

## Responsible Investment

### New Zealand Equities Fund (as at 31 December 2025)

	Fund	Benchmark
% of Portfolio reporting Scope 1 and 2 emissions (by market value)	100%	100%
Weighted Average Carbon Intensity (WACI), tCO2e	47	44
<b>Portfolio Emissions (Scopes 1+2), tCO2e per \$1m invested</b>	<b>28</b>	<b>24</b>

### Australian Equities Fund (as at 31 December 2025)

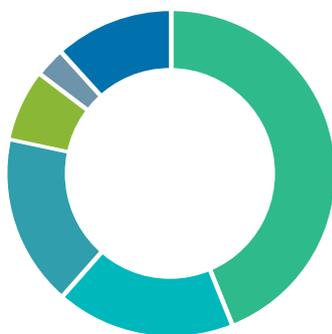
	Fund	Benchmark
% of Portfolio reporting Scope 1 and 2 emissions (by market value)	99%	100%
Weighted Average Carbon Intensity (WACI), tCO2e	123	94
<b>Portfolio Emissions (Scopes 1+2), tCO2e per \$1m invested</b>	<b>68</b>	<b>44</b>

### Listed Property Fund (as at 31 December 2025)

	Fund	Benchmark
% of Portfolio reporting Scope 1 and 2 emissions (by market value)	97%	98%
Weighted Average Carbon Intensity (WACI), tCO2e	7	5
<b>Portfolio Emissions (Scopes 1+2), tCO2e per \$1m invested</b>	<b>1</b>	<b>0</b>

#### New Zealand Equities Fund

LARGEST CONTRIBUTORS TO PORTFOLIO EMISSIONS



- Genesis Energy Ltd, 43.9%
- Fletcher Building Ltd, 17.5%
- Contact Energy Ltd, 16.9%
- Mainfreight Ltd, 7%
- Sanford, 3%
- Other, 11.6%

#### Australian Equities Fund

LARGEST CONTRIBUTORS TO PORTFOLIO EMISSIONS



- AGL Energy, 23.2%
- South32, 21.0%
- Origin Energy, 12.2%
- Bluescope Steel, 10.7%
- Rio Tinto, 5.4%
- Other, 27.5%

#### Listed Property Fund

LARGEST CONTRIBUTORS TO PORTFOLIO EMISSIONS



- Fletcher Building, 41.9%
- Precinct Properties, 17.7%
- Charter Hall Group Stapled Units, 9.2%
- Kiwi Property Group, 4.8%
- Ryman Healthcare, 4.8%
- Other, 21.6%

As we have discussed in these factsheets previously, Octagon has been internally measuring carbon for some of its funds for several years now and we have been providing some of this information in this document since 2024. As described in the October 2025 update of the Octagon Investment Funds Statement of Investment Policy and Objectives (SIPO), we have introduced a

new Responsible Investment/ESG data provider, MSCI, to our suite of investment tools. Consequently, the carbon emissions data reported in this factsheet are now sourced, and calculated by, MSCI. It is timely to touch on some general points about Responsible Investment and ESG data, and how Octagon uses this data in its investment approach.

## Carbon Accounting

Carbon accounting is a constantly evolving field that is relatively young compared to traditional accounting. As such, methodologies used by various data providers can differ quite a lot. Although, pleasingly, as the industry has matured these differences are diminishing. One key issue with carbon data historically has been a lack of available data due to some companies not publicly disclosing their carbon emissions. Some data providers would try to 'plug the gaps' by using various methods to estimate emissions, which led to substantial variation among data providers.

This issue is less pronounced as more and more companies disclose emission data, helped along by relevant legislation, such as the Climate Related Disclosures regime in New Zealand. For example when we first disclosed carbon emissions for the New Zealand Equities Fund in September 2024, 87% of the fund constituents (by market value) reported Scope 1 and 2 emissions. As at December 2025 100% of constituents disclosed emissions data. This improved disclosure helps investors compare fund emissions to relevant benchmarks as well as to other funds, it also makes comparisons over time more meaningful.

## ESG data and ratings

As described in the December 2024 factsheet, Octagon's approach to ESG integration involves using our ESG Risk Assessment Framework, which pulls individual data and ratings from various sources to help us assess the relevant ESG risk and opportunities facing the companies we invest in. Data sources we use include LSEG Workspace, company disclosures, Forsyth Barr's Carbon and ESG (CESG) ratings, and now MSCI.

ESG ratings have historically received mixed reviews from the investment community, largely because they take a huge volume of ESG data (usually hundreds or even thousands of data points) for a company and distil it down into a single alphanumeric rating. Each data provider will have their own methodology and elements of this methodology may be kept confidential, or at the very least will be reasonably complex for most investors to understand. Especially in New Zealand, this data has been very patchy (albeit is improving as described above). This is why we choose to utilise Forsyth Barr's CESG ratings for New Zealand companies. Forsyth Barr's CESG ratings uses a relatively small number of important metrics per company, 59 in the 2025 edition, to form the CESG score. By way of comparison, LSEG Workspace uses almost 900 different metrics to form an ESG rating for a company. Using a small number of metrics makes it easier for investors such as ourselves to determine what is driving a company's ESG score, because ultimately the numbers behind the rating are more important than the rating itself, in our view.

## Negative screening

Negative screening, or exclusions, is the process of excluding certain companies from the investment universe, based on the activities they are involved in, for ethical or moral reasons. Octagon excludes direct investment in companies involved in controversial weapons, nuclear weapons, tobacco production and automatic and semi-automatic weapons for civilians (more detail on this can be found in the SIPO). With the introduction of MSCI to our suite of tools we now use MSCI to undertake all of our negative screening activities.

For the most part there was very little difference between our previous screening provider and MSCI – there are minor differences in the way they describe certain activities, but ultimately, for example, a tobacco producer is still a tobacco producer whether being assessed by MSCI or another screening provider. Complexities of global investment become clear as you dig into the methodology of negative screening – for example what how do you consider a holding company that owns 51% of another holding company that owns 51% of a tobacco producer? For avoidance of doubt MSCI would consider both holding companies to be 'tobacco producers'.

The introduction of MSCI to our suite of data tools has already improved the quality and efficiency of our responsible investment data analysis and is a strong complement to our existing data sources which include LSEG Workspace and Forsyth Barr. We look forward to rolling-out more MSCI analysis on climate risks and opportunities and climate scenario modelling.

## ESG Team



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