SMARTPAY HOLDINGS LIMITED

THE CLIMATE STATEMENT

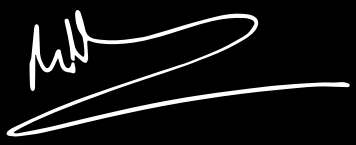
FOR THE REPORTING PERIOD ENDED
31 MARCH 2024

Approval

This Statement was approved by the Board of Smartpay in their capacity as principle governing body of Smartpay Holdings Limited on 31 March 2024.

For and on behalf of the Directors

Gregor Barclay
Chairman



Marty Pomeroy
Managing Director and
Chief Executive Officer

Signed: 31 July 2024

Important Information

This is Smartpay Holdings Limited's (Smartpay's) climate-related disclosure for the financial reporting period 1 April 2023 – 31 March 2024. All figures and commentary relate to the full year ended 31 March 2024, unless otherwise indicated.

Smartpay is a climate-reporting entity under the Financial Markets Conduct Act 2013. This climate-statement complies with the Aotearoa New Zealand Climate Standards issued by the External Reporting Board. In preparing its climate-related disclosure, Smartpay has elected to use the following adoption provisions:

Adoption Provision:

2. Anticipated financial impacts
3. Transition planning
4. Scope 3 GHG emissions
5. Comparatives for Scope 3 GHG emissions
6. Comparatives for metrics
7. Analysis of trends

References to 'Smartpay' mean Smartpay Holdings Limited and its subsidiaries, and any mention of 'we' and 'our' means Smartpay Holdings Limited and its subsidiaries.

This disclosure contains climate-related and other forward-looking statements and metrics, which are not and should not be considered guarantees, predictions or forecasts of the future-related outcomes or financial performance. These statements are subject to known and unknown risks, uncertainties, and other factors, many of which are beyond Smartpay's control. Readers are cautioned not to place undue reliance on such statements considering the significant uncertainty in climate metrics and modelling that limit the extent to which they are useful for decision-making, and the many underlying risks and assumptions may cause actual outcomes to differ materially.

Governance

Governance Body

Governance Body Oversight

The Smartpay Board of Directors are responsible for the collective oversight of climate-related risks and opportunities.

The Board is informed about the business's material climate-related risks and opportunities on a six-monthly basis by the Chief Executive Officer (CEO) and Chief Financial Officer (CFO). Where there is a material change to Smartpay's climate-related risks and opportunities, the Board is updated on a more regular basis.

Skills and Competencies

The Board ensures it has the appropriate skills and competencies available to provide oversight of climate-related risks and opportunities by undertaking training and education on climate change and its associated impacts on business. In 2023, two presentations were given to the whole Board on the requirements of the Aotearoa New Zealand Climate Standards and one presentation was given on managing and reporting greenhouse gas (GHG) emissions by an external party.

The Board has been presented with the Chapter Zero New Zealand Board Toolkit, including the Board Scorecard Tool, to further understand its responsibilities and identify knowledge gaps.

As part of the current review of Smartpay's Board Skills Matrix, Environmental, Social and Governance (ESG) is being considered for inclusion as a reference skill, with skills and competencies to oversee climate-related risks and opportunities included within this skill area.

The Smartpay Board acknowledges that climate change is a new business matter and are seeking to further develop their skills and competencies relating to oversight of climate-related risks and opportunities over time and ensure succession planning is in place.

Smartpay's Board considers all enterprise risks and opportunities when developing and overseeing implementation of the organisation's strategy, including climate-related risks and opportunities.

Oversight of Metrics and Targets

The Board is responsible for setting, managing, and overseeing Smartpay's climate-related metrics and targets. In the reporting year this included the review and approval of Smartpay's near-term scope 1 and 2 GHG emissions reduction targets.

The Board will review Smartpay's metrics and targets on an annual basis as part of the business's strategic planning process and these will be monitored on a six-monthly basis as part of the review of the business strategy.

Remuneration

Performance against Smartpay's metrics and targets or other climate-related matters are not currently incorporated into any remuneration policies.

Governance

Management

Responsibilities

Primary responsibility for climate-related activities have been assigned to the CEO and CFO, who are responsible for developing, implementing, and managing Smartpay's ESG Strategy, which includes the management of Smartpay's climate-related risks and opportunities.

Additional climate-related responsibilities are assigned to management level positions and committees, as described in the Table 1 and 2.

Table 1: Management Level Responsibility

Position	Responsibilities
Chief Executive Officer	• Highest management level responsibility for identifying, assessing, and managing climate-related risks and opportunities. • Developing, implementing, and managing Smartpay's ESG Strategy.
Chief Financial Officer	• Informing and engaging with the Board on climate-related risks and opportunities and associated metrics and targets. • Setting the strategic response and establishes overall management of climate-related risks and opportunities. • Ensuring achievement of key objectives, metrics, and targets. • Ensuring compliance with the Aotearoa New Zealand Climate Standards. • Ensuring appropriate resources are available to support climate-related activities. • Developing, implementing, and managing Smartpay's ESG Strategy. • Day-to-day management of climate-related risks and opportunities.
Senior Risk & Compliance Manager	• Identifying, assessing, and reviewing climate-related risks and opportunities. • Ensuring climate-related risks are appropriately managed as part of Smartpay's Enterprise Risk Management Framework. • Day-to-day management of climate-related risks and opportunities.
Senior Manager Sustainability ANZ*	• Project management of Smartpay's first climate-related disclosure. • Identifying, assessing, and reviewing climate-related risks and opportunities. • Supporting tactical execution of activities to address climate-related risks and opportunities. • Primary responsibility for GHG emissions activity data collection. • Day-to-day management of climate-related risks and opportunities. • Day-to-day management of Smartpay's ESG Strategy.

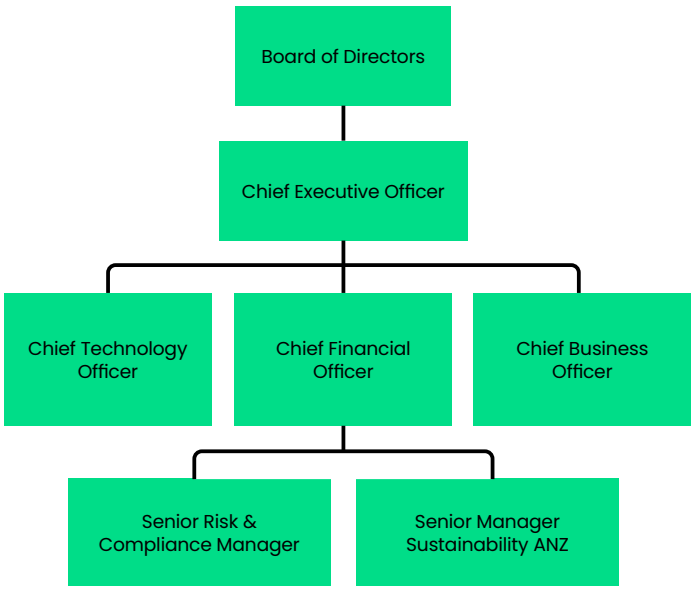
*Role was previously People Experience and Sustainability Project Manager

Table 2: Committees

Committee	Purpose	Members
ESG Committee	• The ESG Committee is responsible for the oversight of Smartpay's annual ESG strategy including compliance with the requirements in respect of climate change reporting. • The ESG Committee acts as a bridge between executive management and the Board. • The CFO ensures that the CEO is kept informed and engaged as required.	Chief Financial Officer Senior Risk & Compliance Manager Senior Manager Sustainability ANZ
Enterprise Risk Management Committee (ERMC)	• The ERMC provides oversight, guidance, and strategic direction to ensure Smartpay effectively manages its risk and compliance activities. • The ERMC acts as a bridge between executive management and the board. • The CFO ensures that the CEO is kept informed and engaged as required.	Chief Financial Officer Chief Business Officer Chief Technology Officer Senior Risk & Compliance Manager

Figure 1: Organisational Structure

Organisational Chart



Governance Committees

Governance

Management continued

Processes

Management is informed about Smartpay's climate-related risks and opportunities on an annual basis following the completion of scenario analysis, in which the CFO has direct involvement. The CFO monitors Smartpay's high-rated climate-related risks and opportunities on a quarterly basis when reviewing all other enterprise risks and opportunities which informs decision-making.

Addressing climate change is a key focus area of the company's ESG Strategy (Table 3). Smartpay's climate-related risks and opportunities identified in FY24 will inform the review of the organisation's ESG Strategy next year.

Table 3: ESG Strategy

	Environment	Social	Governance
Definition	Having sustainable procurement and waste management programs that limit the impact on the environment	Creating equitable outcomes and sustainable futures for our employees and their communities	Ethical business practices, effective risk management and internal control and doing the right thing by our stakeholders, being investors, customers, employees, and communities
Focus Areas	• Sustainable procurement • Waste management • Climate change	• Sustainable employment • Diversity and Inclusion • Living wage • Accredited employer • Health, safety, and wellbeing • Supporting superannuation • Community impact and charitable giving	• Ethical business • Respecting stakeholders • Shareholder rights • Board governance and transparent reporting • Balance sheet strength and measured investment

Engagement with Governance Body

The CFO engages with the Board at each Board meeting, providing updates relating to Smartpay's climate-related risks and opportunities, transition planning, and progress against metrics and targets. In the first year as a Climate Reporting Entity, primary engagement between the CFO and the Board has concerned the identification of Smartpay's climate-related risks and opportunities, measurement of Smartpay's baseline GHG emissions, approving GHG emissions reduction targets, and progress against the delivery of Smartpay's first climate-related disclosure.

Strategy

Current Impacts

Current impacts represent how climate change is currently impacting Smartpay. The disclosed impacts are those that have occurred in the reporting period. Smartpay has experienced one transition impact, presented in Table 4. No material physical impacts have occurred in the reporting period.

To determine the appropriate materiality threshold, reference has been made to that utilised by PricewaterhouseCoopers (PwC) in conducting the annual audit of the financial statements for the year ended 31 March 2024. As noted in the Independent Auditor's Report dated 27 May 2024, overall group materiality was $965,000, which represents approximately 1% of revenue. This also aligns with the anticipated financial impact of enterprise risks identified as having a 'moderate' consequence or above on Smartpay's revenue, outlined in the Enterprise Risk Management Framework.

Revenue was chosen by PwC as the benchmark for the annual audit of the financial statements for the year ended 31 March 2024, because in PwCs view, this is a key measure of Smartpay's performance and, given the growth phase of the business, was considered by PwC to be a more appropriate benchmark than profit before taxation.

In its first reporting period, Smartpay has elected to disclose current impacts that did not meet the materiality threshold for the sake of completeness and in the interest of users of climate statements.

Table 4: Current Impacts

Driver	Business Impact	Financial Impact
Increased legislative and regulatory requirements relating to climate change in New Zealand	Smartpay is a Climate Reporting Entity under the Financial Markets Conduct Act 2013. In the first year of disclosure, Smartpay has experienced an increase in operating costs associated with the delivery of our first climate-related disclosure and participation in the development of the retail sector-scenarios.	$123,000 in expenses

Strategy

Scenario Analysis

Scenarios

Climate change scenarios are plausible, challenging descriptions of how the future may unfold. They are based on coherent and internally consistent sets of assumptions about the drivers of future physical and transition risks and opportunities (and the relationships between them).

Smartpay analysed three scenarios to identify its climate-related risks and opportunities. The scenarios were adapted from '**The Future of Retail: Integrated Climate Change Scenarios for New Zealand's Retail Sector**', publicly available climate change scenarios for the New Zealand retail sector.

The retail-sector scenarios were developed as a collaboration between major organisations in the New Zealand retail industry (including Smartpay) and KPMG New Zealand in 2023, with the purpose to support strategic decision-making in retail businesses and those preparing climate-related disclosures in-line with the Aotearoa New Zealand Climate Standards.

Smartpay chose to analyse the retail-sector scenarios as it had significant involvement in their development as one of the project partners. While Smartpay is not a retailer, the impacts of climate change on the retail-sector are material for Smartpay as they occur within our value chain.

As the retail-sector scenarios were developed at an industry level in New Zealand and are aligned with the External Reporting Board's requirements and supplementary guidance, Smartpay also chose to analyse these scenarios as this allows for more meaningful disclosure comparison for primary users of climate-related disclosures.

Smartpay has utilised the scenario architecture from the retail-sector scenarios and added two additional parameters relevant to Smartpay. As Smartpay has significant operations in Australia, additional quantitative parameters that were added included change in mean air temperature and fraction of population annually exposed to wildfires in Australia. This allowed for a more fulsome scenario analysis at the entity level. No existing parameters were removed from the retail-sector scenarios.

The time horizons for all three scenarios begin in 2023 and end in 2050. The scope of the scenarios included New Zealand (including near-shore coastal shipping), fast- and slow-moving consumer goods, manufacturing, distribution, retail, and corporate value chain elements.

All sector-level modelling has been adopted from the retail-sector scenarios. No modelling has occurred at the entity-level.

All sources of information used to construct each scenario can be found in the Reference section of this disclosure on page 26.

Scenario:	Net Zero 2050	Delayed Transition	Current Policies
Category:	**Orderly**	**Disorderly**	**Hot House**
Reference Scenarios	**Network for Greening the Financial System (NGFS):** Net Zero 2050 scenario, Orderly category **Intergovernmental Panel on Climate Change (IPCC):** SSP1-1.9/RCP1.9 **New Zealand Climate Change Commission:** Tailwinds	**Network for Greening the Financial System (NGFS):** Delayed Transition scenario, Disorderly category **Intergovernmental Panel on Climate Change (IPCC):** SSP1-2.6/RCP2.6 **New Zealand Climate Change Commission:** Headwinds	**Network for Greening the Financial System (NGFS):** Current Policies scenario, Hot House World category **Intergovernmental Panel on Climate Change (IPCC):** SSP3-7.0/RCP7.0 **New Zealand Climate Change Commission:** Current Policy Reference
Summary	An ambitious and coordinated transition to a low-emissions, climate-resilient future. Stringent climate policies, innovation, ambitious investment, and medium to high deployment of carbon removal solutions limit global warming to 1.6°C in 2050 and 1.4°C by 2100.	Ambitious action is delayed to 2030, followed by sudden and uncoordinated economic transformation. Extensive, stringent and punitive but late government intervention, in combination with some deployment of carbon removal solutions, limits global warming to 1.7°C in 2050 and 1.7°C by 2100.	Current emissions reduction policies are implemented. Current socio-economic trends continue, resulting in 2.0°C global warming by 2050 and more than 3.0°C by 2100.
Risk of surpassing critical tipping points in Earth's climate system	Low	Moderate	Very high
Severity of physical climate impacts	Lowest	Low to moderate	Highest
Severity of transition-related impacts	Moderate (greatest in short-term)	Highest (greatest in medium-term)	Lowest (steadily increasing, but also giving businesses more time to adapt)

Strategy

Scenario Analysis continued

Scenario:	Net Zero 2050	Delayed Transition	Current Policies
Category:	**Orderly**	**Disorderly**	**Hot House**
Consumer sentiment	Rapid re-orientation towards sustainable lifestyles, as characterised by a focus on wellbeing and conscious consumption.	Current trends continue to 2030, then abruptly transition towards sustainable lifestyles as the physical impacts of climate change (and biodiversity loss) hit home.	Current consumption trends continue, including the adoption of more sustainable lifestyles by successive generations.
Macro-economic conditions	Immediate, orderly transition generates short-term economic turbulence but pronounced benefits in the medium and long-term. Physical impacts of climate change exert measurable but limited downward pressure on economy.	Delayed and disorderly transition generates sharp economic downturn but eventually supports economic stability. Physical impacts of climate change exert moderate downward pressure on economy.	No 'green bump' from the transition to a low-emissions economy. Physical impacts of climate change exert increasingly significant downward pressure on economy, potentially growing to destabilise financial institutions and systems by mid-century.
Financial impact of supply chain disruptions	Lowest	Low to moderate	Highest
Policy reaction to climate change	Immediate and smooth	Delayed	Current policies only
Regional policy variation	Medium	High	Low
Speed of technology change	Fast	Slow, then fast	Slow
Carbon dioxide removal	Medium-high use	Low-medium use	Low use
Land-use and nature	Historical trends are reversed, including a gradual, global-scale, and pervasive expansion of forests and other natural habitats. Forests become a net sink by mid-century.	Historical trends are eventually reversed, including a gradual, global-scale, and pervasive expansion of forests and other natural habitats. Forests become a net carbon sink, but their use for removals is limited.	Addressing environmental concerns is a low priority, leading to strong environmental degradation in some regions.
Global GDP per capita by 2050	Highest (equal to Delayed Transition)	Highest (equal to Net Zero 2050)	Lowest
NZ GDP % change	Small decrease in 2030 and 2040 and increases by 2050.	Decrease in 2030, 2040, and 2050 with largest % decrease in 2040.	Decrease in 2030, 2040, and 2050 which consistently gets larger over time.
Global population by 2050	8459.401 million	8459.401 million	9949.085 million
New Zealand population by 2050	6.044 million	6.044 million	5.015 million
Change in fraction of population annually exposed to wildfires in Australia at 2100	0.1pp	0.1pp	0.2pp
Change in mean air temperature in Australia at 2050	0.9°C	1.1°C	1.3°C

Strategy

Scenario Analysis continued

Scenario Analysis Process

Scenario analysis is a process for systematically exploring the potential effects of a range of plausible future events under conditions of uncertainty. Engaging in scenario analysis can help an organisation identify its climate-related risks and opportunities and develop a better understanding of the resilience of its business model and strategy.

Smartpay undertook its inaugural climate change scenario analysis between October and November 2023. The process was undertaken as a standalone process, rather than integrated within our existing business strategy processes as this was the first time engaging in scenario analysis.

The scenario analysis process was undertaken by the CFO, Senior Risk and Compliance Manager, People Experience and Sustainability Project Manager, Commercial Finance Manager, and Data Product Manager, with support from external consultants Oxygen Consulting, subject matter experts in climate change and sustainability. The Board oversaw the process and received regular updates on progress.

No part of Smartpay's value chain was excluded from the scenario analysis process. This includes activities relating to Smartpay's suppliers, products, research and development, business operations, Merchants, and Merchant's customers.

No modelling was undertaken as part of this process.

A summary of the scenario analysis process Smartpay undertook is provided in Figure 2.

Figure 2: Scenario Analysis Process

1. Identification of Scenario Analysis Participants

Smartpay identified relevant participants across the business to be involved in the scenario analysis process. This included representatives from Finance, People, Logistics and Risk & Compliance.

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2: Education on Climate Change and Scenario Analysis

The scenario analysis process began with an educational training session on climate change, its potential impacts on business and society, the opportunities it presents, and how scenario analysis can be used to better understand and prepare for the uncertain future impacts of climate change.

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3. Identification of Potential Risks and Opportunities

Smartpay identified a range of potential material risks and opportunities across Smartpay's full value chain under any warming scenario, and potential management responses to these risks and opportunities.

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4. Review of Sector-level Scenarios

The retail-sector scenarios were then reviewed to ensure relevance and alignment with Smartpay's business activities, and additional relevant parameters were added for the purposes of entity-level scenario analysis.

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5. Entity-level Scenario Analysis

Over three workshops, Smartpay's potential risks and opportunities were then analysed by identifying their potential consequence on the business and likely time horizon the risk or opportunity was expected to occur under each scenario.

Further detail on the identification and assessment of climate-related risks and opportunities can be found in the Risk Management section of this disclosure.

Strategy

Scenario Analysis continued

Time Horizons

Smartpay's short-, medium-, and long-term time horizons are described in Table 5.

While the retail-sector scenarios that were analysed as part of the scenario analysis process include their own short-, medium-, and long-term time horizons that stretch out to 2050, the time horizons Smartpay used in its entity-level analysis align to its strategic planning horizons and financial decision-making. The short-term narratives included within the retail-sector scenarios therefore correspond to Smartpay's short- and medium-term time horizons, and the long-term narratives included within the retail-sector scenarios correspond to Smartpay's long-term time horizon.

Table 5: Time Horizons

	Duration	Explanation
Short-term	Next 1 - 3 years	During this period, Smartpay can reasonably anticipate and plan for climate-related risks and opportunities that may impact its business operations, financial performance, and strategy. This time period may include some immediate physical and transition risks. Strong focus on operational mitigation and efficiency.
Medium-term	Next 4 - 10 years	During this period, Smartpay can reasonably anticipate and plan for climate-related risks and opportunities that may impact Smartpay's business model, supply chains, and capital investments. This period allows for considering more substantial changes to the business strategy and adapting to a changing climate landscape. Strong focus on strategic decision-making to support capital decisions on mitigation, investment in adaptation measures, and continued operational efficiency.
Long-term	Next 11+ years	During this period, Smartpay can reasonably anticipate and plan for climate-related risks and opportunities that may impact its strategic decisions related to emissions reduction pathways, research and development, investment cycles, and potential disruptions in the value chain. During this time, chronic physical risks such as sea-level rise, changes in temperature and precipitation patterns, and other impacts of climate change may become more pronounced. Strong focus on transitioning business model and implementing adaptation measures, supported by continued investment in mitigation efforts.

Strategy

Scenario Analysis continued

Climate-related Risks and Opportunities

Climate-related risks refer to the potential negative impacts' climate change may have on Smartpay in the future, and climate-related opportunities refer to the potential positive outcome's climate change presents Smartpay.

Smartpay's anticipated climate-related risks and opportunities over the short, medium, and long term across each scenario are outlined in Table 6 and 7.

Climate-related risks are identified as physical and transitional risks, as defined by the External Reporting Board.

Physical risks: Risks related to the physical impacts of climate change. Physical risks emanating from climate change can be event-driven (acute) such as increased severity of extreme weather events. They can also relate to longer-term shifts (chronic) in precipitation and temperature and increase variability in weather patterns, such as sea level rise.

Transition risks: Risks related to the transition to a low-emissions, climate-resilient global and domestic economy, such as policy, legal, technology, market and reputation changes associated with the mitigation and adaptation requirements relating to climate change.

Risks and opportunities associated with Smartpay's operations in New Zealand and Australia specifically are identified where relevant.

Table 6: Climate-related Risks

Driver	Type	Risk	Anticipated Business Impact	Risk Rating									Management Response
				Orderly			Disorderly			Hot House			
				Short	Medium	Long	Short	Medium	Long	Short	Medium	Long	
Rising mean temperatures and sea-levels	Physical	Increase in bushfires/ wildfires	• Merchants (particularly Australian) unable to trade • Damage of sites • Loss and damage of terminals • Increase in Merchant relief	●	●	●	●	●	●	●	●	●	Continue to operate in multiple locations and across both Australia and New Zealand to avoid concentration risk. Monitor location of terminals to ensure risk is balanced.
	Physical	Increase in daily temperatures	• Increase in operating costs due to increase in energy use from HVAC	●	●	●	●	●	●	●	●	●	Keep HVAC systems well maintained.
	Physical	Increase in coastal flooding	• Merchants unable to trade • Damage of sites • Loss and damage of terminals • Increase in Merchant relief			●	●	●	●	●	●	●	Continue to operate in multiple locations and across both Australia and New Zealand to avoid concentration risk. Monitor location of terminals to ensure risk is balanced.
	Physical	Change or disruption in shipping routes causing low stock on hand	• Inability to attract new Merchants • Inability to replace existing terminals • Merchants unable to trade • Loss of Merchants • Loss of investors		●	●	●	●	●	●	●	●	Hold higher stock holdings in multiple locations to diversify risk of exposure to shipping route disruption. Forecast stock usage and extend order placement horizon. Utilise air freight if necessary, subject to impact on GHG emissions.

Key: Overall rating of climate-related risks and opportunities

● Low ● Medium-Low ● Medium ● Medium-High ● High ● Very High

Strategy

Scenario Analysis continued

Table 6: Climate-related Risks

Driver	Type	Risk	Anticipated Business Impact	Risk Rating									Management Response
				Orderly			Disorderly			Hot House			
				Short	Medium	Long	Short	Medium	Long	Short	Medium	Long	
Increase in severity and frequency of extreme weather events	Physical	Increase in bushfires/ wildfires	• Merchants (particularly Australian) unable to trade • Damage of sites • Loss and damage of terminals • Increase in Merchant relief	●	●	●	●	●	●	●	●	●	Continue to operate in multiple locations and across both Australia and New Zealand to avoid concentration risk. Monitor location of terminals to ensure risk is balanced.
	Physical	Increase in pluvial (surface water) flooding	• Merchants unable to trade • Damage of sites • Loss and damage of terminals • Increase in Merchant relief				●	●	●	●	●	●	Continue to operate in multiple locations and across both Australia and New Zealand to avoid concentration risk. Monitor location of terminals to ensure risk is balanced.
	Physical	Smartpay employees unable to get to and from work and Merchant sites	• Business continuity impacted				●	●	●	●	●	●	Have a robust Business Continuity Plan (BCP) in place that considers climate-related events and impacts. All staff work on laptops. Introduce company policy that requires employees to take the laptop home at the end of each day.
	Physical	Increase in localised power outages	• Merchants unable to trade • Employees unable to work				●	●	●	●	●	●	Maintain current generator onsite to run core office systems. Albeit Merchant terminals have batteries that will last for 4-10 hours, reliance is placed on all other partners in the processing of transactions having back up power supplies to allow for transactions to be undertaken. Continue to operate in multiple locations and across both Australia and New Zealand to avoid concentration risk. Staff laptops operate on batteries.
Shifting consumer preferences	Transition	Consumer transition to E-commerce over bricks and mortar retail	• Loss of Merchants • Stranded assets	●	●			●	●		●	●	Introduce alternate payment products to support alternate methods for merchants to conduct their business, and products to enhance stickability of customers to the merchant. Monitor ongoing trends in consumer behaviour to ensure Smartpay can position itself in a timely manner.
	Transition	Transition to degrowth economic models	• Loss of Merchants • Reduction in consumer spend	●	●			●	●			●	Monitor ongoing trends in consumer behaviour to ensure Smartpay can position itself in a timely manner.

Key: Overall rating of climate-related risks and opportunities

● Low ● Medium-Low ● Medium ● Medium-High ● High ● Very High

Strategy

Scenario Analysis continued

Table 6: Climate-related Risks

Driver	Type	Risk	Anticipated Business Impact	Risk Rating									Management Response
				Orderly			Disorderly			Hot House			
				Short	Medium	Long	Short	Medium	Long	Short	Medium	Long	
Access to capital/ finance/ insurance	Transition	Decrease in availability and increase in cost of insurance	• Decrease in availability and increase in cost of marine cargo, property, liability, and D&O insurances	●	●	●	●	●	●	●	●	●	Insurance is reviewed on an annual basis and adjustments to the value, excess and type of insurance assessed. Annual increase in insurance costs is allowed for in the budget.
	Transition	Failure to take action on climate change	• Limited access to new capital and finance • Higher cost of available finance		●			●	●		●	●	Actively engage in responding to climate change requirements and demonstrating this to current and prospective investors and banking partners.
	Transition	Fire risk associated with lithium-ion batteries in a warmer climate	• Potential insurance liability due to fire risk	●			●	●	●	●	●	●	Maintain adequate insurance coverage, and ensure batteries held in storage are appropriately stored.
Staff attraction, retention, and capability	Transition	Employees dissatisfied with Smartpay's transition to a low emissions economy	• Failure to attract and retain talent				●	●	●	●	●	●	Actively engage in responding to climate change requirements and demonstrating this response. Educate staff on climate change and Smartpay's plans to reduce GHG emissions and manage climate-related risks and opportunities. Implement employee activations for staff to engage in climate-related activities.
	Physical	Impacts of climate change on mental health and safety in the workplace	• Mental health deterioration of employees • Loss of productivity				●	●	●	●	●	●	Monitor the impact of climate change on the work environment and take appropriate actions to manage.
	Transition	Lack of internal knowledge and capability on climate change	• Reduced capability and capacity to deliver Smartpay's climate-related disclosures and transition to a low-emissions economy	●	●		●	●	●	●	●	●	Build internal climate change capability through internal and external education and engagement.

Key: Overall rating of climate-related risks and opportunities

● Low ● Medium-Low ● Medium ● Medium-High ● High ● Very High

Strategy

Scenario Analysis continued

Table 6: Climate-related Risks

Driver	Type	Risk	Anticipated Business Impact	Risk Rating									Management Response
				Orderly			Disorderly			Hot House			
				Short	Medium	Long	Short	Medium	Long	Short	Medium	Long	
Legislative and regulatory requirements	Transition	Increased legislative and regulatory requirements on climate change in New Zealand	• Increase in resource and operating costs required to meet requirements • Potential censure and fines if not compliant										Engaging appropriately in existing legislative requirements. Continue to avoid greenwashing by honestly disclosing Smartpay's climate related risks, opportunities, and metrics and targets. Have achievable and measurable targets in place. Monitor the changing regulatory environment in New Zealand. Allow sufficient budget to engage in the ongoing compliance and improvement actions.
	Transition	Legislation and regulation on climate change in Australia	• Increase in resource and operating costs required to meet requirements • Potential censure and fines if not compliant										Continue to avoid greenwashing by honestly disclosing Smartpay's climate-related risks, opportunities, and metrics and targets. Have achievable and measurable targets in place. Monitor the changing regulatory environment in Australia. Incorporate anticipated Australian reporting requirements into the ongoing programme of compliance.
	Transition	Requirement to participate in carbon market in New Zealand	• Increase in operating costs										Monitor future legislative and regulatory requirements for participation in the ETS/other carbon market, or carbon tax. Allow sufficient budget to engage in the ongoing compliance and improvement actions.
	Transition	Introduction of carbon tax in Australia	• Increase in operating costs										Monitor future legislative and regulatory requirements for participation in the ETS/other carbon market, or carbon tax. Allow sufficient budget to engage in the ongoing compliance and improvement actions.
	Transition	Legislative and regulatory requirements on products to consider climate-related factors	• Increase in resource and operating costs required to meet requirements • Potential censure and fines if not compliant • Potential stranded assets										Monitor the changing regulatory environment in New Zealand and Australia. Allow sufficient budget to engage in the ongoing compliance and improvement actions.

Key: Overall rating of climate-related risks and opportunities — Low, Medium-Low, Medium, Medium-High, High, Very High

Strategy

Scenario Analysis continued

Table 6: Climate-related Risks

Driver	Type	Risk	Anticipated Business Impact	Risk Rating									Management Response
				Orderly			Disorderly			Hot House			
				Short	Medium	Long	Short	Medium	Long	Short	Medium	Long	
Smartpay's reputation	Transition	Greenwashing potential	• Loss of Merchants • Potential litigation • Loss of investors		🟢	🟢	🟢	🟢	🟢	🟡	🟢	🟢	Continue to avoid greenwashing by honestly disclosing Smartpay's climate-related risks, opportunities, and metrics and targets. Have achievable and measurable targets in place. Continue to seek appropriate external support. Allow sufficient budget to engage in the ongoing compliance and improvement actions.
	Transition	Not meeting reporting requirements	• Loss of Merchants • Potential censure and fines • Loss of investors • Share price drop		🟢	🟢		🟢	🟢		🟢	🟢	Engaging appropriately in existing legislative requirements. Monitor the changing regulatory environment in New Zealand and Australia. Continue to seek appropriate external support. Allow sufficient budget to engage in the ongoing compliance and improvement actions.
	Transition	Failure to take climate action	• Loss of Merchants • Loss of investors • Loss of staff • Loss of suppliers	🟢	🟢	🟢		🟢	🟢	🟠	🟢	🟢	Engaging appropriately in existing legislative requirements. Continue to avoid greenwashing by honestly disclosing Smartpay's climate-related risks, opportunities, and metrics and targets. Have achievable and measurable targets in place. Continue to seek appropriate external support. Allow sufficient budget to engage in the ongoing compliance and improvement actions.
	Transition	Continuing to engage suppliers not compliant with climate-related legislation	• Reputational damage	🟢				🟢	🟢		🟢	🟢	Monitor the response of the top 10 suppliers through review of their own climate change reporting (voluntarily or compulsory). Insert requirement to provide data to support Smartpay's reporting requirements in material supplier agreements going forward.
Transition to low-emissions technology	Transition	Transition to a low emissions technology	• Increased costs	🟢	🟢	🟢	🟢	🟢	🟢	🟢	🟢	🟢	Allow sufficient budget to engage in the ongoing compliance and improvement actions.
	Transition	Failure to reduce energy use and GHG emissions associated with Smartpay's terminals	• Loss of Merchants • Loss of investors • Loss of staff			🟢							Monitor the response of and engage with our top 10 suppliers through review of their own climate change and GHG emissions reporting (voluntarily or compulsory).

Key: Overall rating of climate-related risks and opportunities — 🟢 Low 🟢 Medium-Low 🟡 Medium 🟠 Medium-High 🔴 High 🔴 Very High

Strategy

Scenario Analysis continued

Table 6: Climate-related Risks

Driver	Type	Risk	Anticipated Business Impact	Risk Rating									Management Response
				Orderly			Disorderly			Hot House			
				Short	Medium	Long	Short	Medium	Long	Short	Medium	Long	
Supply chain sustainability	Physical	Freight disruptions caused by extended sea-freight periods causing low stock on hand	• Inability to onboard new Merchants • Inability to replace existing terminals • Merchants unable to trade • Loss of Merchants • Loss of investors	●	●	●	●	●	●	●	●	●	Hold higher stock holdings in multiple locations to diversify risk of exposure to shipping route disruption. Forecast stock usage and extend order placement horizon. Utilise air freight if necessary, subject to impact on GHG emissions. Develop technology to allow multiple vendor terminals to be utilised.
	Physical	Carrying additional stock to mitigate freight disruption impact	• Increased costs	●	●	●	●	●	●	●	●	●	Hold higher stock holdings in multiple locations to diversify risk of exposure to shipping route disruption. Forecast stock usage and extend order placement horizon. Allow sufficient budget for the increase in storage costs.
	Physical/ Transition	Single supplier risk associated with Smartpay's terminal supplier	• Stranded assets	●	●	●	●	●	●	●	●	●	Hold higher stock holdings in multiple locations to diversify risk of exposure to shipping route disruption. Forecast stock usage and extend order placement horizon. Utilise air freight if necessary, subject to impact on GHG emissions. Develop technology to allow multiple vendor terminals to be utilised.
	Transition	Supplier goods and services cannot decarbonise at pace required	• Stranded assets • Reputational damage • Increased costs		●		●	●	●	●	●		Monitor the response of and engage with our top 10 suppliers through review of their own climate change and GHG emissions reporting (voluntarily or compulsory). Insert requirement to provide data to support Smartpay's reporting requirements in material supplier agreements going forward.
Cost of carbon	Transition	Carbon taxes/ cost of carbon passed through the value chain	• Increased costs of terminals • Increased cost to host technology • Increased operating costs		●			●			●		Advocate for New Zealand PCI Compliance changes for the terminal lifespan to be consistent with global dates. Allow for sufficient budget and cash for cost increases. Pricing reviews (on charging to clients).

Key: Overall rating of climate-related risks and opportunities

● Low ● Medium-Low ● Medium ● Medium-High ● High ● Very High

Strategy

Scenario Analysis continued

Table 7: Climate-related Opportunities

Driver	Opportunity	Anticipated Business Impact	Opportunity Rating									Management Response
			Orderly			Disorderly			Hot House			
			Short	Medium	Long	Short	Medium	Long	Short	Medium	Long	
Shifting consumer preferences	Diversification of business activities	• Increase in Merchants • Increase in business resilience			🟢		🟡	🟢		🟢	🟢	Introduce alternate payment products to support alternate methods for merchants to conduct their business, and products to enhance stickability of customers to the merchant. Monitor ongoing trends in consumer behaviour to ensure Smartpay can position itself in a timely manner. Develop Smartpay's internal systems in a Software as a Service (SaaS) based environment.
	Development of low-emissions products	• Increase in Merchants • Access to new markets • Decrease in GHG emissions	🟢	🟢			🟢	🟢				Develop Smartpay's internal systems in a SaaS-based environment. Continued enhancement of merchant support systems to remove the ongoing need for the use of paper rolls in terminals. Engagement with merchants on ability to reduce size of and need for paper receipts.
	Strengthen our engagement with Smartpay Merchants on climate-related risk	• Maintain a positive reputation	🟢				🟢	🟢	🟢	🟢		Consider the active engagement with our merchants following our climate-related risk assessment process. Promote actions taken by Smartpay that assist in supporting Smartpay Merchants' sustainability journey.
Access to capital/ finance/ insurance	Transition to a low-emissions economy	• Attraction and retention of investors • Ongoing access to bank lending • Ongoing access to insurance • Increase in business resiliency • Decrease in GHG emissions • Maintain a positive reputation		🟢			🟢	🟢		🟢	🟢	Actively engage in responding to climate change requirements and demonstrating Smartpay's actions.
	Decarbonisation of Smartpay	• Increases access to finance • Increase in business resiliency • Decrease in GHG emissions • Maintain a positive reputation		🟢			🟢	🟢		🟢	🟢	Actively engage in responding to climate change requirements and demonstrating Smartpay's actions.
Staff attraction, retention, and capability	New ways of low emissions working	• Staff attraction and retention • Decrease in GHG emissions	🟢	🟢			🟢	🟢		🟢	🟢	Maintain current workplace flexibility options. Communicate flexibility, wellbeing and ESG within the employee value narrative.
	Climate-related employee activations	• Staff retention	🟢	🟢			🟢	🟢		🟢	🟢	Educate staff on climate change and Smartpay's transition planning. Implement employee activations for staff to engage in climate-related activities.
	Build internal capability and expertise on climate change	• Increased capability and capacity to deliver climate-related disclosure requirements and transition to a low-emissions economy	🟢	🟢		🟢	🟢	🟢	🟢	🟢	🟢	Recruit ESG resource inhouse and continue to build and upskill existing staff on climate-related issues. Establish Green Champions within the business to progress internal initiatives.

Key: Overall rating of climate-related risks and opportunities

🟢 Low 🟢 Medium-Low 🟡 Medium 🟠 Medium-High 🔴 High 🔴 Very High

Strategy

Scenario Analysis continued

Table 7: Climate-related Opportunities

Driver	Opportunity	Anticipated Business Impact	Opportunity Rating									Management Response
			Orderly			Disorderly			Hot House			
			Short	Medium	Long	Short	Medium	Long	Short	Medium	Long	
Legislative and regulatory requirements	Industry advocacy on extension of terminal lifespans and Merchant receipt requirements	• Reduced costs					🟢			🟢		Engage in the industry dialogue to change current PCI compliance requirements to align to global requirements to reduce wastage. Commence dialogue with Smartpay's Merchants on climate change.
	Leverage experience from Aotearoa New Zealand Climate Standards reporting in Australia	• Leadership on climate-related reporting in Australia • Maintain a positive reputation					🟢		🟢			Smartpay's first climate-related disclosure will be published on Smartpay's investor website and be available for stakeholders to view.
Smartpay's reputation	Transition to a low-emissions economy	• Maintain a positive reputation • Attract investors • Strengthened share price • Staff attraction and retention • Attract merchants • Increase in business resiliency		🟢		🟡	🟡	🟢	🟡	🟢	🟢	Proactive communication of Smartpay's reporting and actions. Ensure full transparency of Smartpay's climate-related risks, opportunities, and metrics and targets.
Transition to low-emissions technology	Diversification of business activities	• Attract merchants • Increase in business resiliency		🟢			🟢			🟢		Develop all future technology in SaaS.
	Development of low-emissions products	• Attract Merchants • Access to new opportunities		🟢			🟢				🟢	Develop all future technology in SaaS. Continued enhancement of merchant support systems to remove the ongoing need for the use of paper rolls in terminals.
	Reduced energy use	• Reduced operating costs		🟢		🟢			🟢			Allow sufficient budget for costs associated with decarbonisation.
Supply chain sustainability	Diversification of suppliers	• Greater number of suppliers • Enterprise risk reduction • Increase in business resiliency		🟡		🟠	🟢	🟢	🟠	🟢	🟢	On-going review of suppliers and opportunities to achieve reductions in waste.
	Freight consolidation	• Reduced operating costs				🟢	🟢	🟢	🟢	🟢	🟢	Change the terminal distribution model to reduce waste.
	Transition to low-emissions suppliers and goods as part of ongoing review of the supply chain	• Decrease in GHG emissions		🟢			🟡		🟢			Transition to renewable energy sources. On-going review of suppliers and opportunities to achieve reductions in waste.

Key: Overall rating of climate-related risks and opportunities

🟢 Low 🟢 Medium-Low 🟡 Medium 🟠 Medium-High 🔴 High 🔴 Very High

Strategy

Scenario Analysis continued

Internal Capital Deployment and Funding Decisions

Smartpay's most material climate-related risks and opportunities are primarily associated with the transition to a low-emissions economy. These largely concern shifting consumer preferences, the impact the transition might have on the fleet of terminal assets and suppliers, and increasing legislative and regulatory requirements in both New Zealand and Australia specifically relating to climate change.

The scenario analysis process and the identification of Smartpay's material climate-related risks and opportunities has reinforced the commercial rationale for investment already underway across the development of the payment solutions.

Smartpay has been actively moving to an Everything as a Service (XaaS) environment over the last two years. More recently, choosing to not invest in on-premises technical infrastructure and transitioning to outsourced Infrastructure as a Services (IaaS) to replace aging on-premises servers. To ensure that the purchase of new terminals is well-managed, and capital is not wasted, we have continued to refurbish terminals that are returned from merchants to ensure the useful life of the asset is maximised.

As Smartpay transitions to the newer Android terminal, investment is being made in ancillary equipment to protect the lifespan of the terminals and to manage unnecessary capital deployment. Outside of the merchant terminal fleet, Smartpay does not have a large physical asset base.

The climate-related risks and opportunities identified may act as an accelerator in Smartpay's investment decision-making.

Strategy

Transition Planning

Current Business Model and Strategy

Smartpay is a trans-Tasman payments provider that designs, develops and implements innovative payment solutions for customers in New Zealand and Australia. The business operates from a Head Office in Auckland, New Zealand and an office in Sydney, Australia.

Smartpay utilises a partnership model whereby we form long-term mutually beneficial partnerships with key suppliers to support the business's activities, creating efficiency in the deployment of capital and accessing expertise where it is not necessary nor scalable for Smartpay to provide the function.

The company, whilst dual located, has a One-team, One-organisation approach which sees Smartpay leverage the capability of our talented team across both business operations, irrespective of where a team may be located. This assists in avoiding the duplication of teams, and ensures we benefit from experience.

Transition Planning to Date

Smartpay is currently in the process of developing the plan to transition and position the company within a low-emissions, climate-resilient future. Initial transitioning planning in this reporting period has included:

- Establishing internal governance processes for identifying and managing climate-related risks and opportunities;
- Identifying climate-related risks and opportunities over the short, medium, and long term through scenario analysis;
- Integrating climate-related risks into the Enterprise Risk Management Framework;
- Measuring scope 1 and 2 GHG emissions and setting scope 1 and 2 GHG emissions reduction targets in-line with a 1.5 degrees of warming pathway;
- Beginning measurement of scope 3 GHG emissions and engaging relevant suppliers;
- Extending the lifespan of existing terminal assets by continuing to refurbish returned terminals;
- Ensuring end-of-life is managed through e-waste recycling services.

Smartpay has elected to use Adoption provision 3: Transition planning.

Risk Management

Identification of Climate-related Risks

Smartpay's climate-related risks (and opportunities) were identified and assessed through the scenario analysis process outlined from page 10-17.

Risks and Opportunities:

Risks (and opportunities) were assessed by understanding the potential consequence on the business and the expected period in which risks (and opportunities) were reasonably likely to occur, as shown in Figure 3.

Consequence:

The consequence of potential climate-related risks (and opportunities) was assessed by identifying the potential financial, regulatory, operational, staffing, and/or customer impacts on the business under each scenario. For climate-related risks, this impact was negative, and for climate-related opportunities, this impact was positive.

Likelihood:

The likelihood of potential climate-related risks (and opportunities) was assessed by identifying the periods in which the risk (or opportunity) was reasonably expected to occur under each scenario.

This process aligns with Smartpay's usual risk identification process, where all other risks are assessed via a five-by-five consequence and likelihood matrix.

While all other enterprise risks are assessed against the same business consequence criteria, an alternative likelihood scale is used. While all other enterprise risks are measured from least likely to more likely to occur, climate-related risks have been assessed by identifying the periods in which risks are reasonably likely to occur. This alternative approach was taken as Smartpay identified that this was more appropriate for the assessment of risks relating to the impacts of climate change, which can be far more long term and chronic in nature.

No part of Smartpay's value chain was excluded and no modelling was undertaken as part of this process.

Smartpay will continue to evaluate and monitor its climate-related risks and opportunities by undertaking scenario analysis annually.

Risk Management

Identification of Climate-related Risks continued

Time Horizons

Risks (and opportunities) were identified over the very short, short, medium, long, and very long term.

This approach enabled Smartpay to undertake an integrated approach to evaluating its climate-related issues, whereby breaking down its defined short term time horizon (1-3 years) into a very short (within 1 year) and short (1-3 years) time period, and its long term time horizon (11+ years) into a long (11-27 years) and very long (28-77 years) time period, allowed for a more nuanced assessment of the overall risk or opportunity and greater comparability with other enterprise risks.

For the purposes of disclosing Smartpay's climate-related risks (and opportunities) identified over the very short-term as part of the consequence and likelihood assessment are disclosed as short-term risks (and opportunities). Where a singular risk (or opportunity) was identified over both the very short- and short-term time horizon, the highest risk rating has been disclosed.

Additionally, risks (and opportunities) identified over the very long term as part of the consequence and likelihood assessment are disclosed as long-term risks (and opportunities). Where a singular risk (or opportunity) was identified over both the long and very long-term time horizon, the highest risk rating has been disclosed.

Figure 3: Risk Matrix

	Consequence				
Likelihood	**Insignificant**	**Minor**	**Moderate**	**Significant**	**Catastrophic**
Very Short Term (Within 1 year; 2023 - 2024)					
Short Term (1 - 3 years; 2025 - 2026)					
Medium Term (4 - 10 years; 2027 - 2033)					
Long Term (11 - 27 years: 2034 - 2050)					
Very Long Term (28 - 77 years; 2051 - 2100)					

Management of Climate-related Risks

While Smartpay's climate-related risks have been identified as part of a stand-alone scenario analysis process, climate-related risks are prioritised and managed with equal weighting relative to other enterprise risks.

Smartpay's climate-related physical and transition risks have been integrated into Smartpay's existing Enterprise Risk Management Framework. As part of our usual risk management processes, risks identified as 'Medium' or above under one or more scenarios have been captured in Smartpay's risk management software as ESG risks. Controls have also been identified for these risks.

All risks identified by Smartpay are managed in line with Smartpay's risk appetite.

Key: Overall rating of climate-related risks and opportunities — Low; Medium-Low; Medium; Medium-High; High; Very High

Metrics and Targets

Greenhouse Gas Emissions

Smartpay has prepared its GHG emission inventory for the period 1 April 2023 – 31 March 2024 in accordance with ISO 14064-1:2018 and The Greenhouse Gas Protocol Corporate Accounting and Reporting Standard.

Boundaries

Smartpay applies an operational control consolidation approach in the preparation of its GHG emissions inventory. Organisational boundaries were set with reference to the methodology described in the GHG Protocol Corporate Accounting and Reporting Standard and ISO 14064-1:2018. Under this approach, Smartpay measures 100% of its GHG emissions over which it has operational control. This includes all subsidiaries of Smartpay.

Business units included within this inventory include Smartpay's operations in Australia and New Zealand. No business units are excluded from this inventory.

Greenhouse Gas Emissions Inventory

Table 8 details Smartpay's scope 1 and 2 GHG inventories for the period 1 April 2023 – 30 March 2024. This inventory forms Smartpay's base year.

Table 9 details Smartpay's intensity metrics.

All figures are presented as gross tonnes of carbon dioxide equivalents (t CO2e).

Table 8: Greenhouse Gas Emissions Inventory

	FY24
Scope 1/ISO 14064-1:2018 Category 1	
Vehicle Fuel	
Regular petrol	6.88
Premium petrol	1.35
Diesel	0.73
Refrigerant top ups	
R32	1.15
TOTAL Scope 1	**10.11**
Scope 2/ ISO 14064-1:2018 Category 2	
Electricity	
Electricity consumption (location-based)	35.78
Electricity consumption (market-based)	40.40
TOTAL Scope 2 (location-based)	**35.78**
TOTAL Scope 2 (market-based)	**40.40**

Table 9: Intensity Metrics

	FY24
Scope 1 and 2 (location-based) per employee headcount	0.26 t CO2e
Scope 1 and 2 (market-based) per employee headcount	0.28 t CO2e
Scope 1 and 2 (location-based) per $m revenue	0.48 t CO2e
Scope 1 and 2 (market-based) per $m revenue	0.52 t CO2e

Smartpay has elected to use Adoption provision 4: Scope 3 GHG emissions and will begin reporting scope 3 GHG emissions in its second reporting year. Smartpay is therefore applying Adoption provision 5: Comparatives for Scope 3 GHG emissions. Smartpay has also elected to use Adoption provision 6: Comparatives for metrics, and Adoption provision 7: Analysis of trends.

Metrics and Targets

Greenhouse Gas Emissions continued

Emission Sources

Table 10 details the source of activity data and relative uncertainty associated with each data source and calculations. No emission sources have been excluded from this scope 1 and 2 inventory.

Table 10: Emission Source Inclusions

Scope	ISO Category	Emission Source	Activity Data Unit	Activity Data Source	Methodology	Uncertainty	Business Unit
1	1	Vehicle fleet fuel - Regular/ Premium petrol	Litres	Supplier invoices	Litres of fuel purchased across the reporting year totalled. Multiplied by appropriate emission factors.	Low. Assumes suppliers have provided complete and accurate data, and that this is an appropriate representation of activity.	New Zealand
1	1	Vehicle fleet fuel - Diesel	Km's travelled	Vehicle lease records; Odometer readings	Average km's travelled in the reporting year multiplied by appropriate emission factor.	High. Km's travelled in the reporting year have been estimated using vehicle lease records and odometer readings in the absence of fuel use activity data. Km travelled emission factors are also less preferable than fuel emission factors as they are less accurate.	New Zealand
1	1	Refrigerant top ups – R32	kg	Supplier email communications	Activity data directly retrieved from supplier email communications. Multiplied by appropriate emission factor/GWP.	Medium. No source invoice/ report from supplier has been cited. Assumes supplier has provided complete and accurate data via email, and that this is an appropriate representation of activity.	New Zealand
2	2	Electricity consumption	kWh	Supplier invoices	kWh's consumed across the reporting year totalled. Multiplied by appropriate emission factors.	Low. Assumes suppliers have provided complete and accurate data, and that this is an appropriate representation of activity.	New Zealand Australia

Calculations and Emission Factors

Smartpay utilised Microsoft Excel to calculate GHG emissions. A calculation methodology has been used for quantifying the emissions based on the following approach.

GHG emissions = activity data x emission factor

Smartpay's scope 1 and 2 GHG emissions were calculated using emission factors from the following sources.

- New Zealand Ministry for the Environment Detailed Greenhouse Gas Reporting 2023 Guidelines (GWP100, IPCC Fifth Assessment Report)
- Bravetrace Residual Supply Mix (RSM) 2023/24 Production Year
- Australian Government Department of Climate Change, Energy the Environment and Water National Greenhouse Accounts Factors 2023 (GWP100, IPCC Fifth Assessment Report)

Offsets and Credits

Smartpay has not purchased any offsets or credits in the reporting period.

Assurance

No assurance has been provided over this GHG emissions inventory.

Metrics and Targets

Greenhouse Gas Emissions continued

Greenhouse Gas Emissions Reduction Targets

Following measurement of Smartpay's 2024 GHG emissions base year inventory, Smartpay has set the following near-term GHG emissions reduction targets in line with best-available climate science.

58.8% absolute reduction in scope 1 GHG emissions by 2034, on a 2024 base year.

58.8% absolute reduction in scope 2* GHG emissions by 2034, on a 2024 base year.

These targets cover 100% of Smartpay's scope 1 and 2 base year inventory and do not rely on any offsets.

Targets have been set using the Science Based Targets initiative (SBTi) near-term cross-sector absolute reduction methodology and are consistent with reductions required to limit warming to below 1.5 degrees Celsius.

The SBTi develop standards, tools and guidance that allow companies to set GHG emissions reduction targets in line with what is needed to keep global warming below catastrophic levels. In setting Smartpay's targets in line with the SBTi's cross-sector absolute reduction methodology and 1.5 degrees of warming pathway, Smartpay assumes the targets contribute to limiting warming to 1.5 degrees Celsius.

While the targets have been developed in-line with the SBTi by using the SBTi's publicly available Corporate Near-Term Tool and target setting guidance, Smartpay's GHG emissions targets have not been submitted to or validated by the SBTi.

*Scope 2 emissions are in reference to the market-based calculation methodology, as defined by the GHG Protocol.

Metrics and Targets

Greenhouse Gas Emissions continued

Metrics

Smartpay's metrics associated with its climate-related risks and opportunities and capital deployment are included in Table 11.

Metrics associated with Smartpay's climate-related risks and opportunities have been determined by assessing Smartpay's exposure to risks and opportunities at or above a determined materiality threshold. This threshold includes risks and opportunities rated as 'Medium' or above (see Risk management section).

As previously noted, Smartpay has elected to use Adoption provision 6: Comparatives for metrics and Adoption provision 7: Analysis of trends.

Table 11: Metrics

Metrics	FY24
Climate-related risks and opportunities	
Amount or percentage of assets or business activities vulnerable to transition risks	100% of business activities exposed to the cost of carbon, reputational risks, increasing legislative and regulatory requirements, and shifting consumer preferences.
Amount or percentage of assets or business activities vulnerable to physical risks	100% of terminal suppliers vulnerable to potential supply chain disruptions.
Amount or percentage of assets or business activities alignment to opportunities	100% of business activities aligned with diversifying Smartpay's business activities and suppliers and transitioning to a low-emissions economy.
Capital deployment	
Amount of capital expenditure, financing, or investment deployed toward climate-related risks	0%. Current impacts including meeting the reporting requirements of the Aotearoa New Zealand Climate Standards have been managed through operating costs.
Amount of capital expenditure, financing, or investment deployed toward climate-related opportunities	The Annual Financial Statements for the year ended 31 March 2024 notes the capital expenditure on Software and Development.
Industry-based metrics*	
Scope 1 and 2 (location-based) per employee headcount	0.26 t CO2e
Scope 1 and 2 (market-based) per employee headcount	0.28 t CO2e
Scope 1 and 2 (location-based) per $m revenue	0.48 t CO2e
Scope 1 and 2 (market-based) per $m revenue	0.52 t CO2e

* Smartpay's industry does not currently have well-established metrics to report against. Smartpay will begin to disclose any relevant metrics in future reporting periods as these are established over time.

Internal Carbon Price

Smartpay does not currently have or utilise an internal carbon price. Smartpay will continue to develop its transition plan in the next reporting year. As part of this planning, we intend to utilise internal carbon pricing as an instrument for identifying emissions reduction opportunities and to guide decision-making.

Remuneration

Management remuneration is not currently linked to Smartpay's climate-related risks or opportunities.

Smartpay has no other key performance indicators used to measure and manage its climate-related risks and opportunities.

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