



First Sentier
Group

Climate and Nature Report 2025

Contents

Message from our CEO	01
Introduction	02
01 Assumptions and limitations	03
02 Foundations of our approach	04
03 Climate strategy	10
04 Our climate ambition, targets and metrics	17
05 Strategy – our approach to nature	24
06 Governance	31
07 Risk and impact management	34
Technical appendix	37
Glossary	46
Disclosure mapping – TNFD	48

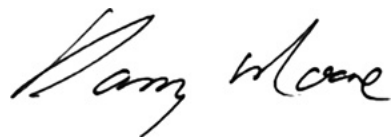
Message from our CEO

At First Sentier Group we see our role as investors as twofold. First, we are directly responsible for delivering sustainable, long-term investment returns for our clients. Second, we have an indirect responsibility to support well-functioning economies and societies through our capital allocation decisions – because these ultimately underpin well-functioning markets.

Climate change and the accelerating degradation of nature remain among the most significant systemic risks to long-term value creation. For many years, we have reported transparently on climate-related risks and opportunities across our investments and operations, aligned with the Task Force on Climate-related Financial Disclosures. In 2025, we continued to strengthen these disclosures as we prepare to report in line with the Australian Sustainability Reporting Standards from early 2026. These standards are closely aligned with the International Financial Reporting Standards – Sustainability Disclosure Standard S2 and are designed to improve consistency and comparability across global reporting frameworks.

Alongside this, we are continuing to integrate nature-related considerations into our investment processes and disclosures. This year marks our second year of reporting aligned with the Taskforce on Nature-related Financial Disclosures. We are doing this because climate change, nature loss and biodiversity decline are deeply interconnected, and understanding these relationships is increasingly important to assessing long-term risks and opportunities.

As we continue to advance our climate and nature disclosures, our focus remains firmly on protecting long-term value by strengthening how we identify, understand and respond to material systemic risks. I invite you to read our 2025 Climate and Nature Report. It forms part of our ongoing efforts to improve transparency and deepen our understanding of the systemic challenges shaping the investment landscape.



Harry Moore
CEO, First Sentier Group

Introduction

This report provides a consolidated overview of how climate change and nature-related issues fit within First Sentier Group's broader Responsible Investment (RI) strategy and how they are managed across our investment processes, governance structures and operations. It also summarises the progress we made during 2025 to strengthen our approach, advance our Climate Change Action Plan, and further operationalise our nature strategy across investment teams.

The report is structured as follows:

01: Assumptions and limitations

This section sets out the assumptions and limitations for the scenario analysis, data and forward-looking statements in this report.

02: Foundations of our approach

This section sets the context for the report, including our organisational purpose and values, our journey to date, our RI strategy and integrated approach to climate and nature, and 2025 at a glance.

03: Climate strategy

The climate-related risks and opportunities we have identified, and how we assess and manage those risks and opportunities at First Sentier Group (the **Group**) and portfolio level.

04: Our climate ambition, targets and metrics

Our Group-level net zero ambition, progress against operational and investment-related climate targets, and our 2025 carbon emissions profile.

05: Nature strategy

The nature-related dependencies and impacts we have identified, and how we assess related risks including sector and geographic analyses, our nature-related activities in 2025, and nature metrics.

06: Governance

The governance structures and responsibilities that oversee climate- and nature-related issues across the Group, including updates made during 2025.

07: Risk and impact management

How climate- and nature-related risks are identified, assessed, prioritised and managed through the Group's broader risk management framework.

Technical appendix: Alignment with AASB S2 and TNFD

The appendix contains a glossary including nature-related definitions, detailed disclosures under Australian Accounting Standards Board S2 Climate-related Disclosures (AASB S2) and Taskforce on Nature-related Financial Disclosures (TNFD), including scenario analysis, our Climate Change Action Plan (CAP) progress, methodologies, definitions, assumptions, detailed metrics, scenario parameters and other technical material that complements the narrative in the main report.

Disclosure mapping – TNFD

Presents a consolidated mapping of how this report aligns with TNFD disclosure requirements, directing readers to where each recommended disclosure is addressed.

Assumptions and limitations

This report contains scenario analysis to explore a range of plausible future climate pathways, data from third parties including climate- and nature-related metrics, and forward-looking statements regarding climate-related metrics, estimates, projections, and targets. This section serves as a disclaimer, explaining the assumptions, limitations, how third-party data is gathered and how forward-looking statements are prepared.

Scenario analysis, assumptions and limitations

Scenario analysis has inherent limitations and should not be interpreted as a prediction of future events. The scenarios presented are illustrative only and do not represent definitive outcomes or probabilities. They are based on assumptions that may or may not hold true, and actual developments could differ materially. Additionally, scenarios may be influenced by factors beyond those disclosed in the assumptions.

Reliance on information prepared by third parties

The Group sources emissions, climate, and financial data from reputable third-party providers to support climate-related analysis and reporting. We maintain ongoing engagement with these providers and have processes to identify and address data issues, including monthly reviews with our data team and quarterly provider check-ins. Where data gaps exist, we apply reasonable assumptions or proxies consistent with industry practice. If these providers change their methodologies, the Group may need to revise its climate-related disclosures accordingly.

Forward-looking statements

This report includes climate-related metrics, estimates, projections, and targets that may be forward-looking in nature. Climate-related metrics and forward-looking statements are subject to inherent limitations, variables and uncertainties and should be interpreted with caution. Such limitations, variables and uncertainties include, but are not limited to, factors specific

to certain industries, general economic conditions, changes in law, regulation or government policy, development and trends in technology, developments in the reliability of climate-related data, methodologies and modelling, as well as the acts or omissions of third parties, all of which are beyond the control of the Group. Forward-looking statements may be identified by the use of forward-looking words such as “aim”, “estimate”, “expect”, “guidance”, “intend”, “may”, “objective”, “plan”, “plausible”, “potential”, “outlook”, “should”, “strategy”, “target”, “will” and other similar words or expressions. This document, including any forward-looking statements contained within reflect the Group's current views, judgements, estimates, assumptions, and reasonable expectations as of the date of this report and are subject to change from time to time. Any forward-looking statements are not guarantees or predictions of future events or performance. Actual outcomes or events may differ significantly from those anticipated or targeted.

The Group does not undertake to update any forward-looking statements to reflect events or circumstances after the date of this document, except as required by law. None of the companies making up the Group, their officers, employees, or advisors, nor any person named in this document or involved in the preparing of this document, can predict whether any forward-looking statements, or any assumptions upon which they are based, will eventuate. Recipients are advised to undertake their own independent assessment and seek professional advice before placing undue reliance on any forward-looking statements contained in this document.

Foundations of our approach

02

Foundations of our approach

2.1 About us

First Sentier Group (the **Group**) is a global asset management group and the home of investment teams AlbaCore Capital Group Limited (AlbaCore), First Sentier Investors, FSSA Investment Managers, Igneo Infrastructure Partners, RQI Investors and Stewart Investors. All our investment teams – whether in-house or individually branded – operate with discrete investment autonomy and investment processes, according to their investment objectives.

We are stewards of assets under management (AUM) of A\$205.9 billion (as at 31 Dec 2025), global and regional equities, cash and fixed income, infrastructure, listed property and alternative credit, on behalf of institutional investors, pension funds, wholesale distributors and platforms, financial advisers and their clients.

Each investment team integrates environmental, social and governance (ESG) considerations in a way that is suited to their investment philosophy and style, meaning that teams may approach the same issues in different ways. This tailored approach allows the teams to make decisions in line with their investment objectives, while still benefiting from the resources and governance structures provided by the wider business.

2.2 Our vision, purpose and values

At the Group, we believe it is our responsibility to help clients achieve the financial freedom they desire, unlocking a world of possibilities.

We support our distinct affiliate investment teams to deliver meaningful investment outcomes. By combining their specialist investment knowledge with our global support, we create an innovative and agile operating model designed to effectively respond to our clients' needs.

We pride ourselves on our client-centric approach, ensuring we are all working towards achieving our clients' goals and enhancing their possibilities for the future, while continually striving for better.

Better strategies.

Better service.

Better possibilities.

Our vision

Our vision is to be a provider of world-leading investment expertise and client solutions, led by our responsible investment principles.

Our purpose

Our purpose is to deliver sustainable investment success for the benefit of our clients, our people, society and our shareholder.

Our values



Care – We care about our clients, society and each other



Openness – We are open with each other and to different ways of thinking



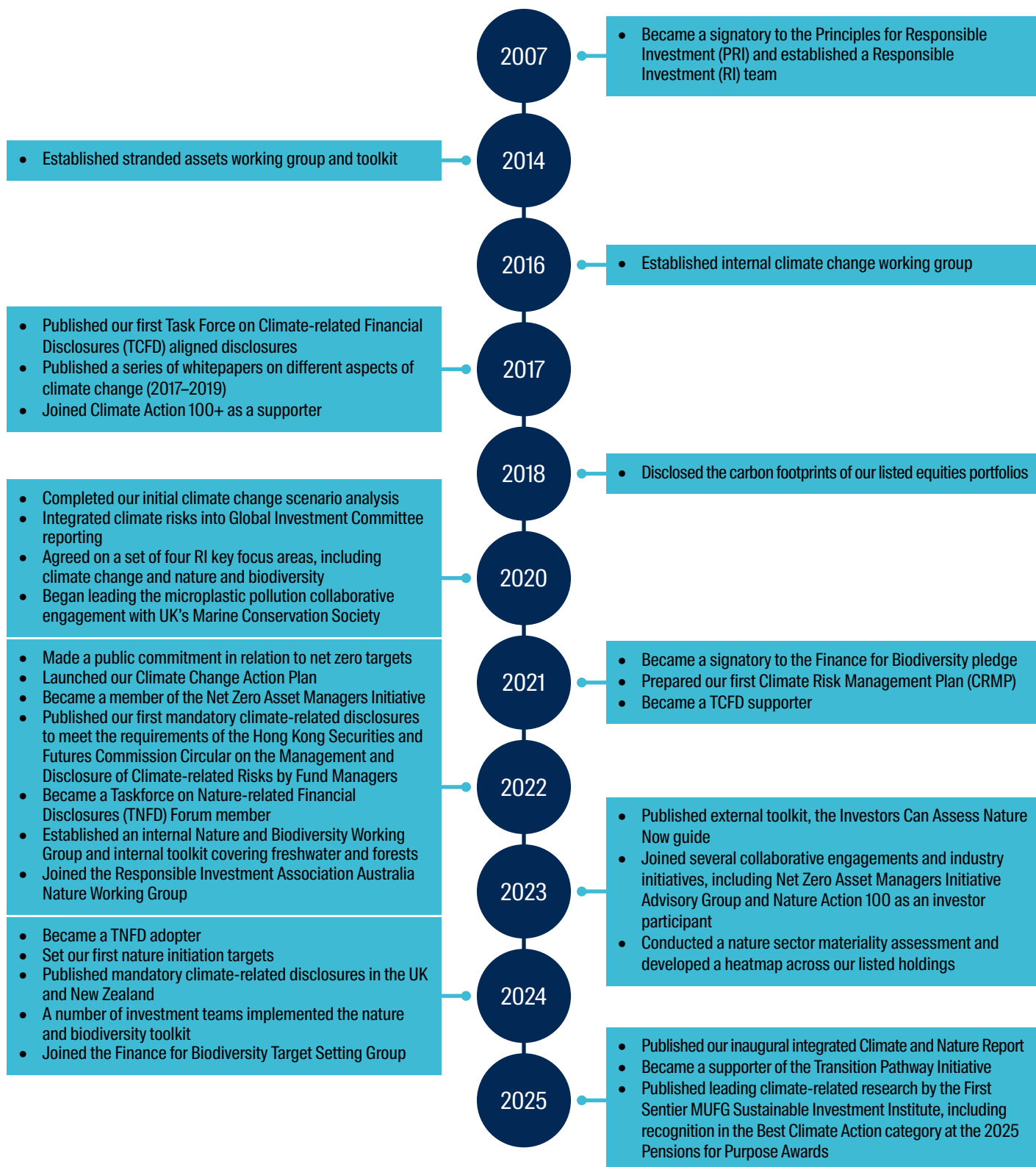
Collaboration – We collaborate to deliver the best solutions



Dedication – We are dedicated to being experts in our respective fields

2.3 Our journey

Our approach to climate and nature has evolved over more than a decade, shaped by changes in scientific understanding, policy expectations and investment practice. The milestones below illustrate how the Group has progressively strengthened its capabilities – moving from early commitments and disclosures to more structured, integrated approaches across climate and nature. This history provides important context for the strategies, targets and metrics set out in the remainder of this report.



2.4 Our integrated approach to climate and nature

At the Group, climate change and nature loss are treated as interconnected, systemic issues that influence long-term investment risk and opportunity. Climate change is a key driver of biodiversity loss, while degradation of natural systems can amplify physical climate risks and undermine economic resilience. Understanding these interdependencies is therefore essential to assessing long-term value creation across our investment portfolios.

As stewards of our clients' capital, we recognise that long-term investment outcomes depend on the resilience of the economic, social and natural systems in which companies operate. Healthy ecosystems underpin economic activity through the provision of essential services such as clean water, climate regulation, pollination and flood protection. The degradation of these systems can give rise to financially material risks over time, while their protection and restoration may support more resilient and sustainable growth.

Global capital flows still fall short of what is needed to meet climate and biodiversity goals, and the true value of nature is rarely reflected in economic systems. Investors require supportive policy frameworks to accelerate change, but we cannot wait for these alone. We are committed to equipping our investment teams with the knowledge and tools to act, collaborating with stakeholders, and deploying capital in ways that deliver positive financial, social and environmental outcomes.

How we integrate climate- and nature-related considerations

Climate- and nature-related considerations are embedded through elements of our Responsible Investment (RI) strategy, which together supports consistent integration of climate- and nature-related risks and opportunities across the Group. These elements provide the foundation for how climate- and nature-related risks are identified, assessed, managed and disclosed.

We take a decentralised approach to RI, where individual investment teams are primarily responsible for ESG integration and active ownership in relation to their investments (see *Figure 1* on the following page). Firm-level activities focus on internal governance, reporting, thought leadership and education, industry engagement, and support to investment teams. This Climate and Nature Report focuses on firm-level governance, frameworks and activities relating to climate and nature.

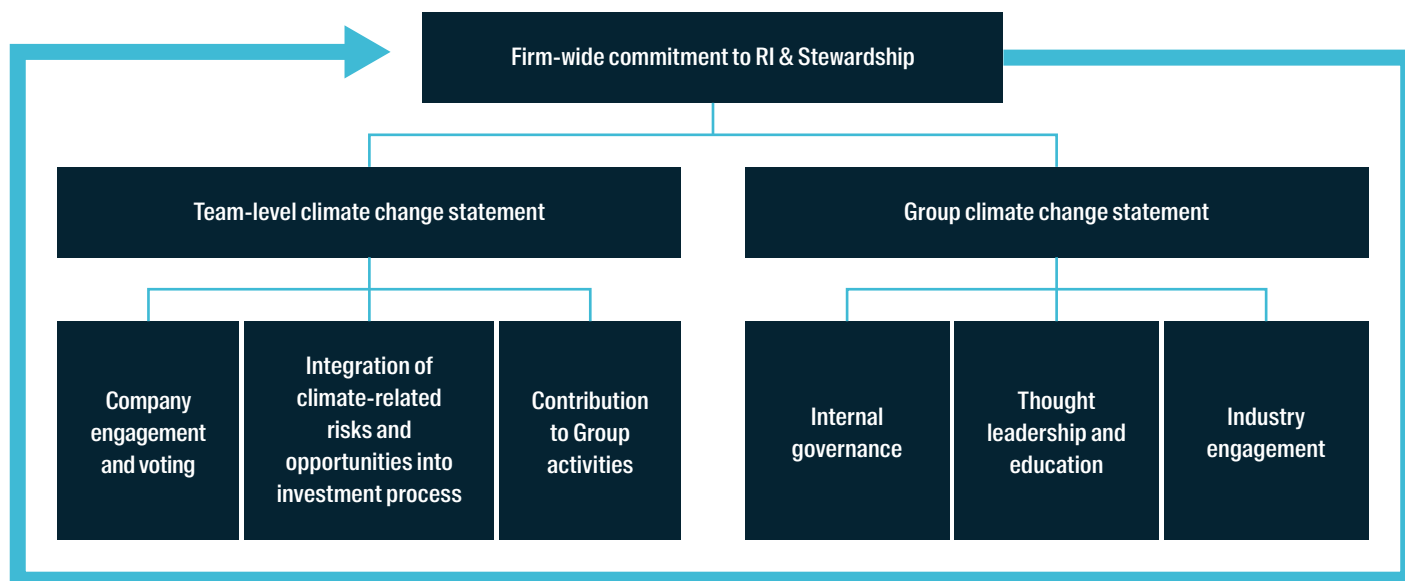
In addition to this, each investment team, with the exception of Igneo Infrastructure Partners, has developed its own Climate Change Statement, available on their respective website profiles,¹ which are designed to show how they identify and address climate-related risks and opportunities in the investment process and the targets they have set. This includes identifying which climate-related issues are considered relevant and material for which time horizon; how they are expected to impact the team's portfolios and underlying investee companies; what data and inputs they use to identify risks and opportunities; and how this is addressed in the investment process. Separately, AlbaCore Capital Group published its inaugural Task Force on Climate-related Financial Disclosures report in 2024.²

Nature was identified as a priority area for the Group in 2020. Since that time, the RI team and investment teams have worked to identify and address nature-related dependencies, impacts, risks and opportunities in our investments (noting that a number of investment teams were already addressing nature-related risks and opportunities prior to this date). While the approach taken varies between investment teams, at a firm level we have focused primarily on freshwater and deforestation issues, launching a working group covering these topics in 2022 and an internal toolkit with key outputs of this work in 2023. We also launched an external toolkit sharing these insights with the market more broadly in 2023, the Investors Can Assess Nature Now (ICANN) guide.

¹ Not available on the section of the Group's website that is accessed by private individuals in the UK.

² [AlbaCore Taskforce on Climate-related Financial Disclosures 2024 Report](#)

Figure 1: First Sentier Group decentralised approach to RI



The elements of our Responsible Investment (RI) strategy most directly relevant to climate and nature include:

- **Investment integration and research support:** First Sentier Group investment teams integrate climate- and nature-related considerations into their investment processes where relevant, alongside portfolio company engagement and broader ESG analysis.
- **ESG data strategy:** this aims to enhance the ESG data (including climate- and nature-related data) that is available for investment teams, clients and management, to make more informed decisions and to allow us to be more transparent.
- **Global Responsible Investment & Stewardship Policy and Principles:** these documents set out the key investment team standards in relation to RI generally, and climate change and nature specifically.
- **RI learning and development program:** this provides targeted training to different stakeholder groups across the firm.
- **Client engagement:** we look to engage with our institutional clients to ensure we understand their approach to RI (including but not limited to climate change and nature), so that we can anticipate and meet their needs regarding disclosure, reporting and strategy.
- **Policy advocacy and industry collaboration:** we look to actively engage with stakeholders including regulators, industry bodies, civil society organisations and other investors, to raise awareness and advocate for the necessary policy settings to enable us to deploy capital to meet global climate and nature objectives.

Our approach is integrated in how climate- and nature-related considerations are embedded across our responsible investment framework, governance structures and investment processes. Climate and nature are both core elements of our broader Responsible Investment strategy and are considered, where material, across asset classes and investment teams, reflecting differences in investment philosophy, data availability and exposure.

Differences in maturity between our approach to climate and nature

We recognise important differences in maturity, data and analytical tools between climate- and nature-related risk assessment. Climate-related methodologies, metrics and scenarios are more established and are more readily applied across our portfolios. Nature-related assessment remains an evolving area, requiring a greater emphasis on sector-level analysis, qualitative judgement and progressive enhancement of data and tools.

For these reasons, while our approach is integrated in practice, climate and nature strategies, risks, metrics and targets are presented separately in this report. This structure is intended to support clarity for readers, align with IFRS S2 and TNFD reporting expectations, and reflect how these issues are currently managed and disclosed within the Group.

2.5 2025 at a glance

- Climate disclosure capability was materially strengthened in 2025, including the introduction of a Group-level climate materiality assessment and enhancements to support entity-level reporting in line with Australian Accounting Standards Board S2 Climate-related Disclosures (AASB S2).
- A major operational milestone was reached with 100% renewable electricity secured across global offices,³ supporting the Group's commitment to achieve net zero operational emissions by 2030. Strong progress was made towards our 2030 emissions intensity reduction target, with portfolio emissions intensity declining by 44.5% from the 2019 baseline, leaving a relatively small gap to the 50% reduction target.
- Climate scenario analysis was expanded across asset classes, incorporating both transition and physical risk drivers such as asset damage, water scarcity, insurance cost inflation and impacts on workforce productivity.
- The depth and quality of nature-related analysis improved during the year, with increased data coverage, improved biodiversity impact intensity and enhanced visibility of exposure to biodiversity-sensitive areas.

The sections that follow set out our climate strategy and identified climate-related risks and opportunities, before transitioning to our approach to nature-related dependencies, impacts, risks and opportunities.

3 The Group is a tenant of multi-tenant buildings, and contracts directly for renewable electricity wherever possible. Where we do not have operational control to procure our electricity directly via energy retailer tariffs, we purchase Renewable Energy Certificates within the same energy market boundary.

Climate strategy

03

Climate strategy

Climate is a key feature of our Corporate Sustainability and Responsible Investment strategies and where material, is considered in First Sentier Group's investment processes and embedded across our business model.

3.1 Our climate-related risks and opportunities ("CRROs")

This section outlines how First Sentier Group (the **Group**) identifies and manages climate-related risks and opportunities that may affect our strategy, business model and financial performance. We assess these at both a Group and portfolio level, reflecting the diversity of our investment strategies and exposures. The climate-related risks and opportunities identified below provide the foundation for how we manage transition and physical climate risks and guide our forward-looking priorities.

As a diversified global asset manager, the Group is exposed to a diverse range of CRROs across asset classes, geographies and investment strategies. This diversity presents a challenge when applying a single materiality lens at the Group level.

In line with Australian Accounting Standards Board S2 Climate-related Disclosures (AASB S2) and International Financial Reporting Standards – Sustainability Disclosure Standard S2 (IFRS S2), the Group has identified our climate-related risks and opportunities (two at portfolio level and two at Group-level) that could reasonably be expected to affect our business model, strategy and financial performance over the short, medium and long term.

These CRROs reflect both:

- **Group-level considerations**, including evolving client demand and regulatory expectations; and
- **Portfolio-level exposures**, arising from the transition to a lower carbon economy and the physical effects of climate change on investee companies and assets.

Table 1: First Sentier Group CRROs

Portfolio-level	Group-level
Exposure of investment portfolios to the transition to a lower carbon economy	Rising demand for low carbon investment products
Exposure of investment portfolios to the physical effects of climate change	Emerging climate regulations, increased scrutiny and fiduciary duty

Together, these CRROs provide a consistent framework for

understanding how climate-related risks and opportunities manifest across the Group and our investment portfolios, and how they are managed in practice.

These CRROs were identified through a structured process that considered both operational and investment exposures. CRROs are monitored through a combination of investment team pre-trade activities (where applicable), controls and oversight functions and governance. This includes the use of third-party data, scenario analysis, and a controls assurance program.

Identification and management of CRROs for our investments is reflected in the process by combining top-down governance and monitoring, and bottom-up investment team integration of climate-related considerations within their investment processes. Each of the Group's investment teams adopt a distinct approach to assessing climate-related risks and opportunities in line with their investment strategy, and the key risks identified, along with their potential impact on investment performance, whilst being subject to the governance and risk management structures and processes outlined in this report.

Below, we introduce each of these CRROs with further detail set out in the technical appendix.

Group-level CRROs

At a Group level, our most material climate-related risks and opportunities relate to changes in client demand for climate-aligned investment products and the rapidly evolving regulatory and fiduciary landscape for asset managers.

Rising demand for low-carbon investment products

is expected to increase over the medium- to long-term as economies transition and client expectations evolve. This presents opportunities to grow market share and strengthen client relationships through credible climate-aligned offerings. At the same time, failure to respond effectively to these expectations could result in lost mandates, reputational damage and reduced competitiveness.

Emerging climate regulation, increased scrutiny and fiduciary duty

creates risks associated with compliance costs, disclosure quality and the substantiation of climate-related claims. As regulatory expectations continue to evolve across jurisdictions, misalignment between commitments, processes and disclosures could give rise to legal, financial and reputational consequences.

Table 2: Group-level CRROs

Group CRROs	Rising demand for low-carbon investment products	Emerging climate regulations, increased scrutiny and fiduciary duty
Description	Recent market volatility, structural outflows, and the closure of some sustainable funds have impacted momentum in the short-term. Despite this, the transition to a carbon-constrained economy is expected to drive significant long-term demand for low-carbon and net zero-aligned investment products. This presents a strategic opportunity for the Group to expand market share, attract new client mandates and enhance revenue through credible climate-focused offerings. However, delayed action or weak product innovation could result in lost mandates, reputational damage, and reduced competitiveness as peers accelerate their climate-aligned strategies.	The Group's global footprint exposes it to diverse and evolving climate-related regulations, including stricter reporting requirements and expectations to integrate climate risks into investment decisions and financial disclosures. Failure to meet these obligations could lead to legal, financial, and reputational consequences, including greenwashing claims or breach of fiduciary duty. With a strong foundation in responsible investment (RI), the Group faces heightened stakeholder scrutiny, increasing the potential impact of any perceived misalignment or underperformance on climate commitments.
Potential effect on the Group	Opportunities • Capturing climate-aligned capital flows can enhance competitiveness, attract new mandates, and strengthen client relationships. Risks • Failure to innovate or respond to client demand could result in lost mandates, reputational harm, and reduced market share.	Risks • Operational costs: Compliance with evolving climate regulations across multiple jurisdictions will increase costs. • Legal and financial exposure: Misaligned disclosures or greenwashing claims could lead to fines, litigation, and regulatory investigations. • Cost of capital: Climate-related litigation may raise borrowing costs and insurance premiums. • Reputation and client loss: Perceived non-compliance could erode trust, trigger client outflows of assets under management (AUM), and reduce competitiveness.
How we manage firm-level risks and opportunities	First Sentier Group seeks to act as a trusted partner to clients as they navigate the transition to a lower-carbon economy. This is supported through tailored investment solutions and ongoing engagement, guided by an ExCo-approved Responsible Investment client strategy. The Group maintains internal expertise aligned with key global environmental, social and governance (ESG) regulatory frameworks, and continues to pursue portfolio-level net zero alignment in line with client objectives and investment mandates. Climate considerations are embedded across our products through exclusions, ESG integration and stewardship activities in line with the Responsible Investment Policy, with portfolio-level climate targets monitored over time to support oversight and transparency. Governance for new products is supported by product frameworks alongside internal controls for reviewing sustainability claims and monitoring regulatory developments to mitigate regulatory and greenwashing risks.	The Group manages this CRRo through governance, oversight and controls that support regulatory compliance, product integrity and effective client engagement. This includes oversight of climate-related claims, assessment of new products against regulatory expectations, and horizon scanning to identify and respond to emerging regulatory developments. Refer to Section 6 (Governance) for further detail on governance and regulatory compliance.
Current financial impacts	Currently, there is no methodology in place to isolate the current financial impacts directly attributable to climate change.	

Group CRROs	Rising demand for low-carbon investment products	Emerging climate regulations, increased scrutiny and fiduciary duty
Anticipated financial impacts	The Group does not expect a material adjustment to our financial performance, position or cash flows in the next financial year as a result of this CRRo. In assessing the anticipated financial impacts of this CRRo, the Group determined that it is not possible to reliably quantify the effects because the level of measurement uncertainty is so high that any resulting quantitative information would not be decision-making. In particular, there is no reliable methodology to isolate the extent to which exposure to lower-carbon or climate-aligned investment strategies influences client investment decisions relative to other product characteristics. Demand for the Group's products is influenced by a broad range of interrelated factors – including market conditions, performance, macroeconomic uncertainty, regulatory shifts, geopolitical sentiment, distribution relationships, and competitive positioning. As a result, the Group cannot measure any relevant anticipated future increase or decrease in AUM, revenue, or mandate wins/losses. Recent volatility in sustainable fund flows globally – driven by macroeconomic uncertainty, political headwinds, regulatory changes, and a broader ESG backlash – illustrates the difficulty of attributing inflows or outflows to climate-related factors in isolation. While long-term climate-aligned capital is expected to grow, short-term movements are influenced by a wide range of non-climate variables that make the effects of this risk and opportunity inseparable from broader economic and market conditions. From a qualitative disclosure perspective, the areas of the financial statements that may be affected over time include: • Financial performance and position: An increase or decrease in management and performance fee revenue, with an equivalent impact to the Company's cash balance. • Cash flows: An increase or decrease in cash inflows from fee revenue. The Group is well-positioned to respond to future increases in demand for climate-aligned products – particularly given its longstanding RI capability, established RI team, and ESG integration across investment processes.	The Group does not expect a material adjustment to our financial performance, position or cash flows in the next financial year as a result of this CRRo. The Group has not been and is not currently subject to regulatory enforcement action with respect to the climate or sustainability claims made in respect of its products or other corporate materials. Accordingly, the Group does not expect there to be a financial impact to forecast results. The Group does however note that regulators have recently taken enforcement action against a number of asset management firms, both in Australia and worldwide. These actions relate to misleading ESG claims and inaccurate claims and marketing material about portfolio compositions (greenwashing). Recent material fines have ranged in size from A\$10–50 million and have been applied based on the nature of the contraventions, the size of the firm, whether the misleading claim was deliberate or careless, and the level of cooperation of the firm with the regulator.¹ Whilst the Group is not currently subject to regulatory enforcement action, penalties above the low end of the size described above would be considered material to the performance and cash flows of the Group.

1 [ASIC's interventions on greenwashing misconduct: 2023–2024](#)

Portfolio-level CRROs

At a portfolio level, climate-related risks and opportunities primarily arise from:

- the transition to a lower carbon economy; and
- the physical effects of climate change on investee companies and assets.

These risks and opportunities vary by asset class, geography and investment horizon, but are assessed within a consistent Group-level framework.

3.1.1 Exposure of investment portfolios to the transition to a lower-carbon economy

Transition risk arises from changes in climate policy, regulation, technology, markets and stakeholder expectations. Companies that are emissions-intensive or lack credible transition plans may face higher costs, reduced competitiveness or stranded assets. Conversely, companies that enable the transition or are well-positioned to adapt may benefit from regulatory support, market shifts, and increased investor demand.

3.1.2 Exposure of investment portfolios to the physical effects of climate change

Physical climate risk arises from acute and chronic climate hazards, including floods, heatwaves, droughts and storms, which may disrupt operations, damage assets, increase insurance and operating costs and erode long-term value. These risks can be amplified by geographic concentration, supply-chain exposure and long-dated asset profiles, particularly in asset-intensive sectors.

Table 3: Portfolio-level CRROs

Portfolio CRROs	Exposure of investment portfolios to the transition to a lower-carbon economy	Exposure of investment portfolios to the physical effects of climate change
Description	The Group invests across diverse global asset classes, including sectors exposed to both the risks and opportunities associated with the transition to a lower carbon economy. Transition risk arises from evolving policy, regulation, technology, market dynamics, and stakeholder expectations, which can increase costs, create stranded assets, or reduce competitiveness – particularly for emissions-intensive companies. Conversely, companies enabling the transition (e.g. renewables, electrification, low-carbon technologies) or those with credible transition plans, may benefit from policy support or changes and investor demand.	As climate change drives more frequent and severe extreme weather events (e.g. floods, wildfires, cyclones, droughts and heatwaves), assets across different sectors may face heightened operational disruptions, supply chain breakdowns, and reduced physical resilience. This may present a systemic risk to asset performance, particularly across infrastructure, agriculture, and manufacturing exposures. These events can lead to increased insurance costs, asset downtime, and long-term value erosion if not adequately managed. Geographic concentration of assets or supply chains in climate-vulnerable regions may amplify exposure. Assets that enhance climate resilience may also present attractive investment opportunities.
Potential effect on the Group	Opportunities Assets aligned with the low-carbon transition may gain value from regulatory changes (e.g. carbon pricing) and market shifts, improving portfolio returns and fee revenue. Strong positioning in transition opportunities can attract new mandates and capital inflows. Risks Fossil fuel-reliant or transition-exposed assets may face declining valuations, reducing portfolio returns. Poor returns could lead to client withdrawals and lower fee income.	Opportunities Resilient assets and supply chains may outperform following climate hazards or benefit from increased demand for adaptation solutions, improving portfolio returns and enhancing fee revenue. Strong performance and credibility in resilience and adaptation can attract new mandates and capital inflows. Risks Vulnerable assets may underperform due to physical hazards or market shifts towards more resilient alternatives, reducing portfolio returns. Sustained underperformance could lead to client withdrawals and lower fee income.

Portfolio CRROs	Exposure of investment portfolios to the transition to a lower-carbon economy	Exposure of investment portfolios to the physical effects of climate change
Response and mitigation	The Group's approach to managing portfolio-level climate-related risks reflects its affiliate investment model, under which investment teams operate with autonomy over investment strategy, style and implementation. As a result, the assessment and management of transition and physical climate risks differ by investment team, depending on factors such as asset class, investment horizon, geographic exposure, data availability and analytical maturity. At the Group level, transition and physical climate risks are managed through a common framework that recognises their interconnected nature, while accommodating these differences. This approach supports consistent governance, monitoring and disclosure of climate-related risks and opportunities, while preserving the ability of investment teams to apply bottom-up, strategy-specific analysis and stewardship aligned with their investment philosophies. Our approach to physical risk management varies by asset class and investment horizon. Strategies with longer-dated assets and higher exposure to physical hazards (e.g. infrastructure) undertake more detailed, asset-level analysis. Group-level oversight focuses on establishing consistent frameworks and improving data coverage over time. Our Climate Change Action Plan (CAP) remains the foundation of our approach to managing transition-related risks and opportunities, supported by a firmwide net zero ambition and investment team-level targets. Decarbonising our investment portfolios to reduce financed emissions is the key component of our approach to reaching net zero. At the portfolio level, investment teams manage climate-related risks through bottom-up research, engagement, and in the case of listed equities teams, voting, and capital allocation decisions consistent within their investment philosophies and approaches. As part of our CAP, we monitor key performance indicators, with the proportion of AUM managed in line with our net zero ambition, serving as one of the primary indicators. As at 31 December 2025, 64.8% of AUM was managed in line with our net zero commitment. Our approach to managing transition risk is more advanced than for physical risk, supported by established net zero targets, mature methodologies and integration across investment processes. Physical risk integration is less developed due to data limitations and modelling complexity, and because current scenario frameworks often underestimate physical risks. However, progress varies across investment teams depending on exposure, data availability, and investment horizon. Some investment teams, particularly those with longer-term holdings and greater exposure to physical risks, have led their own initiatives, including portfolio-wide physical risk reviews. In both 2025 and prior periods, work has been undertaken across specific strategies to strengthen physical risk assessment and management, including enhancements to scenario analysis. In addition, scenario analysis is used as a forward-looking tool to inform the Group's understanding of how climate-related transition and physical risks could evolve under different plausible futures. It supports our assessment of the resilience of the Group's strategy over the short, medium and long term, and informs identification and prioritisation of material climate-related risks and opportunities. Scenario analysis is undertaken at a Group level to support risk oversight and disclosure and does not directly drive investment decisions at the security or portfolio construction level. Further detail on our climate scenario analysis approach and outcomes is set out in Section 8 (Technical Appendix). Alongside portfolio-level actions, we also support the broader transition through industry collaboration, policy engagement and thought leadership, recognising the importance of system-level change in addressing climate-related risks. Below, we set out how we monitor and assess portfolio-level transition and physical risk. Refer to Section 7 (Risk and Impact Management) for further detail on how climate is integrated into our risk management processes.	

Portfolio CRRs	Exposure of investment portfolios to the transition to a lower-carbon economy	Exposure of investment portfolios to the physical effects of climate change
Anticipated financial impacts	The anticipated financial effects of climate related transition and physical risks and opportunities on the Group are primarily indirect and arise through changes in the valuation and performance of the Group's investment portfolios. These valuation effects may influence AUM and, in turn, management and performance fee revenue, rather than through direct operational exposure. The magnitude and timing of these anticipated financial effects will be influenced by a range of factors, including the pace and nature of global decarbonisation, the severity and localisation of physical climate impacts, market and policy responses, and evolving client preferences. As an asset manager, the Group does not recognise underlying investee assets on its balance sheet and does not have direct exposure to investee companies' physical climate hazards or transition costs. Climate-related financial effects therefore arise indirectly, through changes in portfolio valuations, client behaviour and AUM. The Group uses climate scenario analysis as a structured way to assess how different plausible transition and physical climate pathways could affect portfolio valuations across short, medium and long term horizons, and to inform its understanding of potential risk pathways and strategic resilience. These scenario-based assessments indicate that, while climate-related opportunities may arise in specific sectors or asset classes, an overall net adverse effect is expected at an aggregate portfolio level over time. Any impacts described reflect illustrative, scenario-based outcomes under static assumptions and do not incorporate potential management actions, changes to product mix, or investment team decisions to adjust portfolio construction. They should not be interpreted as a forecast of future financial performance. Quantitative estimates of anticipated financial effects are disclosed within the Group's regulated Sustainability Report prepared in accordance with AASB S2.	

Our climate ambition, targets and metrics

04

Our climate ambition, targets and metrics

This section sets out First Sentier Group’s (the **Group**) climate ambition, including our net zero commitments, and summarises the targets, metrics and progress used to monitor performance against those commitments.

The Group has a firm-wide ambition to reduce greenhouse gas (GHG) emissions across investment portfolios in line with net zero emissions by 2050 (or sooner), and to achieve net zero GHG emissions in operations by 2030 (or sooner). This ambition is aligned with the Paris Agreement (well below 2°C, pursuing efforts to limit warming to 1.5°C).

This portfolio ambition reflects the collective commitment of the Group’s affiliate investment teams and is implemented through climate-related targets set at investment strategy level, rather than a single portfolio-wide pathway. This approach recognises differences in asset classes, investment styles, data availability, methodologies and time horizons. Most teams have adopted climate-related targets tailored to their strategies and regional contexts, with the exception of AlbaCore due to asset class limitations.

4.1 Target-setting and oversight

Portfolio target-setting is supported by a structured Group-wide process designed to promote consistency while allowing for strategy-specific application. Targets vary by investment strategy and may include Net Zero Investment Framework¹ (NZIF) alignment metrics and/or absolute or intensity-based emissions reduction targets. While not all investment teams have formal net zero targets, most have interim and long-term climate objectives that support the Group’s overall decarbonisation trajectory.

Investment teams retain autonomy to set targets appropriate to their investment context, with progress monitored through existing governance arrangements. Target coverage will continue to expand as data, methodologies and analytics evolve. Refer to **Section 6 (Governance)** for information on board oversight of climate targets.

4.2 Portfolio-wide ambition

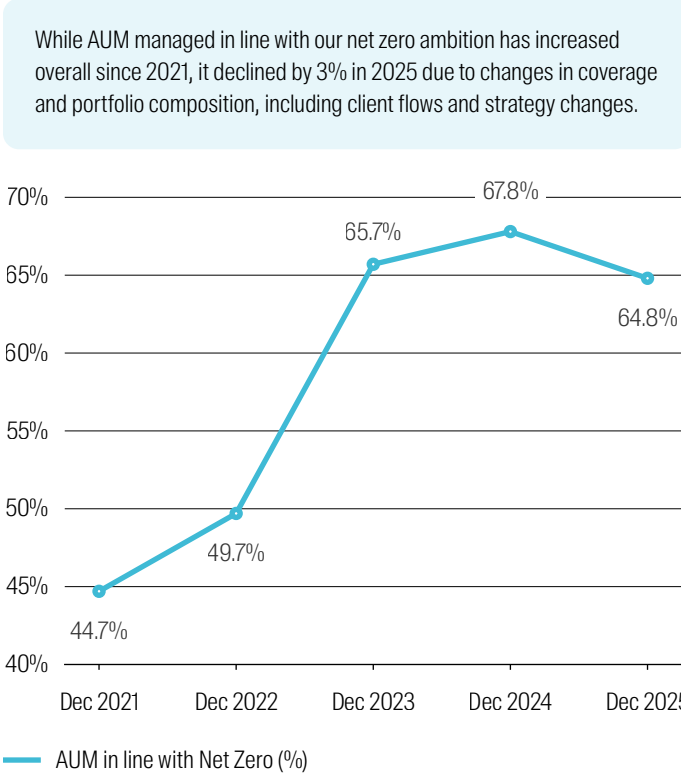
Reduce GHG emissions across investment portfolios in line with net zero emissions by 2050 (or sooner).

Progress towards the Group’s portfolio net zero ambition is reported at a Group level using a small set of indicators that show coverage and the direction of travel. We focus on:

- The proportion of assets under management (AUM) that is governed by our formal climate-related and net zero-aligned targets (AUM managed in line with net zero).²
- Progress against our interim portfolio-level targets.

The table below sets out the trajectory of the Group’s portfolio-wide net zero ambition, showing progress over time in the proportion of assets under management governed by our climate-related and net zero-aligned targets.

Figure 2: First Sentier Group’s AUM managed in line with net zero ambition



Source: First Sentier Group.
Date: 31 December 2021–31 December 2025.

1 [Paris Aligned Asset Owners. \(2024\). Net zero investment framework.](#)
2 This metric provides insight into the extent to which investment activities are subject to climate-related targets and alignment frameworks, rather than representing a measure of portfolio-wide emissions reductions.

4.2.1 Interim portfolio-level targets

To support progress towards our net zero ambition, climate-related targets are set at the investment team level, reflecting the Group’s affiliate investment model under which investment teams retain autonomy over target setting in line with their investment strategies.

For the purposes of Net Zero Asset Managers (NZAM) reporting and to support simplified Group-level disclosure, these investment team targets have been aggregated into two interim portfolio-level target types. These interim targets were submitted to the NZAM initiative in 2023 as part of the Group’s commitment and reporting.

Progress reported at Group level therefore represents a consolidation of individual investment team targets and should not be interpreted as all strategies having met, or being on track to meet, the targets on a consistent basis. Further detail on investment team specific targets can be found in each team’s Climate Change Statement, available on their respective websites (with the exception of Igneo Infrastructure Partners).³

Interim Target 1: Portfolio alignment

Increase portfolio alignment with net zero through the application of the Net Zero Investment Framework (NZIF), which assesses the extent to which investee companies demonstrate credible net zero ambitions, targets, transition planning and capital alignment.

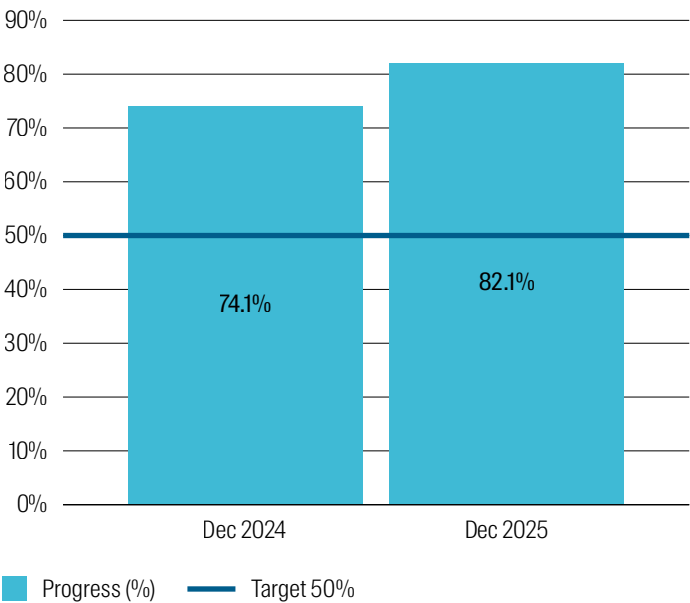
Interim Target 2: Emissions intensity

Reducing portfolio emissions intensity by 2030.

2030 Portfolio alignment target

Selected listed equity and bond strategies have set a portfolio alignment target to have 50% of invested companies assessed as ‘Aligning’ or ‘Aligned’ to net zero by 2030 from a 2021 base year using NZIF.

Figure 3: Portfolio Alignment: Progress vs Target (2024–2025)



Source: First Sentier Group.
Date: 31 December 2025.

While the aggregated outcome currently appears ahead of the 2030 objective, this does not provide a complete picture of progress at the investment team level, given differences in target scope and coverage across strategies. The strategies currently in scope represent 36% of total AUM.

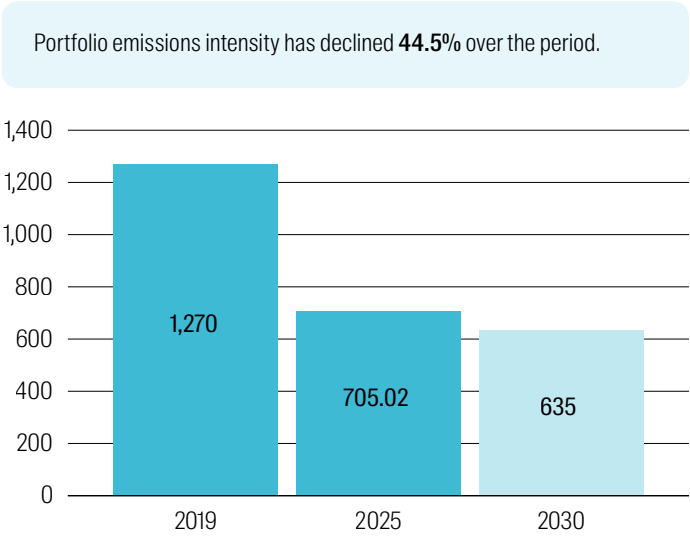
We are working toward publishing investment team-level progress against their respective targets on team websites in 2026, alongside continued efforts to expand target coverage over time.

2030 Emissions intensity target

Committed listed equity strategies are targeting a 50% reduction in investee company Scope 1 and 2 GHG emissions intensity per US\$1 million revenue by 2030, measured from a 2019 baseline of 1,270⁴ tonnes of carbon dioxide equivalent (tCO₂e)/\$m revenue. As at 31 December 2025, 12% of total AUM, including selected listed equity strategies, are covered by this target.

3 Not available to private individuals through the Group’s UK website.
4 Since the initial disclosure, the data provider used to calculate the intensity has changed from MSCI to Institutional Shareholder Services (ISS) ESG. Using ISS ESG data, the equivalent for the portfolio is 1,270, compared with 1,436.9 that was originally disclosed using MSCI.

Figure 4: Emissions intensity



Source: First Sentier Group.
Date: 31 December 2025.

4.3 Operational net zero target by 2030 (or sooner)

While the Group’s most material climate-related risks and opportunities arise through its investment activities and financed emissions, we also maintain operational emissions reduction targets as part of our broader climate transition.

We have a commitment to achieve net zero Scope 1 and Scope 2 GHG emissions from operations by 2030 (or sooner). This target reflects our ambition to minimise emissions from activities within our direct control, recognising that operational emissions are small relative to financed emissions associated with our investment portfolios.

Progress towards this target is focused on practical abatement actions, including energy efficiency initiatives and fuel switching. A key milestone was maintained in 2025, with 100% renewable electricity secured across global offices, materially reducing Scope 2 emissions.⁵

Gross target: The Group’s net zero operational emissions target by 2030 remains the overarching objective. To strengthen transparency on emissions reductions achieved through operational change alone, the Group introduced a gross

operational emissions reduction target in 2025, aiming to reduce absolute Scope 1 and Scope 2 emissions by 10% by 2030 from a 2022 baseline. This target excludes the use of carbon credits and provides visibility on progress driven by efficiency measures, electrification and reduced fossil fuel use.

Operational emissions are monitored through existing governance and controls, including data management processes and oversight by the Corporate Sustainability team. Any limited residual emissions remaining after all reasonable abatement actions (reflected in the gross target) are expected to be addressed through the use of high-quality, independently certified carbon credits to achieve net zero.

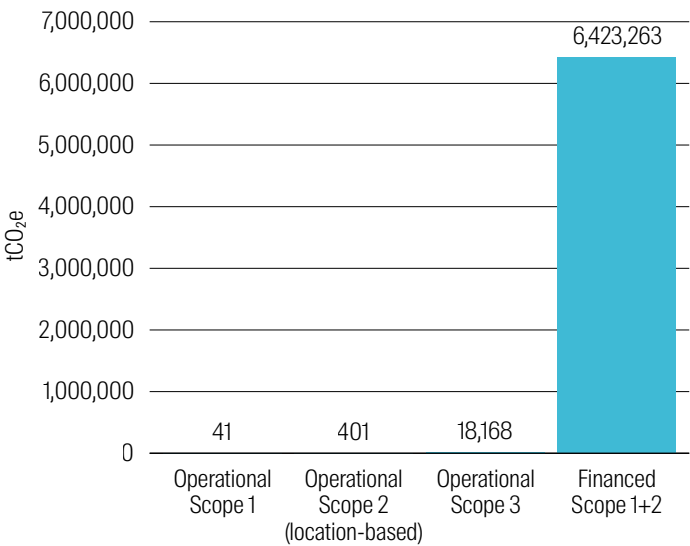
Detailed disclosures on operational emissions, energy use and environmental management are provided in the Group’s Corporate Sustainability Reports.

4.4 Our emissions

4.4.1 Scope 1 and 2 operational emissions

In financial year 2025, First Sentier Group Limited’s operational gross Scope 1 and 2 GHG emissions were 382.8 tCO₂e. This includes 41.3 tCO₂e of Scope 1 and 341.5 tCO₂e of Scope 2 (location-based emissions). First Sentier Group Limited (‘FSG’) does not include First Sentier Investors US (LLC).⁶

Figure 5: 2025 Emissions (Excl. Financed Scope 3)



Source: First Sentier Group.
Date: 31 December 2025.

5 The Group is a tenant of multi-tenant buildings, and contracts directly for renewable electricity wherever possible. Where we do not have operational control to procure our electricity directly via energy retailer tariffs, we purchase Renewable Energy Certificates within the same energy market boundary.

6 In this voluntary report, the Group has accounted for emissions via the ‘operational control’ approach in accordance with the GHG Protocol. This approach has been chosen as it reflects the emissions from entities over which we can direct financial and operating policies. In the mandatory AASB S2 ‘Sustainability Report’, the Group accounted for emissions via the ‘financial control’ approach in accordance with the GHG Protocol. This approach was used to align to the entities within the Group’s financial statements.

4.4.2 Scope 3 operational

Table 4: Our operational Scope 1, 2 and 3 GHG emissions 2020–2025

First Sentier Investors emissions	tCO ₂ e					
	2025	2024	2023 ⁷	2022	2021	2020
Scope 1 (direct emissions)						
Stationary Combustion	41.3	50.7	43.0	49.1	57.3	41.2
Scope 2 (indirect emissions)						
Purchased electricity – location method	361.2	400.5	436.0	424.6	384.6	432.7
Purchased electricity – market method	0	–	1.2	148.9	209.4	223.5
Purchased heat and steam	39.4	34.4	33.4	33.6	26.8	27.8
Scope 3 (indirect emissions – value chain)⁸						
Category 1 – Purchased Goods and Services ⁹	11,745.8	7,984.3	9,490.9	8,029.3	–	–
Category 1 – Water	1.7	1.3	2.5	2.1	–	–
Category 3 – Fuel and energy related activities (not included in Scope 1 or 2)	105.1	108.2	113.3	114.3	–	–
Category 5 – Waste	8.7	6.7	5.2	2.4	–	–
Category 6 – Business travel	5,923.8	7,868.8	6,197.8	5,595.6	315.6	957.6
Category 7 – Employee commuting and telecommuting emissions	382.4	409.4	412.3	286.4	–	–
Total Scope 1 and 2 Emissions						
Scope 1 and 2 – location based	441.8	485.6	512.3	507.3	468.7	501.8
Scope 1 and 2 – market based	80.6	85.1	77.5	231.6	293.5	292.5
Total emissions (Scope 1 and 2 – location based, Scope 3)	18,609.3	16,863.1	16,731.8	14,535.2	784.3	1,459.4
Total emissions (Scope 1 and 2 – market based, Scope 3)	18,248.1	16,462.6	16,297.0	14,259.6	609.2	1,250.1
Emission intensity¹⁰	tCO ₂ e per sqm					
Scope 1 and 2 – location based	0.031	0.035	0.037	0.038	0.037	0.040
Scope 1 and 2 – market based	0.006	0.006	0.006	0.017	0.023	0.024

Changes in reporting since prior year statement:

- Data may differ from that reported in prior First Sentier Group [Corporate Sustainability](#) reports, due to improvements in our calculation methodology, and updating our data using the Intergovernmental Panel on Climate Change (IPCC) Global Warming Potential (GWP) from the Fifth Assessment Report (AR5) to the Sixth Assessment Report (AR6) values. All years are restated for comparability.
- The Group obtains a renewable gas product through an energy retailer. In the absence of a recognised market-based reporting mechanism for Scope 1 emissions, these emissions are calculated and reported as natural gas. In previous reporting, this emissions source was classified as ‘biogas’. The reclassification results in an increase in reported Scope 1 emissions. In prior reporting, this emissions source was reported across Scope 1 and biogenic emissions. The impact of reclassification is a restatement of Scope 1 emissions from 5 tCO₂e to 50.7 tCO₂e, and biogenic emissions from 50 tCO₂e to 0 tCO₂e. All years are restated for comparability.

⁷ In November 2023, First Sentier Group completed its majority investment into AlbaCore Capital Group. AlbaCore's emissions data is reported for the 2023 year onward.

⁸ In 2023, we expanded our Scope 3 reporting to Category 1, 3, 5, 7 and 8. These emissions are reported for the first time in 2023.

⁹ In FY24, data centre emissions have been aggregated in Scope 3, Category 1 to align with our operational control approach to reporting. In previous FY22 and FY23 reporting, data centre emissions were separately reported as Scope 3, Category 8. In FY25, we included commissions-related expenses for the first time. This represents an estimated 3,400 tCO₂e.

¹⁰ The emissions intensity is a metric used to measure the amount of GHG emissions per unit (sqm).

4.4.3 Scope 3 financed emissions

Table 5 shows the key estimated financed emission metrics for all investment teams (excluding AlbaCore. Carbon emissions are disclosed in its Taskforce on Climate-related Financial Disclosures (TCFD) report), as recommended by International Financial Reporting Standards – Sustainability Disclosure Standard S2 (IFRS S2).

Table 5: Financed emissions for investment teams

	Listed equities	Fixed income	Direct infrastructure
Coverage (AUM)	93.5%	Corporate fixed income: 94.5% Sovereign debt: 83.5%	99.1%
Weighted average carbon intensity (tCO ₂ e/\$m sales OR tCO ₂ e/\$m PPP-adjusted GDP for sovereign)	141.6	Corporate fixed income: 78.23 Sovereign debt: 195.04	454.62
Difference weighted average carbon intensity vs benchmark (aggregated)	(39.9%)	Corporate fixed income: (76.2%) Sovereign debt: (4.12%)	n/a
Exposure to fossil fuel companies (%)	11.66%	2.21%	26.2%
Relative carbon footprint (tCO ₂ e/\$m invested)	57.2	69.1	89.68
Difference carbon footprint vs benchmark	(36.1%)	(72.4%)	n/a
Total carbon emissions (tCO ₂ e, scope 1&2)	4,025,943	636,542	2,188,979
Scope 1 (tCO ₂ e)	3,105,557	592,695	2,066,724
Scope 2 (tCO ₂ e)	920,386	43,847	122,255
Scope 3 (tCO ₂ e)	35,521,261	4,725,487	2,358,384

Source: First Sentier Group, ISS ESG, Sustainalytics, data as at 31 December 2025¹¹ (US dollars).

Data is critical to helping us understand climate-related risks and opportunities, measure where we are, how far we have come and our progress against targets. We use a range of metrics to assess climate-related risks and opportunities for our investments. We publish these annually in this report but also provide interactive disclosure for our listed equities on our website.

11 The data set out above are estimates based on data sourced by First Sentier Group. This data is current as at 31 December 2025. It is based on information and representations sourced from third parties (including investee companies), which may ultimately prove to be inaccurate. No assurance is given or liability accepted regarding the accuracy, validity or completeness of this data and no reliance should be placed on it by any third party.

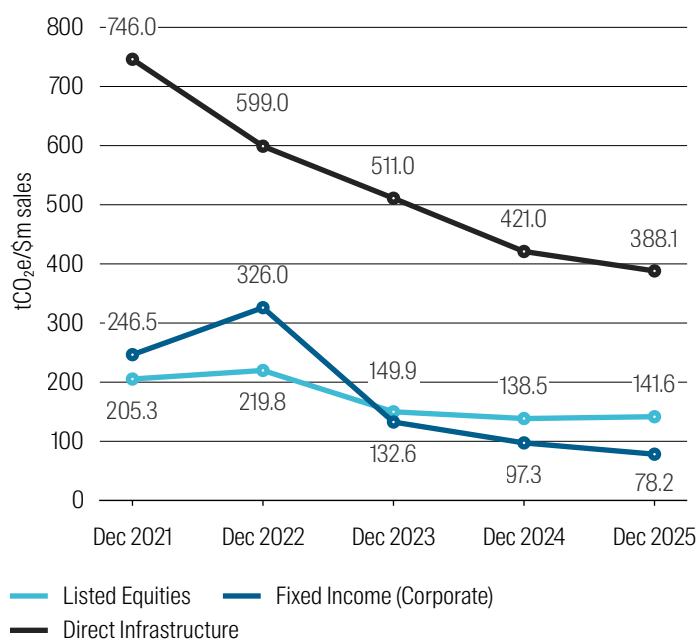
4.4.4 Weighted average carbon intensity

Weighted average carbon intensity (WACI) is one of the key indicators we use to understand the emissions profile of our portfolios and how this is changing over time. It provides a normalised view of financed emissions exposure by relating Scope 1 and Scope 2 investee company/issuer emissions to economic output, allowing for comparison across portfolios, asset classes and reporting periods.

The below graph presents the WACI of our listed equities, fixed income (corporate) and direct infrastructure assets.

Overall, it indicates a clear downward trend in portfolio carbon intensity across the reported portfolios, suggesting that portfolios are moving towards lower-intensity exposures through changes in issuers/assets over time. While the direction of travel is positive, WACI may change due to movements in factors such as issuer revenue. Some volatility is also expected across asset classes and strategies. For example, direct infrastructure may experience periodic increases in WACI following new asset acquisitions before planned transition initiatives take effect. Fixed income can be sensitive to changes in issuer mix as bonds mature and new issuance enters the portfolio, while listed equities may vary with shifts in portfolio and sector composition.

Figure 6: Weighted Average Carbon Intensity (WACI) Trend



Source: First Sentier Group.

Date: 31 December 2021–31 December 2025.

Strategy – our approach to nature

05

Strategy – our approach to nature

This section outlines First Sentier Group's (the **Group**) nature-related dependencies, impacts, risks and opportunities ("DIROs") across our investment portfolios.

For information on nature-related DIROs for our Group operations, please refer to our [2024 Climate and Nature Report](#).

Nature at a glance for our listed equities and corporate fixed income asset classes:^{1,2}

- % Assets under management (AUM) in Taskforce on Nature-related Financial Disclosures (TNFD) priority sectors – 32% (of in-scope AUM)
- % AUM in biodiversity-sensitive areas – 5.18%
- Top three country hotspots – China, Australia, Brazil

5.1 Exposure of investment portfolios to nature-related dependencies and impacts

The financial impact of nature-related risks, if not properly managed, can escalate over time. This will be more pronounced for investments in sectors with high dependence on nature (including water) and where negative impacts from business activities further affect dependencies (e.g. polluting a local river with wastewater then using the same water resource for cleaning during manufacturing). Where such dependencies and impacts are not identified and managed early, financial risks may intensify over time and compound with climate-related risks.

Nature-related dependencies and impacts form the starting point for how we identify nature-related risks and opportunities across our portfolios. Our approach to managing nature-related risks and opportunities is grounded in identifying and assessing nature-related dependencies and impacts, as the basis for prioritising risks and stewardship actions. Given that nature is a relatively new focus area for investors, we have undertaken a number of centralised assessments to support investment teams in identifying nature-related dependencies, impacts, risks and opportunities. This allowed us to determine our focus areas at a firm level.

Nature-related dependencies, impacts, risks and opportunities may influence investment performance in several ways, including:

- Deterioration in business fundamentals where companies face disruption in supply chains, degradation of key production inputs (such as water), increased remediation costs, or rising credit risk associated with non-performing assets.
- Physical risks to infrastructure and real assets, including business interruption, increased operating costs, damage to facilities, and in severe cases, premature asset obsolescence resulting from nature degradation (e.g. water scarcity, soil erosion, loss of ecosystem services).
- Market and input cost volatility, particularly where nature loss constrains the availability or affordability of essential raw materials, creating pricing risks and margin pressure for affected companies.
- Stranded asset risks arising from regulatory tightening, shifts in consumer preferences, or technology transitions, which may render certain business models unsustainable across regions, sectors or asset classes.

Below we report on our assessments of DIROs across listed equities and corporate fixed income (excluding cash, derivatives, futures, options, short positions and sovereign/government bonds).

5.1.1 Our sector exposure

This sector exposure analysis provides evidence to support our prioritisation of nature-related risks and engagement activities, focusing on sectors where dependencies on natural capital and potential impacts are most likely to give rise to financially material risks over time.

In assessing nature-related dependencies and impacts, we focus on sectors where reliance on natural capital and exposure to ecosystem degradation are most likely to give rise to financially material risks and opportunities. The TNFD has identified 16 priority sectors³ to be considered in nature-related dependency and impact assessments, reflecting activities with higher interaction with nature through land use, water use, resource extraction and pollution.

1 Statistics cover listed equities and corporate fixed income only, and exclude cash, derivatives, futures, options, short positions and sovereign/government bonds.

2 As at 31 December 2025, approximately 76% of the Group's total AUM was included within the scope of our TNFD assessment.

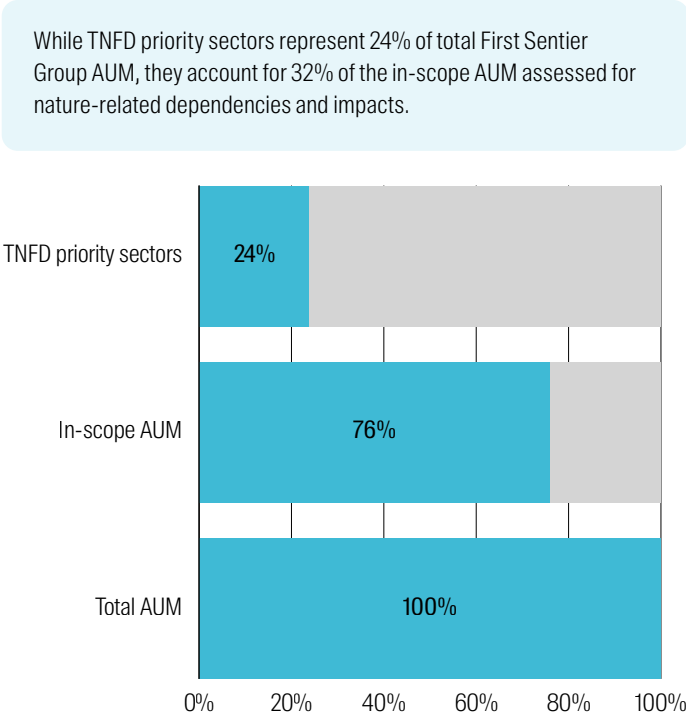
3 TNFD, Additional guidance for financial institutions, version 2.0, February 2025, Annex 1. This guidance for financial institutions includes a sector list for exposure mapping. The TNFD defined the sectors in the first instance according to GICS 6-digit industry codes (42 identified industries), with any relevant sub-industry exceptions described. We assessed our exposure to these sectors using the GICS 6-digit industry codes and sub-industry exceptions detailed in the guidance. Any reference to TNFD's 16 priority sectors refers to the 16 GICS Industry Groups (4-digit codes) identified by the TNFD as material, per Annex 1 of the guidance.

As at 31 December 2025, approximately **76% of the Group's total AUM** was included within the scope of our TNFD assessment (excluding cash, derivatives, futures, options, short positions and sovereign/government bonds).

Using the TNFD's identified **16 priority sectors**, we mapped exposure across both total AUM and the in-scope universe. On this basis, **24% of the Group's total AUM** was exposed to TNFD priority sectors, while **32% of in-scope AUM** was identified as material to these sectors.

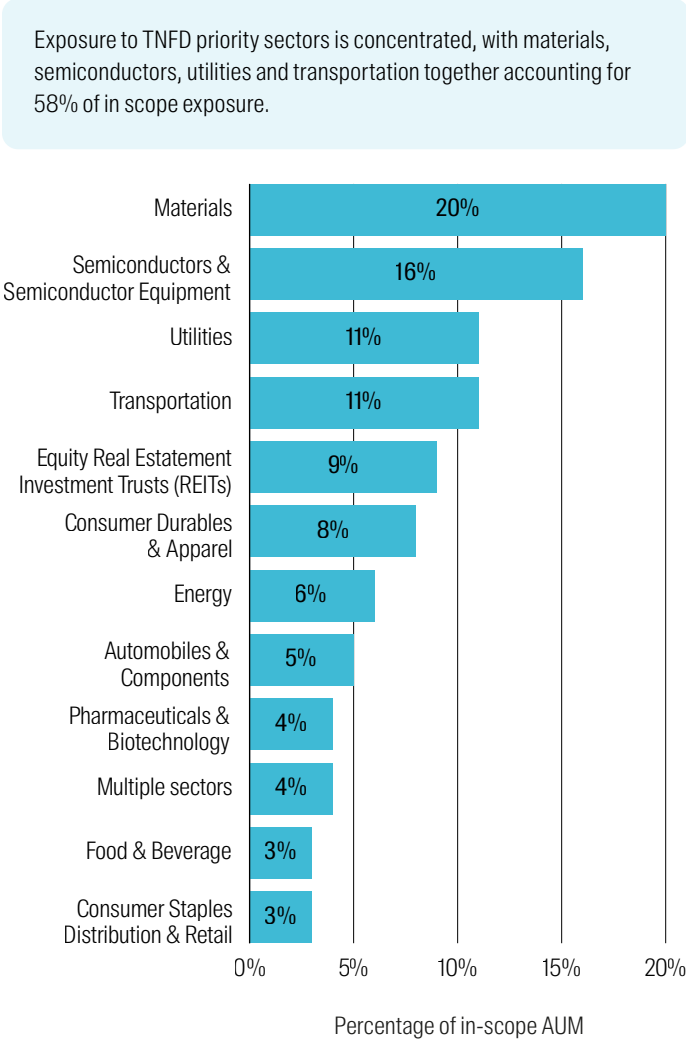
Exposure within the in-scope universe is concentrated in sectors including metals and mining, electric utilities, transportation infrastructure, semiconductors and semiconductor equipment, and selected food and consumer staples activities.

Figure 7: First Sentier Group's AUM exposure to the TNFD's priority sectors



Source: First Sentier Group.
Date: 31 December 2025.

Figure 8: First Sentier Group's AUM exposure to the TNFD's priority sectors



Note: Sector allocation of in-scope companies only. Multiple sectors include capital goods, consumer services, household & personal products, and real estate management & development. These have been grouped together as we have 2% or less exposure to each of them.
Source: First Sentier Group.
Date: 31 December 2025.

5.1.2 Our geographic exposure

In addition to sectoral exposure, nature-related dependencies and impacts are influenced by the geographic location of investee companies' operations and supply chains. Certain regions are more exposed to ecosystem degradation, water stress, land use change and biodiversity loss, which may increase the severity and concentration of nature-related risks.

At a firm level, we measure geographic exposure in two ways. First, we consider investee company impacts on biodiversity sensitive locations, as disclosed in the **Nature-related targets and metrics** (investments) section (**Section 5.2**). Second, we use the ISS Biodiversity Impact Assessment Tool (BIAT) which draws on multiple models, assumptions and databases to estimate environmental pressures that negatively impact biodiversity. Hence, it cannot accurately measure the number of lost species. Together, these approaches provide a high-level firm-wide view, while approaches to assessing geographic exposure vary across investment teams.

In line with TNFD recommendations, we assess our exposure to biodiversity-sensitive locations and identify where investee companies' activities may negatively affect those areas. The table below summarises the scope, key findings and limitations of our geographic biodiversity exposure and impact assessment.

Table 6: Summary of our geographic exposure to biodiversity sensitive areas and biodiversity impact assessment⁴ (as at 31 December 2025)

Category	
Assessment scope	BIAT biodiversity impact assessment covering 16,210 securities with ~92.2% coverage of the eligible (in-scope) listed equities and corporate fixed income universe (as at 31 December 2025). This does not represent coverage of the Group's total AUM, which includes asset classes outside the scope of this assessment.
Key challenges	Limited location data, low transparency, and reliance on controversy-based mapping for listed equities and fixed income issuers.
Flagged areas	74 companies linked to incidents across 50+ biodiversity-sensitive areas, including several environmental and social hotspots.
Impact hotspots	Mainland China: 44.6% of adverse biodiversity impact despite representing 11.5% of eligible investments. Australia: 16.8% of overall adverse impact on a potentially disappeared fraction despite 32% of capital allocation – listed equities and fixed income.
Other major countries	Brazil, Japan, United States, India, Indonesia, Mexico and Canada also show significant biodiversity impacts.

Source: First Sentier Group, Institutional Shareholder Services (ISS) ESG.
Date: 31 December 2025.

⁴ Biodiversity impact assessment refers to a portfolio-level assessment of the potential negative impacts of investee companies' activities on biodiversity, based on sector, activity and geographic exposure.

5.1.3 Summary of our dependencies, impacts, risks and opportunities

The table below summarises the key nature-related dependencies, impacts, risks and opportunities identified through our assessments across listed equities and corporate fixed income asset classes (excluding cash, derivatives, futures, options, short positions and sovereign/government bonds), covering approximately 76% of our total AUM (as at 31 December 2025).

Table 7: Summary of dependencies, impacts, risks and opportunities

 Risks Key nature-related physical risks we are exposed to include: - Physical water risk (water scarcity and pollution) and land use risk in the metals and mining sector, predominantly in Australia. - Physical water risk (water scarcity, drastic water use, and flooding) risk in the utilities and infrastructure sector, mainly in Australia and the US. - Land use risk, physical water risk (water scarcity and pollution) and climate change-driven commodity supply risk in the food products and consumer staples sector mainly in China. - Waste and pollution-related risks and relevant risks to endangered species and local biodiversity in China. Exposure to investee companies linked to biodiversity sensitive areas is currently limited (approximately 5% of in-scope assets as at 31 December 2025). This assessment is based on controversy-based, qualitative data and provides an indication of potential exposure rather than a precise measure of impact. We continue to monitor exposure and impact severity over time.	 Impacts The biodiversity impacts of our in-scope portfolios in terms of Potentially Disappeared Fraction (PDF) weighted average intensity was 49.03 PDF/ km²/year/million euros. 7.66% of this impact is attributed to companies with very high impact, and 17.9% to companies with high impact. Since these two categories account for about 25% of our weighted average PDF intensity, we noted that companies in these categories should be prioritised for further research and engagement. The absolute PDF/km²/yr is estimated to be 2,846,127.32 and weighted average 1,293,991.41. *The BIAT assessment primarily uses PDF of species as a metric.
 Opportunities Our assessment of nature-related opportunities is based on the assessment results on our impacts. Our greatest impact driver identified by the BIAT assessment is land use and land transformation (others being pollution and climate change). We have opportunities to engage with companies involved in business activities which negatively impact on land use and land conversion. Following this, we developed a priority list of companies in the food and beverage and food retail sector for engagement to support meaningful action to reduce their impacts on deforestation.	 Dependencies Our invested sectors exhibit a relatively high dependence on ecosystem service provision from surface water and groundwater, while about 71% of our investee companies' revenues depend on regulation and maintenance ecosystem services that nature provides such as flood and storm protection. * The BIAT assessment assesses dependencies on three ecosystem services groups (regulation & maintenance, provisioning, cultural), which are broken down into 22 granular ecosystem services such as surface water, disease control and pollination.

Nature-related assessment remains an evolving area across our investment teams. These assessments help provide the basis for how certain investment teams prioritise research and engagement on nature-related issues.

5.2 Nature-related targets and metrics (investments)

This section sets out the Group’s current nature-related targets and metrics for investments, reflecting our commitments under the Finance for Biodiversity (F4B) Pledge and TNFD guidance.

Table 8 below summarises the two core investment-related sector metrics recommended by the TNFD for financial institutions. Due to current data availability and coverage limitations, we are not yet able to disclose the full set of TNFD core global metrics across our investment portfolios.

Table 8: Disclosure of two core sector metrics recommended by the TNFD for financial institutions

Two core sector metrics recommended by the TNFD for financial institutions	Metric: in-scope investments only i.e. listed equities and corporate fixed income asset classes (excluding cash, derivatives, futures, options, short positions, and sovereign/ government bonds	Results: based on 31 December 2025 AUM data
Exposure to the TNFD material sectors, relevant to the firm’s total AUM	Share of AUM with exposure to material sectors/First Sentier Groups’ total AUM	24% A further breakdown by sector is included in the Strategy section above
Share of investments in investee companies with sites/ operations located in or near biodiversity-sensitive areas where activities of those investee companies negatively affect those areas ⁵ (SFDR Core PAI 7)	Share of listed AUM only	5.18% (97% data coverage of eligible portfolio)

Source: First Sentier Group, TNFD.
Date: 31 December 2025.

As a financial institution, we acknowledge that the materiality of our nature-related dependencies, impacts, risks and opportunities within our direct operations is relatively limited. For our corporate operations we use the following metrics:

- In 2024, we estimated our offices generated 32 tonnes of waste globally.
- In 2024, we estimated our offices consumed 8,900 kL of water globally.

5.2.1 Finance for biodiversity pledge progress

As a signatory to Finance for Biodiversity, the Group has set three types of initiation targets following the recommended framework, which relate to **governance, assessment and training**. Whilst our governance and training targets cover all asset classes, our initial asset class scope for the assessment target is listed equities and fixed income but we will continue seeking guidance in relation to private markets and short-term investments and work with the relevant teams once further guidance is available.

The F4B pledge includes five commitments for signatories to deliver by 2030 (collaboration and knowledge sharing, engaging with companies, assessing impacts, setting targets, and reporting publicly). Below we report on our progress to date.

5 The share of investments is measured based on the Sustainalytics assessment of companies that are negatively affecting biodiversity-sensitive areas. The assessment is based on the Controversies Research which flags companies with environmental incidents that demonstrate that a company’s activities have negatively affected biodiversity-sensitive areas.

Table 9: Our actions to meet our requirements for the Finance for Biodiversity Pledge

Commitment	Progress made to date
Collaboration and knowledge sharing	Over the course of 2025, we continued to support collaborative engagements and industry initiatives on nature and biodiversity. • Microplastic pollution engagement lead (since 2020) • TNFD Forum member since 2022 and Adopter since 2024 • Responsible Investment Association Australasia (RIAA) Nature Working Group (2022) • Cambridge Institute for Sustainability Leadership (CISL) Nature-related Finance Steering Group (2023) • ShareAction Biodiversity Hub member (2023) • FAIRR Investor member (2023) • Spring (PRI stewardship initiative on nature) endorser (2023) • Mining 2030 supporter (2023)
Engaging with companies	A core focus during 2025 was supporting certain investment teams to apply the Group's nature and biodiversity toolkit in prioritising sectors and companies.
Assessing impact	Building on our existing work of sector materiality and heatmap, we conducted a quantitative assessment of our impacts and dependencies for in-scope investment portfolios in Q4 2024. As highlighted in the Nature Strategy section of this report, this exercise was also completed for 2025. We continued to monitor biodiversity-related indicators in the Sustainable Finance Disclosure Regulation Principal Adverse Impact⁶ (SFDR PAI) data for relevant teams.
Setting targets	Our first nature-related targets, established in 2024, were achieved during 2025.
Reporting publicly	We continued to report on progress in our annual RI & Stewardship report and other specific reports, where appropriate.

5.3 Resilience of our strategy to nature-related risks and opportunities

As the TNFD notes in its [Guidance on Scenario Analysis](#), “there are not yet ‘off the shelf’ quantitative nature scenarios akin to the climate scenarios developed by the Network of Central Banks and Supervisors for Greening the Financial System (NGFS) and the International Energy Agency (IEA)”.⁷ Due to the difference between climate scenarios and nature scenarios, such as the complexity of the natural system beyond climate, diversity in metrics and location-specific risks, it is not appropriate to apply existing climate scenarios for use in nature risk assessments.

We do note, however, the TNFD's Critical Uncertainties matrix, with four possible narratives of plausible futures. To date, we have been focusing on understanding and identifying nature-related dependencies, impacts, risks and opportunities qualitatively before making any quantitative assessments.

⁶ SFDR is the Sustainable Finance Disclosure Regulation, a regulation implemented by the European Union aimed at increasing transparency in the financial services sector regarding environmental, social and governance (ESG) factors. SFDR mandates the disclosure of the “Principal Adverse Impacts (PAI) that investment decisions have on sustainability factors”. These can broadly be thought of as the negative impacts caused by a firm or an asset on people and planet.

⁷ Taskforce on Nature-related Financial Disclosures (TNFD), Guidance on Scenario Analysis (2026), p.5.

Governance



06

Governance

This section summarises First Sentier Group's governance processes, controls and procedures to monitor, manage and oversee the climate-related risks and opportunities and nature-related risks and opportunities, aligned to our overall governance framework. It also identifies the key stakeholders and their respective responsibilities in supporting our climate-related governance framework.

6.1 Board oversight

First Sentier Group Limited Board (the 'Board'): The Board's role, which is reflected in its Charter, includes overseeing that management assesses the short-, medium- and long-term materiality of climate-related risks and opportunities relevant to our operations and investment portfolios on an ongoing basis and with a proportionate view to climate materiality. The Board receives reporting and discussion on Responsible Investment (RI), and Corporate Sustainability at least annually, both of which include an update on activities in relation to climate and nature. The Board and its Committees are responsible for overseeing and balancing the management of a wide range of risks and opportunities impacting the business, including climate and nature, and have oversight of associated climate-related metrics and targets (at least biennially).

Audit and Risk Committee (ARC): The responsibilities of the ARC, which are reflected in the First Sentier Group Limited ARC Charter, includes to review, and discuss with management and the external auditor, the Company's corporate (including climate) and financial reporting and disclosure processes; to make recommendations to the Board on the adequacy of those processes; to review the adequacy and effectiveness of the Company's identification, assessment and management of non-financial risks such as environmental (including climate), social, and sustainability risks; and, where relevant, disclosure of any material exposures to such risks. Where appropriate, the ARC may also consider the implications of trade-offs between such risks and opportunities and other commercial factors.

6.2 Management's role

The CEO, supported by the First Sentier Group's (the **Group**) management structures, is responsible for integrating climate-related and nature-related risks and opportunities into the business strategy, operations, risk management, and oversight functions. The CEO reports to the Board and is supported by a management body, the Executive Committee (**ExCo**).

Executive Committee (ExCo): The ExCo is responsible for supporting the CEO with the management and oversight of the day-to-day activities of the Group. This includes responsibilities to determine the Group's long-term strategic direction for RI, including its goals and ambition (**RI strategy**), determining, overseeing and where necessary, approving, the Group's Global Responsible Investment and Stewardship Principles

(**RI Principles**), Responsible Investment Policy (**RI Policy**) and publicly stated commitments and disclosures. The ExCo also oversees implementation of the Corporate Sustainability strategy, including climate-related and nature-related targets, through its oversight of the day-to-day operations of the Group.

Management of climate-related and nature-related risks and opportunities are also supported by a range of specialists and teams across the firm. These include but are not limited to:

- **Specialist RI team:** engages with and coordinates the business to deliver the RI strategy (including climate change). The team is structured across three lines of function: advisory (providing system stewardship and investment team support), regulatory and reporting, and research provided by the MUFG First Sentier Sustainable Investment Institute.
- **Investment teams:** Investment teams operate with a degree of investment autonomy but are aligned with the Group's overarching RI strategy. While approaches vary by asset class, investment strategy, and regional context, each team is responsible for integrating environmental, social and governance (ESG) considerations into its investment processes, consistent with the Global Responsible Investment and Stewardship Policy and Principles.
- **Investment Risk Oversight (IRO) team:** provides independent global oversight of investment risk management (including ESG) across the firm and reports to the ARC on a quarterly basis. Established in Q2 2025, the IRO team assumed ESG oversight responsibilities previously managed by the Investment Product Risk and Assurance (IPRA) team as part of governance enhancements.
- **Corporate Sustainability team:** works in partnership with teams across the Group to implement a strategy to manage the ESG impacts of the Group's own operations including initiatives and improvements that aim to reduce the Group's calculated Greenhouse Gas (GHG) emissions.
- **ESG Regulations Advisory Group (ERAG):** The ERAG determines and provides oversight of the Group's overall ESG governance framework, policies and adherence to global ESG regulations. The ERAG also approves the quarterly exclusions list and escalates any decisions to the ExCo when necessary.

- **Compliance team:** supports the Group to understand our obligations and provides advice to ensure our policies and procedures are adhered to and regulatory requirements are met.

6.2.1 Board skills

First Sentier Group Limited Directors conduct self-assessments of their skills and experience as part of Board performance reviews and succession planning. These assessments inform the Board's Skills Matrix (the Matrix), which is maintained by the Company Secretariat team and reviewed by the Board as required. The Matrix identifies the collective skills and experiences the Board possesses or seeks to develop, including through ongoing director education, and is aligned with the Group's strategic priorities and operating environment.

In December 2025, the Board had, on average, identified a proficient level of experience, qualifications and understanding to effectively oversee strategies that address climate-related risks and opportunities, in addition to broader environmental and social risks and opportunities. No specific training requirements related to climate-related risks and opportunities were identified through this process. However, in late 2024 and during 2025, periodic climate-related information sessions were facilitated via Board Workshops and relevant information sessions will similarly be considered in 2026.

6.3 Executive remuneration

Remuneration policies for our CEO and the direct reports of the CEO, do not currently have a direct link to the achievement of climate or nature metrics or targets.

6.4 Human rights and governance

Our approach to human rights is set out in our Global Responsible Investment and Stewardship Principles and is informed by the UN Guiding Principles on Business and Human Rights, the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the International Labour Organization labour standards.

We started our formal human rights journey in 2016 with an internal Human Rights Working Group of investment team members who worked with the RI team and experts in the field to better understand a range of human rights issues and how they may impact investment portfolios. The output of that working group was a Human Rights Toolkit, a set of tools to support investment team members to identify and address human rights risks in the investment process.

We have deepened this work over the years since then, with a focus on topics like modern slavery, First Nations people's rights and conflict-affected and high-risk areas, but there has been a limited connection to nature-related dependencies, impacts, risks and opportunities until we started working on deforestation in 2023.

Our ICANN guide highlights how issues related to nature, climate change and human rights abuses are often intertwined. At times, there may be synergies between these issues, and at other times there may be trade-offs to be addressed.

For example, deforestation and forced labour often closely linked, as they both often happen in countries with a weak rule of law, in remote areas where oversight is minimal. Illegal logging and land clearing frequently exploit vulnerable populations, subjecting them to coercive labour practices in the pursuit of profit and resource extraction.

Given the lack of information on deforestation at portfolio company level, when assessing company-level risk exposure to this issue, we used a number of human rights-related data points, including country-based modern slavery risk indicators from the Global Slavery Index.

Over time we have increasingly recognised the interdependencies between these issues and how considering this can help us as investors to identify opportunities and points of leverage that might otherwise be missed.

The Board receives bi-annual updates on responsible investment issues which includes human rights (similar to climate and nature).

Risk and impact management

07

Risk and impact management

This section summarises key processes within First Sentier Group’s broader risk management framework to identify, assess, prioritise and manage risks (including but not limited to climate-related risks and opportunities and nature-related risks).

7.1 General Risk Management Framework

The Risk Management Framework (RMF) provides a consistent and integrated approach to risk management that supports the First Sentier Group’s (the **Group**) business and strategic objectives, while ensuring the Group operates within its risk appetite and in compliance with relevant laws, regulations and standards. The RMF covers the systems, policies and processes used to identify and assess, evaluate, mitigate, monitor, and report on all internal and external sources of material risks, including climate change and nature. These are considered in conjunction with the overarching Risk Management Strategy and Risk Appetite Statement.

The RMF provides an ongoing and iterative process for managing risks, including climate- and nature-related risk, in a consistent and integrated manner. Climate change and nature are not prioritised above other material risks; rather they are assessed alongside other risks, in line with the Group’s integrated approach to risk management.

Table 10: Risk Management Framework and application to climate-related risks and opportunities (CRROs) and nature-related risks

Risk Management Framework	Application to CRROs and nature
Risk identification and assessment: Key and emerging risks that could affect the Group’s ability to successfully implement its business and strategic objectives, or its ability to comply with its obligations, are identified through actively monitoring the internal and external environment. The extent to which a particular risk exposure may impact the achievement of the Group’s objectives is assessed and measured using qualitative and quantitative data where available.	Climate: The Group has developed a framework for identifying and assessing CRROs, drawing on internal expertise, external data, and industry engagement. We apply a materiality lens using our risk management framework to identify exposures that could reasonably affect performance, access to finance or cost of capital over the short (0–3 years), medium (3–10 years), and long-term (10+ years) terms. Inputs and parameters used - Inputs: climate scenario narratives, third-party portfolio data (e.g. financed emissions, fossil fuel exposure, physical risk ratings), internal subject matter expertise, and desktop research. - Parameters: financial impact thresholds, probability ratings and time horizons. Nature: Approaches and processes for identifying and assessing nature-related risks vary across the Group’s investment teams, reflecting differences in asset class, investment philosophy, sector and company exposure, and the materiality and impact of the issues involved. Team approaches may range from no formal approach to managing nature-related issues to formal integration of nature-related issues into investment decision-making. To support these assessments, we use third-party data and methodologies to identify the extent to which investee companies: - depend on key ecosystem services; and - contribute to environmental pressures, including land use change, pollution and water stress. These assessments support investment teams in understanding exposure across portfolios and sectors, recognising that data coverage, granularity and certainty vary significantly by geography, sector and asset class.

Risk Management Framework	Application to CRROs and nature
Risk evaluation and mitigation: Once a risk has been assessed, it must be evaluated to determine if it is within risk appetite/tolerance. Where the risk exposure is evaluated as unacceptable, additional risk treatment is required to avoid, accept, or mitigate the risk.	Climate Assessment approach The nature, likelihood and magnitude of the effects of climate risks considers qualitative and quantitative factors across the Group 5x5 risk matrix, and a tailored 3x3 risk matrix for investments. • Long list of potential risks and opportunities across operations and investments consistent with historical Task Force on Climate-related Financial Disclosures (TCFD) disclosures. • Operational CRROs assessed on the 5x5 risk matrix; rated low materiality at Group-level as they demonstrated limited likelihood and impact against the framework, and therefore excluded from further Group-level consideration. • Investment CRROs consolidated into transition and physical exposure themes; specific risks (e.g. flooding, stranded assets, policy shifts) are captured within these categories, alongside product and regulatory CRROs. • Investment team risks and opportunities are assessed on a tailored 3x3 risk matrix (impact x time horizon), supplemented by analysis of exposure metrics (see Section 8.5 [Metrics to monitor and assess portfolio-level CRROs]). Scenario analysis is used as an input to reflect scenario dependent financial impacts (refer to Section 8.6 [Climate resilience – scenario analysis] for further detail on methodology and insights). In Q3 2025, Group-level CRROs were reviewed by the Audit and Risk Committee (ARC). Reporting to the Group's ExCo and the ARC will commence in 2026. Nature Our approach to managing nature-related dependencies, impacts, risks and opportunities encompasses research, due diligence, company engagement, industry collaboration, policy advocacy, target setting and business activities supporting improved nature outcomes over time. Each investment team determines what is a material nature-related issue for a given investee company, based on its sector, country exposure and any controversial activities. Our nature and biodiversity toolkit supports investment teams in applying these insights consistently, helping to identify priority risks (e.g. deforestation and freshwater stress), inform company research, and shape corporate engagement aimed at mitigating risks, improving disclosure and strengthening management practices over time.
Risk monitoring and reporting: A controls assurance program is in place to monitor the design and operating effectiveness of key controls around critical business processes to ensure the internal control environment effectively mitigates the occurrence and/or impact of adverse risk events occurring. The internal control environment is also subject to reviews throughout the year by both internal and external audit. Regular and structured risk reporting is provided to senior management, boards, and committees. This reporting is the combined responsibility of Management and the Line 2 support functions, including Risk Management.	CRRO monitoring and reporting Monitoring of climate-related risks and opportunities is embedded in the Group's RMF and is supported by the Responsible Investment (RI) team, Investment Risk Oversight (IRO), Regulatory Compliance and the ESG Regulatory Advisory Group (ERAG). These functions collectively monitor climate-related exposures across investment portfolios, assess alignment with commitments, and ensure any identified material climate-related risk, if it arises, is appropriately escalated and managed through existing governance channels. Ongoing monitoring activities include: • Third-party data tracking of financed emissions, portfolio alignment scores and physical risk ratings • Scenario analysis and portfolio net zero progress tracking • Regulatory horizon scanning • Monitoring of investment team alignment with the Responsible Investment Policy and product disclosure • Controls assurance program over ESG-related controls During the reporting period, the Group conducted a materiality assessment, which consolidated climate-related risks and opportunities into four material CRROs for Australian Accounting Standards Board - Climate Disclosures (AASB S2) reporting. This assessment did not change the underlying monitoring processes, which continue to operate as part of the Group's established RMF. Where monitoring identifies material unmanaged climate-related risk, management may agree on a remediation plan with the relevant team, with progress tracked through Executive Committee (ExCo) reporting. Reporting: • The Board receives periodic Responsible Investment reports, including updates on fund flows, climate-related activity and regulatory developments as relevant. • ExCo receives quarterly reporting on fund flows and selected climate metrics • Investment-team progress against net zero targets is reported to ExCo annually; annual climate scenario analysis reporting will commence in 2026. Nature At this stage, nature-related risks are not subject to a formal, firm-wide monitoring process.

Technical appendix

Purpose of this appendix

This technical appendix supports First Sentier Group's (the **Group**) 2025 Climate and Nature Report.

The appendix contains detailed methodologies, assumptions, scenario analysis, financial impact disclosures and legal statements required under Australian Accounting Standards Board – Climate Disclosures (AASB S2). It is intended to complement the narrative, strategy-focused disclosures in the main Climate and Nature Report and should be read in conjunction with that report.

Where climate-related risks, opportunities, metrics or targets are discussed in the main report, cross references are provided to this appendix to avoid duplication.

8.1 Our business model and value chain

The Group's core business activity is asset management, serving a diverse client base including institutional investors, pension funds, wholesale distributors, financial advisers, and retail clients.

The Group delivers investment solutions across a range of asset classes, including:

- Global and regional listed equities
- Cash and fixed income
- Listed and direct infrastructure
- Listed property securities
- Alternative credit

The Group's business model and value chain are referenced throughout this report, together with descriptions of how climate-related risks and opportunities may impact the Group's investments and operations, along with how the Group is responding to those risks.

In the assessment of climate-related risks and opportunities, the upstream and downstream value chain is considered using all reasonable and supportable information available without undue cost or effort, for an understanding of the climate-related risks and opportunities. Our value chain activities focus on investment strategy and product creation, market research and analysis, and portfolio construction, so as to meet our clients' investment expectations. Activities are also focused on portfolio and performance management, regulatory compliance, distribution and client servicing.

The Group has utilised data collated from across its value chain to determine quantitative climate-related metrics and financial effects. In instances when quantitative metrics and amounts cannot be measured directly, the Group estimates value chain metrics using internal and external information (including industry benchmarks and other proxies).

8.2 Time horizons

For the purposes of identifying, assessing and disclosing climate-related risks and opportunities, the Group uses the following time horizons:

- **Short-term:** 0–3 years
- **Medium-term:** 3–10 years
- **Long-term:** 10+ years

These horizons are aligned with the Group's financial and strategic planning cycles.

8.3 Controls and procedures used to monitor, manage and oversee climate- and nature-related risks

Responsible Investment (RI) Policy

- The Group's RI Policy and RI Principles, are reviewed biennially by key internal stakeholders and approved by the Chief Commercial Officer, define the Group's approach to ESG integration (including climate-related and nature-related considerations) across investment processes and sets expectations for investment teams to identify and manage ESG risks and opportunities.
- Controls and oversight are embedded throughout the investment process. Investment teams document ESG risk considerations for their holdings, including physical and transition risks where applicable and material.
- Key controls embedded throughout the investment process are incorporated into the controls assurance program to monitor design and operating efficacy, validating the alignment between the investment teams' ESG analysis and the requirements of the RI Policy and Principles.

Investment Risk Oversight (IRO) monitoring

- IRO monitors whether investment team activities are consistent with their product disclosures and aligned with the RI Policy.
- In collaboration with the RI team, IRO reviews ESG risks within investment portfolios across the firm and presents its findings to the Executive Committee (**ExCo**) on a quarterly basis.
- Additional monitoring is conducted to track progress toward achieving portfolio net zero targets and for products that make specific climate commitments in their product disclosures such as rolling carbon intensity tracking.

Exclusions and Regulatory oversight

- The ESG Regulatory Advisory Group (**ERAG**) monitors regulatory developments, oversees implementation of the ESG governance framework, and escalates material issues to the ExCo.

Data governance

- The Group sources climate data from third-party providers and has introduced processes to identify and address climate and emissions-related data issues, including monthly reviews with our Data team and quarterly climate data provider check-ins. The Group also sources nature-related data from third-party providers.
- Where data gaps exist, reasonable assumptions or proxies consistent with industry practice may be applied.

Product and marketing controls

- Each fund's ESG strategy is documented in its offering materials, and ESG-related claims undergo internal review for alignment with underlying evidence.
- Marketing materials (including both corporate and fund-level materials) referencing ESG or sustainability are reviewed under the Marketing Materials Review Policy by the Regulatory Compliance team to determine that they are fair, clear and not misleading or deceptive to the audience.

8.4 Progress on our Climate Change Action Plan

The Group developed its Climate Change Action Plan (CAP) in 2022. This section sets out our progress on the CAP for the period 1 January 2025–31 December 2025.

We have established a number of key performance indicators (KPIs) to measure our progress supporting underlying portfolio companies, the economy wide transition, and achieve net zero in our own operations by 2030 (or sooner).¹ We have made good progress in most areas over the period, as outlined below.

These KPIs are aligned to our 5 C's of climate change action:

- **Collaboration** – We will continue to support climate-related industry collaborations, climate policies, and regulation to drive systemic change.
- **Company engagement** – We will use our influence and proxy voting to influence companies and we will allocate capital to help accelerate the climate transition.
- **Clarity** – We will be transparent about our progress on reaching net zero and provide evidence for any climate-related claims we make.
- **Clients** – We aim to be a trusted partner who can support clients in their transition to a low carbon economy.
- **Corporate sustainability** – We are decarbonising our business operations through a broad range of initiatives and will report on progress. We have partially met this target.

Our progress is colour-coded as follows:



Green (KPI successfully met);



Amber (progress being made toward KPI); and



Red (KPI not met).

Pillar: Collaboration

Goal:

- Continue to participate actively in climate-related initiatives and provide input on key climate policies in countries where we are active.

2025 KPI:

- Continue to contribute to policy consultation processes in line with our Policy Advocacy Principles and actively collaborate on industry reports, papers or working groups.

What we did:



- Continued to engage with Climate Action 100+ and the Net Zero Asset Managers (NZAM) initiative, including through membership of the NZAM advisory group.
- Participation in various industry working groups aligned with our Policy Advocacy and Investor Practice priorities, including the Investor Group on Climate Change (IGCC) to share the Group's experience around net zero and policy advocacy in Australia.
- Attended the Executive Roadshow to Canberra through the IGCC, engagement with government on setting ambitious Nationally Determined Contributions (NDCs).
- Published leading climate-related reports through our First Senter MUFG Sustainable Investment Institute, as well as a Group paper on integrated approaches to responsible investment.

1 This target covers Scope 1 and Scope 2. Scope 1 emissions are direct emissions from owned or controlled sources. Scope 2 emissions are indirect emissions from the generation of purchased energy. In 2025, the Group refined this target to focus on Scope 1 and Scope 2 emissions. This change includes the removal of our former limited Scope 3 corporate travel emissions target, reflecting the evolving challenges in decarbonisation in the aviation sector and the necessary role travel plays to uphold our fiduciary responsibilities.

2026 KPIs:

- Refresh our Policy Advocacy Principles and continue to contribute to policy consultation processes in line with these principles.
- Continue to develop impactful climate-related research, collaborate on industry reports, collective engagement, industry working groups and events.

Pillar: Company engagement

Goal:

- Achieve a coverage of assets aligned, or under active engagement, to 70% of financed emissions from material sectors (also using a net zero alignment criteria) by 2030.

2025 KPI:

- Develop and help implement investor transition plan guidance, focusing on areas of key uplift across climate and nature transition reporting.

What we did:

- Over the year, we developed accessible integrated climate transition and nature sector guidance for our investment teams – seeking to support better understanding and integrated assessment of impacts within investment practices. We also supported company transition plan assessments across material sectors and initiated the process of engagement regarding company's transition-aligned capital allocation.
- However, due to several dependencies, the roll-out of this integrated approach has not been completed – something we'll address in the coming period.

2026 KPI:

- Roll out the integrated climate and nature sector guidance for investment teams, including supporting technology enablement sessions, and update our investor toolkit on stranded assets.

Pillar: Clarity

Goal: Provide transparency for clients through our disclosures and reporting of performance against climate objectives and targets.²

2025 KPI:

- Increase the percentage of assets under management (AUM) invested in assets that are net zero, aligned or aligning to net zero (using a net zero alignment criteria framework) (Baseline 2021).

What we did:

- The initial AUM % managed in line with net zero commitments was 44.5% (as at 31 December 2021). By 31 December 2025, our AUM managed in line with net zero commitments had increased to 64.8%; however this reflects a decrease of 3% (67.8%) from the prior year.
- Decreases over the past year have been attributed to corporate restructures, including outflows from net zero committed strategies, alongside inflows for strategies with interim climate targets but without an established 2050 net zero commitment.

2026 KPIs:

- We will review our reporting against this pillar to ensure greater clarity for our clients following changes to our corporate structure, revised NZAM Commitment Statements and continuing NZAM participation.
- We will support investment teams in updating their climate reporting and target progress, as well as obtaining pre-assurance over our financed emissions reporting.

Pillar: Clients

Goal:

- Position First Sentier Group as a key partner who can support and enable our clients' transition to a low-carbon economy and the achievement of their own net zero commitments.

2025 KPIs:

- We will develop a responsible investment client strategy for our key target markets to (amongst others), identify opportunities, to better support our clients in achieving their net zero objectives, as well as opportunities to further engage and collaborate.

² Goal revised to ensure better alignment across our Climate Change Action Plan objectives. For reference, our 'Clarity' goal has been revised from "Increase the percentage of AUM invested in assets that are net zero, aligned or aligning to net zero (using a net zero alignment criteria framework) (Baseline 2021)".

- We will do this through individual client engagement, continuing to develop impactful climate-related research and reports, targeted collective engagement and industry collaboration.

What we did:



- In 2025, we undertook a review of key institutional clients across target markets, mapped key focus areas and developed an approach to engagement on aligned issues. We subsequently commenced our Client Listening Tour for Australian institutional clients and began expanding efforts into the EMEA region. However, given company restructuring, we were unable to complete our EMEA market actions.

2026 KPI:

- Complete our Australian institutional Client Listening Tour and EMEA strategy, including follow-up actions.

Pillar: Corporate sustainability

Goals:

- Continue to source 100% renewable energy across our global offices.
- Enhance the collation and accuracy of Scope 3 emissions data.
- Maintain adherence to ISO 14001 Environmental Management System (EMS) standard in relevant offices.

What we did:



2026 KPIs:

- Maintain 100% renewable electricity to global offices by end of 2026.
- Electrification of gas boilers by end of 2027.
- Enhance relevant Scope 3 emissions data collection and measurement.

We have made a number of key assumptions to achieve our Climate Change Action Plan:

- Real-world decarbonisation: Progress against climate targets depends on investee companies implementing credible transition actions, reflecting the Group's role as a steward of client capital rather than an operator of underlying assets.
- Policy and client dependencies: Delivery of climate targets assumes supportive and predictable policy settings aligned with net zero by 2050, as well as continued client alignment with climate objectives across markets and strategies.

8.5 Metrics to monitor and assess portfolio-level climate-related risks and opportunities ("CRROs")

To support our assessment of CRROs, we monitor a range of portfolio-level indicators and undertake climate scenario analysis to inform our understanding of potential future climate outcomes. These metrics provide a high-level view of portfolio exposure to key transition and physical climate risks and opportunities. They are not used to drive top-down investment decisions or portfolio construction. Instead, they support consistent monitoring, escalation and transparency at a Group level, alongside bottom-up analysis undertaken by individual investment teams.

Asset vulnerability to transition risk³

Transition risk arises from changes in climate policy, regulation, technology and market expectations as economies move toward lower-carbon pathways. To assess exposure to these risks, we monitor a small number of indicators that highlight where portfolios may be more vulnerable to the transition.

Specifically, we assess:

- exposure to companies operating in the fossil fuel sector;
- exposure to high-impact climate sectors that are more likely to face transition pressures; and
- exposure to companies assessed as "Not Aligned" under the Net Zero Investment Framework (NZIF), indicating a lack of credible transition planning.

3 Coverage as at 31 December 2025: listed equities (92%), corporate fixed income (79%), sovereign fixed income (21%), short term investments (82%), unlisted infrastructure (100% for fossil fuel exposure and high impact climate sector).

Table 11: shows the percentage and value of AUM with exposure to these indicators across each asset class we invest in.

Asset class	Listed equities		Corporate fixed income		Short term investments		Unlisted infrastructure		Alternative credit		Sovereign fixed income	
Metric	%	\$m AUM	%	\$m AUM	%	\$m AUM	%	\$m AUM	%	\$m AUM	%	\$m AUM
Fossil fuel exposure ⁴	12%	13,315	14%	501	0%	–	27%	9,547	13%	1,798	78%	750
High Impact Climate Sector ⁵	53%	60,029	59%	2,111	100%	37,461	89%	31,518	21%	2,968	n/a ⁶	
NZIF rating “not aligned” ⁷	20%	23,362	17%	592	0%	3	31%	11,008	No data		38%	370

Source: First Sentier Group, Canbury.

Date: 31 December 2025.

Asset alignment to climate-related opportunities

Climate-related opportunities arise from companies and assets that are contributing to, or positioned to benefit from, the transition to a lower-carbon economy. To assess alignment with these opportunities, we use different indicators depending on asset class and data availability.

These include:

- Green revenue exposure for listed equities and corporate fixed income.
- Green capital expenditure (CAPEX) for unlisted infrastructure.
- The adoption of carbon budgets for sovereign issuers.

Table 12: presents the percentage and value of assets aligned with climate-related opportunities across each of the asset classes we invest in.

Asset class	Listed equities		Corporate fixed income		Short term investments		Unlisted infrastructure		Alternative credit		Sovereign fixed income	
Metric	%	\$m AUM	%	\$m AUM	%	\$m AUM	%	\$m AUM	%	\$m AUM	%	\$m AUM
Green revenue	21%	23,666	18%	635	0%	–	n/a ⁸		n/a ⁸		n/a ⁸	
Green CAPEX	4%	4,066	2%	61	0%	–	n/a ⁹		n/a ⁹		n/a ⁹	

Source: First Sentier Group, Canbury.

Date: 31 December 2025.

4 For corporates, this indicator shows exposure to companies operating in the fossil fuel sector (including exploration, mining, extraction, distribution and refining), taking into account their exposure by % of revenue.

5 NZIF defines high impact material sectors as: Agriculture, forestry, and fishing; Airlines; Aluminium; Automobiles; Banking; Cement; Chemicals; Consumer goods & services; Coal and diversified mining; Electric utilities; Food producers; Industrials; Oil and gas (plus distribution); Paper; Real estate; Shipping; Steel; Transportation.

6 High-impact climate sector exposure is reported as n/a for sovereign fixed income, as sector-based classifications apply to corporate issuers and are not directly attributable to sovereign entities.

7 Exposure to holdings classified ‘Not Aligned’ by NZIF.

8 Green revenue is reported as n/a due to methodological applicability and data availability limitations. Unlisted infrastructure reports green CAPEX; green revenue data is not collected for private credit; and sovereign issuers do not have attributable operating revenue.

9 Green CAPEX is reported as n/a for Alternative Credit and Sovereign Fixed Income because CAPEX is not attributable or collected at the investment level for alternative credit, and is not methodologically applicable to sovereign issuers.

Asset vulnerability to physical risk

Physical climate risk arises from acute and chronic climate hazards such as heatwaves, flooding, drought and storms, which may disrupt operations, damage assets and affect long-term value.

To assess physical risk exposure at a portfolio level, we identify investee companies and issuers assessed as having high physical climate risk by Institutional Shareholder Services (ISS) ESG, our third-party data provider. These assessments provide an indication of relative exposure based on sector, geography and hazard intensity. At present, we do not have a consistent portfolio-level indicator to measure opportunities linked to physical climate resilience.

Table 13: shows the percentage and value of assets assessed as having high physical climate risk exposure across asset classes, based on available data.

Asset class	Listed equities		Corporate fixed income		Short term investments		Unlisted infrastructure		Alternative credit		Sovereign fixed income	
Metric	%	\$m AUM	%	\$m AUM	%	\$m AUM	%	\$m AUM	%	\$m AUM	%	\$m AUM
Physical Risk Rating "High"	47%	53,329	25%	894	0%	3	No data ¹⁰		No data ¹⁰		67% ¹¹	640

Source: First Sentier Group, Canbury.

Date: 31 December 2025.

2025 was a foundational year for strengthening our Group-level assessment of physical climate risk. We expanded climate scenario analysis beyond qualitative listed-equity analysis to incorporate a quantitative assessment of physical risk drivers across asset classes.

As physical risks and opportunities continue to materialise, our focus will be on strengthening the depth, consistency and decision-usefulness of activities aligned with our CAP. Priorities include enhancing physical risk assessment capabilities through continued engagement with industry working groups and applying best-practice guidance, improving data quality and coverage across asset classes through our data vendor partnerships and technological integration, and further embedding climate considerations into portfolio level analysis and Group-level oversight, in line with emerging regulatory and market expectations. Refer to Section 8.4 (**Progress on our Climate Change Action Plan**) for our CAP progress.

8.6 Climate resilience – scenario analysis

Climate scenario analysis is inherently uncertain and should not be interpreted as a prediction or forecast of future events or financial performance. The scenarios used are **illustrative tools** designed to explore a range of plausible future climate pathways and their potential implications for the Group's investment portfolios.

Scenario outcomes are influenced by numerous assumptions relating to policy, technology, market behaviour, physical hazard pathways and data availability. Actual outcomes may differ materially from those illustrated.

8.6.1 Purpose, approach and scope

To understand how CRROs may affect our strategy, financial resilience, and operational decision-making, the Group conducted a scenario analysis exercise to explore plausible future climate scenarios and assess the potential implications for our portfolios and the Group more broadly across multiple time horizons.

This supports our judgement on which CRROs are material to the Group. Top-down climate scenario analysis poses challenges at the Group level, including a large number of assumptions and the lack of available and up-to-date data. Despite these constraints, forward-looking analysis remains a valuable input in helping the Group understand how CRROs may evolve over time.

Historically, climate scenario analysis has been undertaken primarily at the investment team and fund level, using third-party data to develop a qualitative view of our listed portfolios' exposure to both transition and physical risks. This work has been informed by ISS ESG climate scenario data, internal research and ongoing engagement by the RI team and individual investment teams.

¹⁰ Green revenue is reported as N/A due to methodological applicability and data availability limitations. Unlisted infrastructure reports green CAPEX; green revenue data is not collected for private credit; and sovereign issuers do not have attributable operating revenue.

¹¹ Sovereign Issuer at Risk (Risk Monitor) assesses country-level physical climate risk and includes sovereigns assessed as having high or very high risk exposure.

In Q3 2025, the Group enhanced its approach to climate scenario analysis to support AASB S2-aligned, Group-level disclosure. In addition to the existing qualitative analysis undertaken for listed portfolios, the Group partnered with an external climate risk specialist to undertake quantitative climate scenario analysis across the global downstream investment portfolio, covering listed equities, unlisted assets and credit exposures.

The 2025 analysis covered the Group's global downstream investment portfolio and quantified the potential financial impacts of both transition and physical climate risks:

- At the company level for listed equities, using publicly available financial and sustainability disclosures.
- At a sector-level for unlisted assets and credit, reflecting current data availability.

The analysis assessed climate risks and opportunities across ten categories:

- **Transition-related:** Carbon pricing, decarbonisation mandates, stranded asset risk, credit rating impact, disclosure conformance, and input price volatility.
- **Physical-related:** Asset infrastructure damage, insurance cost inflation, water scarcity, and workforce productivity.

The Group applied two climate scenario narratives. Each scenario was assessed across the short-, medium- and long-term time horizons. These scenarios are structured tools that assist management's thinking and assesses the resilience of the Group's strategy under divergent climate futures. They inform the Group's identification and prioritisation of material CRROs and guide the actions the Group may need to consider in response.

	Scenario 1: Orderly transition (rapid transition, low carbon world)	Scenario 2: Hothouse World (high emissions, high physical impacts)
Source	Network for Greening the Financial System (NGFS) Orderly Transition	NGFS current policies
Description	This scenario reflects a future in which global climate action accelerates rapidly, limiting warming to 1.5°C in alignment with the Paris Agreement and NGFS Net Zero 2050 pathway. It assumes strong international coordination, ambitious policy interventions, and widespread adoption of low-carbon technologies.	Global climate action is fragmented and insufficient, resulting in high emissions and warming exceeding 3°C by the end of the century. It aligns with the NGFS Current Policies and Hothouse pathways and explores the implications of weak climate governance, ineffective mitigation, and escalating physical climate impacts.
Assumptions	• Rapid policy action and technology deployment consistent with a 1.5–2.0 °C trajectory. • Physical hazards still increase over time but are moderated relative to other scenarios.	• Limited decarbonisation and carbon pricing. • Physical hazards intensify, especially in the long term.
Potential impacts	• Rapid policy action and structured carbon pricing pathways accelerate the transition to low-carbon systems. • Early transition costs are concentrated in carbon-intensive sectors, with front-loaded compliance and technology upgrades. • Stranded asset risk is concentrated in fossil fuel-based sectors. • Physical risks remain moderate in the short term but grow steadily over time, although global warming is limited compared to high-warming pathways.	• Limited decarbonisation leads to severe and frequent extreme weather events, increasing exposure to physical hazards across infrastructure-heavy sectors. • Transition risks remain low because policy action is weak, but physical risks dominate and escalate sharply over time. • Stranded asset risk is limited to sectors facing market-driven decline rather than regulatory phase-out. • Significant physical risk in the medium- and long-term. • Long term disruption risk is high.

8.6.3 Assumptions in the scenario analysis

The climate-related scenario analysis is based on a range of assumptions consistent with the selected NGFS scenarios, including those relating to:

- **Climate-related policies:** Assumptions regarding the strength, timing and coverage of climate policies and decarbonisation mandates in key jurisdictions, including carbon pricing mechanisms and emissions-reduction targets.
- **Macroeconomic trends:** Scenario-consistent assumptions regarding economic conditions, market repricing and capital allocation in response to climate-related transition and physical risks. The analysis does not incorporate explicit economic growth or inflation assumptions and is expressed relative to current financial metrics.
- **National and regional variables:** Assumptions relating to regional climate hazard exposure (such as heat, flooding and water stress), informed by NGFS and Intergovernmental Panel on Climate Change (IPCC)-aligned datasets, and reflecting differences in geography, climate vulnerability and adaptive capacity.
- **Energy usage and energy mix:** Assumptions regarding changes in energy demand, fuel mix and emissions intensity under different transition pathways, including the pace of decarbonisation across sectors.
- **Technological developments:** Assumptions regarding the availability and uptake of low-carbon and climate-resilient technologies, consistent with NGFS scenario narratives and sector-level transition pathways.
- Where company-specific data was unavailable, sector averages or regional proxies were applied to ensure consistency across the portfolio.

8.6.4 Outcome of the resilience assessment

There remains uncertainty about how climate change will manifest under different scenarios, particularly in terms of the frequency and severity of extreme weather events and the pace of policy-driven decarbonisation. These uncertainties make it challenging to predict the exact impacts on assets and operations in our portfolio. Therefore, as outlined in *Section 3.1*, scenario analysis has been used to quantify potential financial effects.

8.6.5 Portfolio-level summary

Across the Orderly Transition, impacts are steady and predictable, reflecting front-loaded transition pressures as economies decarbonise. Under a Hothouse World, shorter-term effects are milder but long-term downside risk is significantly higher as more severe physical hazards accelerate.

Under both scenarios, the most material risk drivers are:

- Asset and infrastructure damage (physical risk to asset-intensive companies and sectors)
- Decarbonisation mandates (compliance and retrofit costs)
- Carbon pricing (direct emissions exposure)

Asset class	Description of potential outcomes
Listed equities	• Most exposed asset class across all time horizons. • Early transition costs from decarbonisation mandates and carbon pricing in the short-term. • Asset and infrastructure damage becomes the primary driver of risk in the long-term for asset-intensive sectors.
Unlisted infrastructure	• Physical risk from asset and infrastructure damage escalates over time. • Transition-related regulatory compliance remains relevant in the short- and medium-term.
Corporate fixed income	• Lower relative risk than equities. • Exposure concentrated in carbon-intensive issuers through carbon pricing and decarbonisation mandate-driven costs. • Physical risk affects credit quality in the long term.
Sovereign fixed income	• Some sensitivity to physical hazards. • Transition risk remains limited to macroeconomic policy shifts.
Private credit	• Transition-driven credit spread risk in the short term from carbon pricing and decarbonisation mandates. • Physical asset and infrastructure damage emerging in the medium to long term for asset-heavy borrowers.
Short term investments	• Lower relative exposure to both physical and transition risks due to short investment duration and high liquidity.

8.6.6 Climate resilience and strategy

As an active asset manager, the Group has flexibility to adjust its strategy, business model and product suite in response to climate-related developments.

The Group does not centrally set portfolio strategy or product-level capital allocation. Scenario analysis is performed at the Group level to assess exposure to CRROs, inform portfolio-level climate resilience, and support risk oversight.

Investment strategy and portfolio construction are determined at the investment-team level using predominantly bottom-up, issuer-specific analysis.

Investment teams do not incorporate top-down scenarios into stock selection or portfolio construction. Climate risk is managed through issuer analysis, valuation, and engagement/stewardship, consistent with each team's investment philosophy. This distinction is disclosed to avoid any misleading impression that scenario outputs centrally drive investment decisions.

8.6.7 Factors that enhance our resilience:

Diversification: Portfolios are diversified across asset classes, sectors, and geographies, providing some resilience to both physical and transition risks.

Liquidity: The majority of holdings are liquid in nature; however certain asset classes may be less liquid under stress, which may affect flexibility in extreme or acute climate scenarios.

Adaptive strategy: Investment process and strategy will naturally evolve over the medium to long term to reflect changing climate risks and opportunities. Operationally, the Group has capacity to redeploy resources toward enhanced climate capabilities and analytics, scenario modelling, and

engagement activities within existing structures over time, and to adapt our product suite to evolving client preferences and market conditions.

Improved investment approach: We are enhancing resilience through:

- Net zero strategy implementation for transition risk at the investment-team level.
- Physical risk adaptation assessments at investment-team level and assessment of asset-level resilience.

Systems change: We advocate for policy and market reforms to support a low-carbon economy and improved climate resilience.

However, some residual risk remains due to uncertainty about which climate scenario will materialise and the potential for unmodelled tipping points or widespread ecosystem collapse (limitations inherent in forward-looking assessments).

8.7 Identification and assessment of CRROs

The Group has identified four material CRROs using a structured process that considered both operational and investment exposures.

- Operational climate-related risks were assessed using the Group's standard enterprise risk management framework and were determined to be of low materiality at Group level.
- Investment-related climate exposures were assessed using a tailored investment risk matrix and informed by climate scenario analysis.
- The identified CRROs were reviewed and agreed by the Group's Audit and Risk Committee in 2025.

Glossary

The glossary provides definitions of terms used in this Climate and Nature Report.

Australian Accounting Standards Board (AASB): The body that sets the standards for the ASRS.

Australian Accounting Sustainability Standards (AASB) S2: AASB S2 Climate-related disclosures is the standard developed by the AASB that sets out the requirements for an entity to disclose information about its climate-related risks and opportunities.

Adaptation: Adjustments to prepare for and adjust to the current and projected impacts of climate change.

Audit and Risk Committee (ARC): A board-level committee responsible for oversight of financial and non-financial risks, including climate-related risks.

Australian Sustainability Reporting Standards (ASRS): A set of mandatory sustainability reporting requirements issued by the AASB.

Carbon credits: Certificates representing the reduction or removal of one tonne of carbon dioxide (CO₂e) or its equivalent greenhouse gas from the atmosphere, used to offset emissions.

Carbon offsets: A type of carbon credit that represents a reduction in emissions – whether prevented from entering the atmosphere or removed from the atmosphere – that is used to compensate for emissions that occur elsewhere.

Climate change: The long-term shift in global temperatures and weather patterns, primarily due to human activities.

Climate-related physical risks: The potential impacts from the direct physical effects of climate change, resulting from climate change that can be event-driven (acute) or from longer-term shifts in climatic patterns (chronic).

Climate-related transition risks: The financial, operational, and reputational risks a company faces when adapting to a low-carbon economy and mitigating climate change. Transition risks include policy, legal, technological, market and reputational risks.

Climate resilience: Ability to withstand and recover from climate-related impacts, while effectively managing vulnerabilities.

Climate-related risks and opportunities (CRROs): Climate-related risks and opportunities refers to the financial and strategic risks and opportunities arising from climate change, including physical and transition risks.

Decarbonisation: The process of reducing carbon dioxide (CO₂) emissions through the implementation of initiatives such as replacing fossil fuels with renewable energy sources and improving energy efficiency.

ESG (environment, social, and governance): A framework used to assess the sustainability and ethical impact of an investment in a company or business.

First Sentier Group Limited: The reporting entity for this disclosure.

GHG Protocol: Refers to the GHG Protocol Corporate Accounting and Reporting Standard and the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2004).

Greenhouse Gas (GHG): Refers to the greenhouse gases that trap heat in the atmosphere including carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), nitrogen trifluoride (NF₃), perfluorocarbons (PFCs); and sulphur hexafluoride (SF₆).

Green CAPEX: Capital expenditure directed toward environmental projects or technologies.

Green Revenue: Revenue generated from products or services that contribute to environmental sustainability or climate mitigation.

International Carbon Reduction and Offset Alliance (ICROA): A certification standard for high-quality carbon credits.

Institutional Shareholder Services (ISS) ESG: A third-party provider of ESG data and climate scenario analysis.

Mitigation: Actions or activities that limit emissions of greenhouse gases (GHGs) from entering the atmosphere and/or reduce their levels in the atmosphere.

Mitsubishi UFJ Financial Group, Inc (MUFG): The ultimate parent company of First Sentier Group Limited.

Mitsubishi UFJ Trust and Banking Corporation (MUTB): The direct parent company of First Sentier Group Limited.

Net Zero emissions: A state when human-caused GHG emissions are balanced by removing the same quantity of emissions from the atmosphere over a specified period of time.

Net Zero Investment Framework (NZIF): A methodology developed to guide investors in aligning portfolios with net zero emissions targets.

Paris Agreement: The Paris Agreement under the United Nations Framework Convention on Climate Change. It is an international treaty adopted in 2015 to address climate change by limiting global warming to well below 2°C, ideally 1.5°C, above pre-industrial levels.

Renewable Energy Certificates (RECs): Tradable certificates that represent electricity was generated from renewable sources.

Science Based Targets Initiative (SBTi): A global body enabling businesses to set emissions reduction targets in line with climate science.

Scenario analysis: A process for systematically identifying and assessing a potential range of outcomes for future events under conditions of uncertainty.

Scope 1 Emissions: Direct GHG emissions from owned or controlled sources (e.g. combustion of natural gas).

Scope 2 Emissions: Indirect GHG emissions from the generation of purchased electricity, steam, heating, and cooling consumed by the reporting entity.

Scope 3 (value chain) emissions: Indirect GHG emissions (not included in Scope 2) that occur in the value chain of an entity. Scope 3 GHGs are categorised into 15 categories – as described in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011).

Sectoral Decarbonisation Approach (SDA): An industry sector-based target setting methodology for entities to set GHG emissions reduction targets that align the goal of limiting global temperature rises to 2°C above pre-industrial levels.

Sustainalytics: A third-party ESG research and ratings firm used for climate metrics and portfolio alignment.

tCO₂e: Tonnes of Carbon Dioxide Equivalent is a standard unit for measuring carbon footprints, representing the impact of different GHGs in terms of CO₂.

Transition plan: An aspect of an entity's strategy that lays out targets, actions or resources for the transition towards a lower-emission economy. This includes actions to reduce greenhouse gas emissions or adaption of activities to manage physical climate risks.

Weighted Average Carbon Intensity (WACI): A metric used to assess the carbon intensity of investment portfolios.

Nature-related definitions

Deforestation: The Taskforce on Nature-related Financial Disclosures (TNFD) defines deforestation as the loss of natural forest as a result of: (i) conversion to agriculture or other non-forest land use; (ii) conversion to a tree plantation; or (iii) severe and sustained degradation. For a breakdown of these scenarios, please refer to page 14 of the TNFD's glossary.

Emissions to water: The release of pollutants or contaminants into water bodies, including rivers, lakes, oceans, and groundwater.

Freshwater: All permanent and temporary freshwater bodies as well as saline water bodies that are not directly connected to the oceans.

Hazardous waste: Waste that possesses any of the characteristics contained in Annex III of the Basel Convention, or that is considered to be hazardous by national legislation.

Nature-related dependencies, impacts, risks and opportunities: The TNFD defines dependencies as those of an organisation on nature; impacts as those on nature, either positive or negative, caused or contributed to by the organisation; risks as those to the organisation stemming from their dependencies and impacts; and opportunities as those for the organisation that benefit nature through positive impact of mitigation of negative impacts on nature.

Obsolescence: A decline in a property's value due to factors such as age, deterioration, or changes in market conditions.

Pollution: The presence of substances and heat in air, water and/or land whose nature, location, or quantity produce harmful and undesirable environmental effects.

Potentially disappeared fraction (PDF): A biodiversity-related metric that quantifies the potential loss of species richness due to adverse environmental pressures, relative to species richness in undisturbed ecosystems, often referred to as the pristine state. Species richness refers to the number of unique species in an area. PDF is displayed as PDF/km²/yr, whereby 'PDF' represents biodiversity loss, 'km²' represents the area, and 'yr' represents one year, being the time/duration.

Stranded assets: Assets that have lost value in a changed market environment.

Water scarcity: The volumetric abundance, or lack thereof, of freshwater resources, which can be measured consistently across regions and over time.

Disclosure mapping – TNFD

	Recommended Disclosures	Section
Governance	Board oversight	6. Governance
	Management's role	6. Governance
	Stakeholder engagement	6. Governance
Strategy	Dependencies, impacts, risks and opportunities	5. Strategy – our approach to nature
	Impact on organisation	
	Strategy resilience	
	Priority location assessment	See 2024 Climate and Nature Report
Risk and impact management	Assessment process	5. Strategy – our approach to nature
	Management process	7. Risk and impact management
	Integration with risk management	
Metrics and targets	Risk assessment metrics	5. Strategy – our approach to nature
	Impact metrics	
	Targets & goals	

AASB S2 mapping (simplified)

Pillar (AASB S2)	Sub pillar/disclosure topic	Location in this report
Governance	Board oversight	Section 6.1 Board oversight
	Management's role	Section 6.2 Management's role
	Board skills / capability	Section 6.2.1 Board skills
	Remuneration linkage	Section 6.3 Executive remuneration
Strategy	Business model and value chain	Technical Appendix Section 8.1
	Time horizons	Technical Appendix Section 8.2
	Climate-related risks and opportunities ("CRROs")	Section 3.1 Our Climate-related risks and opportunities ("CRROs")
	Scenario analysis and resilience	Technical Appendix Section 8.6
	Anticipated financial effects (qualitative vs quantitative)	Section 3.1 Our Climate-related risks and opportunities ("CRROs")
Risk management	Risk management framework integration	Section 7.1 General Risk Management Framework
	Processes for identifying, assessing and managing climate risks	Section 7 Risk and Impact Management
	Monitoring, reporting and controls	Section 7 Risk and Impact Management; Technical Appendix Section 8.5
Metrics & targets	Net zero ambition (portfolio + operations)	Section 4.2 Portfolio-wide ambition; Section 4.3 Operational net zero target by 2030
	Interim portfolio targets (NZAM submitted)	Section 4.2.1 Interim portfolio level targets
	GHG Emissions	Section 4.4. Our emissions
	Portfolio monitoring indicators (transition risk, opportunities, physical risk)	Section 8.5 Metrics to monitor and assess portfolio-level CRROs
Cross cutting	Assumptions, limitations, third party data, forward-looking statements	Assumptions and limitations

Important Information

This material is for general information purposes only. It does not constitute investment or financial advice and does not take into account any specific investment objectives, financial situation or needs. This is not an offer to provide asset management services, is not a recommendation or an offer or solicitation to buy, hold or sell any security or to execute any agreement for portfolio management or investment advisory services and this material has not been prepared in connection with any such offer. Before making any investment decision you should consider, with the assistance of a financial advisor, your individual investment needs, objectives and financial situation.

We have taken reasonable care to ensure that this material is accurate, current, and complete and fit for its intended purpose and audience as at the date of publication. No assurance is given or liability accepted regarding the accuracy, validity or completeness of this material and we do not undertake to update it in future if circumstances change.

To the extent this material contains any expression of opinion or forward-looking statements, such opinions and statements are based on assumptions, matters and sources believed to be true and reliable at the time of publication only. This material reflects the views of the individual writers only. Those views may change, may not prove to be valid and may not reflect the views of everyone at First Sentier Group.

To the extent this material contains any measurements or data related to environmental, social and governance (ESG) factors, these measurements or data are estimates based on information sourced by the relevant investment team from third parties including portfolio companies and such information may ultimately prove to be inaccurate.

To the extent this material contains any ESG related commitments or targets, such commitments or targets are current as at the date of publication and have been formulated by the relevant investment team in accordance with either internally developed proprietary frameworks or are otherwise based on the Institutional Investors Group on Climate Change (IIGCC) Paris Aligned Investment Initiative framework or such other framework, goal or target as the relevant team considers appropriate. The commitments and targets are based on information and representations made to the relevant investment teams by third parties including portfolio companies (which may ultimately prove not be accurate), together with assumptions made by the relevant investment team in relation to future matters such as government policy implementation in ESG and other climate-related areas, enhanced future technology and the actions of portfolio companies (all of which are subject to change over time). As such, achievement of these commitments and targets depend on the ongoing accuracy of such information and representations as well as the realisation of such future matters.

Any commitments and targets set out in this material may be subject to change without notice in the event of future review by the relevant team.

To the extent this material contains any ESG related commitments or targets, such commitments or targets are current as at the date of publication and have been formulated by First Sentier Group in accordance with either internally developed proprietary frameworks or are otherwise based on external frameworks. The commitments and targets are based on information and representations made by external parties (which may ultimately prove not be accurate), together with assumptions made by First Sentier Group in relation to future matters such as government policy, implementation in ESG and other climate-related areas and, enhanced future technology (all of which are subject to change over time). As such, achievement of these commitments and targets depends on the ongoing accuracy of such information and representations as well as the realisation of such future matters. First Sentier Group will report on progress made towards achieving these targets on an annual basis in its Climate Change Action Plan and other reporting. The commitments and targets set out in this material are continuously reviewed by First Sentier Group and subject to change without notice.

About First Sentier Group

References to 'we', 'us' or 'our' are references to First Sentier Group, a global asset management business which is ultimately owned by Mitsubishi UFJ Financial Group. Certain of our investment teams operate under the trading names AlbaCore Capital Group, First Sentier Investors, FSSA Investment Managers, Stewart Investors, RQI Investors and Igneo Infrastructure Partners, all of which are part of the First Sentier Group. RQI branded strategies, investment products and services are not available in Germany.

We communicate and conduct business through different legal entities in different locations. This material is communicated in:

- Australia and New Zealand by First Sentier Investors (Australia) IM Ltd, authorised and regulated in Australia by the Australian Securities and Investments Commission (AFSL 289017; ABN 89 114 194311)
- European Economic Area by First Sentier Investors (Ireland) Limited, authorised and regulated in Ireland by the Central Bank of Ireland (CBI reg no. C182306; reg office 70 Sir John Rogerson's Quay, Dublin 2, Ireland; reg company no. 629188)
- Hong Kong by First Sentier Investors (Hong Kong) Limited and has not been reviewed by the Securities & Futures Commission in Hong Kong. First Sentier Group, First Sentier Investors, FSSA Investment Managers, Stewart Investors, RQI Investors and Igneo Infrastructure Partners are the business names of First Sentier Investors (Hong Kong) Limited.
- Singapore by First Sentier Investors (Singapore) (reg company no. 196900420D) and this advertisement or material has not been reviewed by the Monetary Authority of Singapore. First Sentier Group (registration number 53507290B), First Sentier Investors (registration number 53236800B), FSSA Investment Managers (registration number 53314080C), Stewart Investors (registration number 53310114W), RQI Investors (registration number 53472532E) and Igneo Infrastructure Partners (registration number 53447928J) are the business names of First Sentier Investors (Singapore).
- United Kingdom by First Sentier Investors (UK) Funds Limited, authorised and regulated by the Financial Conduct Authority (reg. no. 2294743; reg office Finsbury Circus House, 15 Finsbury Circus, London EC2M 7EB)
- United States by First Sentier Investors (US) LLC, registered with the Securities Exchange Commission (SEC# 801-93167)
- other jurisdictions, where this document may lawfully be issued, by First Sentier Investors International IM Limited, authorised and regulated in the UK by the Financial Conduct Authority (FCA ref no. 122512; Registered office: 23 St. Andrew Square, Edinburgh, EH2 1BB; Company no. SC079063).

To the extent permitted by law, MUFG and its subsidiaries are not liable for any loss or damage as a result of reliance on any statement or information contained in this document. Neither MUFG nor any of its subsidiaries guarantee the performance of any investment products referred to in this document or the repayment of capital. Any investments referred to are not deposits or other liabilities of MUFG or its subsidiaries, and are subject to investment risk, including loss of income and capital invested