emission reduction and foster a growing sustainability culture at ACC, which is expected to facilitate continued improvements in other areas. • ACC Dunedin offices will relocate to a single, newly built site in the 2025/26 reporting period. The new building aims to achieve a 4.5 -5 NABERSNZ rating for energy efficiency.⁷ ACC's electricity use within the building will be supplied by a commercial solar system. • In 2023, ACC consolidated two sites (800 staff) into new premises, Amohia Ake, in Kirikiriroa Hamilton. In 2025, Amohia Ake received a 6 Star NABERSNZ rating from the New Zealand Green Building Council, the highest possible, for outstanding energy use and efficiency. It is one of only six buildings in New Zealand certified to this level. • During the 2023/24 reporting period ACC consolidated the Newmarket and Henderson sites into a single site. The new office is in Newmarket and has a Green Star NABERSNZ rating of 5.7. • The lighting in ACC's main Wellington site (Aitken Street) was upgraded to sensor-driven LEDs during the 2024/2025 reporting cycle, supporting a 30% reduction in electricity consumption for the site.
Travel	<ul style="list-style-type: none"> • Managers approving travel are asked to consider emissions reductions targets. • Carbon travel budgets will be investigated from 2025/26 onwards.
Fleet	<ul style="list-style-type: none"> • The transition to an electric and hybrid fleet is complete. The fleet is currently 31% electric and 66% hybrid. We reduced the size of our vehicle fleet from 184 at 30 June 2019 to 75 at 30 June 2025 and will investigate options for further reduction of the fleet size. This includes a review of ways to optimise the use of pool cars.
Waste	<ul style="list-style-type: none"> • Following a waste review in 2024, end-to-end recycling processes were improved as relevant for each site to help reduce waste emissions over time. • Although waste is not material to ACC's emissions, recycling and waste management helps create a sustainability culture that supports emissions reductions in all areas.
Staff commute and Working from Home	<ul style="list-style-type: none"> • Work alongside People and Culture to investigate ways that flexible working and recruitment can further optimise staff commute and working from home emissions. • Assessment of Workride scheme is planned for 2025/26 to support active commute options.
Value chain (other scope 3 emissions)	<ul style="list-style-type: none"> • Incorporate value chain emissions into our inventory from FY2025/26, including from ICT/cloud services, client travel and third-party services.
Data quality improvement	<ul style="list-style-type: none"> • Transition to smart electricity meters across all ACC sites is almost complete. The final site will be switched in 2025/26. • In 2024/25, the emission inventory records were migrated from Microsoft Excel and Power BI to Oracle Enterprise Performance Management for Sustainability (Oracle EPM-S). This transition is intended to mitigate data risk and improve reporting and forecasting processes. The Oracle EPM-S system facilitates efficient monitoring and analysis of travel and energy patterns, supporting the implementation of new policies and initiatives to reduce environmental impact over time. • Upon calculating Scope 3 emissions from the value chain using spend-based factors, ACC will identify significant emission sources where activity data may be obtainable.

⁷ The Green Star rating tool is used during design and construction to assess the environmental aspects of buildings. Energy is just one of the criteria Green Star assesses. NABERSNZ looks solely at energy performance and is used once buildings are occupied and operating for a year or more.

Vulnerability to transition risks, physical risks and climate-related opportunities

As outlined in the Risk management section, ACC sites, assets and functions, as well as the client section of the value chain, have now been screened for exposures to climate hazards and risks. The initial findings are presented in the *Climate Report 2023/24*.

Remuneration

Remuneration for ACC management is not linked to climate-related risks and opportunities or climate performance metrics.

Capital deployment and internal emissions pricing

ACC does not currently use an internal emissions price.

In the current reporting period, ACC's corporate operations do not have any capital expenditure, financing or investment deployed toward climate-related risks and opportunities.



Investments

Introduction

This section considers the impact of climate change on ACC's investment portfolio. Emissions that are a consequence of ACC's investment operations are accounted for in our corporate operations. The investment emissions reported here are covered by the CRIF which was established by The Treasury as a separate framework to compliment the CNGP and

set a standard for ACC Investments and the other CFIs to be consistent with the Paris Agreement.

Our climate framework remains unchanged from last year and has successfully delivered on our first interim carbon reduction target. This year, we have expanded our reporting to include sovereign bonds.

Risk management

ACC's portfolio managers are responsible for understanding the climate-related risks and opportunities associated with their investments. These risks are considered alongside other risks faced by investee companies when making investment decisions. Portfolio managers determine the priority of climate and other ESG-related risks based on their materiality assessments and evaluation of market pricing. Several external managers utilise proprietary ESG research to evaluate investee companies' climate-related risks. They integrate this information into existing models or share it with portfolio managers to ensure it serves as an input to investment decision-making processes.

Our monitoring and management of climate risks and opportunities include frequent interactions with portfolio managers and stakeholders, alongside measuring and reporting of key metrics. The measures we use to identify and assess the portfolio's climate-related risks include absolute emissions, carbon intensity, and the Climate Value-at-Risk (CVaR) metric developed by MSCI ESG Research (MSCI).

Climate-related risks are managed in several ways. One approach is reducing the Fund's exposure to carbon-intensive investments, guided by portfolio carbon intensity (PCI) reduction targets, with PCI measured as emissions per USD 1 million of revenue. PCI includes investee companies' Scope 1 and 2 emissions, as well as emissions from the end-use of oil, gas, and thermal coal produced by companies that own fossil fuel reserves.

Active portfolio management also plays a key role, aiming to enhance the Fund's resilience to climate-related disruptions and positioning it to capture emerging opportunities.

The pricing of risk is a continually changing feature of the investment landscape, and portfolio managers assess the likelihood of climate-related and other investment risks and opportunities materialising across different investment horizons. While ACC is a liability-driven investor with a long-term investment horizon of over 20 years, active portfolio management also considers climate-related and other investment risks across short- (1 to 5 years) and medium-term (6 to 20 years) horizons. Short-term risks include regulatory changes, market sentiment shifts, and commodity price volatility, while medium-term risks reflect structural changes such as evolving consumer preferences and supply chain transformations that may reshape industries.

Engagement is also central to our approach to managing climate-related risks. We actively engage with investee companies either directly, collaboratively with peer CFIs, or through a global engagement specialist. During 2022/23, ACC along with the other CFI's, launched a climate change engagement program, using our collective influence to engage directly with New Zealand's largest companies. The key elements of the program include a CFI position statement published on our website, a letter to the Chairs of companies listed on the NZX50, and engagement with priority companies. We completed our first round of engagements in the 2024/25 year.

We believe that engaged, responsible ownership of carbon-intensive companies offers a more effective path to real-world emissions reduction than divestment, as it preserves investor influence and reduces the risk of transferring control of energy assets to less climate-conscious or transparent entities, including private operators subject to limited oversight.

While engagement is our preferred strategy, we apply targeted divestment to companies that appear least likely to have capabilities valuable for a low-carbon economy. This approach has led to the exclusion of companies that derive a significant proportion of their income from thermal coal sales.

We adopt targeted divestment rather than full divestment or blanket exclusion of fossil fuel energy providers, recognising that energy pathways to a net-zero economy remain uncertain, global climate policy alignment is still evolving, and clean energy supply chains continue to rely on fossil fuels for materials, manufacturing, and transport.

Since different industries respond differently to economic and geopolitical events, we also believe that divestment policies which lead to the exclusion of major segments of the energy sector may compromise the effectiveness of diversification strategies in mitigating future portfolio risk.

Our processes for identifying, assessing and managing climate-related risks are incorporated in our overall risk management process in several ways. We engage regularly with portfolio managers to assess their progress in achieving our carbon reduction goals. We also assess how they are engaging with companies to reduce carbon emissions. Oversight and management of risks, including climate and other ESG risks, is a key consideration when appointing new managers and monitoring existing managers. The approaches our external portfolio managers are taking to manage and mitigate ESG risk in their portfolios is reviewed by our CCSG at least annually. The ACC Investments Risk team monitors climate-related risk and provides quarterly reporting to the Board Investment Committee.

Strategy

ACC's Investment Fund (the Fund) is designed to meet the future costs of accidents that have already occurred and reduce the risk that future levy payers will have to pay for past injuries. ACC's investment strategy is directed by its legislative framework, which emphasises a commercial approach that integrates ethical factors. ACC aims to achieve a suitable balance between return and risk, with risk primarily defined in terms of impact on funding ratios and levy rates. We also seek to maximise return for the level of risk adopted, utilising both in-house and external portfolio management teams. Our investment strategy has evolved to align the Fund with the transition to a low-carbon economy, while continuing to support the achievement of all of its investment objectives.

The investments climate strategy was established in 2020 with the objective of the Fund being consistent with Net Zero by 2050. The strategy continues to develop, and our transition plan incorporates emissions measurement and reduction targets, company engagement, and investor collaboration.

To align with New Zealand's commitment to net-zero emissions by 2050, the ACC Board set interim carbon intensity reductions targets for listed equities investments. Targets are a 60% reduction by 2025 and 65% by 2030, compared to a 2019 base year.

ACC imposes annually declining carbon caps on external and internal equity portfolios in line with achieving the carbon-intensity reduction targets. To align portfolio management with our transition plan, we also introduced low-carbon benchmarks for our New Zealand, Australian and global equity portfolios.

Our private markets team has incorporated climate-related factors into their investment strategy. This involves evaluating the carbon footprint of all potential investments and their carbon reduction plans. Although strict limits on acceptable emission levels are not imposed, we do consider how an investment might affect the ACC Fund's overall carbon footprint, opting not to invest if the impact is excessive. We also aim to reduce emissions through engagement with our private markets portfolio companies.

While our climate scenario analysis incorporates scenario-specific carbon price estimates, we do not currently require portfolio managers to apply a specific internal emissions price in their investment decision-making. This reflects the high degree of uncertainty surrounding future carbon prices, driven by regulatory risk, varying levels of climate policy certainty across regions, and reliance on climate technologies that are not yet developed or deployed at scale.

How the Fund will be positioned as the global and domestic economy transitions towards a low-emissions world is reliant on the speed of the transition, the pace and extent of regulation, technology developments, business adaptation, and how investment markets react to these factors. Active portfolio management will play a role in our exposure to climate risk, and in determining how our investment strategy might change to address climate-related risks and opportunities.

Climate-related impacts on investments

Climate change poses a financial risk to the Fund and is one of the many risk factors we monitor and actively manage. The Fund's climate-related risks depend on the strength of government policies and the success of the companies in our portfolio in achieving their climate-related objectives.

Climate risks can be classified into two types: physical risk and transition risk. Physical risks include the risk of more frequent and severe events, such as large storms and wildfires, as well as chronic climate change risks such as rising temperatures and sea levels. They can affect the Fund's assets in various ways, such as damaging property and infrastructure, and disrupting supply chains, business operations, and workforce availability or productivity. The extent of physical risks will depend on the pace of decarbonisation as well as the amount of adaptation in the short and medium term. In the longer term, physical risks are projected to be the more material of the climate risks.

Transition risk refers to the challenges and potential disruptions caused by the global move to a lower-carbon economy. It impacts assets in the Fund by potentially altering their value due to regulatory, market, and technological changes aimed at reducing carbon emissions. Investee companies can also be affected by shifting consumer preferences towards more sustainable products, fluctuations in the cost of raw materials due to climate policies, reputational risks, and legal liability risks. Transition risks interact with each other, varying over time by sector and geography, and with changes in government policy. Transition risk is expected to be the more material of the climate risks over the nearer term.

Climate-related risks can also impact investee companies' access to, and cost of, insurance and other financial services.

The transition to a low-carbon economy also presents opportunities, with investee companies potentially benefiting from new business opportunities driven by technological change and economic realignment, though these opportunities may involve risks such as technology obsolescence, reliance on subsidies, or challenges in implementing solutions at scale. Further opportunities for active portfolio management may result as new industries emerge from the transition and there is greater dispersion in company returns — reflecting significant differences in firms' exposure to physical and transition risks, adaptive capacity, and strategic positioning.

ACC is a minority shareholder in over 1,500 publicly traded companies, some of whose earnings over the last year will have been impacted by weather events that were potentially intensified by climate change. Others' share prices may have moved up and/or down in response to changing expectations of how transition risks and opportunities will impact their future earnings. Isolating and measuring the change in portfolio value which is attributable to experienced and anticipated impacts of climate change is challenging. However, our assessment is the net impact over the past year has been negligible compared to other drivers of investment returns, such as changes in interest rate expectations and economic outlooks, commodity price movements, geopolitical events, regulatory changes, industry trends, and company earnings surprises.

Climate scenarios

Climate scenarios provide a common starting point for analysing climate risks and opportunities and are designed to be exploratory, not predictive. They do not represent forecasts or policy recommendations, but rather plausible and coherent narratives of how the world could evolve under different assumptions.

The same three climate scenarios outlined in the corporate operations section of this review — 1.5° Orderly, 1.5° Disorderly, and Hot House (3° Current Policies) — are applied to investments. These scenarios are also widely used by global investment managers as they encompass a range of severities for both physical and transition-related climate impacts.

For each scenario we have used MSCI's forward-looking CVaR model to illustrate the potential impact of climate-related physical risks, transition risks, and opportunities on Fund value. Results are presented in the Metrics and targets section below.

We selected CVaR due to its breadth of scenarios and ability to break down a portfolio's climate risk by physical risk, transition risk, and individual company security. The CVaR output is a measure of both a company's potential climate cost exposure and a measure of how climate change could affect a company's valuation. Scenario modelling involves estimating a time series of climate costs for each company and then calculating the sum of the present value of these costs. The present value is then expressed as a percentage of company market value to reflect the implied value at risk. The time horizon endpoint for each of our scenarios is the year 2100.

Multiple data sources are used to construct the CVaR model's scenarios. Integrated Assessment Models (IAMs) used by the NGFS provide future transition pathways for assessing economic and environmental impacts of climate change, including carbon emissions pathways, global temperature projections, energy efficiency factors, and policy-related outputs like carbon pricing and mandated emissions reductions. Company financial, emissions, and energy data are obtained from different sources, including company reports and the Carbon Disclosure Project (CDP). Physical hazard data is based on projections from general circulation models and global hydrological models from academic and think tank research organisations.

Governance of the CVaR model is the responsibility of MSCI's ESG Methodology Committee which evaluates the conceptual soundness of models by systematically vetting each specification of the framework, the assumptions that are applied in the model, and a sampling of the outputs of the model. Descriptions of MSCI's climate methodologies are available from www.msci.com/legal/disclosures/climate-disclosures.

Like all climate change models, CVaR is subject to scenario updates, multiple assumptions, data gaps, and other limitations. The long projection horizon of the model can also compound its limitations and increase uncertainty around future outcomes. We believe CVaR can be useful for high-level insights and identifying areas for further investigation but given the inherent uncertainties in the assumptions and data underpinning the scenarios — as well as the extent to which climate risk is priced by the market — the model is currently used on a standalone basis instead of being explicitly integrated into our investment management processes.

Metrics and targets

This section details the metrics we use to measure emissions associated with investments, estimate the portfolio's exposure to companies with green business models and net-zero targets, illustrate potential portfolio losses in different climate scenarios, and establish climate-related portfolio targets.

Portfolio carbon metrics

GHG emissions associated with investments are classified as per the GHG Protocol and measured as a CO₂ equivalent, in tonnes of carbon (tCO₂-e). Biogenic CO₂ emissions associated with investments are not measured or reported due to data availability. Metrics are subject to significant data limitations, assumptions, and inherent uncertainty as outlined in this review.

Absolute emissions associated with investments are measured according to the Partnership for Carbon Accounting Financials (PCAF) Standard. The PCAF Standard facilitates the comparison of emissions across portfolios at the same, or similar points in time, and can be used to apportion emissions to asset classes other than equities. However, data limitations associated with PCAF's methodology (discussed below) may significantly reduce the comparability of emissions through time.

This year we have expanded our reporting to include sovereign bonds, meaning that emissions apportioned to the Fund now includes all PCAF asset classes where we have investments. As of 30 June 2025, the Fund's market value weight in PCAF asset classes was 31% in listed equities, 2% in corporate bonds, 1% in unlisted company equities and business loans, 3% in unlisted real estate and project finance, and 49% in sovereign bonds — 99.9% of which were New Zealand sovereign bonds. All investments from these asset classes have been included in our emissions measurement process. The only investments from these asset classes which are excluded from the portfolio's emissions metrics are those without available emissions data.

Investments currently not covered by PCAF, such as private equity investment funds and derivatives, were 14% of the portfolio as of 30 June 2025.

The PCAF Standard also specifies a hierarchy for emissions data quality (score 1 = highest data quality; score 5 = lowest data quality). The data quality score reflects the level of estimation used to measure an entity's emissions for a given point in time, rather than the level of consistency or comparability of emissions through time. Company reported emissions receive the highest quality score because they are the most certain. The overall data quality score for the Fund is calculated as the market value-weighted average of the data quality scores of the underlying investments.

Corporate investments: Absolute emissions

Corporate investments within this section of our review are the Fund's investments in PCAF asset classes, other than sovereign bonds. PCAF's methodology apportions corporate investee emissions based on the proportion of each corporate's enterprise value including cash (EVIC), represented by ACC's investment in that corporate, using the following formula:

$$\text{Financed emissions} = \sum_c \frac{\text{Outstanding amount}_c}{\text{Enterprise Value Including Cash}_c} \times \text{Company emissions}_c$$

(with c=investee company; Outstanding amount = value of investee company holding)

Emissions data for listed equities and corporate bonds is sourced from MSCI and includes Scope 1 (direct emissions), Scope 2 (indirect emissions from the generation of purchased or acquired energy), and Scope 3 (value chain) emissions. Emissions data from MSCI includes a combination of company reported emissions and model-based estimates. This emissions data uses various sources to determine the emission factors and global warming potential (including the Intergovernmental Panel on Climate Change (IPCC) recommendations, and regional or country level factors), depending on the information available from investee companies. As a result, no single underlying source can be stated.

MSCI's methodology involves estimating emissions for companies that do not report Scope 1 and 2 emissions according to the GHG Protocol framework or other common reporting standards.

MSCI's Scope 3 emissions estimation model, which is used for all companies, attempts to address the challenges associated with companies' Scope 3 data, which, even when reported, is often incomplete, inconsistent, and volatile. MSCI estimates Scope 3 emissions for each of the 15 categories within the GHG Protocol's "Corporate Value Chain (Scope 3) Accounting and Reporting Standard" (except for Categories 1 and 2 which are combined). MSCI's estimation model uses global industry averages, a recognised approach within the PCAF Standard's hierarchy of emissions estimation methodologies.

Emissions data from MSCI covered 98% of listed equities and 54% of corporate bonds (by market value). Of those companies for which Scope 1 and 2 emissions data was available, company reported emissions accounted for 88% of listed equities emissions and 91% of corporate bonds emissions.

Model-based estimates accounted for the remainder, being 12% and 9% respectively.

Emissions data for unlisted investments was collected directly by ACC through investee populated surveys. In six cases we calculated emissions by combining investee supplied energy data with emission factors from the MfE. Scope 1, 2 and 3 emissions data was collected from 70% of unlisted company equities and business loans (by market value). Scope 1 and 2 emissions data was collected from 44% of unlisted real estate and project finance. Scope 3 emissions data was collected from 28% of project finance investments and are not required by PCAF for unlisted real estate investments.

Total Scope 1, 2 and 3 emissions apportioned to the Fund's corporate investments on 30 June 2025 were 2,591,060 tCO₂-e, comprising 282,795 Scope 1 and 2 emissions and 2,308,265 Scope 3 emissions.

Table 4: Corporate investee emissions, apportioned by share of enterprise value including cash.

	Scope 1 & 2			Scope 3		
	2025	2024	2023	2025	2024	2023
Emissions (tCO₂-e)						
Listed company equities	260,901	342,124	481,893	2,164,551	2,489,513	3,468,790
Corporate bonds	18,684	22,752	-	71,181	114,865	-
Unlisted company equities & business loans	2,365	2,024	-	72,526	47,461	-
Unlisted real estate & project finance	845	617	-	7	0	-
Total corporate investments	282,795	367,517	-	2,308,265	2,651,840	-
Emissions tCO₂-e per NZD million invested						
Listed company equities	16.9	22.5	27.7	140.2	163.6	199.7
Corporate bonds	28.7	20.1	-	107.3	101.8	-
Unlisted company equities & business loans	8.2	7.7	-	251.1	180.8	-
Unlisted real estate & project finance	1.4	1.8	-	0.0	-	-
Total corporate investments	16.7	21.7	-	139.3	159.7	-
Data coverage (% of asset class market value)						
Listed company equities	98	98	98	98	98	98
Corporate bonds	54	61	-	55	61	-
Unlisted company equities & business loans	70	74	-	70	74	-
Unlisted real estate & project finance	44	29	-	28	0	-
Total corporate investments	91	89	-	92	91	-
Data quality (1=Highest quality, 5=Lowest quality)						
Listed company equities	2.2	2.1	2.2	2.5	2.4	2.6
Corporate bonds	2.2	2.1	-	2.2	2.2	-
Unlisted company equities & business loans	1.4	1.4	-	1.4	1.6	-
Unlisted real estate & project finance	2.2	2.0	-	2.0	-	-

"-" not available.

Of the Fund's Scope 1 and 2 emissions, 92% were attributable to listed company equities, 7% attributable to corporate bonds, and 1% attributable to unlisted investments.

The top three emitting sectors, as a proportion of listed company equities Scope 1 and 2 emissions, are utilities (26%), materials (26%), and industrials (21%), based on the Global Industry Classification Standard (GICS). Listed equities Scope 1 and 2 emissions declined by 24% from 30 June 2024. Most of this reduction was attributable to changes in the Fund's composition, although declines in emissions attributed to investee companies and movements in other factors, such as changes in equity-to-EVIC ratios, also contributed. Changes in the Fund's composition include the impact of transactions due to portfolio managers and strategists changing investment views and transactions necessary to manage external cashflows, such as deposits and withdrawals. Changes in emissions attributed to investee companies include real world emissions reductions, the effects of changes in emissions calculation methodologies, and the effects of movements from estimated to reported emissions.

Of the Fund's Scope 3 emissions, 94% were attributable to listed company equities, 3% attributable to corporate bonds, and 3% attributable to unlisted investments.

The top three emitting sectors, as a proportion of listed company equities Scope 3 emissions, are materials (31%), energy (17%), and industrials (15%). The 13% reduction in listed company equities Scope 3 emissions from 30 June 2024 is mostly attributable to changes in equity ownership, although declines in emissions attributed to investee companies and movements in other factors also contributed to the reduction.

Listed company equities: Portfolio carbon intensity

Our target decarbonisation metric for listed equities is PCI, which serves as a complimentary metric to absolute emissions. Investee emissions are normalised relative to revenues and apportioned to the Fund based on equity ownership (i.e., the Fund's proportional share of equity in each investee company). Apportioning emissions by equity ownership avoids some of the data limitations associated with apportioning emissions by EVIC. PCI is calculated by dividing apportioned emissions by apportioned revenues.

PCI was selected as our listed equities decarbonisation metric because it is robust to portfolio deposits and withdrawals, which can heavily reduce the comparability of absolute emissions through time.

PCI includes Scope 1 and 2 emissions across all sectors and Priority Scope 3 emissions. We define Priority Scope 3 emissions as the emissions embedded in the fossil fuel production volumes of those companies identified by MSCI as having fossil fuel reserves for energy purposes. Fossil fuels are defined as oil, gas and thermal coal, the combustion of which is the largest single source of global GHG emissions.

Priority Scope 3 emissions are estimated by ACC using a physical activity-based approach, which is also recognised by PCAF. The approach combines company reported fossil fuel production volumes with emission factors from the U.S. Environmental Protection Agency (0.43 tCO₂-e per barrel of oil and 1.98 tCO₂-e per tonne of coal).

Scope 3 emissions, other than Priority Scope 3 emissions, have not been included in our PCI metric because the comparability, coverage, transparency, and reliability of Scope 3 data still varies considerably across companies, and we believe this could misrepresent progress towards meeting interim decarbonisation targets. Our target does not use offsets.

The Fund's PCI was 132 tCO₂-e per million USD of revenue on 30 June 2025, down from 212 the previous year, and 76% below the 2019 baseline.

Table 5: Listed equities Portfolio Carbon Intensity

Portfolio Carbon Intensity - Input variables as of 30 June 2025	
Scope 1 & 2 emissions apportioned by ownership share (tCO ₂ -e)	445,104
Priority Scope 3 (fossil fuel end-use) emissions apportioned by ownership share (tCO ₂ -e)	197,687
Total Scope 1, 2 & Priority Scope 3 emissions (tCO ₂ -e)	642,791
Revenue apportioned by ownership share (USD million)	4,863
Portfolio Scope 1 & 2 emissions intensity (tCO₂-e per million USD of revenue)	
As of 30 June 2025	92
As of 30 June 2024	108
As of 30 June 2023	112
Portfolio Carbon Intensity (Total Scope 1, 2 & Priority Scope 3 emissions tCO₂-e per million USD of revenue)	
As of 30 June 2025	132
As of 30 June 2024	212
As of 30 June 2023	226
Baseline as of 30 June 2019	562
Reduction on Baseline as of 30 June 2025	76%
Reduction on Baseline as of 30 June 2024	62%
2025 minimum reduction target	60%
2030 minimum reduction target	65%

A recalculation threshold of 5% is applied to baseline (30 June 2019) PCI in the event of calculation methodology changes or the discovery of data errors. No adjustments were applied to the baseline PCI for the current reporting period.

Sovereign investments

Sovereign bonds are the largest asset class within the Fund. We have separated the reporting of emissions attributed to sovereign bonds due to their limited comparability with emissions allocated to the Fund's corporate investments. PCAF's corporate emissions methodology is not applicable at a sovereign level because there is no equivalent concept of ownership of a country. The sovereign methodology selected by PCAF instead attributes a country's emissions to sovereign bonds based on their proportion of Purchasing Power Parity (PPP)-adjusted Gross Domestic Product (GDP), measured in USD, using the following formula:

$$\text{Financed emissions} = \sum_s \frac{\text{Outstanding amount}_s}{\text{PPP-adjusted GDP}_s} \times \text{Sovereign emissions}_s$$

(with s=sovereign borrower; Outstanding amount = value of sovereign borrower holding)

PCAF's scope definition for sovereign debt includes three emissions scopes. Scope 1 emissions are domestic GHG emissions from all sources located within the country/territory. This Scope 1 definition aligns with the definition of production emissions, which are emissions attributable to emissions produced domestically and include domestic consumption and exports. Scope 2 emissions are GHG emissions occurring as a consequence of the domestic use of grid-supplied electricity, heat, steam and/or cooling, which is imported from another territory. Scope 3 emissions are GHG emissions attributable to non-energy imports as a result of activities taking place within the country/territory.

This scope definition allows for GHG accounting of emissions of sovereign debt taking the consumption-based view, where the emissions related to exports are subtracted from total Scope 1, 2, and 3 emissions. Consumption emissions provide a broader view of a sovereign's GHG emissions by accounting for consumption patterns and trade effects. There are however additional limitations to the usability of this metric as noted in the following section.

Sovereign emissions and PPP-adjusted GDP data is sourced from MSCI and covers 100% of the Fund's sovereign bonds. Reported unverified emissions comprised 99.95% of Scope 1 emissions, with the remaining 0.05% being calculated using sectoral revenue data of countries' production and emission factors specific to that revenue data. Scope 2 emissions are estimated by MSCI and based on the government's imported emissions from electricity, gas and water sector. Scope 3 emissions are also estimated by MSCI and based on the government's imported emissions from sectors other than electricity, gas and water sector.

Scope 1 (production) emissions apportioned to the Fund's sovereign bonds on 30 June 2025 were 4,369,293 tCO₂-e excluding emissions/removals from land use, land-use change, and forestry (LULUCF). Scope 1 emissions including LULUCF were 3,213,077 tCO₂-e. Total production and imported emissions (i.e. Scope 1, 2 and 3) were 5,793,964 tCO₂-e excluding LULUCF and 4,637,748 tCO₂-e including LULUCF.

Exported emissions were 1,339,224 tCO₂-e, resulting in consumption-based emissions of 4,454,740 tCO₂-e excluding LULUCF, and 3,298,524 tCO₂-e including LULUCF. Exported emissions are estimated by MSCI using the Eora Global Multi-Region Input-Output (MRIO) database as the primary source. Eora MRIO uses a global multi-regional input-output model harmonized across 190 countries, with aggregated sector classifications and interpolated trade/emissions data for consistency across nations. Stats NZ calculate NZ's exported emissions using national input-output (IO) model based on New Zealand's own supply-use tables and detailed local data for industries, trade flows, and emissions factors. Using Stats NZ data for NZ's exported emissions would result in an exported emissions value for the Fund of 2,804,909 tCO₂-e, and consequently lower consumption-based emissions values of 2,989,055 tCO₂-e excluding LULUCF and 1,832,839 tCO₂-e including LULUCF.

Table 6: Sovereign emissions, apportioned by share of PPP-adjusted GDP, as of 30 June 2025.

	tCO ₂ -e	tCO ₂ -e per NZD million invested
Scope 1 excluding LULUCF	4,369,293	172.4
Scope 2	1,700	0.1
Scope 3	1,422,971	56.2
Total Scope 1+2+3 excluding LULUCF	5,793,964	228.7
Less: Exported Emissions	1,339,224	52.9
Consumption-based emissions excluding LULUCF	4,454,740	175.8
Scope 1 including LULUCF	3,213,077	126.8
Total Scope 1+2+3 including LULUCF	4,637,748	183.0
Consumption-based emissions including LULUCF	3,298,524	130.2
	Date coverage	Data Quality
	(% of market value)	(1=Highest,5=Lowest)
Scope 1 excluding LULUCF	100	4.0
Scope 1 including LULUCF	100	2.0
Scope 2	100	4.0
Scope 3	100	4.0
Exported emissions	100	4.0

While we have followed PCAF's methodology in attributing emissions to the Fund's sovereign bonds, it is subject to notable limitations — particularly assumptions that may substantially overstate the emissions associated with these investments.

One limitation relates to potentially significant double counting of Scope 1 emissions apportioned to sovereign bonds, as emissions from investee companies domiciled within the sovereign's territory are already attributed to the Fund's holdings in these companies.

A more significant limitation lies in the misalignment of economic variables used to attribute a country's emissions to its sovereign bonds. The numerator of the attribution factor ('Outstanding amount') is a stock variable — measuring the value of a sovereign bond holding at a specific point in time — and is not part of the denominator ('PPP-adjusted GDP'), which is a flow variable measured over a period of time. This mismatch means the approach does not consider other sources of capital — beyond sovereign bonds — that finance a country's emissions. In contrast, PCAF's corporate emissions methodology is more internally consistent, as it fully apportions a company's emissions across all its sources of capital.

Approximating a country's 'value' through its GDP for the purpose of attributing sovereign emissions may also lead to outcomes that misrepresent its emissions profile. For example, if a country's sovereign debt exceeds its GDP, then Scope 1 emissions attributed to sovereign debt holders will exceed actual emissions from sources located in its territory. For NZ, the PCAF methodology implies that government bond holders are collectively responsible for over 40% of the country's Scope 1 emissions — an estimate we believe is substantially overstated, especially given that more than 70% of NZ's Scope 1 emissions are attributable to agriculture and transport.

In the case of Scope 1 emissions, another limitation arises because PCAF's methodology can be seen as indirectly estimating the emissions that result from how the funds raised through sovereign bonds are used by the issuing government. This is due to the formula being effectively equivalent to sovereign bond-funded expenditure and other fiscal outlays — proxied by 'Outstanding amount' — multiplied by an emissions intensity factor that links emissions to economic activity and expenditure.

In this case, the factor is sovereign Scope 1 emissions per dollar of PPP-adjusted GDP, representing the overall emissions intensity (i.e., carbon efficiency) of a country's production.⁸

There is no misalignment of economic variables when considering PCAF's methodology from this perspective. However, for the methodology to be indicative of the emissions associated with the use of proceeds from sovereign bond issues, a country's overall emissions intensity would need to align with the emissions intensity of how those proceeds are actually allocated.

While NZ's Scope 1 emissions predominantly come from agriculture, transport, and manufacturing, the proceeds from sovereign bond issues are typically used to refinance existing debt — which does not generate additional economic activity or emissions — or to fund relatively low-emission public services such as health, education, and welfare. This suggests that the emissions intensity associated with the allocation of sovereign bond issue proceeds may be significantly lower than NZ's overall emissions intensity. As a result, we believe the emissions attributed to the Fund's sovereign bonds are likely to significantly overstate the actual emissions from government projects and expenditures financed by these bonds.

The PCAF Standard acknowledges limitations in its sovereign emissions methodology and has expressed a readiness to review alternative approaches.

Data limitations

There are significant limitations associated with measuring and apportioning emissions to an investment portfolio, including:

- **Reported emissions data quality.** Quantifying GHG emissions is subject to various assumptions and inherent uncertainty because the scientific knowledge and methodologies to calculate quantities of GHG sources are still evolving, as are GHG reporting standards. Inconsistent assumptions between companies, incomplete emissions inventories, and changes in calculation methodologies — especially for Scope 3 emissions — can render company reported data incomparable.

⁸ Viewing the Fund's investment in sovereign bonds as a form of financing for government-related emissions doesn't apply in the same way to corporate investments, for two main reasons. First, when the Fund purchases listed company securities, the proceeds go to the current owner (another investor), not to the underlying companies. Second, while emissions per dollar of EVIC is technically an intensity factor, it does not effectively link emissions (a flow variable) with economic activity, since EVIC is a stock variable that reflects investor sentiment and market valuation at a point in time — rather than the underlying economic activity generating those emissions.

- Estimated emissions data uncertainty.**
Estimating emissions for companies introduces additional uncertainty because estimated emissions may not accurately reflect actual emissions. MSCI models have been used to estimate Scope 1 and 2 emissions for listed companies which do not report emissions in line with GHG Protocol framework or other common reporting standards, and Scope 3 emissions for all listed companies. Modelled emissions may diverge from company-reported figures and, while potentially offering a more accurate representation under the GHG Protocol — particularly when disclosures are incomplete — they remain dependent on assumptions that may be inaccurate, such as uniform emissions intensity across companies within an industry or the constancy of a company's emissions intensity over time.
- Lagged emissions data.**
The analysis combines investee emissions for different financial years because companies have different year-end dates and companies ESG reporting often lags their financial reporting. There is also generally an additional lag before company disclosed emissions data is available from MSCI.
- Measurement date misalignment between EVIC and portfolio valuation.**
The most recent EVIC data for some investee companies available from MSCI precedes our portfolio valuation date by several months, and in some cases, by more than a year. This may impact the calculation of emissions apportioned by share of EVIC but does not affect listed equities PCI because ownership share is calculated using market capitalisations which are aligned with portfolio valuation date.
- Sensitivity to volatility in economic variables.**
A potential downside of using EVIC or revenue to apportion absolute emissions or determine carbon intensity is that fluctuations in items such as exchange rates and commodity prices can reduce the comparability of subsequent emissions or intensity measures through time
- Sensitivity to volatility in security market prices.**
The PCAF methodology of apportioning emissions to an investment portfolio by EVIC is subject to changes in security market prices. Changes in security market prices may obscure the effect of changes in investee company emissions (and/or changes in

portfolio composition), meaning emissions from one year to the next are not directly comparable. Changes in security market prices do not impact the apportioning of emissions by ownership share or the calculation of PCI.

- Uncertainties in the sovereign emissions methodology.**
As discussed in the previous section, assumptions such as GDP being a reasonable proxy for the value of a country may lead to outcomes that misrepresent real-world emissions. The consumption-based emissions metric is also subject to limitations such as difficulty in the accurate allocation of emissions along the supply value chain, and the involvement of input output models that can vary depending on the data provider.
- Backward-looking.** Changes in companies' historic emissions may not reflect their current strategies to reduce emissions or align with net zero emissions by 2050.
- Double counting** — when the same emissions are assigned to multiple entities in a supply chain — may result in the Fund's reported emissions significantly overstating its share of actual emissions released into the atmosphere by investee companies. Examples of double counting are when an investee company's indirect emissions (Scope 2 or 3) are also the direct emissions (Scope 1) of another investee, or when multiple investees operate within the same value chain, causing Scope 3 emissions to be counted more than once.

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Portfolio exposure to climate opportunities and green business models

The indicator we use to assess the Fund's exposure to companies aligned with climate related opportunities and investing in climate solutions is MSCI's estimated revenues range from any of the following five environmental themes: alternative energy, energy efficiency, green building, pollution prevention, and sustainable water. Based on MSCI's methodology, we estimate 31.5% of the Fund's listed equities (by market value on 30 June 2025) derive over 1% of their revenues from environmental impact solutions, including 10.3% of listed equities which derive at least 20% of their revenues from these solutions.

Table 7: Listed equity investments in companies with climate- and environment-related revenues (% of listed equities market value).

Estimated share of revenue from environmental impact solutions	2025	2024
1 - 19.9%	21.2	20.2
20 - 49.9%	8.8	10.2
50 - 100%	1.5	1.5

Forward-looking metrics

This section outlines the forward-looking climate metrics we use to monitor the number of investee companies with net-zero targets and to illustrate potential portfolio losses under different climate scenarios.

Investee company net-zero targets

When companies have net-zero targets it indicates they have an emissions reduction strategy. The intention of our engagement efforts is to encourage investee companies to develop credible targets and transition strategies. We use MSCI to identify investments with Science Based Targets initiative (SBTi) carbon emission reduction targets. Based on MSCI's data, 40.4% of listed equities (by market value on 30 June 2025) had one or more active carbon emissions reduction targets approved by the SBTi and 7.1% had committed to work on a science-based emission reduction target aligned with SBTi's criteria.

Table 8: Listed equity investments in companies with Science Based Targets initiative (SBTi) greenhouse gas emission reduction targets (% of listed equities market value).

	2025	2024
Has SBTi approved target	40.4	40.9
Has committed to SBTi target	7.1	10.6

Climate scenario analysis

We utilise MSCI's CVaR model to illustrate the Fund's potential vulnerability to climate-related transition risks and physical risks. The CVaR model stress-tests listed equity investments against our three selected climate scenarios. The results represent the present value of investee companies' climate-related costs and profits (projected by MSCI to the year 2100), expressed as a percentage of current market value.

Table 9: Climate scenario analysis - Climate Value-at-Risk model implied impact on listed equities market value, by the year 2100 (% of listed equities market value)

	Orderly	Disorderly	Hot House
As of 30 June 2025:			
Physical risk	-1.8	-2.9	-5.1
Transition risk	-8.7	-3.9	n/a
Transition opportunity	1.3	0.5	n/a
Total climate-related risk	-9.2	-6.3	-5.1
As of 30 June 2024:			
Physical risk	-2.5	-3.8	-5.8
Transition risk	-10.5	-4.8	n/a
Transition opportunity	3.5	1.1	n/a
Total climate-related risk	-9.6	-7.6	-5.8

As of 30 June 2025, the CVaR model implied reduction in listed equities market value is between 5.1% (Hot House scenario) and 9.2% (Orderly scenario). Since CVaR does not forecast return for any specific time window, apportioning this impact over ACC's long-term (20 year) investment horizon, and assuming listed equities current 31% share of total Fund market value, suggests an indicative annual reduction in the Fund's expected return — attributable to listed equities climate-related risks — of between 0.08% and 0.14% per annum from 2026 to 2045.

Our CVaR analysis indicates that investee companies in all sectors have at least some vulnerabilities to transition risk and physical risk. Physical risk is on average greatest for the energy, utilities and materials sectors. Transition risk is highest in the energy and materials sectors, reflecting the greater emissions intensity of their value chains compared to other industries. In the Orderly and Disorderly scenarios, most of the CVaR model implied losses materialise between 2040 and 2050. In the Hot House scenario, around half of the losses (which are all physical risk impacts) occur after 2040.

CVaR may understate physical risk, due to limitations in the NGFS scenarios and other modelling assumptions or data constraints. However, the climate-related losses reported above may be more likely to be overstated, rather than understated, because CVaR assumes that current company valuations exclude all future climate-related costs and profits.

This assumption means the model does not incorporate factors such as the credibility or effectiveness of individual companies' adaptation and decarbonisation strategies, the likelihood of higher climate-related costs being passed on to consumers, the potential for some sectors to benefit from weather extremes, or insurances.

Consequently, CVaR may overestimate risks for companies with strong pricing power or robust transition strategies — such as those with SBTi-approved targets — particularly if their market valuations already reflect climate adaptation and mitigation expenditures. Similarly, valuations may already be pricing in higher climate-related costs for companies more exposed to future climate regulation, perceived as lagging in climate preparedness, or increasingly impacted by extreme weather events. Empirical research also indicates that financial markets are pricing in climate risks to some extent, reflecting their forward-looking nature and responsiveness to emerging signals and policy trends.

The asymmetric return potential of falling green technology costs — driven by accelerating economies of scale and ongoing innovation — may also reduce transition risks, increase transition opportunities, and generate additional gains for green technology suppliers and other industries represented in the Fund.

Anticipating how the world will respond to the challenges of climate change in the coming decades is difficult, and unlike other financial crises — such as credit or sovereign debt crises — a climate crisis of this scale has no historical precedent. As a result, the impact of climate change on financial markets and the Fund cannot be forecast using past trends, is subject to high uncertainty, and remains sensitive to evolving conditions. This uncertainty is further compounded by multiple, interacting feedback loops within both business operations and financial markets, which can lead to unpredictable outcomes. In addition, future changes to the Fund's composition may cause the actual impact of climate change to diverge significantly from the modelled impacts discussed above.

Climate-related targets

ACC is committed to the Investments Pathway target of carbon neutrality by 2050. In line with this, we set the following interim targets:

- Reduce listed equities PCI by at least 60% from the 2018/19 base year by 2025.
- Reduce listed equities PCI by at least 65% from the 2018/19 base year by 2030.

Our interim targets aim to balance alignment with the Paris Agreement and our fiduciary responsibility to achieve the best possible mix of long-term return and risk for the Fund — while preserving our ability to respond to changing market conditions and investment opportunities.

We also considered guidance from the United Nations-convened Net-Zero Asset Owner Alliance when setting our interim targets. The Alliance's Target Setting Protocol (2024) assessed the IPCC no and low overshoot 1.5°C scenarios and identified emissions reductions in the range of 22—32% per cent by 2025 and 40—60% by 2030, using 2019 as a baseline.

As of 30 June 2025, the Fund's listed equities PCI was 76% below the base year, exceeding the 2025 minimum reduction target of 60% and up from a 62% reduction as of 30 June 2024. While part of the PCI reduction over the year resulted from a continued decrease in the Fund's carbon budget, a significant portion was also attributable to active management decisions, particularly within global equity portfolios, where fewer carbon-intensive companies offered compelling investment opportunities. Consequently, because portfolio managers are currently using less than their maximum available carbon budgets, the Fund's PCI may rise from existing levels if evolving investment outlooks lead to increased allocations in more carbon-intensive businesses.

Maintaining the existing 2030 interim target ensures that climate policy remains credible, stable, and focused on a realistic path to net-zero, while also aligning with the Fund's active investment mandate and avoiding unnecessary constraints on future investment decisions. This minimum target, which exceeds IPCC-based guidance, is designed to remain flexible amid regulatory changes, market disruptions, and shifting economic outlooks.

Assurance

Ernst & Young has provided limited assurance over the reported emissions associated with listed equities, corporate bonds, unlisted investments, and sovereign bonds. Their assurance engagement involved evaluating investments emissions against the PCAF Standard.

The left side of the page features a decorative graphic composed of several overlapping blue shapes. A large, dark blue shape occupies the top-left and middle-left areas. A medium blue shape with rounded corners is positioned in the center, overlapping the dark blue one. A bright blue shape is located at the bottom-left corner, overlapping the dark blue and medium blue shapes. The right side of the page is plain white.

Appendices

Appendix 1 – Corporate Operations: Greenhouse Gas Emissions Inventory

This appendix reports the annual greenhouse gas (GHG) emissions inventory for ACC’s corporate operations for the period 1 July 2024 to 30 June 2025 (FY2024/25).

The GHG inventory has been prepared in accordance with The Greenhouse Gas Protocol – A Corporate Accounting and Reporting Standard (GHG Protocol), The Corporate Value Chain (scope 3) Accounting and Reporting Standard (GHG scope 3 protocol), and ISO 14064-1: Greenhouse gases – Part 1: Specification with guidance at the organisation level for quantification and reporting of GHG emissions and removals (ISO 14064-1:2018).

Ernst & Young Limited (EY) has provided third-party, independent, limited assurance over ACC’s scope 1, 2 and 3 emissions from corporate operations for the year ended 30 June 2025 included in this report. Please refer to Appendix 2 – Assurance Report.

ACC’s operational emissions have also been certified by Toitū Envirocare against the ISO14064-1:2018 Standard and Toitū Carbon Reduce programme technical requirements for 1 July 2024 – 30 June 2025. Toitū Envirocare has certified ACC’s 2018/19 baseline, and annual emissions from since 2019/20. Toitū Envirocare, is 100% owned by a Crown agency.

About ACC

The purpose of the Accident Compensation Scheme (Scheme) is to deliver injury prevention initiatives and no-fault personal injury cover for everyone in New Zealand. Operationally ACC has 24 offices nationwide and approximately 4,000 permanent and temporary staff. Although climate action is outside of the core functions of the Scheme, ACC recognises it as an expression of stewardship, and an important aspect of partnership under Te Tiriti o Waitangi | The Treaty of Waitangi. ACC takes climate responsibilities seriously and has taken significant actions to reduce GHG emissions from its corporate operations.

ACC has publicly reported on the GHG emissions from corporate operations since 2018/19. This report describes changes to ACC’s inventory since base year and includes information on changes in calculation methodology, improvements in the accuracy of emissions factors and activity data.

GHG emissions

Table 10: GHG emissions by scope and category

Scope	Category (tCO ₂ -e)	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Scope 1	<i>Category 1: Direct emissions</i>							
	Fleet	263	162	98	47	67	72	64
	Gas						166	175
	Total Category 1	263	162	98	47	67	238	239
Scope 2	<i>Category 2: Indirect emissions from imported energy (location-based method*)</i>							
	Electricity	557	576	583	550	602	308	396
	Total Category 2	557	576	583	550	602	308	396
Scope 3	<i>Category 3: Indirect emissions from transportation</i>							
	Accommodation	56	111	53	18	57	74	63
	Air travel	2,662	1,751	602	490	1,261	1,025	995
	Commuting	4,290	3,142	2,677	2,233	2,546	2,566	2,668
	Freight					6	7	10
	Private mileage	12	14	4	3	5	3	3
	Rental car	36	38	16	4	16	14	10
	Taxi	55	41	11	6	21	18	17
	Working from home	8	136	179	218	187	157	216
	Total Category 3	7,119	5,233	3,543	2,971	4,099	3,864	3,982
	<i>Category 4: Indirect emissions from products used by organisation</i>							
	Transmission and distribution losses	57	58	54	51	55	23	36
	Waste to landfill	43	43	43	86	168	166	132
	Waste water	173	186	182	188	199	195	204
	Water supply	15	15	14	15	16	17	23
	Total Category 4	288	302	293	340	438	401	395
	<i>Category 5: Indirect emissions associated with the use of products from the organisation</i>							
		-	-	-	-	-	-	-
	<i>Category 6: Indirect emissions from other sources</i>							
		-	-	-	-	-	-	-
	Total gross emissions	8,227	6,272	4,518	3,908	5,206	4,811	5,012
	Category 1 direct removals	-	-	-	-	-	-	-
	Purchased emissions reductions	-	-	-	-	-	-	-
	Total net emissions	8,227	6,272	4,518	3,908	5,206	4,811	5,012
	Change in gross emissions (all categories since base year)		23.8%	45.1%	52.5%	36.7%	41.5%	39.1%

Columns may not add to the total due to rounding. Periods prior to 2021/22 were not subject to assurance procedures by EY. All periods have been certified by Toitū Envirocare.

Table 11: GHG scope 3 emissions by sub- categorisation

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
<i>Category 1: Purchased goods and services</i>							
Water supply	15	15	14	15	16	17	23
<i>Category 2: Capital goods</i>							
	-	-	-	-	-	-	-
<i>Category 3: Fuel and energy related activities not included in scope 1 or 2</i>							
Transmission and distribution losses	57	58	54	51	55	23	36
<i>Category 4: Upstream transportation and distribution</i>							
Freight	-	-	-	-	6	7	10
<i>Category 5: Waste generated in operations</i>							
Waste to landfill	43	43	43	86	168	166	132
Waste water	173	186	182	188	199	195	204
Total Category 5	216	229	225	274	367	361	336
<i>Category 6: Business travel</i>							
Accommodation	56	111	53	18	57	74	63
Air travel	2,662	1,752	602	490	1,261	1,025	995
Private mileage	12	14	4	3	5	3	3
Rental car	36	38	16	4	16	14	10
Taxi	55	41	12	6	21	18	17
Total Category 6	2,821	1,956	688	520	1,361	1,134	1,088
<i>Category 7: Employee commuting</i>							
Commuting	4,290	3,142	2,678	2,233	2,546	2,566	2,668
Working from home	8	136	179	218	187	157	216
Total Category 7	4,298	3,277	2,856	2,451	2,732	2,723	2,884
<i>Category 8: Upstream leased assets</i>	-	-	-	-	-	-	-
<i>Category 9: Downstream transportation and distribution</i>	-	-	-	-	-	-	-
<i>Category 10: Processing of sold products</i>	-	-	-	-	-	-	-
<i>Category 11: Use of sold products</i>	-	-	-	-	-	-	-
<i>Category 12: End of life treatment of sold products</i>	-	-	-	-	-	-	-
<i>Category 13: Downstream leased assets</i>	-	-	-	-	-	-	-
<i>Category 14: Franchises</i>	-	-	-	-	-	-	-
<i>Category 15: Investments*</i>	-	-	-	-	-	-	-
Total scope 3 emissions	7,406	5,535	3,836	3,311	4,537	4,265	4,377

Columns may not add to the total due to rounding. Periods prior to 2021/22 were not subject to assurance procedures by EY. All periods have been certified by Toitū Envirocare.

*Emissions from the ACC Investment Fund are reported in the Metrics and targets section for investments in the body of the disclosure.

Table 12: Emissions intensity

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/24
Gross emissions (tCO ₂ -e)	8,227	6,272	4,518	3,908	5,206	4,811	5,012
Reduction on base year		23.80%	45.10%	52.50%	36.70%	41.50%	39.1%
FTE	3,354	3,693	3,630	3,828	4,050	4,273	4,529
Total expenditure \$M 1	732	807	766	818	832	943	931
Total gross emissions per FTE (tCO ₂ -e)	2.45	1.7	1.24	1.02	1.29	1.13	1.11
Total gross emissions per million dollars of expenditure (tCO ₂ -e)	11.24	7.77	5.9	4.78	6.26	5.10	5.38

Periods prior to 2021/22 were not subject to assurance procedures by EY. All periods have been certified by Toitū Envirocare.

Persons responsible

ACC’s Board has ultimate responsibility for the oversight of the organisation’s climate responsibilities. The Board delegates the day-to-day management and leadership of ACC to the Chief Executive. The Chief Executive has responsibility for this annual GHG emissions inventory for ACC’s corporate operations.

Organisational boundary

ACC has adopted the operational control approach for consolidating of emissions. This approach means ACC accounts for all GHG emissions from the facilities we control operationally or financially. This is appropriate because ACC has sole financial and operational control of its facilities. The alternative is an equity share consolidation, where the organisation would account for its portion of GHG emissions from each facility.

ACC has defined its operational boundaries in line with the methodology described in the GHG Protocol and ISO 14064-1:2018 Standards.

ACC is one Crown entity and has one subsidiary, Shamrock Superannuation Limited (SSL), which is wholly owned by ACC and was established in 1991 as the independent corporate trustee for the mysuper Superannuation Scheme. Although SSL is within the organisational boundary, the company does not have any emissions. SSL’s financial statements are available on the New Zealand Companies Office website companiesoffice.govt.nz. Financed emissions from the ACC Investment Fund are reported separately in the Metrics and targets section for investments in the body of the disclosure.

Accident Compensation Corporation

Shamrock Superannuation Limited

Reporting boundary

The GHG emissions sources included in this inventory were identified in accordance with the methodology described in the GHG Protocol, ISO 14064-1 2018, and the requirements set out by the CNGP. The CNGP requires inclusion of scopes 1 and 2 emissions and specified mandatory scope 3 emissions into the organisation’s emissions inventory. It also requires the inclusion of material scope 3 emissions where reliable measurement is feasible. Please refer to the section below on inclusions and exclusions of emissions for more information.

Emissions source identification method and significance criteria

The GHG emissions sources included in this inventory were identified in accordance with the methodology described in the GHG Protocol and ISO 14064-1:2018 Standards. They are comply with the Toitū Envirocare Carbon Reduce programme certification.

The emissions sources that are mandatory and material to ACC corporate operations for CNGP targets and reporting are reviewed annually.

The significance of emissions sources within the organisational boundaries has been considered in the design of this inventory using these criteria:

- Direct emissions sources that contribute more than 1% of total Category 1 and 2 emissions.
- Indirect emissions sources that are required by the CNGP.

Inclusions and exclusions of emissions

The table below details the emissions sources included in ACC's 2025 inventory by GHG Protocol classification and ISO 14064-1:2018 classification. It also shows which categories will be assessed for inclusion in ACC's GHG inventory from the 2025/26 reporting cycle onwards (please refer to the note below about exclusion of scope 3 emissions).

GHG emission categories that are not relevant to ACC's corporate operations are highlighted in the table below. ACC corporate does not sell products, or own buildings or any franchises.

Financed emissions from the ACC Investment Fund are reported separately in the Metrics and targets section for investments in the body of the disclosure.

Exclusion of scope 3 emissions

Under the GHG Protocol Corporate Accounting and Reporting Standard, companies are required to report all scope 1 and scope 2 emissions, while reporting scope 3 emissions is optional. As noted, this inventory report includes scope 3 emissions which are mandatory under the CNGP. It also includes scope 3 emissions from staff commuting on the basis that they are material to ACC's corporate operations.

The remaining scope 3 value chain emissions have been excluded from the inventory to date based on the lack of reliable data. In the next reporting cycle ACC will reassess data availability and include additional sources of scope 3 emissions where possible.

ACC initially planned to complete its reassessment of Scope 3 emissions in the 2024/25 reporting cycle but deferred this work to align with an amendment made to the New Zealand Climate Standards and maintain consistency with climate reporting entities in New Zealand.

Table 13: Inventory emission sources by GHG and ISO classification

GHG Protocol classification	ISO 14064-1:2018 classification	GHG Protocol sub-categorisation of scope 3 emissions	Sources included	Sources excluded
Scope 1 — Direct GHG emissions from sources that are owned or controlled by the company	Category 1 — Direct emissions from operations that are owned or controlled by ACC		Fleet (mobile combustion), natural gas (stationary combustion)	No known exclusions
Scope 2 — Indirect GHG emissions from the generation of purchased electricity, heat and steam consumed by the company	Category 2 — Indirect emissions from imported energy (location-based method)		Purchased electricity	No known exclusions
Scope 3 — Indirect GHG emissions that occur as a consequence of the activities of the company but occur from sources not owned or controlled by the company	Category 3 — Indirect emissions from transportation	Category 4 — Upstream transportation and distribution	Freight	Except for freight, all other sources are excluded due to data availability. These will be assessed for inclusion in 2026.
		Category 6 — Business Travel	Accommodation, air travel, private mileage, rental car, taxi	No known exclusions
		Category 7 — Employee commuting	Staff commute, working from home	No known exclusions
		Category 9 — Downstream transportation and distribution		Not currently in inventory due to data availability. To be assessed for inclusion in 2026

GHG Protocol classification	ISO 14064-1:2018 classification	GHG Protocol sub-categorisation of scope 3 emissions	Sources included	Sources excluded
Scope 3 — Indirect GHG emissions that occur as a consequence of the activities of the company but occur from sources not owned or controlled by the company	Category 4 — Indirect emissions from products used by the organisation	Category 1 — Purchased goods and services	Water	Except for water, all purchased goods and services are excluded due to data availability. These will be assessed for inclusion in 2026.
		Category 2 — Capital goods		Not currently in inventory due to data availability. To be assessed for inclusion in 2026.
		Category 3 — Fuel and energy related activities not included in scope 1 or 2	Transmission and distribution losses (T&D losses)	No known exclusions
		Category 5 — Waste generated in operations	Waste to landfill, wastewater	No known exclusions
		Category 8 — Upstream leased assets		Not currently in inventory due to data availability. To be assessed for inclusion in 2026.
Category 5 — Indirect emissions through use of products from the organisation		Category 10 — Processing of sold products		
		Category 11 — Use of sold products		
		Category 12 — End of life treatment of sold products		Not applicable to ACC
		Category 13 — Downstream leased assets		
		Category 14 — Franchises		
	Category 15 — Investments	Financed emissions from the ACC Investment Fund are reported separately in the Metrics and targets section		
	Category 6 — Indirect emissions from other sources			Not applicable to ACC.

Base year

This inventory report relates to the financial period 1 July 2024 to 30 June 2025. The base year is 1 July 2018 to 30 June 2019. The base year of 2018/19 was selected because it provided a stable and representative period before the disruption of COVID-19 pandemic. In deciding on the base year, ACC consulted with MfE and other government agencies. Given the fluctuations caused by COVID-19, it was agreed that the base year should be set before March 2020.

There has been no change to the base year in this inventory report.

Emissions for the base year were audited and certified by Toitū Envirocare.

Recalculation policy

To accurately track progress towards our reduction targets, we will restate emissions inventories if significant changes occur, using a 5% threshold. The base year and subsequent inventories will be recalculated when changes exceed this limit. changes to the organisational boundary, the inclusion of new emissions sources due to improvements in data availability, updated calculation methodologies, improved data accuracy, and the discovery of significant errors or omissions in previous inventories. Restatements may also occur in other situations to ensure accurate emissions tracking and reporting.

Adjustments to the inventory

In the current year, there have been no adjustments to the inventory for prior periods.

In 2024/25, cost centres for board members' private mileage were added to the inventory. These additional cost centre codes were identified during the transition to Oracle Enterprise Performance Management for Sustainability (refer below) and had not been included in previous inventories.

This addition is below the 5% significance threshold and does not have any material impact on total emissions for ACC in 2024/25 inventory.

Offsets

No purchased emissions offsets are included in this inventory.

Source of emissions factors

These emissions results align with the MfE's 2025 Measuring Emissions Guidance, which uses the 100-year global warming potentials in the Intergovernmental Panel on Climate Change Fifth Assessment Report (AR5a).

The 2025 MfE emissions factors were used for calculations except for employee commuting and freight. Details of the emissions factors used are shown in the emissions calculation methodology table below.

Emissions calculation methodologies

Sources of emissions are described in the table below. The table includes the sources of data, notes about the calculation methodology, the quality of the data and any uncertainties.

The emissions inventory is quantified using the following formula:

$$\text{Emissions} = \text{activity data} \times \text{emissions factor}$$

The table below illustrates the application of this method for each emissions category.

Emissions calculations for this reporting cycle have been performed in Oracle Enterprise Performance Management for Sustainability (Oracle EPM-S). This replaces the Microsoft Excel and Power BI solution previously used. The emissions inventory data for all prior periods was migrated to Oracle EPM-S in late 2024. Data was reconciled and validated against the audited emissions records for prior years and the old and new system were run in parallel for a check-period of six months. The migration to Oracle EPM-S aims to mitigate data risk and enhance reporting and forecasting processes. The system allows ACC to efficiently monitor travel and energy patterns and implement policies and initiatives aimed at reducing environmental impact over time.

All calculations for this reporting period have been verified by Toitū under the Carbon Reduce Programme.

Table 14: Emissions calculation methodology

Emissions source	Data source	Calculation methodology	Uncertainties, assumptions and limitations
<i>Category 1: Direct emissions from operations that are owned or controlled by ACC</i>			
Stationary combustion (natural gas)	Invoices from landlord — Aitken Street site.	Gas consumption is for the Aitken Street building in Wellington only. No other ACC sites use gas. Consumption for the building is apportioned to tenants based on square metre occupancy. The 2025 MfE emission factor is applied to ACC's share of the kilowatt hours consumed.	Gas invoice records are supplied by the landlord. We consider the invoicing from the supplier to be reliable. ACC conducts reasonability checks for completeness and accuracy. Where necessary queries are raised and resolved.
Mobile combustion including company owned or leased vehicles (fleet)	Invoices and/or supplier records	<p>Hybrid and petrol vehicles: The 2025 MfE emission factor is applied to litres of fuel used.</p> <p>Electric vehicles: The 2025 MfE emission factor is applied to kilowatt hours of electricity used.</p> <p>Supplier records are accepted as complete and accurate following reasonability checks.</p>	ACC uses Custom Fleet for fleet management and analytics. Records are accessed through a data portal which includes the fuel and electricity consumption information used to calculate emissions. The source of data is considered reliable. ACC conducts reasonability checks for completeness and accuracy. Where necessary queries are raised and resolved.
<i>Category 2: Indirect emissions from imported energy (location-based method)</i>			
Purchased electricity	Invoices and/or supplier records	The 2025 MfE emission factor is applied to kilowatt hours consumed. Supplier records are accepted as complete and accurate following reasonability checks. Where a meter reading is missed, the correction is made in the following month.	<p>ACC uses Meridian as our electricity supplier. ACC sites are being transitioned to smart meters. At the start of this reporting cycle 11 sites had older style meters which were read on a bi-monthly actual-read and estimated-read cycle. At 30 June 2025, only one site remains on this older meter style. Update to a smart meter is scheduled for the year ending June 2026. Where a site receives an estimation for the final read of the financial year, there is some uncertainty in the data. This corrects in the next reporting cycle and is not regarded as material. Irrespective of the type of meter, kilowatt hours by meter are supplied by Meridian through a data portal.</p> <p>ACC notes that Meridian's smart meter data provides kWh usage for every 30 minutes and also provides a 24-hour read once per day. Data is cleaned by ACC to remove the duplication. ACC also receives data directly from the landlord for Timaru and Hastings. The sources of data are considered reliable. ACC conducts reasonability checks for completeness and accuracy. Where necessary queries are raised and resolved.</p>

Emissions source	Data source	Calculation methodology	Uncertainties, assumptions and limitations
<i>Category 3: Indirect emissions from transportation</i>			
Air travel		<p>The 2025 MfE emission factor is applied to kilometres travelled by booking class and aircraft type.</p> <p>From 2023/24, domestic air travel calculations used aircraft-specific emission factors. Previously, national average emission factors were used for reporting. This shift to aircraft-specific emission factors allows for more detailed emissions reporting and was enabled by changes in the configuration of travel data received from ACC's travel provider</p>	<p>ACC books travel through Tandem Travel. Records are accessed through a data portal, which includes the flight information used to calculate emissions. The source of data is considered reliable. ACC conducts reasonability checks for completeness and accuracy. Where necessary queries are raised and resolved.</p>
Private mileage		<p>The 2025 MfE emission factor is applied to kilometres driven. Kilometres driven are calculated by dividing the private mileage spend by the Inland Revenue Department's published kilometre expense rates.</p> <p>In 2024/25, cost centres for board members' private mileage were added to the inventory. These additional cost centre codes were identified during the transition to Oracle EPM-S and had not been included in previous inventories.</p>	<p>Private mileage spend is derived from ACC's accounting system which is subject to financial audit. This is considered reliable, but the emissions calculation relies on employees filing expense claims accurately and in a timely manner. Internal sign-off procedures for expense claims provide checks for accuracy.</p>
Rental car	Invoices and/or supplier records	<p>The 2025 MfE emission factor is applied on a kilometre driven basis.</p> <p>In 2024, Tandem Travel began including the kilometres travelled in the car rental report provided to ACC, facilitating the use of Tandem Travel's data in calculating rental car emissions. Prior to this change ACC relied on monthly invoices and reports from suppliers to obtain the kilometres driven.</p>	<p>ACC books travel through Tandem Travel. Records, including car rentals from Avis, Ezi, and Hertz, are accessed through a data portal. Each car rental record shows kilometres travelled to calculate emissions. The source of data is considered reliable. ACC conducts reasonability checks for completeness and accuracy. Where necessary queries are raised and resolved.</p>
Taxis		<p>The 2025 MfE emission factor is applied on a dollar spend basis.</p>	<p>Taxi spend is sourced from reports provided by our taxi supplier. These are considered reliable. ACC conducts reasonability checks for completeness and accuracy. Where necessary queries are raised and resolved.</p>

Emissions source	Data source	Calculation methodology	Uncertainties, assumptions and limitations
Accommodation	Invoices and/or supplier records	The 2025 MfE emission factor for the country in which the hotel is located is applied to the room nights at the property. Room nights are the room count multiplied by the stay nights.	<p>ACC books travel through Tandem Travel. Records are accessed through a data portal which includes the country of stay and room nights. The source of data is considered reliable. ACC conducts reasonability checks for completeness and accuracy. Where necessary queries are raised and resolved.</p> <p>Where there is not an emission factor for the country, the New Zealand factor is used. This may impact accuracy, but it is not regarded as material. Most ACC travel is in New Zealand or countries for which a factor exists.</p>
Employee commuting	CarbonWise survey response	<p>ACC uses the CarbonWise survey tool provided by Abley to estimate employee commuting emissions. Responses to the survey are extrapolated to reflect ACC's total workforce. CarbonWise used the 2024 MfE emissions factors.</p> <p>Additional commute options of electric bus and electric train that were not included in the previous survey were included in the 2025 survey.</p>	<p>CarbonWise is a specialist tool for measuring commuter emissions calculations. The CarbonWise tool and methodology is accepted by ACC as robust and fit for purpose. Toitū Envirocare has conducted an independent audit on the CarbonWise methodology. CarbonWise survey results have been verified as Toitū Carbon Compatible and can be treated as pre-verified data suitable for use in an ISO 14064-1:2018 compliant inventory. Several assumptions are made in the calculation. The survey is conducted annually and asks employees to respond based on the prior week of commuting. The week respondents fill their answers in for is assumed to be representative of all other worked weeks in the year or reporting period.</p> <p>The respondent sample is assumed to be representative of how the rest of the organisation commutes. The response rate in 2025 was 44%. Emissions are therefore an estimate and rely on the accuracy of the survey responses provided by employees.</p> <p>Additional commute options of electric bus and electric train that were not included in the previous survey were included in the 2025 survey.</p>

Emissions source	Data source	Calculation methodology	Uncertainties, assumptions and limitations
Working from home	ACC Staff engagement survey	ACC uses the annual Pulse survey results which record staff working from home days. Data is extrapolated to reflect ACC's total workforce. The 2025 MfE emission factor is applied to calculate total working from home emissions.	The Pulse survey is administered by the specialist provider Gallup. Emissions are an estimate and rely on the accuracy of survey responses provided by employees.
Freight (upstream)	Freightways supplier records	Freightways couriers provide emissions data to ACC. Kilograms of carbon dioxide equivalent is calculated by applying vehicle-specific emission factors to weight and transport distance data. The 2024 MfE emission factor was applied by Freightways to calculate freight emissions.	ACC relies on the emissions calculations completed by Freightways. These are disclosed as suitable for use in an ISO 14064-1:2018 compliant inventory. The factors used by Freightways were verified by Toitū Envirocare during audit. ACC considers this data to be reliable.
Category 4: Indirect emissions from products used by organisation			
Waste to landfill	Invoices and/or supplier records	The 2025 MfE waste to landfill emission factor without gas recovery is applied to kilograms of waste.	Waste is weighed on-site by cleaners and provided to the property and facilities manager, Colliers, for collation. Records are provided to ACC monthly. ACC undertakes reasonability checking across months to ensure weights fall within average ranges by site. Where necessary queries are raised to support forward quality control. In the event of a missing value, ACC applies the value for the site from the previous month as a proxy. ACC considers this data to be subject to human error but recognises that minor errors in weighing of waste will not materially affect the total gross emissions. Waste is approximately 3% of ACC's gross emissions.
Transmission and distribution losses	Invoices and/or supplier records	The 2025 MfE emission factor is applied to kilowatt hours of electricity used.	As for electricity (above).
Water supply and wastewater	ACC workforce records	The 2025 MfE per-capita emission factor is applied to the full-time equivalent employee (FTE) count for ACC.	The FTE counts are obtained from the employee records maintained by ACC's People and Culture division. This is considered complete and accurate.

Further information about the emissions calculations and data for each source can be obtained from Erin.aspros@acc.co.nz.

Uncertainty and data limitations

ACC acknowledges uncertainty in the GHG emissions inventory and projected future emissions for corporate operations. Table 13 outlines specific areas of uncertainty about source data for each emission source. To minimise uncertainty ACC has used the best information available at the time and reviewed data for completeness and reasonability. ACC's GHG emissions measurement (emissions data and calculations) has been independently certified against ISO 14064-1:2018 by Toitū Envirocare.

There are also significant uncertainties within the emissions factors which are specific to the individual factors. For detailed information on these uncertainties, refer to the 2025 guide to measuring emissions published by MfE.

ACC also acknowledges that quantifying GHG emissions is inherently uncertain due to evolving scientific knowledge and methodologies.

Assurance

Ernst & Young Limited (EY) has provided third-party, independent, limited assurance over ACC's scope 1, 2 and 3 emissions from corporate operations for the year ended 30 June 2025.

EY has also provided limited assurance over financed emissions from listed equities, corporate bonds, sovereign bonds, unlisted equities and business loans and unlisted real estate and project finance investments against the PCAF Standard.

The assurance report for ACC, including corporate operations and the investment portfolio, is provided at Appendix 2. EY's assurance does not extend to the remainder of the climate report.

Emissions by greenhouse gas

Table 15: Emissions by greenhouse gas (tonnes of carbon dioxide equivalent)⁹

Category	CO ₂	CH ₄	N ₂ O	NF ₃	SF ₆	HFC	PFC	CO ₂ -e*	Total (tCO ₂ e)
Scope 1									
<i>Category 1: Direct emissions</i>									
Fleet	61.32	0.82	1.87	-	-	-	-	-	64.01
Gas	174.30	0.41	0.08	-	-	-	-	-	174.78
Total Category 1	235.62	1.21	1.95	-	-	-	-	-	238.79
Scope 2									
<i>Category 2: Indirect emissions from imported energy (location-based method*)</i>									
Electricity	384.65	10.70	0.74	-	-	-	-	-	396.09
Total Category 2	384.65	10.70	0.74	-	-	-	-	-	396.09
Scope 3									
<i>Category 3: Indirect emissions from transportation</i>									
Accommodation	-	-	-	-	-	-	-	62.56	62.56
Air travel	990.37	0.16	4.49	-	-	-	-	-	995.02
Commuting	-	-	-	-	-	-	-	2,668.39	2,668.39
Freight	-	-	-	-	-	-	-	9.99	9.99
Private mileage	2.88	0.04	0.09	-	-	-	-	-	3.00
Rental car	9.51	0.13	0.29	-	-	-	-	-	9.93
Taxi	16.33	0.16	0.38	-	-	-	-	-	16.87
Working from home	209.77	5.83	0.40	-	-	-	-	-	216.01
Total Category 3	1,228.86	6.31	5.66	-	-	-	-	2,740.94	3,981.77
<i>Category 4: Indirect emissions from products used by organisation</i>									
Transmission and distribution losses	29.30	6.33	0.06	-	-	-	-	-	35.69
Waste to landfill	-	132.34	-	-	-	-	-	-	132.34
Waste water	32.08	81.46	90.36	-	-	-	-	-	203.9
Water supply	22.74	0.63	0.04	-	-	-	-	-	23.42
Total Category 4	84.12	220.77	90.46	-	-	-	-	-	395.35
<i>Category 5: Indirect emissions associated with the use of products from the organisation</i>									
Total Category 5	-	-	-	-	-	-	-	-	-
<i>Category 6: Indirect emissions from other sources</i>									
Total Category 6	-	-	-	-	-	-	-	-	-
Total gross emissions	1,933.25	239.00	98.80	-	-	-	-	2,740.94	5,012.00

*Reported as CO₂-e where no breakdown of the emission factor by gas is available, or where third-party calculation does not provide breakdown by gas.

⁹ Greenhouse gases as listed in the Kyoto Protocol: carbon dioxide (CO₂); methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), nitrogen trifluoride (NF₃), perfluorocarbons (PFCs), and sulphur hexafluoride (SF₆).

Table 16: Emissions by greenhouse gas (tonnes)

Category	CO ₂	CH ₄	N ₂ O	NF ₃	SF ₆	HFC	PFC	CO ₂ -e*
Scope 1								
<i>Category 1: Direct emissions</i>								
Fleet	61.32	0.03	0.01	-	-	-	-	-
Gas	174.30	0.01	0.00	-	-	-	-	-
Total Category 1	235.62	0.04	0.01	-	-	-	-	-
Scope 2								
<i>Category 2: Indirect emissions from imported energy (location-based method*)</i>								
Electricity	384.65	0.38	0.00	-	-	-	-	-
Total Category 2	384.65	0.38	0.00	-	-	-	-	-
Scope 3								
<i>Category 3: Indirect emissions from transportation</i>								
Accommodation	-	-	-	-	-	-	-	62.56
Air travel	990.37	0.01	0.02	-	-	-	-	-
Commuting	-	-	-	-	-	-	-	2,668.39
Freight	-	-	-	-	-	-	-	9.99
Private mileage	2.88	0.00	0.00	-	-	-	-	-
Rental car	9.51	0.00	0.00	-	-	-	-	-
Taxi	16.33	0.01	0.00	-	-	-	-	-
Working from home	209.77	0.21	0.00	-	-	-	-	-
Total Category 3	1,228.86	0.23	0.02	-	-	-	-	2,740.94
<i>Category 4: Indirect emissions from products used by organisation</i>								
Transmission and distribution losses	29.30	0.23	0.00	-	-	-	-	-
Waste to landfill	-	4.73	-	-	-	-	-	-
Waste water	32.08	2.91	0.34	-	-	-	-	-
Water supply	22.74	0.02	0.00	-	-	-	-	-
Total Category 4	84.12	7.88	0.34	-	-	-	-	-
<i>Category 5: Indirect emissions associated with the use of products from the organisation</i>								
Total Category 5	-	-	-	-	-	-	-	-
<i>Category 6: Indirect emissions from other sources</i>								
Total Category 6	-	-	-	-	-	-	-	-
Total gross emissions	1,933.25	8.54	0.37	-	-	-	-	2,740.94

*Reported as CO₂-e where no breakdown of the emission factor by gas is available, or where third-party calculation does not provide breakdown by gas.

Appendix 2 – Assurance Report



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Independent Limited Assurance Report to the Directors of Accident Compensation Corporation

Assurance Conclusion

Based on our limited assurance procedures performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that Accident Compensation Corporation's ("ACC") corporate and financed emissions disclosures within the Climate Report for the year ended 30 June 2025 (the "Report") are not prepared, in all material respects, in accordance with the Criteria defined below.

Emphasis of Matter

We draw attention to "Data limitations" on pages 38-39 which describes the significant uncertainty in estimating the vast majority of emissions from investments, including Sovereign debt, due to the inherent uncertainties in the calculation approaches and assumptions used to estimate these. Our conclusion is not modified in respect of this matter.

Scope

Ernst & Young Limited ("EY") has undertaken a limited assurance engagement to report on ACC's corporate emissions disclosures (within pages 22 to 27 and 44 to 58) and financed emissions disclosures (within pages 33 to 42) reported in the Report. The reported amounts are as follows:

Subject Matter	Total emissions	Description
Corporate emissions	5,012 tCO ₂ e	<ul style="list-style-type: none"> ▶ Scope 1 and 2 emissions ▶ Operational scope 3 emissions. Excluding financed emissions and value chain emissions
Financed emissions	7,228,809 tCO ₂ e	<ul style="list-style-type: none"> ▶ Attribution factor based on Enterprise Value Including Cash ("EVIC") ▶ Sovereign emissions including Land Use, Land Use Change, and Forestry ("LULUCF")
	8,385,024 tCO ₂ e	<ul style="list-style-type: none"> ▶ Attribution factor based on EVIC ▶ Sovereign emissions excluding LULUCF
	642,791 tCO ₂ e	<ul style="list-style-type: none"> ▶ Attribution factor based on ownership share (market capitalisation). Scope 3 reported only for priority sectors

Other than as described in the preceding paragraphs, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express a conclusion on this information

Criteria applied by ACC

In preparing the Report, ACC applied the following criteria (the "Criteria").

Subject Matter	Criteria
Corporate emissions	<ul style="list-style-type: none"> ▶ Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (revised version) (2004) ▶ Corporate Value Chain (Scope 3) Standard ▶ Carbon Neutral Government Programme ('CNGP')
Financed emissions	<ul style="list-style-type: none"> ▶ Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (revised version) (2004) ▶ Corporate Value Chain (Scope 3) Standard ▶ Partnership for Carbon Accounting Financials' The Global GHG Accounting and Reporting Standard ('PCAF Standard') for the Financial Industry (Part A - Financed Emissions)

In applying the Criteria the methods and assumptions used are described on pages 52 to 55 (corporate emissions) and 33 to 39 (financed emissions) of the Report, as are the estimation uncertainties inherent in the methods and assumptions used.

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ACC Director's Responsibility

The Directors are responsible, on behalf of ACC, for the preparation of the Report in accordance with the Criteria. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the Report, such that it is free from material misstatement, whether due to fraud or error.

EY's Responsibility

Our responsibility is to express a limited assurance conclusion on the Report based on the procedures we have performed and the evidence we have obtained.

Our engagement was conducted in accordance with International Standard for Assurance Engagements (New Zealand): *Assurance Engagements on Greenhouse Gas Statements* ("ISAE (NZ) 3410"). This standard requires that we plan and perform this engagement to obtain limited assurance about whether the Report has been prepared, in all material respects, in accordance with the Criteria. The nature, timing and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

Ernst & Young provides financial statement audit, review and agreed upon procedures to ACC on behalf of the Office of the Auditor-General ("OAG"). Partners and employees of our firm may deal with ACC on normal terms within the ordinary course of trading activities of the business of ACC. We have no other relationship with, or interest in, ACC.

Our Independence and Quality Management

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

The firm applies Professional and Ethical Standard 3 *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Description of procedures performed

Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than, for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the report and related information, and applying analytical and other relevant procedures.

Our procedures included:

- ▶ Performing walkthroughs of key processes and data sets
- ▶ Inquiring with relevant staff regarding any matters that arose in the application of the selected boundary in establishing the reported amounts
- ▶ Evaluating whether ACC's methods for developing estimates are appropriate and had been consistently applied. Our procedures did not include testing the data on which the estimates are based

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- ▶ Testing a limited number supporting records, as appropriate
- ▶ Assessing a limited number of emission factor sources for appropriateness
- ▶ Performing analytical procedures on selected emission categories and making inquiries of management to obtain explanations for any significant movements or unexpected variances; and
- ▶ Considering the presentation and disclosure of the Report.
- ▶ Obtaining management representation

We also performed such other procedures as we considered necessary in the circumstances.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls.

Inherent Uncertainties

The GHG quantification process is subject to scientific uncertainty, which arises because of incomplete scientific knowledge about the measurement of GHGs. Additionally, GHG procedures are subject to estimation uncertainty resulting from the measurement and calculation processes used to quantify emissions within the bounds of existing scientific knowledge.

Use of our Assurance Report

We disclaim any assumption of responsibility for any reliance on this assurance report to any persons other than the Directors of ACC, or for any purpose other than that for which it was prepared.

Ernst & Young Limited

Ernst & Young Limited
Auckland
19 September 2025

Appendix 3 – Guide to acronyms

AR5	Climate Change Fifth Assessment Report
BIC	Board Investment Committee
CCS	Carbon Capture and Storage
CDR	Carbon Dioxide Removal
CFI	Crown Financial Institution
CVaR	Climate Value-at-Risk
CRO	Climate-related Risks and Opportunities
CRIF	Crown Responsible Investment Framework
ESG	Environmental, Social and Governance
EVIC	Enterprise Value Including Cash
GDP	Gross Domestic Product
GHG	Greenhouse gases as listed in the Kyoto Protocol: carbon dioxide (CO ₂); methane (CH ₄), nitrous oxide (N ₂ O), hydrofluorocarbons (HFCs), nitrogen trifluoride (NF ₃), perfluorocarbons (PFCs), and sulphur hexafluoride (SF ₆).
GICS	Global Industry Classification Standard
kWh	Kilowatt hours
LULUCF	Land Use, Land-Use Change, and Forestry
MfE	Ministry for the Environment
MRIO	Eora Global Multi-Region Input-Output database
MSCI	Morgan Stanley Capital International. A global provider of equity, fixed income, real estate indices, multi-asset portfolio analysis tools, ESG and climate products
NABERSNZ	System for rating the energy efficiency of office buildings. It is an independent tool, backed by the New Zealand Government.
NGFS	Network for Greening the Financial System
NZCS	New Zealand Climate Standards
PCAF	Partnership for Carbon Accounting Financials
PCI	Portfolio Carbon Intensity
PPP	Purchasing Power Parity
OCL	Outstanding Claims Liability. The OCL is an estimate of the present value of expected future payments on all existing ACC claims.
SBTi	Science Based Targets initiative
T&D	Transmission and distribution
TCFD	Task Force on Climate-related Financial Disclosures
tCO₂-e	GHG emissions are measured as a CO ₂ equivalent in tonnes of carbon.



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