MFG

Climate Report

Voluntary report for the year ended 30 June 2026

Contents

About MFG

As at 30 June 2026, Magellan Financial Group Ltd (**MFG** or **Group**) is a global financial group with expertise in investment management and specialist financial services across three continents. As an active investment manager and responsible steward of capital, we understand the risks and opportunities presented by climate change to both our investment portfolios and the real economy, and advocate for the development of sustainable, low-carbon, and climate-resilient business models where appropriate.

In line with our commitment to managing climate change risks, MFG has been a member of the Principles of Responsible Investment (**PRI**) since 2012, and the Responsible Investment Association Australasia (**RIAA**) since 2017. In 2022 MFG extended its commitment to managing climate risk by becoming a member of the Investor Group on Climate Change (**IGCC**) and the Net Zero Asset Manager initiative (**NZAM**).

Our commitment

MFG recognises that climate change risks have the potential to impact investment risks and returns and to cause environmental and social harm. Increasing temperatures continue to adversely impact economic activity, human health, social equity, agricultural productivity, property and infrastructure.[1]

We support the goals of the Paris Agreement and acknowledge the critical role investment managers must play in supporting a just and inclusive transition. MFG recognises the urgent need to accelerate the global transition to net zero greenhouse gas (**GHG**) emissions and is committed to supporting the goal of net zero GHG emissions by 2050, consistent with global efforts to limit warming to 1.5°C.

To achieve this goal, MFG commits to support investing aligned with net zero emissions by 2050 or sooner, and to work in partnership with our asset owner clients on decarbonisation goals, consistent with an ambition to reach net zero emissions by 2050.

About this report

This Climate Report is an update to our 2025 report and covers our internally managed strategies: Magellan Global Opportunities, Magellan Global Listed Infrastructure and Airlie Australian Equities.

It also reflects MFG's strategic partnerships with Barrenjoey Capital Partners Group Holdings Pty Limited ("Barrenjoey"), Vinva Holdings Limited ("Vinva") and FinClear Holdings Limited ("FinClear") as at 30 June 2026 – which are considered from a business model and value chain perspective.

In relation to financed emissions in Section 4, Metrics and Targets, we have updated our Basis of Preparation scope of operating segments to reflect business changes over the financial year.

MFG is not subject to the mandatory climate-related financial reporting regime for FY26. This report is therefore prepared on a voluntary basis. It is not a sustainability report for the purposes of Part 2M.3 (sections 296A to 296D) of the Corporations Act 2001 (Cth), and does not purport to comply with the Australian Sustainability Reporting Standards (ASRS), including AASB S2. The report is nevertheless structured around the four pillars of that standard (governance, strategy, risk management, and metrics and targets) to support MFG's preparation for future reporting under the regime. It represents a further step in our preparation for mandatory reporting under the ASRS and reflects the deeper analysis and updated risk identification that will underpin our future mandatory disclosures. The report does not represent full ASRS-compliant disclosure.

This year, in consultation with external climate risk specialists, we have undertaken a structured business model and value chain analysis, climate scenario analysis and refreshed our climate-related risk inventory. This work has resulted in a revised and consolidated set of three climate-related risks and opportunities (CROs) that more accurately reflect the nature of our business. The transition from the previous risk structure to the updated CROs is outlined in the Strategy section of this report.

Subsequent events

On 1 July 2026, after the end of the reporting period, MFG completed the acquisition of Barrenjoey and its subsidiaries, which became wholly owned subsidiaries of MFG. The climate-related risks and opportunities, scenario analysis, physical risk assessment, greenhouse gas inventory and metrics in this report are presented on the basis of MFG's business for the year ended 30 June 2026 and do not reflect the position of the combined group.

Our climate strategy

MFG's climate strategy is organised around the four pillars below:

Governance	Strategy	Risk Management	Metrics and Targets
How the Group oversees and manages climate-related risks and opportunities.	The actual and potential impacts of climate-related risks and opportunities on the Group's businesses, strategy and financial planning.	The processes used by the Group to identify, assess, prioritise and monitor climate-related risks and opportunities.	The metrics and targets used to assess the Group's performance and progress towards its climate-related goals.

[1] Source: Intergovernmental Panel on Climate Change (IPCC) Sixth Assessment Report, 2022

Governance

Board

MFG's Board has ultimate oversight and responsibility for integrating an appropriate risk management framework for climate-related risks and opportunities in our corporate operations and investment activities. The Board and relevant sub-committees are supported by the Head of ESG, the Head of Investor Relations and Sustainability, the Chief Financial Officer and the Chief Risk Officer. At a minimum, the Audit and Risk Committee annually reviews and considers matters related to climate-related risks and opportunities and makes recommendations to the Board.

The Board considers climate-related risks and opportunities when setting overall business strategy and risk appetite. Board members attended an externally facilitated training session on AASB S2 and the Group's climate resilience during FY26. More information on board members and their experience is available in the Directors' report.

Management team

In our corporate operations

As an investment manager, we recognise that our most significant influence on climate change links to our investment activities, which is where we focus our efforts. That said, as a business with more than 100 employees, we also recognise the importance of maintaining governance oversight of climate risk in our corporate operations. In FY25, MFG appointed a Head of Investor Relations and Sustainability to build capability and capacity in this area.

The climate-related risks and opportunities for our corporate operations are governed as follows:

- **Chief Risk Officer**
  The Chief Risk Officer is responsible for MFG's risk management operations, including identifying, evaluating, reporting and overseeing climate-related risks and related frameworks. The Chief Risk Officer is also responsible for tracking and monitoring ESG regulation, including Australia's mandatory climate-related financial disclosure requirements.
- **Chief Financial Officer**
  The Chief Financial Officer has oversight of MFG's climate-related disclosures, including the integration of climate risk into financial planning and reporting. The Chief Financial Officer will be responsible for MFG's mandatory ASRS disclosure.
- **Head of Investor Relations and Sustainability**
  The Head of Investor Relations and Sustainability has day-to-day responsibility for the integration of climate considerations into corporate operations and external reporting. This role facilitates MFG's engagement on climate-related risk as a driver of long-term value and is responsible for the measurement and reporting of climate data for our corporate operations.
- **ESG Working Group**
  The ESG Working Group is a group of internal stakeholders from finance, risk and compliance, sustainability and investment teams responsible for discussing, developing and implementing key elements of our corporate ESG strategy and processes. In FY26, the ESG Working Group reviewed and approved the updated CRO framework, scenario selection, time horizons and climate scenario analysis outputs described in this report.

In our investment activities

The day-to-day management of climate-related risks and opportunities in our investment activities is overseen by the Head of ESG, along with the execution of the fund-level Climate Stewardship Strategy. With support from the ESG team, the investment team identifies material climate-related risks and opportunities that may influence cash flows and valuations of portfolio companies over our investment horizons.

Key governance mechanisms in our investment activities include:

- **Policy and Process Frameworks**
  Key documents include our fund-level ESG Policy, Climate Stewardship Strategy, Voting Principles and Basis of Preparation for financed emissions calculations.
- **ESG Investment Governance**
  The Head of ESG and ESG team provide analysis and insights to the Magellan Global Opportunities and Magellan Global Listed Infrastructure investment teams and collaborate with the investment team on net zero alignment assessment and company engagement.
- **Investment Committee**
  The Investment Committee periodically reviews ESG risks and opportunities, including climate-related factors, as part of the assessment process for accepting portfolio companies into our approved universe.
- **Airlie Funds Management (Airlie)**
  In our Australian equities business, the day-to-day management of climate-related risks and opportunities in portfolio companies is overseen by the strategies' portfolio managers. They are supported by the Airlie investment team who conduct research into material climate-related factors that forms part of the investment thesis. Portfolio companies are assessed relative to Airlie's net zero alignment assessment.

Strategy

MFG evaluates ESG issues, including climate risks and opportunities, as appropriate to our corporate operations and investment activities in an ongoing effort to deliver long-term value for our clients while meeting changing demands.

Climate-related risks and opportunities

We have undertaken a structured review of our climate-related risk inventory this year, supported by external climate risk specialists. This involved a detailed analysis of our business model and value chain, identification of climate sensitivities mapped to our commercial business drivers, and climate scenario analysis across a range of stress tests. The result is a revised and consolidated set of three climate-related risks and opportunities (CROs) that reflects our business profile as a fee-based investment manager with a Partnerships and Investments segment.

Assessment time horizons	
• **Short term: 0–2 years** • **Medium term: 2–5 years** • **Long term: More than 5 years**	These time horizons align with our strategic planning cycle, observed market practice and the Australian Climate Change Act 2022. They reflect the periods over which climate-related risks and opportunities are most likely to affect our business.

We have identified three climate-related risks and opportunities that could reasonably be expected to affect our business:

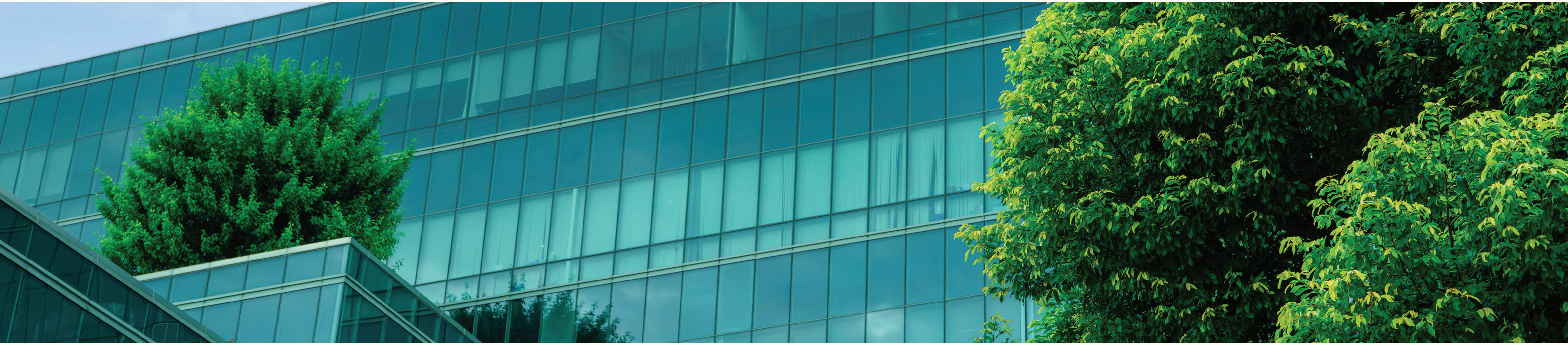
CRO 1: Climate-related risks to investments (transition and physical) could affect MFG revenue sources (fee income, partnerships)	
Key characteristics	**Description**
• **Transition risks and opportunities** Climate-related risks and opportunities (transition and physical) could impact the earnings of investee companies, potentially affecting security market prices, investment performance and MFG fee income (via management and performance fees). Where MFG holds co-investments in its own managed funds, this exposure extends beyond fee income. MFG's share of earnings from partnership investments may also be affected where those entities are exposed to climate-related risks. • **Time horizon** Short to long term. • **Concentration patterns** Investment management activities and fund co-investments.	Modelled scenarios suggest climate-related impacts on macro-economic, financial and policy factors could drag on the earnings potential, and therefore valuations, of investee companies. MFG's revenue is majority derived from fee income. Falling valuations – that is, lower asset values – could deteriorate revenue compared to a 'business as usual' scenario as lower asset values feed through to declining performance fees (via poor investment performance) and management fees (via declining assets under management (AUM)). Co-investments held by MFG in its own managed strategies would generate lower investment returns under the same adverse scenarios, directly reducing MFG's non-fee income and compounding the overall P&L impact. Similarly, climate-related transition or physical risks could impair the investment performance of Vinva's strategies, representing a further drag on MFG's consolidated P&L. Our climate scenario analysis indicates that under a Net Zero pathway, sustained transition pressure on high-emitting sectors creates ongoing valuation risk, particularly for the infrastructure strategies where carbon-intensive holdings comprise a higher proportion of AUM. Under a Hot House pathway, discrete physical shocks – such as acute weather events impacting portfolio company operations – create short-term performance risk with recoveries over the medium term. **Mitigation and adaptation** MFG invests in listed securities (global equities, Australian equities and global listed infrastructure) with high levels of liquidity. This provides the mitigation option of selling holdings where we believe climate-related risks are not compensated for in the market price. We actively assess portfolio companies' climate strategies and alignment to net zero as part of the investment process. No immediate adaptation activities are planned. We will continue to monitor the impact of climate change on investment performance and will use proxy voting and engagement to encourage portfolio companies to improve their climate risk management.

CRO 2: Climate-related investor preferences could affect AUM, and thus fee income (management fees)

Key characteristics	Description
• **Transition risks and opportunities** Fee income (management fees) could deteriorate if client demand for climate-integrated investment products is not sufficiently met. This risk has an opportunity dimension: proactive alignment with client expectations and product innovation in climate-aware strategies could support AUM growth. • **Time horizon** Short to long term. • **Concentration patterns** MFG investment management activities, with particular relevance to institutional client mandates.	Increasing climate policy stringency and investor awareness under a Net Zero scenario is expected to strengthen demand for investment products that incorporate climate risks and opportunities. Client expectations – particularly among institutional investors – regarding the extent to which climate is integrated into investment decision-making processes may intensify over time. Failure to evolve our product offering and investment approach in response to these expectations creates a risk of AUM outflow and reduced management fee income. MFG does not currently have a substantive offering across sustainable-labelled investment products. This represents a potential opportunity for growth through targeted product development. As an Australian-based investment manager with a geographically diverse client base, Australian and global regulatory developments and institutional client preferences are particularly influential. **Mitigation and adaptation** We are committed to evolving our product range and investment approach to meet client expectations on climate. Ongoing engagement with our institutional client base and investment in our ESG integration capabilities are our primary mitigants. We will continue to develop our net zero alignment assessment and explore opportunities for climate-aware product development where there is clear client demand.

CRO 3: Climate-related legal and regulatory risks could increase compliance risks and associated costs

Key characteristics	Description
• **Policy and legal risks** The development of new climate-related disclosure and assurance requirements in Australia could result in increased compliance costs and resourcing needs. Additional data, systems and assurance processes could increase administrative expenses. Proactive alignment with new standards may strengthen transparency and investor confidence. • **Reputational risks** Inaccurate, incomplete or delayed reporting could lead to increased stakeholder scrutiny, resulting in enforcement action or reputational damage. Credible and timely disclosures could enhance trust in MFG. • **Time horizon** Short to long term. • **Concentration patterns** Applies to MFG at the group level.	Implementation of regulations such as ASRS are already underway. This requires investment in data collection infrastructure, system upgrades and external assurance processes, all of which increase near-term operating expenses. After initial implementation, ongoing costs are expected to stabilise as processes mature and automation improves efficiency. Non-compliance or failure to provide reliable information could expose the Company to enforcement actions and fines. Under a Net Zero scenario, additional policy developments are expected, potentially including broader application of disclosure regimes, more detailed disclosures and greater regulatory scrutiny. MFG's low risk appetite for compliance and reputational risks makes this CRO relevant even at moderate anticipated effect levels. Directors could face personal liability for misleading statements in climate disclosures, and ASIC greenwashing enforcement provisions carry substantial penalties. **Mitigation and adaptation** We have proactively addressed reporting readiness through this structured analysis program with external advisers and continued investment in our ESG reporting infrastructure. We will continue to monitor the development of climate transition policies, track our obligations under the ASRS framework and engage with the broader financial services industry on the evolution of disclosure requirements.



Transition from FY25 risk framework

In FY25, MFG disclosed multiple climate-related risks and opportunities across corporate operations and investment activities. Following this year's structured review, those risks have been consolidated into the three CROs above to provide a more focused and financially grounded disclosure. The table below summarises the mapping:

FY25 category	FY25 risk description	FY26 CRO mapping
Policy, regulatory and legal (corporate)	Non-compliance with climate-related regulatory obligations	CRO 3
Strategic (corporate)	Inadequate reflection of climate in business strategy and product development	CRO 2
Reputation (corporate)	Ineffective climate risk management leading to negative reputation (incl. greenwashing)	CRO 3
Acute and chronic physical (corporate)	Physical impact on corporate operations and workspaces	Assessed as immaterial – physical climate risk assessment of all MFG locations shows limited exposure
Policy, regulatory and legal (investment)	Changes to climate-related law and regulation impacting portfolio companies	CRO 1
Technology (investment)	Requirements to keep pace with technology advancements in managing climate risk	CRO 1
Market (investment)	Shift in consumer demands due to changing preferences away from existing products	CRO 2
Reputation (investment)	Perception of not responding appropriately to climate challenges	CRO 1
Acute and chronic physical (investment)	Physical impacts on portfolio company operations	CRO 1

Climate resilience

Scenario analysis approach

We have assessed climate resilience for each CRO under two climate scenarios, selected in line with Australian regulatory requirements and broader market practice:

Scenario	Description
Net Zero (NGFS Net Zero 2050 / IPCC SSP1-2.6)	An orderly transition scenario limiting global warming to approximately 1.4°C by end of century. Immediate, stringent policy action drives rapid decarbonisation. Supplemented for the period to 2030 with the NGFS Sudden Wake-up Call scenario (a delayed but ultimately Net Zero-aligned transition). IPCC SSP1-2.6 is used for site-level physical risk assessment.
Hot House (NGFS Current Policies / IPCC SSP2-4.5)	A scenario in which only currently implemented policies are preserved, resulting in approximately 2.9°C of warming by end of century (well exceeding 2.0°C). Supplemented for the period to 2030 with the NGFS Disasters and Policy Stagnation scenario. IPCC SSP2-4.5 is used for site-level physical risk assessment.

Key scenario analysis findings

The climate scenario analysis was conducted with support from an external climate risk specialist, covering a range of stress tests relevant to our business drivers: emissions profiles (ST1), carbon pricing (ST2), cost of capital (ST3) and GDP / demand destruction (ST4). Investor product preferences (ST5) and regulatory compliance costs (ST6) were assessed qualitatively. Physical risk was assessed for all MFG operational locations using Swiss Re's Risk Data Services under IPCC scenarios (ST7).

CRO 1 – Investment risks

- Under the Net Zero scenario, rapid decarbonisation of national emissions trajectories in MFG's top 10 portfolio country exposures (representing approximately 78% of AUM) creates greater pressure than under the Hot House scenario. High-emitting sectors – representing approximately 22% of AUM but accounting for approximately 80% of absolute investee Scope 1 and 2 emissions – face the most significant transition risk, including regulatory action, compliance cost escalation and valuation compression.
- Under the Net Zero scenario, carbon prices modelled under the GCAM integrated assessment model suggest significant policy cost escalation post-2030. Approximately 12% of AUM is exposed to confirmed carbon border adjustment mechanisms (EU CBAM and UK equivalents), with proposed mechanisms in Canada potentially expanding this coverage.
- Under the Hot House scenario, acute weather events in 2026–2027 create short-term GDP and demand shocks, with recovery by 2030. Over the medium to long term, sustained physical impacts compress household spending and business investment relative to baseline projections.
- Infrastructure funds carry a higher concentration of high-emitting sectors, meaning the transition risk profile is more pronounced for these strategies.

CRO 2 – Investor preferences

- Under a Net Zero pathway, increasing consumer and regulatory pressure is expected to drive demand for products integrating climate factors. This creates both a risk of AUM attrition if products do not meet evolving expectations and an opportunity for growth through targeted development of climate-aligned strategies.
- Sustainable-labelled products currently represent approximately 0.1% of total firm AUM, though all MFG's internally-managed strategies incorporate climate risk assessment in their investment decision-making. Evolving institutional and retail client expectations increasingly distinguish between climate-integrated strategies and those explicitly positioned as sustainable-labelled. We continue to monitor forward-looking client demand, with any product development reviewed by the Strategic Product Committee. For FY26 this Committee comprised the Group's CEO, CRO, COO, and senior members of the Group, including distribution.

CRO 3 – Regulatory and compliance risks

- Implementation of ASRS obligations is already underway and is expected to increase near-term operating expenses via data, systems and assurance investment. Costs are anticipated to stabilise over the medium term as processes mature.
- The risk of greenwashing enforcement under ACCC provisions and ASIC action under the AASB S2 penalty regime creates reputational and financial exposure. Directors' personal liability for misleading climate statements underscores the importance of robust disclosure processes.
- Under the Hot House scenario, current disclosure regulations are assumed to persist to 2030 and beyond, suggesting lower incremental regulatory burden but no reduction in current obligations.

Physical risk assessment (operations)

Physical climate risk testing of all MFG operational sites – including 25 Martin Place Sydney (primary office, approximately 100 FTEs) and six smaller domestic and international locations – does not indicate material risk.

Physical climate risks across all sites are expected to have limited disruption potential, with current conditions remaining largely stable across both scenarios. Extreme precipitation is assessed as 'Very High' across all locations, consistent with present-day levels. Council records for the Sydney CBD indicate that historical flooding events (1984 and 1991) produced peak flood depths of approximately 10cm in the Martin Place precinct, with no recorded property flooding. Business continuity processes and remote working capabilities further limit operational exposure. The carrying value of property, plant and equipment is $0.5 million, representing less than 0.1% of total assets.

Looking ahead

In our corporate operations

At present, the direct physical and transitional risks posed by climate change on our corporate operations are minimal. Our operating model is not materially exposed to climate-sensitive assets or geographies, and our operational footprint is limited in terms of emissions and resource intensity. As set out in CRO 3, the primary strategic concern for our corporate operations is the compliance and reputational risk associated with the evolving climate disclosure environment. We will continue to monitor emerging climate-related developments to safeguard long-term value for our stakeholders.

In our investment activities

MFG acknowledges the complexity and urgency of climate change, along with the shift to a low-carbon economy. Our exposure to physical and transition climate-related risks is most significant in our investment activities.

A crucial aspect of our investment analysis is evaluating the readiness of companies for the transition to a lower or net-zero emissions environment across our investment horizons. We are supportive of the Paris Agreement's goals of limiting global temperature rise to below 2°C, preferably 1.5°C, compared to pre-industrial levels.

We implement these actions within the constraints of our fiduciary duties, client mandates, fund investment objectives, and legal obligations. Our success also depends on our clients' positioning on climate change, supportive policy and regulation, and how companies, governments, and other market participants respond.

FY27 outlook

Following completion of the Barrenjoey acquisition on 1 July 2026, the combined group will undertake a comprehensive assessment of climate-related risks and opportunities across the merged organisations. Barrenjoey made its own first mandatory climate-related financial disclosure in FY26, which will provide a further reference point as the combined group's framework is aligned and refreshed. Our climate-related risk framework, including the three CROs outlined in this report, will be reviewed and refreshed to reflect the combined group's business model, investment capabilities and client base. This enhanced assessment will inform the disclosure approach under the mandatory ASRS.

Head of ESG, Amy Krizanovic

We believe climate change is both a risk and an opportunity for our investment activities. We assess portfolio companies' exposure to transition risks and opportunities as part of our investment process across all strategies.

Alliant Energy illustrates this well. The company faces a material demand opportunity from data centres and AI-related electricity usage, which may support investment in generation, storage and grid infrastructure. This growth, however, also heightens the importance of assessing whether it is supported by a credible transition strategy, particularly given policy uncertainty and the need to maintain affordability and reliability.

As part of our 2026 climate assessment, Alliant was assessed as Committed under our net zero alignment assessment and Aligned under our SAFE framework. We continue to monitor disclosures and engage with the company to assess credibility, progress and commitment.

Risk Management

In our corporate operations

MFG has established a Risk Management Framework based on Australian and international risk management standards and guidelines (ISO 31000:2018), which outlines the structure, procedures and guidelines on how MFG identifies, assesses, manages and reports on risks including climate-related risks affecting our corporate operations.

Risks are identified at the corporate and business strategy level and assessed in accordance with the risk management methodology outlined in our Risk Management Framework. Climate-related risks are not treated differently to other enterprise risks, but rather integrated into existing risk categories. CRO 3 (legal and regulatory risks) is reflected in our Compliance risk pillar; CRO 1 and CRO 2 are reflected in our Strategic and Market risk pillars respectively.

In our investment activities

We believe that climate-related risks can be financially material to our investment activities. As part of the investment team's ongoing research, physical and transition climate risks are considered from a bottom-up, case-by-case basis. Climate-related factors are then incorporated into long-term investment theses across relevant strategies.

Each internally managed fund integrates climate risk assessment as outlined in the relevant Climate Stewardship Strategy, with outcomes reported in the Stewardship reports.

As part of Magellan Global Opportunities, Magellan Listed Infrastructure and Airlie's net zero alignment assessment, the investment teams assess all portfolio companies' alignment to net zero. In identifying climate risks, we leverage our internal ESG investment research including direct company engagement and, where appropriate, external data providers.

Our assessment for portfolio companies considers:

1. **Ambition:** A commitment to net zero by 2050.
2. **Targets:** Near and medium-term science-based emission reduction targets and whether those targets are externally validated.
3. **Strategy:** Alignment to reporting in accordance with regulatory frameworks and whether a credible climate strategy to achieve targets exists.

Net zero alignment assessment

Our net zero alignment assessment is applied across all internally managed funds, guided by the Net Zero Investment Framework (NZIF). The assessment categorises companies as: Achieving, Aligned, Aligning, Committed or Not Aligned, based on the presence of a net zero target, interim science-based targets, target progress, disclosure quality, strategy credibility and capex alignment. Analyst judgement is applied to the strategy and credibility dimensions.

All in-scope strategies are on track to meet or exceed the 80% engagement threshold for financed emissions in high-impact sectors. We continue to prioritise engagement with companies not yet aligned to a net zero pathway to drive progress across all strategies.

Net Zero alignment assessment

	Net zero target	Interim science-based target	Progress	Disclosure	Strategy*	Capex alignment*	Credibility
Achieving net zero	✓	✓	✓	✓	✓	✓	✓
Aligned to a net zero pathway	✓	✓	✓	✓	✓	✓	✓
Aligning to a net zero pathway *(*high impact sectors require additional factors)*	✓	✓		✓	✓		✓
Committed to aligning	✓						✓
Not aligned							
			Analyst assessment[2]				Analyst assessment[2]

For further details regarding Airlie's stewardship process, please refer to the Airlie Climate Stewardship Strategy.

For further details regarding Magellan's stewardship process, please refer to the Magellan Climate Stewardship Strategy.

[2] The analysis incorporates insights and the investment team's proprietary view of a company's progress toward its stated climate targets, as well as the credibility of its initiatives and strategy to achieve those targets

Climate risk identification process

This year, with support from an external climate risk consultant, we undertook a structured eight-step process to identify and assess our CROs:

Step 1

Business model and value chain analysis, including review of our six capitals (human, intellectual, financial, natural, manufactured and social and relationship).

Step 2

Identification of commercial business drivers, with investment management fees (74% of total revenue) as the primary driver.

Step 3

Identification of a long list of climate sensitivities across revenue, costs, assets, liabilities and cost of capital.

Step 4

Climate scenario analysis

Stress testing climate sensitivities under Net Zero and Hot House scenarios across short, medium and long-term horizons.

Step 5

Definition of material CROs

Consolidating scenario-validated sensitivities into three disclosure-appropriate risks and opportunities.

Step 6

Assessment of climate resilience, including anticipated financial effects.

Step 7

Determination of anticipated effects on financial position, performance and cash flows.

Step 8

Integration into strategy and risk management.

Chief Risk Officer, Sam Mosse

The structured review we undertook this year, working with external specialists to refresh our risk inventory and stress-test our climate scenarios, provided a valuable opportunity to test the robustness of our approach and strengthen how we communicate it to the Board. Climate risk is embedded in our enterprise risk framework with the same rigour we apply to all material risks, and we are well positioned to communicate our approach with stakeholders as mandatory ASRS disclosure approaches.

Metrics and Targets

In our corporate operations

MFG calculates our emissions from corporate and business operations. We measure our material Scope 3 emissions associated with our operations, including employee travel and energy loss associated with electricity distribution. We do not have any material Scope 1 emissions.[3]

[3] MFG has assessed fugitive emissions from refrigerants (e.g. refrigerators) at its premises and determined these to be immaterial

Table 1: MFG corporate operational emissions

GHG emissions (tCO2e)	30 June 2026	30 June 2025
Scope 1 direct emissions	-	-
Scope 2 indirect emissions (location-based)	107	102
Total Scope 1 and 2	**107**	**102**
Total per employee (tCO2e/employee)	0.96	0.97
Total per A$m revenue (tCO2e/A$m)	0.56	0.42

Note: Scope 2 emissions are calculated using a location-based methodology with NGA emission factors. Average employee headcount for FY25 was 105. Average employee headcount for FY26 was 111.

In our investment activities

For all portfolio companies, we track and monitor Scope 1 and 2 emissions and, where available and material, Scope 3 emissions. As part of our fund-level climate stewardship strategies, we actively engage with companies to encourage the disclosure of material Scope 3 emissions. Emissions are tracked quarterly using our external data provider (MSCI ESG Manager) and public company reports.

Portfolio company emissions data is reviewed quarterly by the client reporting and ESG teams for accuracy and, where applicable, reviewed against the MFG Low Carbon Framework for our sustainable portfolios.

Scope of operating segments

The scope of financed emissions reporting, as outlined in the Basis of Preparation, is currently limited to the equity investment funds of MFG listed below. We will continue to assess asset class suitability for inclusion in our Scope 3 emissions category 15 (Investments) inventory over time as data consistency and accuracy improves.

- Internally managed funds where Magellan Asset Management Limited (MAM) is the responsible entity and investment manager
- Externally managed fund where MAM is the responsible entity and either appoints an external investment manager or fully invests the assets of the fund into an underlying fund of which it is not the investment manager

The funds in scope for reporting at 30 June 2026 within the categories are listed below.

Internally managed funds where MAM is the responsible entity and investment manager

- Magellan Global Listed Infrastructure: Magellan Infrastructure funds[4], Magellan Core Infrastructure Fund – Active ETF
- Magellan Global Equities: Magellan Global Opportunities funds[5], MFG Global Sustainable Fund
- Airlie Australian Equities; Airlie Australian Share Fund – Active ETF, Airlie Small Companies Fund

Externally managed funds where MAM is the responsible entity and has either appointed a third party as an investment manager or fully invests the assets of the fund into an underlying fund of which it is not the investment manager

- Vinva Australian Equity Fund, Vinva Australian Alpha Extension Fund, Vinva Global Equity Fund, Vinva Global Alpha Extension Fund, Vinva Global Alpha Funds[6]

[4] Magellan Infrastructure Fund, Magellan Infrastructure Fund (Unhedged) and Magellan Infrastructure Fund (Currency Hedged) – Active ETF (ASX: MICH)
[5] Magellan Global Opportunities Fund – Active ETF (ASX: OPPT), Magellan Global Opportunities Fund No. 2 and Magellan Global Opportunities Fund No. 1
[6] Vinva Global Alpha Fund – Active ETF (ASX: V1AC), Vinva Global Alpha Fund (Hedged)

Portfolio emissions intensity

Table 2: Portfolio emissions intensity as at 30 June 2026 (tonnes CO_2e per US$m revenue)

Strategy	**Emissions intensity** (tCO_2e / $USm revenue)
Magellan Global Opportunities funds	35
MFG Global Sustainable Fund	31
Magellan Infrastructure funds	685
Magellan Core Infrastructure Fund – Active ETF*	850
Airlie Australian Share Fund – Active ETF*	123
Airlie Small Companies Fund*	21
Vinva Australian Equity Fund*	176
Vinva Australian Alpha Extension Fund*	189
Vinva Global Equity Fund	74
Vinva Global Alpha Extension Fund*	56
Vinva Global Alpha Fund – Active ETF	76

* Fund exposures grossed up for holdings missing carbon intensity data in MSCI Analytics.

Our infrastructure funds carry higher emissions intensity, driven by the concentration of high-emitting sectors. High Impact sectors (as defined by the Net Zero Investment Framework v2.0) account for approximately 22% of total firm AUM but contribute approximately 80% of absolute investee Scope 1 and 2 emissions. This profile is particularly pronounced in the infrastructure strategies, where high-impact sectors represent approximately 35% of the Magellan listed infrastructure fund's AUM.

Net Zero Asset Managers initiative

In 2022, MFG committed to the NZAM initiative for our in-scope strategies, including MFG Global Sustainable Fund and select institutional mandates, with a long-term portfolio target aligned with net zero emissions by 2050. All in-scope strategies are on track to meet or exceed the 80% engagement threshold for financed emissions in high-impact sectors.

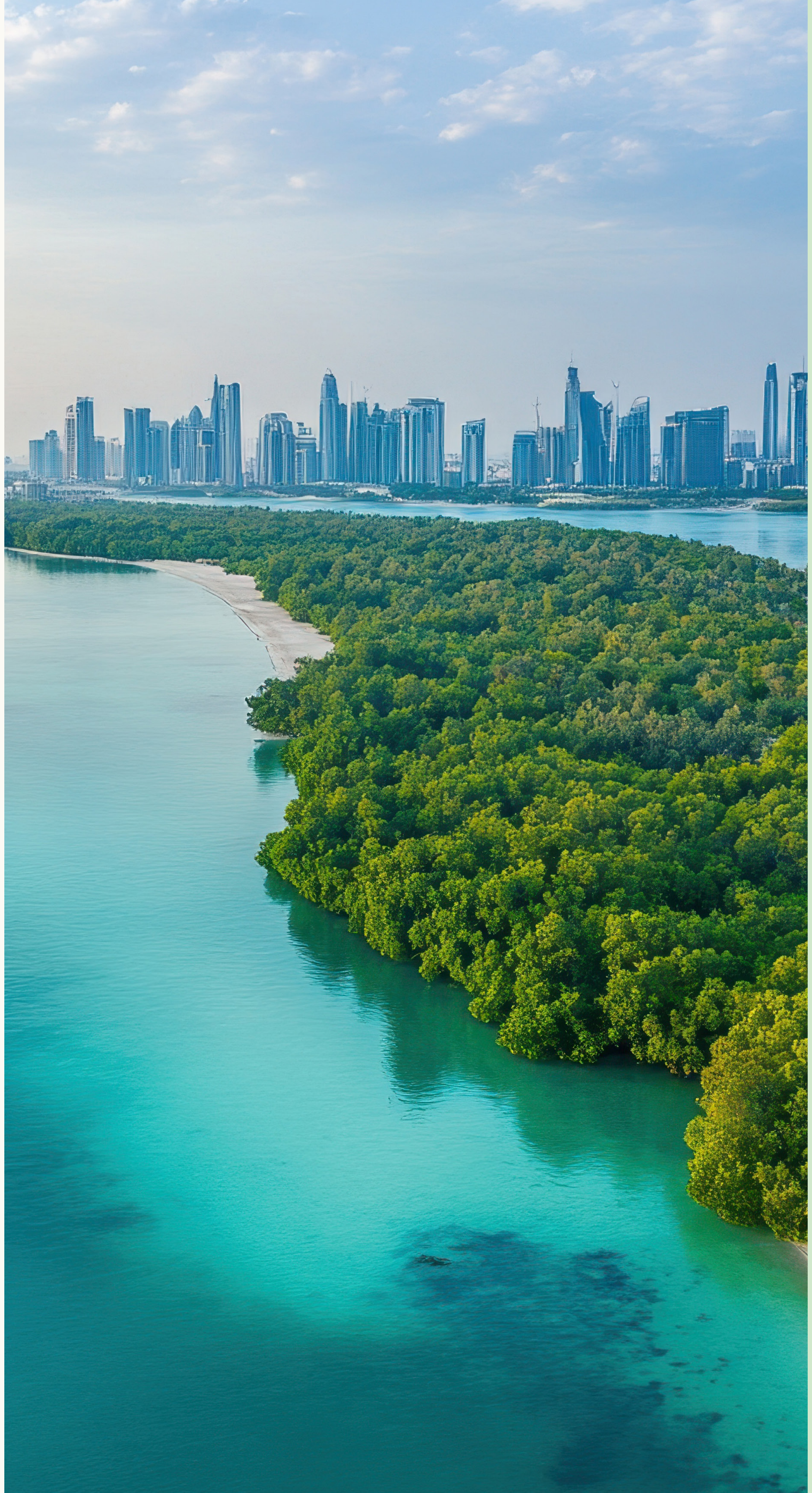
We remain supportive of the NZAM initiative following the initiative's recent global review, particularly with regards to supporting our clients with information to help them understand and act on climate related financial risks and opportunities as well as deliver on their own climate goals.

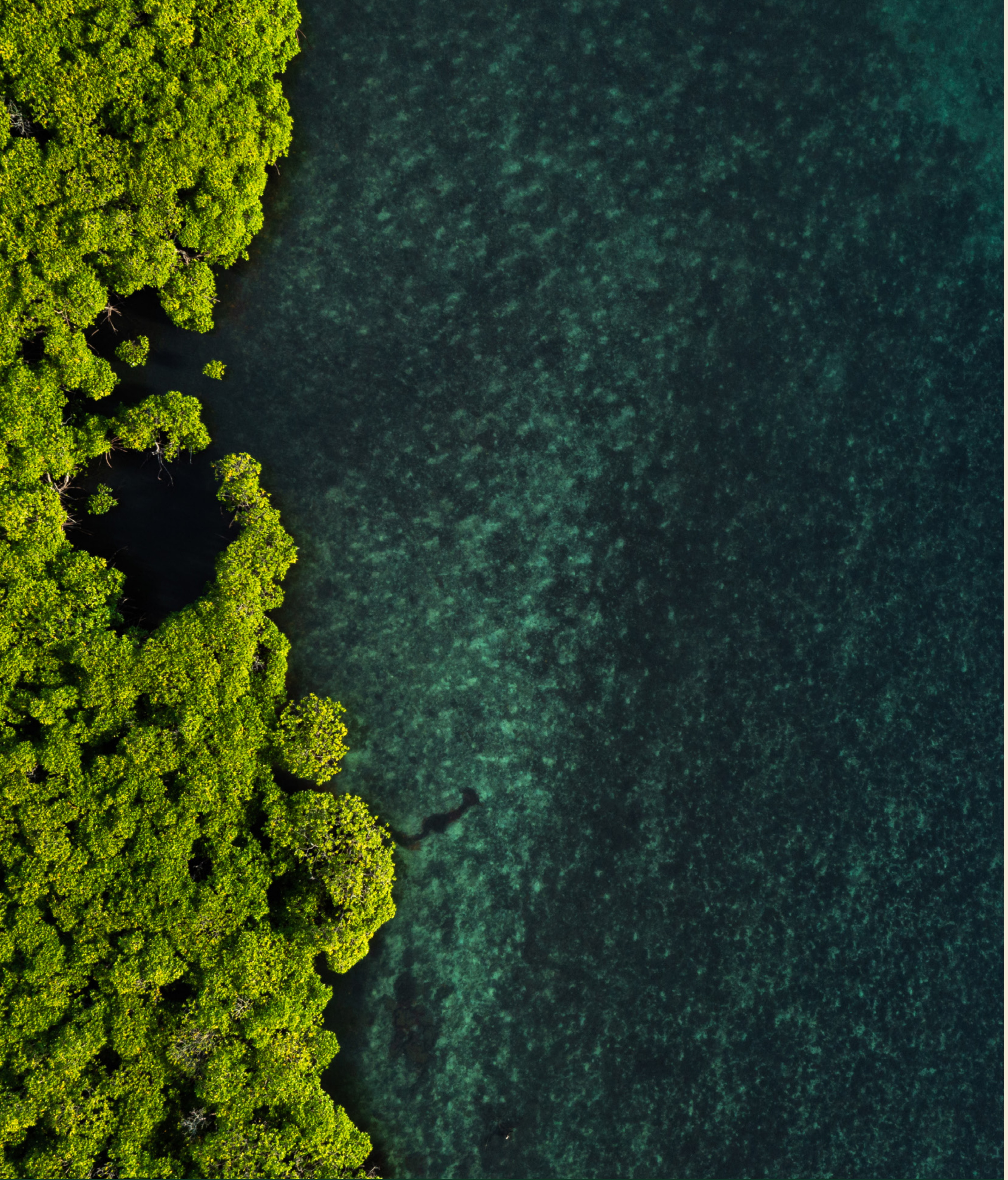
We are currently reviewing our initial targets to ensure they remain relevant given significant changes to the MFG business since 2022.

Implementation

We continue to implement our assessment at a fund level, guided by the NZIF, as part of our investment process, together with our Climate Stewardship strategy.

All internally managed strategies are monitored for alignment and company engagement with a focus on high-impact sectors. We continue to prioritise engagement with companies not yet aligned to a net zero pathway consistent with our commitment and focus on long-term investment outcomes.





IMPORTANT INFORMATION

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Forward-looking statements and other representations related to climate related matters carry inherent risks and uncertainties. These include, but are not limited to, projections, goals, commitments, scenarios and expectations. The underlying metrics and models involve assumptions, limitations, and uncertainties, many of which are significant and evolving. In particular, climate and sustainability-related data, methodologies, and emissions tracking practices are rapidly developing, and future policy and regulatory frameworks remain uncertain. While MFG has prepared the information in this Report based on its current knowledge and understanding, it reserves the right to change its views in the future. To the fullest extent permitted by law, MFG, its related bodies corporate and each of their directors, officers, employees and agents disclaim any liability for direct or indirect loss, damage, or costs incurred by any party relying on, interpreting, or acting upon the contents of this Report, whether explicitly stated or implied.

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