



Climate-Related Disclosures

*Resolution Life Australasia Limited
New Zealand Branch*



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About this report

For the purposes of this report, Resolution Life Australasia Limited (RLAL) represents both the Australian and New Zealand business, whereas RLAL-NZ represents the New Zealand branch only, which is in scope for this reporting.

Resolution Life Australasia Limited ('RLAL') is captured as a Climate Reporting Entity ('CRE') under the Financial Markets Conduct Act 2013 ('FMCA'), as it is a licensed insurer that is large as per the terms defined in the FMCA. As RLAL is an overseas company, it is required to prepare group climate-related disclosures in respect of its New Zealand business and we refer to the business and operations within this reporting boundary of Resolution Life Australasia Limited New Zealand Branch as 'RLAL-NZ' in this report. RLAL-NZ entity reports on financials in relation to the Life Insurance and Wealth Protection performance of the business for New Zealand.

While our organisation was only established in 2020, measurable progress towards our approach to sustainability has been made. We are embracing the opportunity in this

disclosure, and corresponding years, to show how our organisation is preparing for a low emission, climate resilient future along with detailing how we are considering our customer and performance outcomes against climate-related risks and climate-related opportunities.

The Aotearoa New Zealand Climate Standards ('NZ CS') were developed by the External Reporting Board ('XRB') and came into effect on 1 January 2023 in response to the rising financial risk climate change poses to the global economy. For this first report, independent guidance and advice has been gained from EY in support of this climate disclosure statement. For RLAL-NZ, its first climate-related disclosures are due by 30th of April 2024.

This report has been prepared in compliance with Part 7A of the FMCA 2013 and the NZCS, issued by the XRB.

Adoption provisions

There are first-time adoption provisions in the Aotearoa New Zealand Climate Standards 2 (Adoption of Aotearoa New Zealand Climate Standards; 'NZ CS 2') that create an option for RLAL-NZ to opt out of certain disclosure requirements in the first year of reporting only.

This is to recognise that it may take time to develop the capability to produce these parts of the climate statements.

RLAL-NZ will use the time extension to work towards fulfilling the requirements in its second year of reporting. These adoption provisions will form RLAL-NZ's workplan for 2024 and support the development of a Transition Plan, Adoption Provision 3, for future year reporting.

The first-year adoption provisions employed by RLAL-NZ, and referenced in our disclosures where relevant, are:

- 1. Adoption provision 1: Current financial impacts**
- 2. Adoption provision 2: Anticipated financial impacts**
- 3. Adoption provision 3: Transition planning**
- 4. Adoption provision 4: Scope 3 GHG emissions**
- 5. Adoption provision 5: Comparatives for Scope 3 GHG emissions**
- 6. Adoption provision 6: Comparatives for metrics**
- 7. Adoption provision 7: Analysis of trends**

Where relevant, these adoption provisions are stated throughout RLAL-NZ disclosures.

This climate disclosure is signed on behalf of Resolution Life Australia Limited New Zealand Branch and is authorised for issue on 30 April 2024.



**Rebecca Tindall, Chief Executive Officer,
Resolution Life Australasia Limited New Zealand Branch**

1

Governance

Objective:

To understand both the role an entity's governance body plays in overseeing climate-related risks and climate-related opportunities, and the role management plays in assessing and managing those climate-related risks and opportunities.



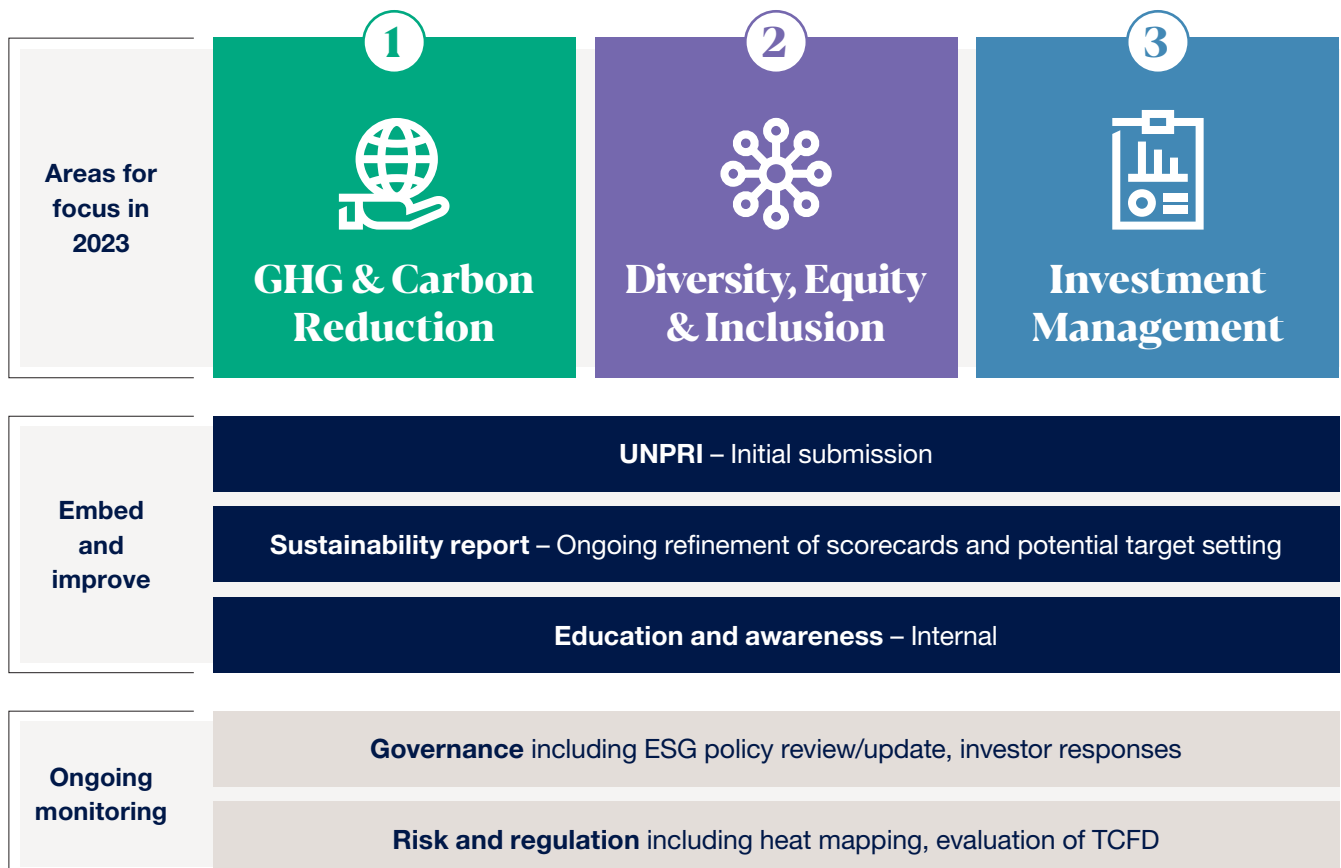
Our global approach to sustainability

RLAL and RLAL-NZ are both a subsidiary of Resolution Life Group, a global life insurer and reinsurance business. A global governance structure has been established, including oversight of Board and management reporting, for the quarterly Environment, Social and Governance (ESG) scorecard, a global led risk management strategy and risk management framework, and a Group ESG policy that is the foundation for the RLAL ESG Policy and reporting, which includes RLAL-NZ.

In 2022, ESG was included as a standing item on the Global and Local Board Risk Committee agendas, and the establishment of global management ESG and RLAL management ESG committees. The ESG Strategy supported by RLAL-NZ, Figure 1, illustrates the focus towards climate impacts further embedding and aligning to industry leading bodies that will hold our actions to account globally.

Reporting is provided regularly to Resolution Life Group, along with contributing to the overall areas of focus for the ESG Strategy.

Figure 1 | An overview of our Global ESG Strategy



ESG reporting

The Resolution Life Group ESG strategy for 2023 has guided RLAL's management inputs and responsibilities towards progressing our focus towards sustainability and climate-related impacts.

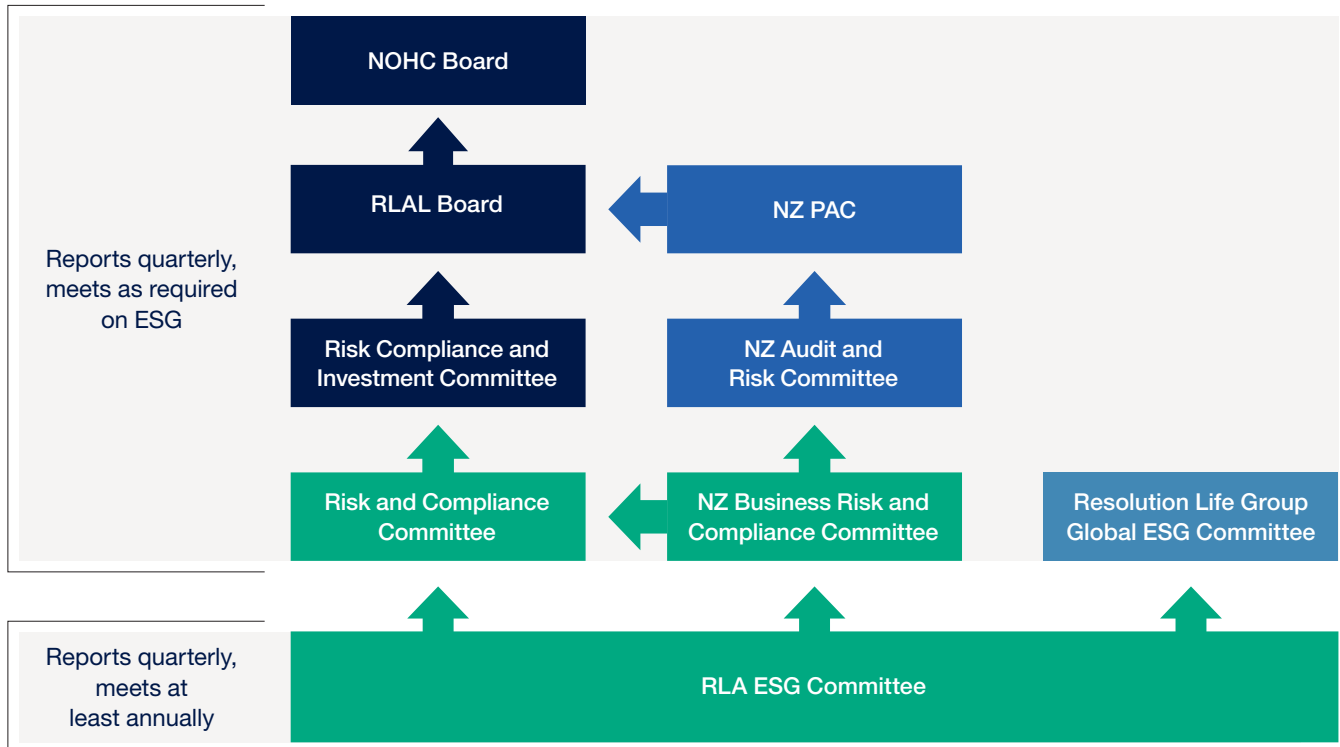
The following reporting has occurred within RLAL for 2023:

- Quarterly ESG Scorecard reported to the RLAL Risk & Compliance Committee and RLAL-NZ Business Risk and Compliance Committee.

- Quarterly ESG Scorecard reported to the NOHC Board, Resolution Life NOHC Pty Limited.
- Quarterly Resolution Life Group ESG Management Committee reporting.

In enhancing the reporting governance structure, Figure 2 below, shows the framework that is met in assessing and managing climate-related risks and opportunities across Resolutions Australia and New Zealand businesses.

Figure 2 | ESG reporting and frequency



Board oversight

As shown in Figure 2, above, the NOHC Board is ultimately responsible, and plays an active role in assessing climate change, and other ESG impacts, as outlined in the NOHC Board Charter. The Board receives quarterly scorecard reporting and is required to approve policies in relation to ESG, which includes climate change. The Board is responsible for ensuring that senior management is appropriately monitoring and managing significant business risks and regulatory requirements, including financial and non-financial risks.

The NOHC Board currently considers climate-related risks and opportunities among other key risks when endorsing RLAL's strategy. When overseeing the implementation of the strategy, the board considers how these risks either are being minimised or opportunities are enhanced through current practices and whether these practices need to change to align to existing risk tolerances.

NZ Policy Advisory Committee (NZPAC)

The NZPAC provides independent oversight to ensure that fairness and the interests of New Zealand policyholders are appropriately considered in RLAL-NZ's Governance structures and decision making. The NZPAC also provides advice and recommendations to the RLAL Board on certain matters relating to NZ policyholders, according to its Charter. While not responsible for Climate-Related Disclosures of RLAL-NZ, NZPAC will consider climate-related risks and opportunities where material to NZ policyholders.

RLAL executive oversight

The **Chief Executive Officer (CEO)** is responsible for overseeing the delivery of RLAL's business strategy and operational performance taking into account financial and non-financial risks.

The **Chief Risk Officer (CRO)** is responsible for defining the risk management strategy, process and policy frameworks, meeting compliance and overseeing the craft and development of risk management across the Risk Chapter and enterprise. The CRO is also responsible for the ESG policy and alignment of reporting of the ESG Scorecard to the relevant Committees and Boards, as per Figure 2.

The **Chief Investment Officer (CIO)** is responsible for RLAL's investment outcomes and responsible investment decisions including the owner of the RLAL ESG Investment Policy.

Risk and compliance committees

The two separate Risk and Compliance Committees for Australia and New Zealand (shown in Figure 2, above), are responsible for overseeing the management of risks in the business. The committees are responsible for ensuring that the business remains robust, resilient, sustainable, and compliant while pursuing its business plan and wider objectives. The ESG scorecard is presented quarterly and includes data from RLAL-NZ. The two separate forums are chaired by:

- RLAL – Chief Risk Officer, RLAL
- RLAL-NZ – Chief Executive Officer, RLAL-NZ

ESG committees

The Resolution Life Group ESG Management Committee is responsible for overseeing the management of ESG issues within the global organisation. Attendees are represented across all Platforms of Resolution Life; this includes RLAL Management and inputs that include RLAL-NZ. The committee meets quarterly.

The RLAL ESG Committee meets track and report against the ESG outcomes that are in line with the Group Policy and Strategy. The committee is responsible for inputs and collating the quarterly scorecard that is reported to Management Committees and Boards, progressing operational changes relevant to sustainability goals and refreshing the RLAL ESG policy. The Committee members oversee company-wide ESG initiatives and progress made towards the ESG strategy focus. Attendees are represented from both RLAL and RLAL-NZ and meet at least annually.

Skills and competencies

RLAL has invested in its people by developing knowledge and building awareness on how to successfully develop strategic sustainability change within our organisation. RLAL selected the University of Cambridge Institute for Sustainability Leadership as the approved program with two employees successfully completing the course in 2023.

In addition, the RLAL Board conducts annual Learning and Development, which includes as part of their commitment to ESG impacts in considerations of the responsibility of the boards and management. A Board development session on climate risk impacts and the New Zealand CS requirements was held prior to the release of this disclosure.

Sustainability metrics and monitoring

RLAL has made measurable progress in its approach to sustainability since being established in 2020, and climate-related targets are something that may be developed in the future. Whether and/or when that will happen is a matter that would be determined by Resolution Life Group and supported by RLAL.

While existing remuneration frameworks consider business performance and risk management outcomes, we have not established a policy linking management or director remuneration to climate-related matters.

2

Strategy

Objective:

To enable primary users to understand how climate change is currently impacting an entity and how it may do so in the future. This includes the scenario analysis an entity has undertaken, the climate-related risks and opportunities an entity has identified, the anticipated impacts and financial impacts of these, and how an entity will position itself as the global and domestic economy transitions towards a low-emissions, climate-resilient future.

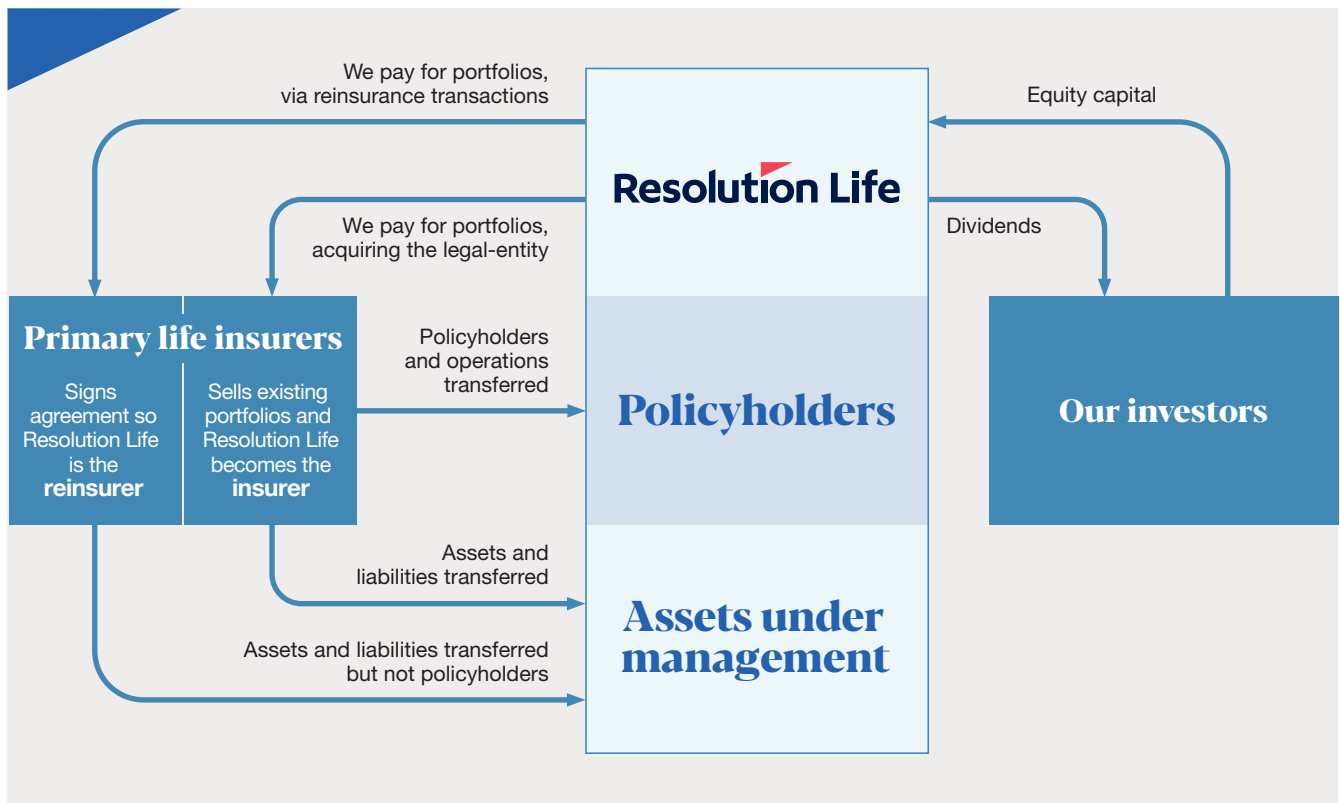


Our global business model

The Resolution Life Group business model is adopted in the local operations, which includes the New Zealand business ('RLAL-NZ'). Our purpose is to protect the financial futures entrusted to us. For us, doing the right thing in the right way, for all our stakeholders, is of crucial importance.

We acquire high quality in-force portfolios of life, investment and annuity policies from established life insurers who want to simplify and reinvest. We use our deep industry knowledge, and investments in talent and technology to manage those policies more efficiently.

We also actively manage and rotate our assets in a responsible way to generate sustainable returns for our policyholders and investors.



About RLAL

RLAL is an in-force life insurance specialist. Our unique business model means we are dedicated to serving our customers and growing through strategic acquisitions of other complimentary portfolios or businesses and partnerships.

We are committed to providing our customers with competitive premiums, quality investment management, good customer service, and efficient and fair claims

management. We protect over 1.2 million policyholders and their beneficiaries across Australia and New Zealand. We're Australasia's leading in-force life insurer. When the unexpected happens, we're here to help so policyholders and their beneficiaries can look after their financial security, health and wellbeing when it matters most.



RLAL-NZ

RLAL-NZ, which is the reporting entity for this disclosure, provides services to our New Zealand customers. We have been serving customers in New Zealand since 1854 (as AMP Life until 2021). **Our business has over 100 employees, serving ~300k customers and ~720 independent financial advisers across New Zealand.**

RLAL-NZ's market offering is categorised by the following:

- **Wealth Protection products ('Wealth Protection')**: death, total permanent disability ('TPD'), trauma and income protection.
- **Savings and Investments products ('S&I')**: traditional participating whole of life and endowment, investment account and investment linked.



Operating model

✓ Servicing our customers

Our employees and service partners locally and abroad, deliver services for our Wealth Protection and S&I customers across underwriting, claims assessment, claims management, customer engagement, servicing and administration. To service customers and service directly, RLAL-NZ uses leading technology systems and processes.

✓ Trans-Tasman model across all direct and indirect functions

RLAL-NZ leverages the greater scale of the RLAL business, including investment management, technology and data services, HR and corporate services to deliver services for New Zealand customers.

✓ Enterprise agile

Within a collection of chapters (capabilities) that own the processes, policies, systems and controls, we develop our employees and service delivery. A key component of our success is the quarterly reprioritisation and focus to deliver on the overall business strategy and objectives and key results annually.

✓ Investment in digital

Our Trans-Tasman platform has achieved significant uplift in efficiency via a move to digital interactions. RLAL adopts a cloud-only model in delivering of technology solutions.

✓ Investment management

The Investment Management Centre of Excellence manages almost \$30 billion AUD across Australasia, in a multi-investment manager environment. We have an established ESG Investment Policy with processes in place to monitor risks of the investments held.

Our strategy

Our strategy is to be a long-term partner to the primary life insurance industry as it restructures, helping insurance companies reduce their liabilities so they can pursue their core businesses of writing new insurance policies for people in New Zealand and the world.

This is achieved by focusing on two main areas:

- **delivering on our promises in our existing businesses, and growing through acquisitions and reinsurance agreements; and**
- **in line with the business strategy for Resolution Life Group and Resolution Life Australasia, participating in growth through acquisitions of other life insurers or in-force portfolios in New Zealand.**

RLAL-NZ currently experiences some transition and physical impacts of climate change. These centre around the impacts to our policy holders and investments under management experience. As transition will occur over decades, we have not seen, and do not expect to see, any significant impact on our portfolio performance from transition or physical risks yet or in the short term. Our focus is to progressively develop a better gauge for transition risks in the next few years that will consider market provider data, and other inputs, to assess the transition impacts on our investments. This is detailed in Table 1 below.

1

How we deliver on our promises to policyholders, investors and employees

One of our guiding principles is to deliver for our policyholders whose financial futures have been entrusted to us, providing quick and efficient service, and acting with empathy. We manage our assets responsibly to achieve targeted risk-adjusted returns.

2

How we grow our business

We're able to keep breathing life into the insurance industry because our flexibility as a life insurer enables us to maintain a broad mix of risks, and not be solely focused on assets.

Table 1 | Current climate impacts

Driver	Impact to RL
Physical impacts	<p>RLAL-NZ has a relatively low physical footprint in New Zealand.</p> <p>Our operation requires some leased office space, however, our employees are able to work from home, which mitigates the current effects of some physical climate events that would cause disruption to infrastructure, for example, in the case of the 2023 Auckland Anniversary Weekend floods¹ or Cyclone Gabrielle.²</p> <p>Due to our hybrid-model working arrangement, physical effects of climate change have not significantly impacted our ability to carry out our operations and service customers.</p> <p>RLAL-NZ has decided to employ Adoption Provision 1, as noted in the New Zealand Climate Standards 2³, meaning the current financial impacts of physical and transition impacts have not been quantified at this stage.</p>
Transition impacts	<p>RLAL-NZ maintains a widely diversified portfolio, consistent with long-term life insurance products. Portfolio returns can be impacted by new climate-related policies, legal risks and physical changes to the climate which impact production. We have not seen a significant impact on our portfolio performance from these transition and physical risks.</p> <p>The introduction of the NZ CS regulation has increased some cost of reporting, given the nature of disclosure requirements; however, this has not significantly impacted our ability to operate.</p> <p>RLAL-NZ has decided to employ Adoption Provision 1, as noted in the New Zealand Climate Standards 2³ meaning the current financial impacts of physical and transition impacts have not been quantified at this stage.</p>

¹ New Zealand Infrastructure Commission, The 2023 Auckland Anniversary weekend storm. Accessed from: [The 2023 Auckland Anniversary weekend storm](#)

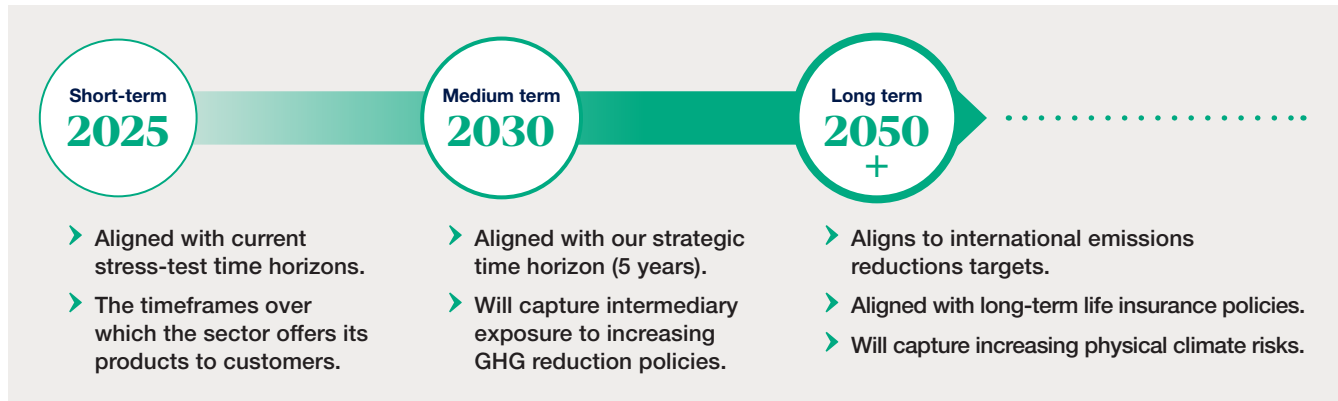
² Te Ope Kātua o Aotearoa Defence Force, Response to Cyclone Gabrielle. Accessed from: [Response to Cyclone Gabrielle](#)

³ External Reporting Board (XRB), Adoption of Aotearoa New Zealand Climate Standards (NZ CS 2). Accessed from: [XRB NZ CS 2](#)

Time horizons used in our risk assessment

RLAL-NZ has conducted a climate-related risk and opportunities assessment. This assessment considered short-, medium- and long-term risks and opportunities, which have been selected to align with the following strategic planning horizons and horizons where climate risks may significantly increase.

Figure 3 | Time-horizons for climate-related risk assessment



Through scenario analysis, we were able to understand the tension that occurs when trying to apply the impacts of potential climate risk and opportunities to our current strategic planning and capital deployment horizons. This is because climate impacts, although expected to be persistent, chronic, and realised over a longer period than what is factored when considering other business risks, are not absolutely known. RLAL will continue to monitor industry developments and insights regarding climate impacts, and regulatory guidance to uplift our assessment of climate risks and opportunities.

We acknowledge that climate impacts are important to recognise in business strategy and will require industry-wide buy-in to address efficiently. Because of this, for our assessment of climate risks we have chosen to adapt our internal time horizons used in strategic planning and capital deployment plans to extend out to 2050, to align with global climate targets, and to allow for the materialisation of climate risks to our business.

Scenario analysis performed

In 2023, we performed qualitative climate scenario analysis to help identify climate-related risks and opportunities to our business over the short, medium and long-term. Going forward, this analysis will help to inform and test the resilience of our long-term business strategy.

The three scenarios and time horizons selected by the Financial Services Council ('FSC') have been leveraged and tailored for the purposes of our own assessment (Figure 2 and Table 2). These scenarios test the resilience of our business to climate-change over a broad range of possible futures.

Note that the scenario analysis performed has only considered RLAL-NZ's business activities and assets, as stated by the NZ CS legislation.






In understanding the scenario analysis, RLAL-NZ followed a robust process to identify climate-related risks and opportunities, and to understand the resilience of existing mitigation measures. This process was as follows:

1. Legal advice was obtained on the reporting boundary under the NZ CS legislation, which concluded RLAL as a climate-reporting entity and RLAL-NZ as the reporting boundary.

- 2. A review was performed** of RLAL-NZ's value chain, operations, key locations and assets, greenhouse gas sources, investment portfolio construction, morbidity and mortality impacts of climate change, governance structures and relevant metrics and targets.
- 3. Key internal stakeholders from across RLAL were brought together** with independent climate resources to discuss specific climate impacts on specific business areas and identify any controls in place to mitigate against them. Key internal stakeholders and independent climate resources participated in a series of workshops throughout this process.
- 4. The climate scenarios and time horizons were defined**, leveraging New Zealand's FSC scenario narratives and time horizons to base risk assessment and ratings on, to enable comparability across the financial services sector.
- 5. Climate-related risks and opportunities were identified** for RLAL-NZ.

- 6. A qualitative risk and opportunity assessment was undertaken** to assess climate-related risks and opportunities with respect to RLAL-NZ business operations and strategy, and to determine how climate impacts could impact RL in different future states and global warming scenarios.
- 7. Findings were then validated** with a broader set of RLAL and RLAL-NZ stakeholders, including those at the senior leadership level.
- 8. Outcomes of the qualitative risk and opportunity assessment were presented** to RLAL Committees and RLAL Board, including findings and recommendations from a gap analysis against requirements of the NZ CS.
- 9. Outcomes and recommendations were shared** with the Global ESG Committee to create awareness on local requirements and provide considerations for future sustainability commitments.
- 10. Discussions held with the RLAL Leadership Squad**, led by the RLAL CEO, to review the Adoption Provisions applied in 2023 and review the workplan required in meeting an uplift to future Climate Disclosures.
- 11. Briefings and education sessions were provided** to members of the RLAL Board.
- 12. Climate-Related Disclosures were signed off** by the RLAL CEO.

Table 2 | Summary description of FSC climate scenarios chosen for assessment

	Orderly	Too Little Too Late	Hothouse
Overview of scenario	Net-Zero Aligned	Delayed Transition	Business as Usual
Approximate global warming at 2100	1.5°C	>2°C	>3°C
Key data sources used	<ul style="list-style-type: none"> • IPCC SSP 1–1.9 • IEA Net Zero Emissions by 2050 ('NZE') • NGFS Net Zero 2050 • CCC 'Tailwinds' 	<ul style="list-style-type: none"> • IPCC SSP 2–4.5 • IEA Announced Pledges Scenario ('APS') • NIWA RCP4.5 • CCC 'Headwinds' 	<ul style="list-style-type: none"> • IPCC SSP 5–8.5 • IEA Stated Policies Scenario ('STEPS') • NGFS Current Policies • NIWA RCP8.5 • CCC 'Current Policy Reference'
Speed of policy change	 Immediate and smooth	 Delayed	 None
Rationale for selection	In line with the FSC scenario narratives and meets the XRB requirements for a 1.5-degree aligned scenario. Commonly used scenario by fund managers and insurers internationally to test resilience against a rapid and significant transition.	Realistic New Zealand scenario, where local action is higher but international action is lower. This creates a challenging outlook where competitive transition and physical risks emerge.	In line with the FSC scenario narrative and meets the XRB requirement for an over 3-degrees scenario. Commonly used scenario by fund managers and insurers internationally to test resilience against significant physical climate changes.
 Transition impacts more likely/impactful		 More prominent physical impacts	

Orderly (1.5°C)

Summary

The Orderly scenario represents a collective action towards a low carbon global economy, with global GHG emissions declining steeply. This scenario shows steady and consistent societal changes in technology, policy, and behaviour to support the transition towards a lower emissions global economy. There is an increasing carbon price both domestically (to NZ\$250/unit in 2050) and globally (US\$400/unit in 2050), which reinforces low carbon behaviour change. This coordinated effort globally prevents the worst of the predicted impacts of climate change, however the long-term chronic impacts from historic greenhouse gases still occur, although not as severely. Overall, this scenario represents a medium level of transition risk and a low level of physical risk relative to the other scenarios.

Under this scenario, there is an initial rise in physical risk in the short and medium term, however as low-carbon products are sought, and emissions are proactively reduced, this levels out in the long term. Transition risks are high, as climate regulation increases. This results in the cost of emissions intensive sectors becoming too high to invest in and societal pressure isolating entities not seen to be doing enough.

Spotlight on life and health outcomes

Initial costs to the economy and customers are high and wide-reaching. The ability and willingness of customers to purchase insurance products is impacted and those life and health insurers that act to better assume risks and remain competitive on price will be better equipped to maintain customers and increase new policy writing. Once the economy begins to stabilise in the medium term, customer lifestyle choices will adapt to low emission living, such as by adopting plant-based diets and transport mode shifts. This positively impacts health outcomes in the long term and causes changes in claim patterns. Due to minimal increases in New Zealand's average temperatures, morbidity and mortality rates in New Zealand remain largely unchanged by environmental impacts. Climate anxiety is reduced as emissions levels fall, average temperatures are kept within live-able ranges and extreme weather events reduce in occurrence.

Spotlight on insurance

Under this Orderly scenario, there is increased stakeholder pressure on life and health insurers to proactively reduce their greenhouse gas footprint, including with respect to financed and insured emissions. Those insurers that do not have business strategies aligned with net-zero targets will experience customer impacts, including potentially increased lapse rates and reduced policy sales. They will find it difficult to attract and retain talent, impacting the quality of services provided and functionality of their businesses. Climate activists and the media focus effort on calling out entities that are not taking action to reduce emissions and have poor integrity of climate disclosures, further decreasing customer attraction and retention of staff, investors and lenders. Mandatory reporting enables primary users to determine resilience of health and life insurers' business models and strategies to mitigate climate-related risks, impacting on primary users' investment choices.



Too Little Too Late (>2°C)

Summary

The Too Little Too Late scenario represents a fragmented and delayed transition to a low carbon economy. In this scenario, some countries (including New Zealand) are early movers on the transition to a low emissions economy, introducing policy that brings about net-zero emissions by 2050. Globally, there is less action towards a low emissions future, with fossil-fuelled development continuing throughout much of the remaining first half of the century. From mid-century, global climate change efforts begin to align and exceed those shown by early movers. Increases in the carbon price domestically (NZ\$250/unit in 2050) and globally (US\$50/unit in 2050) drives rapid improvement in low emissions technology efficacy and uptake. This shift is partially driven by increasing evidence and awareness of social, economic and environmental degradation caused by the continued reliance on fossil fuel development. Despite concentrated efforts to reduce emissions, delayed action causes wide-ranging acute and chronic physical climate impacts. This scenario represents a high level of transition risk and a medium level of physical risk relative to other scenarios. Globally, under the Too Little Too Late scenario, greater climate fluctuations are predicted compared to the Orderly scenario, with some regions being worse impacted than others.

Spotlight on life and health outcomes

Although policy and societal changes are seen in early moving nations, delayed action by the rest of the world including with respect to technological advancements under this scenario results in increasing New Zealand temperatures. As a result of this, there is increased exposure to heat stress and incidence of cardiovascular and respiratory illnesses as well as skin cancer. Additionally, high precipitation in some areas of New Zealand increases the risk of chronic rain events and flash flooding. Due to the warmer and wetter climate, the viability of vector-borne diseases being able to spread increases the number and incidence of extreme infectious diseases. Climate anxiety increases as global emissions continues to rise causing increased temperatures and frequency of extreme weather events. This impacts mental health within the New Zealand population. Overall, mortality and morbidity rates will increase and change, morbidity from the short term and mortality from the medium to long term. The public health system is being overwhelmed by climate impacts on the health of the population, resulting in reduced access to care.

Spotlight on insurance

High transition risk combined with medium physical risk under a Too Little Too Late scenario will lead to significant financial impacts for New Zealand consumers such as job losses and increased property costs due to physical impacts such as sea-level rise and increased extreme weather events over the short, medium, and long term. This impacts the financial position of current and potential health and life insurance customers and therefore their ability or willingness to pay for insurance products. Those that better assume risks and remain competitive on price will maintain customers and increase new policy writing. Increased and changing morbidity and mortality rates impacts the claim distribution and average cost of claims to insurers. Necessary rises in premiums because of increased vulnerability to climate impacts will increase policy lapse rates.



Hothouse (>3°C)

Summary

In this scenario, there is minimal action towards a low carbon global economy. Despite increasing levels of social, economic, and environmental degradation, there is little shift in social and political traction towards a low emissions future. As a result, there is a limited behavioural change and poor uptake or development of low-emissions technologies. This, combined with a low carbon price (NZ\$35/unit in 2050 domestically, US\$6/unit in 2050 globally) leads to the continued reliance on fossil fuels and strong globalisation, increasing consumption and materialism. The impact of this is the unabated rise of global emissions, which leads to the materialisation of catastrophic physical risk. The variability of climate change across the country increases over time. Over the long term, increases in dry days and lower rainfall levels in some areas of the country manifest as highly drought prone areas, while coastal regions face sea level rise and increased frequency of extreme weather events and subsequent storm damage.

There is limited behaviour change or social pressure to drive decarbonisation. The focus on growth by any means drives economic inequality up, increases political instability and causes geopolitical tensions around the world. The frequency of extreme weather events and rising sea levels cause economic impacts and disruption, reducing quality of life. Internal migration increases as coastal retreat and chronic climate impacts such as flooding forces communities to move from uninhabitable areas, condensing populations. Displacement globally increases as people seek to migrate to safer living conditions.

Spotlight on life and health outcomes

Fluctuating climates across the countries leads to overall increase in drought intensity and temperature rise. As a result of this, there is increased exposure to heat stress and incidence of cardiovascular and respiratory illnesses as well as skin cancer. Additionally, high precipitation in some areas of New Zealand increases the risk of chronic rain events and flash flooding. Due to the warmer and wetter climate, the viability of vector-borne diseases being able to spread increases the number and incidence of extreme infectious diseases. Lack of adaption action and limited technology development to mitigate impacts of extreme weather events means the agricultural sector sees significant losses in productivity impacting on food availability and increasing nutritional deficiencies within New Zealand. Climate anxiety increases as global emissions continues to rise causing increased temperatures and frequency of extreme weather events. This impacts mental health within the New Zealand population. The public health system is overwhelmed by climate impacts on health of the population, resulting in decreased access to care.

Spotlight on insurance

Due to the increased frequency of extreme weather events and rising sea-levels, material impacts on properties in flood plains or coastal regions causes significant financial losses. This impacts the financial position of health and life insurance customers and therefore their ability or willingness to pay for insurance products. Inability to access care caused by overloading of the public health system will increase the value consumers place on health and life products, which could have a positive impact on policy sales. Insurers that better assume risks and remain competitive on price will more likely maintain customers and increase new policy writing.



Table 3 below provides a summary of the most significant climate-related risks and opportunities (climate impacts) to our New Zealand business. Our pre-existing impact assessment matrix was modified for the purpose of creating the climate risk ratings outlined below. These ratings illustrate the residual risk presented to our business, after we have applied any existing risk treatments to the inherent climate risks and opportunities. The categories of impact are also broadly divided into physical risks, transition risks, and opportunities.

The climate impacts have been grouped by scenario. This grouping is based on which scenario each risk or opportunity is likely to cause the most significant risk to our business. The respective time frame for which these impacts are likely to emerge is also provided.

Key:



Scenario	Climate risk or opportunity	Impact type	Time horizons where these impacts become significant to RLAL-NZ		
			Short	Medium	Long
Orderly (1.5°C)	⚠️ Changing customer and employee preferences	Transition risk			
	★ Integrate climate risks and opportunities into investment decisions	Opportunity			
	★ Early adopters in the climate change space	Opportunity			
Too Little Too Late (>2°C)	⚠️ First order insurance risk – changing claim patterns	Physical risk			
	★ Integrate climate risks and opportunities into investment decisions	Opportunity			
Hothouse (>3°C)	⚠️ First order insurance risk – changing claim patterns	Physical risk			
	⚠️ Second order insurance risk – impacts on finances of customers	Transition and physical risk			
	⚠️ Technology adoption – investment	Transition risk			
	⚠️ Physical financial systems risk	Physical risk			
	★ Understand climate risks from an insurance loss perspective	Opportunity			

On the following pages are a breakdown of all identified significant risks or opportunities in Table 3, detailing the anticipated impact (NZ CS 1 – disclosure 15.a) of that risk under the scenario(s) which is most likely to present the greatest impact/risk to our business model and strategy. The risks and opportunities are grouped by scenario – Orderly, Too Little Too Late, and Hothouse.

The risk assessment has identified high risks and opportunities across the medium and long term. In the short term, we will continue to monitor changes to the anticipated impacts from climate change, our current assessment has not identified high risks and opportunities for the short term.

Anticipated impacts of climate risks and opportunities



Orderly: Changing customer and employee preferences

Transition risk – impact on reputation

Description: In an Orderly scenario, society becomes more conscious of environmental issues and work to prevent further environmental degradation early. Due to this increased awareness, customers and potential employees actively seek out green products and services, and boycott entities that do not make a conscious effort to reduce their impact on the environment. If we do not show active involvement, it may increase the risk of customers migrating to other providers and lapsing on policies.

Anticipated impact: If we do not proactively reduce financed emissions in alignment with stakeholder expectations, there will likely be:

- Increased rapid expenditure to amend portfolio make up.
- Decreased revenue from forced divestment in fossil fuels or exposure to high emitting sectors.
- Decreased revenue from forced diversification of portfolio.
- Inability to attract and retain talent that wishes to work for a purpose-led business.

Time horizon(s) with the greatest likely impact to Resolution Life:



Medium term (5–10 years, out to 2030)
Long term (30+ years, out to 2050)



Orderly: Early adopters in the climate space

Opportunity – impact on markets

Description: In an Orderly scenario, the speed of transition both demonstrated within the market as well as expected by wider society means businesses that are leading in the climate space will likely reap financial and reputational benefits. If we are able to address the material climate issues within our organisation, we can improve operational efficiency, reduce emissions and produce high quality climate-related disclosures.

Anticipated impact: If we are able to demonstrate early adoption of climate policy, there will likely be:

- Improved portfolio returns.
- Increased attraction of customers in younger markets.
- Increased attraction and retention of staff.
- Increased price mobility.

Time horizon with the greatest likely impact to Resolution Life:



Medium term (5–10 years, out to 2030)



Orderly: Integrate climate risks and opportunities into investment decisions

Opportunity – impact on resilience

Description: In an Orderly scenario, society takes fast and persistent action to transition to a low carbon economy. Proactive anticipation of climate impacts on investment portfolio returns will enable us to be better prepared for this transition. Those that have not considered climate risk in their investment decisions risk exposing themselves to increased regulation in high emitting sectors in the long term and are unlikely to be resilient to persistent change.

Anticipated impact: If we can leverage climate risks and opportunities in our investment decisions, there will likely be:

- Increased portfolio returns as investments achieve higher profitability.
- Increased retention of customers due to increased positive reputation associated with low carbon investments.
- Increased ability to identify emerging investment opportunities enabling access to emerging climate markets, leading to a diversification of funds.

Time horizon(s) with the greatest likely impact to Resolution Life:



Medium term (5–10 years, out to 2030)
Long term (30+ years, out to 2050)



Too Little Too Late: First-order insurance risk – changing claim patterns

Physical risk

Description: In a Too Little Too Late scenario, acute and chronic physical impacts from climate change manifest in New Zealand over the long term. Prolonged exposure to the warming environment in the long term could increase rates of mortality and morbidity within the insured population, for example, cardiovascular and respiratory illnesses, increased incidence of skin cancer, increased exposure to heat stress. Increasing frequency and severity of acute weather can also cause mortality events, impacting the insured population.

Anticipated impact: Unexpected changes in claim patterns due to chronic and acute climate impacts can cause:

- Increased number and cost of claims, impacting on cashflow and increasing capital requirements, increasing premiums or activation of other capital management measures in order to service claims.
- Substantial premium increases beyond customers willingness to pay could cause increased policy lapses and lower acquisition of new customers.
- Increased expenditure to service customers where customer morbidity has increased.
- Liquidity issues immediately post-acute climate event.

Time horizon with the greatest likely impact to Resolution Life:



Long term (30+ years, out to 2050)



Too Little Too Late: Integrate climate risks and opportunities into investment decisions

Opportunity – impact on resilience

Description: In a Too Little Too Late scenario, New Zealand is a relatively early adopter of actions to transition to a low carbon economy, both legislatively as well as societally. Proactive anticipation of climate impacts on investment portfolio returns will enable us to be better prepared for this transition. Those that have not considered climate risk in their investment decisions risk exposing themselves to increased regulation in high emitting sectors in the long term and are unlikely to be resilient to persistent change.

Anticipated impact: If we are able to leverage climate risks and opportunities in our investment decisions, there will likely be:

- Increased portfolio returns as investments achieve higher profitability.
- Increased retention of customers due to increased positive reputation associated with low carbon investments.
- Increased ability to identify emerging investment opportunities enabling access to emerging climate markets, leading to a diversification of funds.

Time horizon(s) with the greatest likely impact to Resolution Life:



Medium term (5–10 years, out to 2030)
Long term (30+ years, out to 2050)



Hothouse: First order insurance risk – changing claim patterns

Physical risk

Description: In a Hothouse scenario, acute and chronic physical impacts from climate change manifest in New Zealand over the medium to long term. Prolonged exposure to the warming environment could increase rates of mortality and morbidity within the insured population, for example, cardiovascular and respiratory illnesses, increased incidence of skin cancer, increased exposure to heat stress. Increasing frequency and severity of acute weather can also cause mortality events, impacting the insured population.

Anticipated impact: Unexpected changes in claim patterns due to chronic and acute climate impacts can cause:

- Increased number and cost of claims, impacting on cashflow and increasing capital requirements, increasing premiums or activation of other capital management measures in order to service claims.
- Substantial premium increases beyond customers willingness to pay could cause increased policy lapses and lower acquisition of new customers.
- Increased expenditure to service customers where customer morbidity has increased.
- Liquidity issues immediately post-acute climate event.

Time horizon(s) with the greatest likely impact to Resolution Life:



Medium term (5–10 years, out to 2030)
Long term (30+ years, out to 2050)



Hothouse: Second order insurance risk – impacts on finances of customers

Transition and physical risk – impact on markets

Description: In a Hothouse scenario, the second order effects of climate change, including job-losses, increases in the price of essential purchases, declines in economic growth (including with respect to rising geopolitical conflicts) and population migration (including climate-related migration, managed coastal retreat and climate refugees) may affect the financial position of current and potential customers and their willingness to pay for insurance products and impacting on the frequency of fraudulent claims.

Anticipated impact: If the future finances of customers is not well understood, it could cause:

- Primary risk of loss of income due to customers choosing to let go of insurance when disposable incomes experience reductions.
- Reputational risks if not seen to be making products accessible if market conditions are worsened due to climate impacts.
- Increases in expenditure to develop ways to better price risks and remain competitive.
- Risk that reinsurance cost is increased at a faster pace than RL can re-price its products.

Time horizon with the greatest likely impact to Resolution Life:



Long term (30+ years, out to 2050)



Hothouse: Technology adoption – investments

Transition risk – impact on technology

Description: In a Hothouse scenario, there is inadequate investment in technology used to assess climate risk in portfolio investment decisions. Technological solutions to help insurers analyse climate risks from an insurance loss perspective are not adopted in this scenario, nor is it available or fit for purpose. Lack of appropriateness of technology could be enhanced due to New Zealand's unique and specific environment, therefore making some technology redundant/ not specific enough.

Anticipated impact: Lack of technological development in a Hothouse scenario could result in a range of financial and operational losses, such as:

- Negative impacts on our portfolio performance.
- Increased financial losses as we are unable to adequately analyse climate risk and therefore do not hold an appropriate capital volume or are unable to price insurance premiums appropriately.

Time horizon with the greatest likely impact to Resolution Life:



Long term (30+ years, out to 2050)



Hothouse: Physical financial systems

Physical risk

Description: In a Hothouse scenario, acute natural disaster events are prolific in the long term. This leads to frequent and sudden devaluation of assets that are largely exposed to climate events. Vulnerable sectors to physical climate risks include primary industry providers (including dairy, horticulture and forestry) and property management/real estate (especially in low lying lands and coastal areas). Natural disasters lead to financial distress and could cause issuers of bonds to default on their payments.

Anticipated impact: If we do not accurately predict and manage physical financial systems risk in our portfolio, there will likely be:

- Considerable losses to our investment portfolio, requiring liquidation of assets and potential bankruptcy (in extreme situations).
- Decreased liquidity of financial assets in sectors and geographies directly exposed to the climate events.

Time horizon with the greatest likely impact to Resolution Life:



Long term (30+ years, out to 2050)



Hothouse: Understand climate risks from an insurance loss perspective

Opportunity – impact on products and services

Description: In a Hothouse scenario, physical climate impacts have wide-reaching effects on society as a whole which increase exponentially in the long term. This drastically changes claim patterns and investment decisions. Our ability to weather the storm will be largely dependent on our ability to effectively manage and predict climate impacts on New Zealanders. This can be done by integrating climate risk into management processes early and take the opportunity to price climate change into premiums, which reduces financial losses as a result of incorrect forecast of risk with respect to climate perils and chronic impacts.

Anticipated impact: If we are able to understand climate risk and better incorporate it into pricing and management decisions, there will likely be:

- Competitive advantage gained by developing risk models that factor in forecast climate impacts on claims in a Hothouse scenario.
- Absorption of short-term volatility due to the integration of climate risk forecasting of climate perils and their impact on claim patterns.

Time horizon with the greatest likely impact to Resolution Life:



Medium term (5-10 years, out to 2030)

Due to the qualitative nature of scenario analysis performed to date, our anticipated climate impacts have not been quantified. For this first year of reporting, RLAL-NZ is opting to employ the **Adoption Provision 2**.

Currently, our internal capital deployment plan is not currently informed by the climate risks and opportunities identified in the climate risk assessment. Over the short term, it is unlikely climate change will play a large role in capital deployment decisions given the diverse portfolios that we hold, however following our climate risk assessment, we will be reviewing how climate risks and opportunities are escalated appropriately in relevant investment decisions. This will include reviewing our internal policies, such as the ESG Investment Policy and corresponding processes to determine if an uplift is needed to address considerations towards climate impacts.

Our transition plan development

Adoption Provision 3 employed (the transition plan aspects of its strategy, including how its business model and strategy might change to address its climate-related risks and opportunities; and the extent to which transition plan aspects of its strategy are aligned with its internal capital deployment and funding decision-making processes).

In taking on the Adoption Provision 3, we are cognisant of the necessity to develop a transition plan and are actively working towards fulfilling the requirement for the second-year reporting. In developing this plan, we will review against existing performance committees, risk controls and processes to determine inputs into the overall transition plan.

3

Risk Management

Objective:

To enable primary users to understand how an entity's climate-related risks are identified, assessed, and managed and how those processes are integrated into existing risk management processes.



Risk Management Strategy & Framework

RLAL has in place an embedded Risk Strategy and Framework (RMF), comprising frameworks, policies, standards, systems, processes and structures. The RMF ensures RLAL's people understand how to manage risk, supports the delivery of RLAL's strategy and its meeting of regulatory and compliance obligations, and helps ensure RLAL is a strong, sustainable and resilient company to ensure our customers can depend on us.

How risks are identified

Risks which RLAL faces, including climate-related risks, are identified through both top-down and bottom-up approaches. This means that risks can be identified through ongoing monitoring and oversight of key, and emerging, risks, or through the identification of issues at an operational level in our day-to-day business activities.

RLAL's Risk Profile identifies RLAL's key risks, including strategic and emerging risks. The Risk Profile is reviewed in the Risk & Compliance Committee; and formally refreshed frequently with input from the RLAL Leadership Squad and their direct reports using a data-driven, bottom-up approach. Climate Change risks feature as an emerging risk in RLAL's Risk Profile to consider the different impacts that both physical and transitional climate-related risks may have on RLAL. As an emerging risk, we have identified specific risks to our business arising from climate change based on three-time horizons and scenarios as per section 2 Climate Risk Assessment of this disclosure.

Each chapter area has, and maintains, a risk profile specific to the risks that impact their area.

Assessment of risks

We have rated the inherent likelihood and severity of climate-related risks for each identified physical and transition risk, based on the common industry methodology (i.e., Risk Impact Matrix and Risk Heat Map).

In general, we undertake various modelling to support the assessment of risks in our business, including capital modelling, reinsurance catastrophe modelling, actuarial loss reserving and pricing models. We have also drawn on specialist external input to assist us with the assessment of climate-related physical and transition risks.

As part of our workplan, we will consider inclusion of explicit references of Climate Risk as a driver to the material risk types agreed and approved by Resolution Life Group Risk.

Management of risks

In RLAL, accountability for ensuring that we effectively manage risk, to both shareholders and policy holders, rests with the Board and its subsidiaries. Our Boards and Committee structures are designed to align to the legal structure of our organisation, and to give the right information to the Boards to either inform decision making or give them comfort that decision making will be made in accordance with the Board approved:

- Business Plan or Strategy
- Delegations of Authority
- Policies
- Risk Guardrails (Risk Appetite and Risk Tolerance).

RLAL's Risk Guardrails, more commonly referred to as a Risk Appetite Statement, governs the management of all risks in the business by setting and amount of risk the business is willing to accept in order to meet its objectives. The guardrails helps to ensure that our business remains robust, resilient, sustainable and compliant while pursuing our business plan and wider objectives. We monitor our organisation to ensure that we continue to operate within the parameters set in our Risk Guardrails.

We have adopted a 'three lines' model for the day-to-day management and monitoring of risks in accordance with our Risk Management Framework:

- Line 1** Business areas risk and control owners.
- Line 2** Risk Management function which provides oversight and guidance in line with the RMF and RMS along with assurance over how Line 1 is managing risks.
- Line 3** Internal Audit which provides Independent Assurance over Lines 1 and Lines 2 testing the control effectiveness.

Risk management systems and processes

The RLAL Risk Management Framework is applied in managing all risks within the business.

Access to complete and accurate information and data enables rapid, higher quality decision making. It also enables information to be made available to the Board and Leadership Squad members who are responsible for the management of risks across our business. RLAL has in place a modularised GRC system which has been designed to support the capture and reporting of key risk and compliance information, as it relates to some key elements of the RMF, including:

- The risk taxonomy – from Level 1 Material Risks down to Level 4 Risk Classifications.
- Risk processes including libraries, profiling of risks and controls, and compliance obligations.
- Management, issue and incident management, breach management.
- Integrated assurance including attestations or assessments of control design and operating effectiveness.
- Regulatory engagement, obligations, and change.

Outside of the GRC system other tools are in place such as:

- Access to the Risk Playbook and all of company learning and awareness sessions to facilitate the adoption of the Risk Management Framework.
- Compliance training platforms.
- An incident management system for the capture of health and safety related incidents.
- Platforms that facilitate the assessment of third-party risk assessments.

Risk management in the value chain

Risk Management is required to be applied across the entirety of RLAL. No parts of the value chain are excluded.

Assessing climate change risks

RLAL conducted its first detailed climate risk assessment in 2023, which included the identification of specific physical and transitional risks as per section 2 of this disclosure. A formal process to review and update climate-related risks, testing the scenarios and time horizons, will be completed every three years.

Prioritisation of climate-related risks

The Risk Management Strategy and Risk Management Framework operates to understand the residual risk position relative to the board-approved Risk Appetite. These risks are managed in line with the framework and tools available along with systems and tools. Additionally, the organisation's Agile Methodology includes a quarterly review and prioritisation process to ensure the business is responding to regulatory changes, customer impacts or economic changes that require our focus in meeting overall strategy.

4

Metrics & Targets

Objective:

To enable primary users to understand how an entity measures and manages its climate-related risks and opportunities. Metrics and targets also provide a basis upon which primary users can compare entities within a sector or industry.



Our greenhouse gas emissions

The total Scope 1 and 2 greenhouse gas ('GHG') emissions for the year ended 31 December 2023 were 6.5 tCO₂e. Scope 3 emissions (excluding investments and purchased goods and services) were 3,869 tCO₂e. A breakdown of our GHG emissions are provided in Table 4 below.

How our greenhouse gases are measured

Our GHG emissions inventory is prepared using the operational control approach under *The GHG Protocol: A Corporate Accounting and Reporting Standard and the International Standards Organisation ISO 14064-1:2018*.

This GHG inventory has not been subject to independent assurance for the year ending 31 December 2023. This will be obtained from 31 December 2024.

Emission factors used for this inventory were obtained from the following sources:

- New Zealand Government Emission Factors 2023
- National Australian Greenhouse Gas Factors – 2023 Report
- Australian Emission Factors EPIC Database 2019 (latest edition)

Priority was given to New Zealand-specific emission factors, where available. Global Warming Potential ('GWP') values were obtained from the Intergovernmental Panel on Climate Change ('IPCC') Fifth Assessment Report (2014). The use of these values are in alignment with the United Nations Framework Convention on Climate Change ('UNFCCC').

Limitations to our greenhouse gas inventory

Emission sources excluded from our inventory were:

- **Scope 1:** Base buildings (energy use from building common areas). Non-quantified to date as accurate data is difficult to obtain.
- **Scope 3 Category 1 (purchased goods and services):** Water use (water use of occupied buildings). Non-quantified to date as accurate data is difficult to obtain.
- **Scope 3 Category 15 (investments):** Financed emissions (the carbon footprint of a firm's investment or loans). This is the only Scope 3 emission source for which we are electing to use **Adoption Provision 4** from NZ CS 2. We will report these emissions in our second disclosure.

Data quality

Some of the data for FY 2023 GHG emissions have been apportioned from RLAL level estimates, based on FY 2021 data on apportionment according to RLAL Full Time Employees ('FTE') numbers from Australian/New Zealand combined cost data. The FTE proportions used were 11% to New Zealand (Australian FTE numbers accounted for 89%).

The staff commute data was based on a 2023 survey that measured length of travel, taking into account working from home days and only included travel to and from the relevant office for the number of days travelled. This survey data was extrapolated over all of RLAL's workforce to provide an estimate of employee commuting emissions for each source.

Electricity energy data for the Wellington office was received, covering 10 of the 12 months. The remaining two months reflects a shared service facility for that office.

Table 4 | Our greenhouse gas emissions for RLAL-NZ

Scope	Emission category	FY 2023 (tCO ₂ e)
Scope 1 – Direct emissions	Direct from owned or controlled stationary sources or direct controlled vehicles.	0
Scope 2 – Indirect emissions	Indirect emissions from purchase energy.	6.5
Scope 3 – Indirect emissions	Indirect emissions from all other sources.	3,869
Total Emissions*		3,875.5
Assurance provided		No

*Carbon Credits of 849 tCO₂e has not been applied to the Total Emissions. These have been identified Carbon Credits that refer to reputable carbon offsets that have been purchased and retired on behalf of RLAL-NZ, or where suppliers in the supply chain have been verified carbon neutral for Scope 1 and 2 emissions.

➤ **FY 23 Emissions intensity = 7.91 tCO₂e/\$m NZD revenue**

Our emissions intensity has been calculated using the revenue of RLAL-NZ. It is the total scope 1, 2 and 3 emissions from our GHG inventory, divided by the total revenue. Given our low physical footprint and relatively low staff numbers, emissions intensity calculations on the basis of physical footprint or staff is not relevant to the services we provide.

As our climate reporting is still in development, this year we have elected to focus on areas of required compliance. As such, we are employing **Adoption Provisions 5, 6 and 7** from NZ CS 2.¹ This means we are not disclosing an analysis of the trends of these any metric.

For the year ended 31 December 2023, RLAL-NZ had Assets Under Management of NZD\$4.2 billion. To support our climate disclosures, we are in the early stages of adopting independent market provider data to support our analysis of climate-related risks and opportunities within our assets. For this disclosure we note that the coverage of analysis across the NZ assets is sitting at ~54%.

¹ External Reporting Board (XRB), Adoption of Aotearoa New Zealand Climate Standards (NZ CS 2). Accessed from: **XRBNZCS2**.



Transitional Risk Exposure

One of the key Transition Risks is carbon pricing. To help investors navigate carbon price risk our independent market provider of climate-related analysis has compiled a dataset of possible future carbon prices that can be used to stress test each investee's current ability to absorb future costs. Integral to this analysis is the quantification of an Unpriced Carbon Cost (UCC) – the difference between what a company pays for emitting carbon today and what it may pay in the future. The UCC will vary depending on both the sector a company operates in and the regions in which they emit. It also depends on the scenario and reference year chose. High and Moderate scenarios both arrive, by 2050, at a price deemed to be sufficient to keep global warming to within 2 degrees Celsius above pre-industrial levels (in the Moderate case, action is delayed in the short term). The low scenario is not 2 degree Celsius aligned but assumes the implementation of the Nationally Determined Contributions. The scenarios used are based on research by OECD and IEA.

For this assessment, RLAL has selected the medium timeframe of 2030, given the first period of Residual High Risk, for all three scenarios. The results are provided below.

High Scenario: EBITDA at Risk = **1.0%**

Medium Scenario: EBITDA at Risk = **0.5%**

Low Scenario: EBITDA at Risk = **0.2%**



Physical Risk Exposure

In assessing the physical impacts of climate change, we used a medium term (2030) and referenced two Intergovernmental Panel on Climate Change (IPCC) scenarios:

1. SSP1 – 2.6; and
2. SSP3 – 7.0.

These scenarios were tested against two of the NZ XRB Climate Risk Disclosure Requirements of using a:

1. 1.5 degree Celsius scenario; and a
2. 3.0 degree Celsius or greater scenario.

The physical risk assessment framework covers eight key hazard types – wildfire, extreme cold, extreme heat, water stress, coastal flood, riverine flood, tropical cyclone and drought.

The two key outputs of Physical Risk assessment are Exposure Scores and Financial Impacts.

- a. Exposure Scores are a point-in-time assessment of exposure to climate hazards relative to global conditions, independent of the characteristics of the asset at a given location. It is provided on a 1–100 scale, with 100 indicating the highest possible risk and 1 indicating the lowest. Composite exposure scores are also provided as a logarithmic function of exposure to all eight hazards covered.
- b. Financial Impacts reflect the financial consequences arising from the change in climate hazard exposure vs a baseline, specific to the asset present at a given location. Financial impacts are presented as the possible climate-linked losses (e.g. from CapEx, OpEx or business interruption) as a percentage of asset value.

Both metrics are calculated as investment-weight averages of constituent scores/impacts at the portfolio or benchmark level. The results of the assessment using the 2030 timeline indicates:

- 1.** For the **Low SSP1 – 2.6 scenario**, a **Physical Risk Exposure Score** of **31.76** and a **Financial Impact** of **2.30%**.
- 2.** For the **Medium-High SSP3 – 7.0 scenario**, a **Physical Risk Exposure Score** of **32.96** and a **Financial Impact** of **2.36%**.

Climate Opportunity Alignment

To date there have been no investment decisions based on RLAL's climate opportunity assessment.

Climate investment deployment

We currently do not have any capital deployed to address climate-related risks or to invest in climate-related opportunities. The business has commenced implementation of an ESG and climate change market data provider, which will provide RLAL-NZ with a means of identifying climate-related risks and opportunities. Additionally, a terms of reference is being drafted for a Responsible Investment Forum, which will create a vehicle for internal discussion and decisions around climate-related risks and opportunities.

Internal emissions price

We currently do not use an internal emissions price.

Climate-linked remuneration

We currently have no remuneration linked to managing climate-related risks and opportunities.

Our climate targets

Resolution Life Group, as a global insurer, is considering setting carbon reduction targets in line with our peers and stakeholder expectations. RLAL-NZ, will adopt these targets when they are finalised.

Contact Resolution Life customer service

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