

ECP

Task Force on Climate-Related Financial Disclosures FY2025



Redefining
Active Investing
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About

This report documents ECP's climate-related financial disclosures in accordance with TCFD recommendations. As a quality-focused fund manager, our investment process naturally results in portfolios with significantly lower carbon intensity than benchmark — outcomes that flow from how we invest, not from managing to a carbon target. As the world transitions to a lower-carbon economy, we are confident our portfolios are well-positioned for this structural shift.

To Our Stakeholders

Sustainable Business is Good Business

Successful business owners make decisions for the long term. In a rapidly changing world, sustainable practices are no longer optional — they are essential to maintaining a social licence to operate. Being a good corporate citizen who is committed to people, planet, and community is now mandatory.

As fund managers, we have a clear responsibility for how we invest our clients' capital. For any long-term investor, considering externalities that may arise over the investment period is prudent — climate change is one of those key considerations. Since we see ourselves as business owners rather than share traders, sustainability and competitiveness are central to every investment analysis.

This philosophy produces measurable outcomes. As of 30 June 2024, our Growth Companies Fund exhibits a weighted average carbon intensity 81% lower than the ASX 300, our Emerging Growth Companies Fund is 95% lower than the ASX Mid Cap 50, and our Global Growth Companies Fund is 85% lower than the MSCI World. Importantly, these results are not managed to a carbon target — they are the structural consequence of our quality-focused process. Our focus on capital-light franchises with durable competitive advantages naturally steers us away from carbon-intensive industries.

Since becoming a signatory to the Principles of Responsible Investment (PRI) in 2013, we have continually refined our approach to responsible investment. In January 2021, ECP became a supporter of the Task Force on Climate-related Financial Disclosures (TCFD). We believe that increasing reliable information on climate-related risks and opportunities will strengthen the financial system and facilitate the transition to a more sustainable economy.

At ECP, we strongly believe that increasing the amount of reliable information on financial institutions' exposure to climate-related risks and opportunities will strengthen the stability of the financial system, contribute to a greater understanding of climate risks, and facilitate financing the transition to a more stable and sustainable economy.

This report states our commitment to the TCFD recommendations and provides a blueprint for our own business over the coming years, where we will seek to hold ourselves accountable for the commitments we have made.

Sincerely



Jason Pohl

TCFD Report

Introduction

Overview

ECP Asset Management (ECP) is a boutique investment fund manager providing services to institutional and retail investors. As of 31 December 2024, ECP manages A\$2.9 billion in assets, capital that belongs to our clients who rely on us to act in their best interests.

The Task Force on Climate-Related Financial Disclosures (TCFD) was created in 2015 by the Financial Stability Board to develop consistent climate-related financial risk disclosures for companies, banks, and investors. As a long-term investor, it is prudent that we carefully consider any long-term risks to our investments. Climate change and environmental risks pose serious threats to some business models, whether through physical or transitional risks, as we move toward a net zero economy.

“As at 30 June 2024, ECP manages \$2.9 billion with portfolio carbon intensities 81-95% below benchmark, across both Australian and Global Equities”

This report documents our responses to the TCFD recommendations and publicly notes our internal commitments. We expect this document to evolve as we improve our measurement and reporting capabilities. It should be read along with our Climate Change Position Statement.

Responsible Investment

ECP has been a signatory to the Principles for Responsible Investment (PRI) since 2016 and a supporter of the TCFD since 2021. ESG factors are fully integrated into our asset selection and portfolio management procedures through our Pillars of a Quality Franchise framework. A company must achieve a 90 percent Quality Franchise Score to be eligible for inclusion, with 40 percent of that score derived from our Sustainability and Stewardship considerations.

ECP does not manage portfolios to achieve specific sustainability outcomes. However, certain sustainability outcomes are evident due to our investment process and philosophy. Our focus on identifying high-quality, capital-light franchises with sustainable competitive advantages naturally results in portfolios with significantly lower carbon intensity than their benchmarks.

Annually we review our Materiality Risk Assessment to identify key areas of focus for both our investments and operations. Climate change was identified as a priority topic within our environmental considerations, and this assessment now informs our engagement priorities and risk monitoring through our Red Flag Register. Our investment horizon is five or more years, and understanding the sustainability of a business's operations and future competitiveness is vital.



Governance

Board & Management Oversight

Good and effective governance is central to ensuring that we meet our obligations to our clients, deliver to all stakeholders, and execute on our firm's strategy. At ECP, we take responsible investing seriously and have established clear accountability for ESG, sustainability, and climate-related issues across the organisation.

In 2021, ECP formalised our framework to deliver on ESG and climate-related processes both internally through our operations and externally through our engagement with portfolio companies. This framework establishes clear roles and responsibilities:

Board of Directors

The Board is responsible for oversight of the firm's ESG policies and procedures. Where major ESG or climate-related issues arise, the Board addresses and considers appropriate responses or actions, which are then presented to the Investment Committee for further discussion and implementation. The Board reviews and approves all ESG-related policies, including our Responsible Investment Policy, Active Ownership and Stewardship Policy, and Climate Change Position Statement. The Board also endorses our Sustainability Materiality Risk Assessment, which identifies the six priority areas that shape our Red Flag Register.

Head ESG Officer

The Head ESG Officer is responsible for the development and implementation of the firm's ESG policies and procedures. This role works alongside individual analysts when ESG or climate-related issues require dedicated attention and is responsible for coordinating our annual TCFD reporting and Sustainability Report. The Head ESG Officer compiles the Red Flag Register monthly and presents findings to the Investment Committee.

CIO and Investment Committee

The CIO and Investment Committee are responsible for oversight of ESG principles at a portfolio level. ESG issues, including climate-related issues, are discussed monthly by the Investment Committee as part of the Red Flag Register review. These discussions are largely company-specific, with each team member able to raise issues or concerns for the committee to consider. Where ESG or climate-related issues are fundamental to our investment thesis, they are subject to intense scrutiny through our Sustainability Pillar within our Pillars of a Quality Franchise framework.

Lead Analysts

Each investment analyst is tasked with reviewing, monitoring, and assessing ESG and climate-related issues or opportunities with respect to their coverage. The Lead Analyst is responsible for applying ESG principles at an investment level, including conducting engagement with portfolio companies on material issues. Analysts update the Red Flag Register assessments for their covered companies and are accountable for the accuracy of those assessments.

Governance

Continued

Compliance Officer

The Compliance Officer deals with compliance-related matters regarding policies and procedures, ensuring adherence to our stated commitments.

External Data Providers

We use third-party data providers, including Foresight Analytics, to supplement our internal analysis with independent carbon metrics and climate risk assessments. This external data supports our Red Flag Register evaluations and provides verification of portfolio-level carbon intensity calculations.

Distribution Team

Our Distribution team is responsible for client communications, including the delivery of ESG and climate-related reporting. This ensures clients receive timely and consistent information on how sustainability considerations are integrated into their portfolios.

Climate-Related Monitoring

As a fund manager, ECP has a fiduciary duty to our clients to ensure we adequately consider and assess company-related risks. To support this, we have instituted two key monitoring tools:

Red Flag Register

Our Red Flag Register is a proprietary tool that systematically assesses ESG risk across every holding. For each company, we evaluate 18 specific criteria across six material topics, with each criterion assessed as either met or not met. The resulting score directly influences our valuation and portfolio construction.

Companies with elevated Red Flag counts are assigned to higher discount rate buckets, which reduces their calculated intrinsic value and constrains position size. This ensures that climate-related risks, alongside other sustainability factors, carry direct consequences for capital allocation. The register is reviewed regularly by the Investment Committee, and companies that fail to meet our expectations are flagged for engagement or escalation.

Sustainability Materiality Assessment

In 2023, we inaugurated our Sustainability Materiality Risk Assessment to identify key areas of focus for both our investments and operations. The assessment, endorsed by our Board, identified six priority areas:

1. Data and cyber security
2. Environmental considerations
3. Stakeholder relations
4. Supply chain management Governance
5. Dynamic capabilities.

Governance

Continued

These six areas form the foundation of our Red Flag Register. Importantly, climate change sits within environmental considerations. For each material topic, we have developed specific assessment criteria that allow us to evaluate holdings consistently. For environmental considerations, we assess whether a company avoids high-impact sectors or implements energy and waste management strategies, whether it reports on greenhouse gas reduction targets and documents Scope 1 and 2 emissions, and whether it meets relevant regulatory requirements or publishes climate-related disclosures.

Recognising that our material issues generally remain consistent, we review our areas of focus every three years. Each year, these priority areas are core sustainability considerations, where we monitor and track a firm's performance and highlight key areas of concern. The six priority areas form the basis of our Red Flag Register and inform our engagement priorities, ensuring we focus stewardship efforts where they can have the greatest impact.

Importantly, as certain considerations become standard practice, such as modern slavery reporting or climate disclosure, we update our criteria to reflect evolving expectations. What was once a differentiator may become baseline, requiring us to look for deeper evidence of genuine commitment rather than mere compliance.

The six priority areas inform our engagement priorities and ensure we focus stewardship efforts where they can have the greatest impact on long-term outcomes for our clients. Further, this approach ensures our framework continues to identify meaningful sustainability risk rather than simply rewarding companies for meeting yesterday's standards.

Accountability and Remuneration

ESG objectives are incorporated into our performance review process. ECP operates a formal 360-degree performance appraisal, and two ESG-related objectives are explicitly assessed:

1. Identify potential investment opportunities that comply with our process and philosophy and uphold responsible investment practices.
2. Engagement with portfolio companies to ensure they improve their environmental, social, and governance policies, practices, and performance.

We are continuing to review how we can further incorporate ESG-related considerations within our remuneration structures as our stewardship program evolves.



Strategy

Our Business

Overview

The increasing focus on environmental issues is seeing remarkable change across sectors and industries. For the long-term investor, assessing transitional and physical risks and opportunities is pertinent - a holistic understanding of regulations, societal expectations, stakeholder analysis, and shifting consumer preferences are required to adequately assess an investment opportunity.

Sustainability is a foundational component of our investment process and our own firms' beliefs, and we approach climate-related risks and opportunities through the following:

- As a private business whose business operations play a role within our society, and which may have direct and indirect impacts on our environment and our climate; and
- As a fund manager whose commitment to our clients warrants considering ESG and climate-related risks and opportunities within our investment mandate.

Time Horizons

At ECP, our investment horizon is a minimum of 5 years. For the purposes of assessing climate-related risks and opportunities, we define our time horizons as follows:

Horizon	Timeframe	Climate Considerations
Short-term	0-2 years	Regulatory changes, carbon pricing mechanisms, acute physical events
Medium-term	2-5 years	Transition risks, shifting consumer preferences, technology disruption
Long-term	5+ years	Physical climate impacts, structural decarbonisation, stranded asset risk

As a long-term investor, understanding both the physical risks associated with climate change and the transitional risk from decarbonisation is required for certain investment decisions.

Investment Process

ECP uses quality screens which companies must meet before we begin our research process. Once companies pass through our initial screens, we investigate and assess several qualitative factors through our pillar framework. Our process assesses all key risks to the investment, and when relevant, this includes a company's impact on the environment as well as the environment's impact on the company.

Strategy

Continued

While we use a few external resources, including ESG-specific data, to inform our analysis, we do not rely on these providers for ESG screens. We do, however, exclude several sectors from our universe due to environmental concerns, namely companies whose core business is in thermal coal, petroleum, old-forest logging, palm oil and pesticide industries. The following lists our current exclusion sectors, and these are reviewed annually:

Environmental	Social
Thermal Coal	Gambling
Petroleum	Adult Entertainment
Old-forest logging	Weapons
Palm Oil	Tobacco
Pesticides	

Importantly, where we exclude sectors, these have been identified as a high risk to the businesses looking to expand their economic footprint over the long term - for us, these are highly unsustainable industries. Our process aims to remove unsustainable businesses, and the outcome of this means we generally avoid companies that are large carbon emitters, have poor ESG standards, harm the people or environment, or have failed to manage or plan for ESG risks.

For us, considering all externalities that may impact a business over time is prudent investing. Considering how government regulation, stakeholder relations, and consumer preferences evolve regarding sustainability and climate change is pertinent to our investment philosophy and performance.

Portfolio Outcomes

The consequence of our exclusion policy and quality-focused process is evident in our portfolio composition and carbon metrics.

Our Emerging Growth Companies Fund and Global Growth Companies Fund have zero exposure to the Energy, Utilities, and Materials sectors. Our Growth Companies Fund has minimal exposure to these carbon-intensive sectors, except for select holdings where we believe the business quality can manage the transition and exploit any opportunities.

Analysis from Foresight Analytics demonstrates that our lower carbon intensity is driven primarily by sector allocation rather than stock selection within sectors. This confirms that our carbon outcomes are structural — they flow naturally from our investment philosophy rather than from actively managing to a carbon target.

Strategy

Continued

As at 30 June 2025:

Portfolio	Weighted Average Carbon Intensity	Vs Benchmark
Growth Companies	19.0 tCO ₂ e/Mil Rev	81% lower than ASX 300
Emerging Growth Companies	8.6 tCO ₂ e/Mil Rev	94% lower than ASX MidCap 50
Global Growth Companies	8.2 tCO ₂ e/Mil Rev	85% lower than MSCI World

This positioning has been consistent over time. Over time, our portfolios have maintained carbon intensity 81 to 94 percent below their respective benchmarks.

Scenario Analysis & Resilience

ECP does not conduct formal climate scenario analysis in the manner of large, diversified asset allocators managing to specific climate outcomes. Our concentrated, quality-focused approach provides resilience through different means.

Our Pillars of a Quality Franchise framework assesses every company's exposure to macro-environmental factors through our Sustainability pillar, which incorporates forward-looking analysis covering political, environmental, social, technological, legal and economic forces. Companies with material exposure to climate transition risk must demonstrate credible management strategies to pass our quality threshold.

Our valuation methodology embeds climate risk directly into discount rates. Companies with elevated environmental Red Flags face higher required returns and constrained position sizes, ensuring that climate-related uncertainty is priced into capital allocation decisions rather than ignored.

The structural outcome of this process is a portfolio naturally weighted toward capital-light, service-oriented businesses with lower emissions intensity. This positioning provides resilience against transition risks including carbon pricing, regulatory tightening, and shifts in consumer preferences. Over the past decade, our portfolios have maintained carbon intensity 71 to 94 percent below their respective benchmarks, reflecting the durability of our approach. h.

Where we hold companies with material emissions profiles, we engage on transition planning and expect management to execute credible strategies. Companies that fail to demonstrate progress face the direct consequence of reduced capital allocation through our Red Flag mechanism.

Climate-Related Risks & Opportunities

Climate-Related Risks & Opportunities

The consideration of ESG factors is part of our decision-making process. Sustainable business is good business, and unsustainable businesses do not meet our definition of quality.

When we assess potential investments, we use our proprietary Quality Franchise pillar framework. ESG and climate-related issues are assessed within our Sustainability Pillar, which considers macro-environmental impacts, business-specific ESG factors, and the sustainability of a firm's competitive advantage.

“Quality Franchises generally have low carbon footprints, are capital light, have strong ESG practices, and demonstrate dynamic capabilities ensure a sustainable competitive advantage.”

Our investment process steers us toward high-quality companies that are generally best placed to manage risks associated with climate change. The sustainability of a firm's competitive position is interrelated with its business model, its relationships with all stakeholders, and the stewardship demonstrated by management and the board.

For further information, our ESG & Sustainability Policy outlines how ECP manages ESG-related issues, including climate change, and our Climate Change Position Statement acknowledges the impact of climate change and our ongoing commitments. A company's ESG credentials and approach to climate change are relevant for long-term investors and essential to ensuring a sustainable business model.

Impact to our Portfolios

Climate-Related Risks

Physical Risks

Physical risks relate to the direct impacts of climate change, including acute events (extreme weather, floods, bushfires) and chronic shifts (rising temperatures, sea-level rise, water scarcity). These risks can reduce production capabilities, increase insurance premiums, disrupt supply chains, and require capital investment to replace or protect assets.

Our portfolio has limited direct exposure to physical climate risks. Most of our holdings are capital-light, service-oriented businesses with geographically diversified operations. However, two holdings warrant specific consideration:

Rio Tinto (RIO)

Rio Tinto's mining and processing assets are exposed to both acute and chronic physical climate risks, including extreme weather events and water scarcity. The company is one of the more material holdings from a carbon perspective within our Growth Companies Fund. We are comfortable holding Rio because a high-quality miner with leading governance is best placed to manage these risks. Rio has incorporated climate considerations into how it designs, operates, and closes assets, and has made meaningful progress on decarbonisation — reducing Scope 1 and 2 emissions to 30.7 Mt CO₂e in 2024 (from 33.9 Mt in 2023), with a target to reduce emissions by 50% by 2030 and achieve net zero by 2050.

James Hardie (JHX)

James Hardie's manufacturing operations could be affected by severe weather and natural disasters. However, the company's localised production model provides resilience: it operates 11 manufacturing sites across the US, with plants located near key sources of raw materials to minimise freight costs and supply chain carbon footprint. This enables rapid response to changing conditions. The company has integrated sustainability into its manufacturing operating system (HMOS) and is partnering with Habitat for Humanity's Habitat Strong program to build 80+ affordable, climate-resistant homes across the US.

Transition Risks

Transition risks relate to the shift toward a lower-carbon economy, including policy and regulatory changes, technological disruption, market shifts, and reputational considerations. These risks can reduce demand for products, increase operating costs, and limit access to capital.

Impact to our Portfolios Continued

Our sector exclusions (thermal coal, petroleum) and quality-focused process mean our portfolios have limited exposure to the most carbon-intensive industries. However, transition risks remain relevant:

Domino's Pizza (DMP)

Domino's faces transition risks as regulations tighten and consumer preferences shift toward more sustainable practices. The company's mission is to become "the dominant sustainable delivery QSR in every market by 2030." In FY24, Domino's unveiled the dXb e-bike featuring a fan-forced oven that keeps pizzas at 68°C during delivery, for rollout across markets. European operations led sustainability initiatives with Project Golf, which reduced logistics emissions by fitting 80% more dough balls per delivery tray across 500 Benelux stores. Packaging is now 95% plastic-free with 100% recycled cardboard pizza boxes.

Macquarie Group (MQG)

As a major lender and investor, Macquarie is exposed to transition risks through its lending book in carbon-intensive sectors. Macquarie has incorporated climate-related risks into credit analysis and continues to manage exposures in line with its Net Zero Banking Alliance commitments. With approximately 20 years' experience in climate solutions and 110 GW of clean energy capacity in development, construction, or operation at the end of FY2024, Macquarie is positioned to manage transition risks while capturing opportunities in the energy transition

Climate-Related Opportunities

While we do not take a top-down thematic approach to investing, climate-related opportunities can drive improvements in the financial and competitive position of our portfolio companies. High-quality businesses with strong management teams are typically well-positioned to capitalise on these shifts.

The TCFD identifies five categories of climate-related opportunities:

Category	Description
Resource Efficiency	Efficient production and distribution, reduced operating costs
Energy Source	Lower-emission energy, reduced fossil fuel exposure
Products & Services	Low-emission goods/services, shifting consumer preferences
Markets	Access to new markets, public sector incentives
Resilience	Supply chain reliability, adaptive capacity

Impact to our Portfolios Continued

ECP does not invest thematically to capture climate-related opportunities. However, our quality-focused process naturally selects companies that are capital-light, well-managed, and adaptable — characteristics that tend to position them well for the opportunities arising from the energy transition.

The following examples illustrate how our portfolio companies are positioned:

Macquarie Group (MQG)

Macquarie has approximately 20 years' experience advancing climate solutions and had 110 GW of clean energy capacity in development, construction, or operation at the end of FY2024. During the year, the group launched Aula Energy, an Australasia-focused renewables platform with an initial ~4 GW onshore wind development pipeline and reached first close on its inaugural energy transition fund. Macquarie's deep expertise in financing, developing and managing clean energy infrastructure positions it to benefit as capital flows into the energy transition accelerate.

PWR Holdings (PWH)

PWR's advanced cooling technologies are finding applications in emerging sectors including aerospace, defence, and alternative energy. The company doubled its Aerospace and Defence revenue to \$21.0 million in FY24 and was awarded a \$985,000 Moon to Mars grant from the Australian Space Agency to develop its proprietary Micro Matrix Heat Exchanger technology for space applications. PWR continues to develop solutions for electric and hybrid vehicles and alternative energy systems, representing new revenue streams aligned with decarbonisation.

WiseTech Global (WTC)

WiseTech's CargoWise platform is the operating system for global logistics, used by more than 50% of the Top 25 Global Freight Forwarders. By replacing fragmented legacy systems with a single integrated platform, CargoWise enables customers to optimise freight movements, reduce documentation, and improve supply chain efficiency. The company offset 100% of its Scope 1 and 2 market-based emissions in FY24 and continues to expand its capabilities — including new Container Transport Optimization functionality — that help clients reduce transport-related emissions while meeting tightening regulatory requirements.



Impact to our Portfolios

Continued

Portfolio Carbon Concentration

We acknowledge that our portfolio carbon profile is concentrated among a small number of holdings across each of our funds.

In our Growth Companies Fund, Rio Tinto accounts for approximately 84% of total portfolio carbon emissions, with James Hardie and Domino's Pizza contributing a further 5% and 4% respectively. This concentration reflects two factors: the remainder of our portfolio comprises capital-light, service-oriented businesses with minimal direct emissions, and Rio Tinto is a large, carbon-intensive business operating in hard-to-abate sectors. We are comfortable with this position because Rio Tinto has committed to ambitious decarbonisation targets (50% reduction by 2030 relative to 2018 levels), and we believe the highest-quality miners with leading governance practices are best placed to navigate the energy transition. Our overall portfolio remains significantly less carbon-intensive than the benchmark, even with Rio Tinto included.

In our Emerging Growth Companies Fund, Domino's Pizza accounts for approximately 70% of total portfolio carbon emissions, with PWR Holdings and ARB contributing a further 6% and 5% respectively. This concentration reflects the very low emissions profile of the remainder of the portfolio, which consists almost entirely of capital-light businesses in financials, technology, and healthcare.

In our Global Growth Companies Fund, Domino's Pizza accounts for approximately 18% of total portfolio carbon emissions, with Alphabet and Taiwan Semiconductor each contributing around 8%. The more distributed emissions profile reflects the fund's broader diversification across global technology and communication services businesses, all of which have relatively modest carbon footprints.

We do not manage our portfolios to a carbon target, and we will not divest from quality businesses solely on the basis of emissions. However, we expect management teams to demonstrate credible transition strategies, and we will engage where we see gaps between commitments and actions.

Metrics & Targets

Key Metrics

Carbon Emissions & Investing

We reviewed our three equity portfolios for their underlying carbon footprint through Foresight Analytics. As of 30 June 2024, our portfolios had weighted average carbon intensity levels significantly lower than their respective benchmarks:

Portfolio	WACI	Vs Benchmark
Growth Companies	24.1 tCO ₂ e/Mil Rev	81% lower than ASX 300
Emerging Growth Companies	8.6 tCO ₂ e/Mil Rev	95% lower than ASX Mid Cap 50
Global Growth Companies	8.8 tCO ₂ e/Mil Rev	85% lower than MSCI World

Importantly, ECP does not manage portfolios to deliver carbon emission objectives. These outcomes are a structural consequence of our quality-focused investment process. Our sector exclusions and preference for capital-light, high-return businesses naturally result in lower carbon intensity. The data provided below offers transparency around the carbon exposure of our portfolios.

Understanding the Metrics

Total Carbon Emissions (tCO₂e): answers the main question, "What is my portfolio's total carbon footprint at my current AUM level?". It measures the portfolio's tons of CO₂e, taking scope 1-2 and scope 3 emissions into account for which an investor is responsible. It is apportioned to the investor based on an equity ownership perspective.

Relative Total Carbon Emissions: Measures its difference in total carbon footprint compared with that of a benchmark at the same level of investment in tons of CO₂. A portfolio's relative total carbon emission % expresses the difference in percentage terms.

Weighted Average Carbon Intensity (WACI): Answers "What is my portfolio's exposure to carbon-intensive companies?" Companies with higher carbon intensity face greater exposure to carbon-related market and regulatory risks, making WACI a useful proxy for climate transition risk. Unlike total emissions, WACI is based on portfolio weights rather than ownership share, making it comparable across portfolios of different sizes.

Metrics & Targets

Continued

Attribution & Data Coverage

Our carbon outperformance is primarily allocation-driven (sector avoidance) rather than selection-driven (stock picking within sectors). This means the lower carbon intensity results from the sectors we exclude — thermal coal, petroleum, and heavy industrials — rather than selecting lower-emitting companies within carbon-intensive industries. This is consistent with our investment philosophy: we avoid sectors facing structural headwinds from the energy transition not as an ethical screen, but because these businesses typically lack the quality characteristics we seek.

The difference between our funds illustrates this effect. The Emerging Growth Companies Fund's 95% lower carbon intensity reflects its concentration in capital-light, service-oriented businesses — software, financial platforms, healthcare services — with minimal direct emissions. The Global Growth Companies Fund similarly benefits from its focus on technology and communication services businesses. The Growth Companies Fund, while still 81% below benchmark, includes select materials holdings such as Rio Tinto and James Hardie, which contribute meaningfully to the fund's emissions profile.

In the Growth Companies Fund, James Hardie is the largest contributor to portfolio WACI, reflecting its manufacturing operations. However, even with these holdings, the portfolio's overall intensity remains well below benchmark, demonstrating how the low emissions profile of our other holdings offsets exposure to companies with higher carbon intensity.

Data Coverage

Carbon data coverage for our portfolios is lower than benchmark coverage due to holdings in smaller companies where emissions disclosure is less comprehensive. This is a known limitation of mid-cap and small-cap ESG analysis. We expect coverage to improve as mandatory climate reporting requirements expand across the Australian market under ASIC's new sustainability disclosure standards.

Where company-reported data is unavailable, Foresight Analytics applies sector-based estimates. We have reviewed these estimates for our material holdings and consider them reasonable for the purposes of portfolio-level analysis, while acknowledging they introduce uncertainty at the individual stock level.



Metrics & Targets

Continued

Our Portfolios – Current Carbon Footprint

Within the Growth Companies Fund, our annualised carbon footprint per AUD\$1million invested is ~18/tonnes per annum, while our Emerging Companies Fund is ~3/tonnes per annum. The tables below highlight our performance relative to the respective benchmarks:

	Total Carbon Emissions	Relative Emission	Weighted Average Carbon Intensity	Relative Carbon Risk
Growth Companies	26.9 tCO ₂ e	-51.6 tCO ₂ e	24.1 tCO ₂ e	-104.3 tCO ₂ e
ASX 300	78.5 tCO ₂ e		128.4 tCO ₂ e	

The Growth Companies Fund's total carbon emissions are 27 tCO₂e, 66% lower than the benchmark, and the portfolio's weighted average carbon intensity is 24.12 tCO₂e/Mil Rev, 81% lower than the benchmark. Top 3 contributors to portfolio total emissions are:

- RIO: 22.55 tCO₂e (84%)
- JHX: 1.37 tCO₂e (5%)
- DMP: 1.15 tCO₂e (4%)

The Growth Companies Fund's carbon outperformance is primarily allocation-driven, with sector positioning contributing -71.81 tCO₂e/Mil Rev versus -32.42 tCO₂e/Mil Rev from stock selection. Our underweight to Energy, Materials, and Utilities sectors accounts for the majority of the fund's lower carbon intensity relative to the ASX 300.

	Total Carbon Emissions	Relative Emission	Weighted Average Carbon Intensity	Relative Carbon Risk
Emerging Growth	3.1 tCO ₂ e	-151.6 tCO ₂ e	8.6 tCO ₂ e	-150.6 tCO ₂ e
ASX Mid Cap 50	154.7 tCO ₂ e		159.2 tCO ₂ e	

The Emerging Growth Companies Fund's total carbon emissions are 3 tCO₂e, 98% lower than the benchmark, and the portfolio's weighted average carbon intensity is 8.59 tCO₂e/Mil Rev, 95% lower than the benchmark. Top 3 contributors to portfolio total emissions are:

- DMP: 2.15 tCO₂e (70%)
- PWH: 0.18 tCO₂e (6%)
- ARB: 0.16 tCO₂e (5%)

Metrics & Targets

Continued

Emerging Growth exhibits the strongest carbon outperformance of our three strategies. The fund has zero exposure to Energy, Utilities, and Materials sectors, with the portfolio concentrated in capital-light businesses across Financials, Information Technology, Healthcare, and Consumer. Domino's dominance in the emissions profile reflects the exceptionally low emissions of the fund's other holdings rather than outsized emissions from the company itself.

	Total Carbon Emissions	Relative Emission	Weighted Average Carbon Intensity	Relative Carbon Risk
Global Growth	2.0 tCO ₂ e	-27.8 tCO ₂ e	8.8 tCO ₂ e	-50.7 tCO ₂ e
MSCI World	29.8 tCO ₂ e		59.5 tCO ₂ e	

The Global Growth Companies Fund's total carbon emissions are 2 tCO₂e, 93% lower than the benchmark, and the portfolio's weighted average carbon intensity is 8.81 tCO₂e/Mil Rev, 85% lower than the benchmark. Top 3 contributors to portfolio total emissions are:

- DMP: 0.37 tCO₂e (18%)
- GOOGL: 0.16 tCO₂e (8%)
- TSM: 0.15 tCO₂e (8%)

The Global Growth Companies Fund benefits from its concentration in Communication Services, Information Technology, and Consumer Discretionary sectors. The fund has zero exposure to Utilities, Energy, and Materials — the most carbon-intensive sectors within the MSCI World benchmark. Sector allocation contributes -16.37 tCO₂e/Mil Rev to relative carbon intensity, with stock selection adding a further -4.54 tCO₂e/Mil Rev.

Outlook

Our quality-focused investment process has consistently delivered portfolios with significantly lower carbon intensity than their respective benchmarks. This outcome is structural — it flows naturally from our sector exclusions, our preference for capital-light business models, and our focus on companies with sustainable competitive advantages. We do not manage our portfolios to a specific carbon target, and we will not compromise on business quality to achieve a particular emissions outcome.

As our portfolio companies continue to pursue operational efficiencies and respond to evolving regulatory and consumer expectations, we anticipate further improvements in their carbon profiles over time. Through continued engagement and active ownership, we will encourage management teams to set credible decarbonisation targets and demonstrate progress against them.

Metrics & Targets

Continued

Growth Companies - Historical Carbon Footprint

The table below presents carbon footprint data over the past five years for the period ending 30 June. Through time, our investment process has delivered consistently lower carbon emissions on both a total carbon emission and a weighted average carbon intensity basis.

Growth Companies	2020	2021	2022	2023	2024
Total Carbon Emissions* - ECP	55.2	34.0	55.0	43.0	26.9
Total Carbon Emissions* - Benchmark	121.2	90.6	101.8	86.8	78.5
Total Carbon Emissions - Relative	-66.0	-56.6	-46.8	-43.8	-51.6
Weighted Average Carbon Intensity** - ECP	38.8	29.8	36.3	30.8	24.1
Weighted Average Carbon Intensity** - Benchmark	160.8	137.6	125.4	127.1	128.4
Weighted Average Carbon Intensity** - Relative	-122.0	-107.8	-89.1	-96.3	-104.3

ECP Growth Companies - Weighted Average Total Carbon Emissions



ECP Growth Companies - Total Carbon Emissions



*** Total Carbon Emission**

A portfolio's total carbon emission in tons of CO₂e. answers the main question, "What is my portfolio's total carbon footprint at my current AUM level?". It measures the portfolio's tons of CO₂e, taking scope 1-2 and scope 3 emissions into account for which an investor is responsible. It is apportioned to the investor based on an equity ownership perspective.

**** Weighted average carbon intensity (Carbon risk)**

Since companies with higher carbon intensity are likely to face more exposure to the carbon-related market and regulatory risks, this metric can serve as a proxy for a portfolio's exposure to potential climate change-related risks relative to other portfolios, across asset classes or relative to a benchmark. Unlike the portfolio total carbon emission, carbon emissions are apportioned based on portfolio weights/exposure rather than the investor's ownership share of emissions or sales. The measure is, therefore, disconnected from ownership.

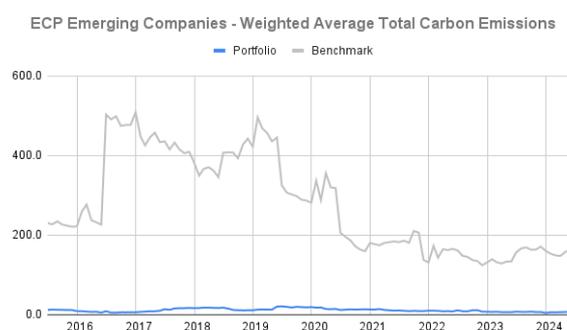
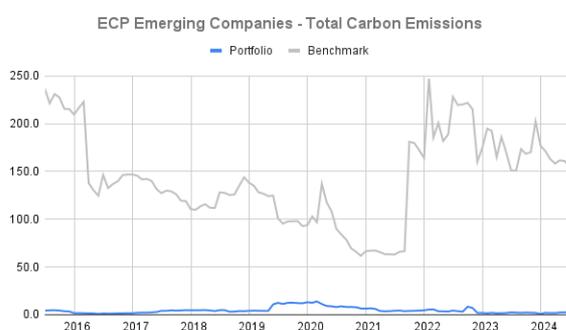
Metrics & Targets

Continued

Emerging Companies - Historical Carbon Footprint

The table below presents the carbon footprint over the past five years for the period ending 30 June. Through time, our investment process has delivered consistently lower carbon emissions on both a total carbon emission and a weighted average carbon intensity basis.

Emerging Companies	2020	2021	2022	2023	2024
Total Carbon Emissions* - ECP	8.0	4.2	4.3	2.5	3.1
Total Carbon Emissions* - Benchmark	90.0	63.0	228.2	151.0	154.7
Total Carbon Emissions - Relative	-82.0	-58.8	-223.9	-148.5	-151.6
Weighted Average Carbon Intensity** - ECP	11.8	10.8	11.2	7.7	8.6
Weighted Average Carbon Intensity** - Benchmark	205.4	182.5	161.5	156.6	159.2
Weighted Average Carbon Intensity** - Relative	-193.6	-171.7	-150.3	-148.9	-150.6



*** Total Carbon Emission**

A portfolio's total carbon emission in tons of CO2e. answers the main question, "What is my portfolio's total carbon footprint at my current AUM level?". It measures the portfolio's tons of CO2e, taking scope 1-2 and scope 3 emissions into account for which an investor is responsible. It is apportioned to the investor based on an equity ownership perspective.

**** Weighted average carbon intensity (Carbon risk)**

Since companies with higher carbon intensity are likely to face more exposure to the carbon-related market and regulatory risks, this metric can serve as a proxy for a portfolio's exposure to potential climate change-related risks relative to other portfolios, across asset classes or relative to a benchmark. Unlike the portfolio total carbon emission, carbon emissions are apportioned based on portfolio weights/exposure rather than the investor's ownership share of emissions or sales. The measure is, therefore, disconnected from ownership.

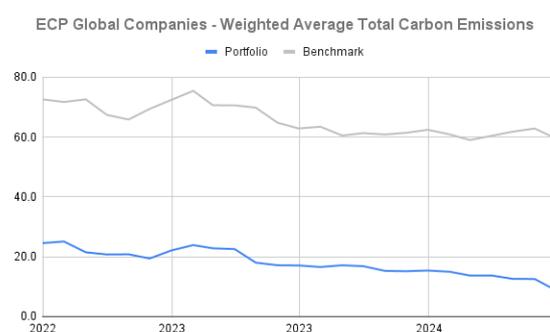
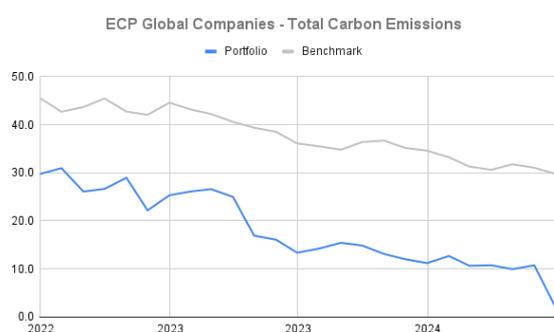
Metrics & Targets

Continued

Growth Companies - Historical Carbon Footprint

The table below presents carbon footprint data over the past five years for the period ending 30 June. Through time, our investment process has delivered consistently lower carbon emissions on both a total carbon emission and a weighted average carbon intensity basis.

Global Growth	-	2021	2022	2023	2024
Total Carbon Emissions* - ECP		14.9	29.7	13.4	2.0
Total Carbon Emissions* - Benchmark		42.6	45.6	36.1	29.8
Total Carbon Emissions - Relative		-27.7	-15.9	-22.7	-27.8
Weighted Average Carbon Intensity** - ECP		20.0	24.5	17.1	8.8
Weighted Average Carbon Intensity** - Benchmark		81.4	72.6	62.9	59.5
Weighted Average Carbon Intensity** - Relative		-61.4	-48.1	-45.8	-50.7



*** Total Carbon Emission**

A portfolio's total carbon emission in tons of CO2e. answers the main question, "What is my portfolio's total carbon footprint at my current AUM level?". It measures the portfolio's tons of CO2e, taking scope 1-2 and scope 3 emissions into account for which an investor is responsible. It is apportioned to the investor based on an equity ownership perspective.

**** Weighted average carbon intensity (Carbon risk)**

Since companies with higher carbon intensity are likely to face more exposure to the carbon-related market and regulatory risks, this metric can serve as a proxy for a portfolio's exposure to potential climate change-related risks relative to other portfolios, across asset classes or relative to a benchmark. Unlike the portfolio total carbon emission, carbon emissions are apportioned based on portfolio weights/exposure rather than the investor's ownership share of emissions or sales. The measure is, therefore, disconnected from ownership.

Metrics & Targets

Continued

Targets & Goals

ECP acknowledges the risks associated with companies with a high carbon footprint. Generally, these companies are capital intensive, exposed to cyclical fluctuations, and are increasingly exposed to higher amounts of government regulatory action. For us, having clear targets and goals for our strategy in different capacities ensures we continue to deliver value for our stakeholders, in addition to superior long-term investment returns.

As part of our commitment to being a responsible fund management company, our board has set the goal of achieving significantly lower carbon emissions for our investment portfolios (per million dollars invested) than the respective benchmarks. To date, we have achieved this, and we continue to regularly reassess our goals to minimise our portfolio's carbon footprint while not sacrificing returns to our clients.

ECP continued to build upon our [Climate Change Position Statement](#) by publishing our Roadmap to Net Zero. Within our roadmap, we have focused on our emissions relative to the index in setting our goals and aspirations. These will be reviewed over time.

Since our mandate is to deliver investment returns above the respective performance benchmark, and many of the steps required to achieve net zero are still developing, we believe it would be inappropriate to set absolute carbon-reduction targets. For now, our focus is on engagement with our investments to be best practices and engaging with our clients where appropriate to assist them in achieving their climate-related ambitions and targets. Our

Our Roadmap to Net Zero Key Milestones -

- 2025 - target carbon intensity 25% less than the bench across all portfolios.
- 2030 - target carbon intensity 50% less than the bench across all portfolios.
- 2040 - target carbon intensity 75% less than the bench across all portfolios.
- 2050 - achieve net zero across our firm operations and investment portfolios.

While we believe many initiatives to deliver net zero are still developing, we have begun setting key milestones for our portfolio companies that will support the above.

- 2025 - 50% of our investment companies with publicly available net-zero targets.
- 2028 - 75% of our investment companies with publicly available net-zero targets.
- 2030 - 100% of our investment companies with publicly available net-zero targets.

In addition, ECP has begun its journey toward achieving carbon neutrality for our operations. We had expected this to be completed by 2025. However, we believe this will be finalised by CY2024 – ahead of schedule. We expect to begin to assess and engage our channel partners and key suppliers with respect to their operations.

Metrics & Targets

Continued

Climate Action Plan

At ECP, we appreciate that no matter how big or small a company is, everyone is part of our community, and as such, we all have a responsibility to act or improve where we can. While our steps may be small compared to some, we have started our journey and expect each year to add incremental steps toward our common goal.

Below is the outline of the action ECP has taken over three years to improve our climate outcomes, drive cultural change and engage our people and customers, enhance our climate change governance and risk management framework, and report on our climate change performance.

		FY24	Beyond FY24	Actions
1	Reduce our footprint	✗	✓	<ul style="list-style-type: none"> Understand the carbon footprint of our operations Engage with staff on reducing our carbon footprint Work towards achieving net zero carbon emissions for our business by 2025
2	Support our clients	✗	✓	<ul style="list-style-type: none"> Understand our clients own climate-related objectives Work with clients on how our products can work towards their climate-related objectives Provide information on our engagement activities
3	Understand and manage the risks	✓	✓	<ul style="list-style-type: none"> Assign oversight of climate change strategy to the Board Integrate climate change risk into our own business strategy Consider climate change within our research process
4	Be transparent	✓	✓	<ul style="list-style-type: none"> Express support for the TCFD disclosures Align disclosures with TCFD recommendations Publicly communicate our plan, reporting, and carbon emission data

TCFD Progress

We outline the actions required to align with the TCFD and additional outcomes that are identified to bring to life the commitments within our focus areas outlined in our climate action plan. Significant progress has been made toward aligning with the recommendations of the TCFD (see below). Each year, we review our plans and achievements for these initiatives, and these are continually updated as we continue to grow as a firm and grow our resources to support these pursuits.

Metrics & Targets

Continued

TCFD Progress

TCFD Focus Area	Action	Pre FY24	FY24	Post FY24
Governance				
Board has oversight of climate-related risks and opportunities	Improve existing governance mechanisms by assigning the highest level of oversight for climate change to the Board through the Board Audit Committee	Complete		
Management's role in assessing and managing climate-related risks and opportunities	Assign responsibility to the Executive to provide leadership on the climate change risks and opportunities and monitor progress against targets	Complete		
	Oversee the development and implementation of the Climate Change Action Plan and report on progress achieved.	Ongoing		
Strategy				
Describe climate-related risks and opportunities	Update key stakeholders on the climate-related risks and opportunities of our investments.	Ongoing		
Impact of climate-related risks and opportunities	Understand the impacts of climate-related risks on our portfolios.			Planned
	Describe the resilience of our portfolios against different climate-related scenarios.			Planned
Establish a corporate position on climate change	Determine organisational stance and commitment to climate change and develop a Board-approved Climate Change Position Statement.	Complete		
Portfolios that support resilience to climate change	Understand client requirements of Net Zero. Explore opportunities to develop or enhance portfolios to support clients in reducing their carbon intensity, increasing resilience, and adapting to climate change.			Planned

Communicate Position Statement and progress	Make the Climate Change Position Statement and progress available to stakeholders.	Ongoing		
Risk Management				
Processes for identifying, assessing, and managing climate-related risks	Communicate our research process and how climate change considerations are integrated into qualitative analysis.	Complete		
Processes for identifying, assessing, and managing climate-related risks.	Further, explore ways to incorporate climate change within our equity portfolio constructions outside stock modelling.		Complete	
Metrics & Targets				
Climate-related metrics & targets	Review opportunities to improve the environmental impact of operations.		In Process	Planned
	Review existing and develop a key set of metrics and targets to measure and manage climate-related risks and opportunities, including the setting of emission reduction targets for our operations.			Planned
Measurement of the carbon intensity of portfolios	Review the carbon intensity of portfolios and communicate these to stakeholders.	Ongoing		
Disclosures reported in line with the TCFD disclosure framework	Become a signatory to the FSB TCFD.	Complete		
	Track and disclose climate-related metrics and performance in line with the TCFD framework standards.	Ongoing		
	Describe and disclose the processes for identifying, assessing, and managing climate-related risks and opportunities.	Ongoing		

Climate & Our Philosophy

Quality is Sustainable

Our Investment Philosophy is based on the belief that ‘the economics of a business drives long-term investment returns’. For any long-term investor, considering material externalities that may arise over the investment horizon is prudent - climate change is one consideration.

Despite the increasing focus on climate change, ECP’s investment philosophy has not changed. Our investment process has been formed through decades of learning, applying the same principles that have stood the test of time. These learnings are applied within the contemporary operating environment, in which climate change and related environmental impacts must be considered.

Using our six-pillar framework, we identify several characteristics that must be present within any business that we deem investment-grade, and part of this is to meet our strict requirements under our Sustainability Pillar. Here, our qualitative analysis is contextual in nature. Where climate-related risks present issues over the long term, these need to be understood by our investment team, along with the risks factored into our modelling.

Generally, our investment process seeks to identify structural changes or paradigm shifts that may impact our investment companies. Identifying the highest quality franchises within these environments allows us to extract superior investment returns through time.

Identifying Resiliency

ECP periodically discuss and assesses climate-related risks and opportunities with respect to potential investment opportunities. For us, understanding these significant changes within our society means a holistic understanding of a business today and into the future.

The result of applying our rigorous process means our portfolio companies are highly resilient against most economic cycles, they are less sensitive to changes in economic rates, they are less impacted by major market disruptions, and can manage carbon pricing and other government intervention policies combating climate change. Additionally, the transition toward a carbon-neutral society and the ongoing pursuits toward more sustainable technologies will see several opportunities arise.

At ECP, we do not take a sector or thematic approach to investing; however, we do exclude companies where we do not believe they exhibit quality characteristics (unsustainable industries, highly leveraged balance sheets, low returns on invested capital, and lack of consistent sales growth to name a few).

Our investment portfolio holds only the highest quality investments, and within this, they exhibit high ESG standards and are at the forefront of driving more efficient and sustainable practices.

Climate & Our Philosophy

Continued

Risk Management

Identifying & Assessing Climate-Risks

When identifying and assessing climate-related risk, our sustainability pillar within our Quality Franchise framework focuses on areas of a business where there may be risk to the predictability of business operations through time. This assists in mitigating default risk and uncertainty of business expansion.

For us, protecting our client's capital is paramount. Every investment is assessed with respect to the potential risks associated with ESG and climate change, and further, where there may be an opportunity for the business over the long term.

When assessing the long-term potential of an investment, we follow our proprietary Quality Franchise pillar framework, whereby sustainability and stewardship are central to this assessment. For us, understanding the sustainability of any investment requires a forward-looking approach that considers any externalities that may impact the predictability and competitiveness of business operations. Climate change is a key consideration.

Managing Climate-Risks

ECP's investment process comprises a few parts of our broader risk management process. We qualitatively assess each potential investment company from a stock selection perspective, which informs our financial modelling of a company's earnings and cash flows. The output of our modelling feeds into our proprietary portfolio construction process.

At ECP, we allocate capital between investments based on their internal rate of return (IRR). Given that we are long-term shareholders, the companies that have a higher IRR will receive a higher weighting in our portfolio. By doing this, we can minimize short-termism in our portfolio, ensure we are focused on the long-term fundamentals of investment, and weigh our portfolio toward the investments that will deliver the highest returns over time.

The outcome of our portfolio construction approach is that both the qualitative and quantitative parts of our investment process can account for climate-related risks identified by our investment analysts. Given that climate-change issues are generally longer dated having a deep understanding of these issues and how they impact the company and its financials is required for our process to be effective.

Risk Management

Continued

Integrated Risk Management

The 'Pillars of a Quality Franchise' is an integrated framework developed in-house to better mitigate against business-specific risks. Within this framework, our process places a material emphasis on sustainability and stewardship of companies.

When assessing investments, it is important not to single out one stakeholder as more important than another — this is a fine balancing act for any investor. ESG issues, whether historical or current, need to be understood as interrelated and interdependent to the broader investment thesis.

Where companies are exposed to climate change or negatively impact the environment or our community, they will inevitably be exposed to increasing regulation, consumer backlash, higher operating costs, and lower returns on investment capital. These are exactly the types of businesses that we avoid.

Importantly, our six-pillar framework requires a minimum of 90% of our Quality Franchise Score for any investment to be deemed investment grade (Quality Franchise) before being approved for inclusion in our portfolio. Given our large emphasis on sustainability and stewardship, companies that fall short will (generally) not be included in our portfolio.

Outside of asset selection and portfolio construction, ECP has implemented our Active Ownership Policy (in line with our commitments to the PRI), where we regularly engage with portfolio companies over time. In these engagements, we seek to understand issues that may impact the business through time and express our concerns relating to ESG and climate-related issues that are relevant to their business.

Moreover, proxy voting is another method to manage these issues. In addition to our in-house research, we engage Ownership Matters to inform our proxy voting. Where we are presented with a controversial resolution, or we are unhappy with management, we will engage with the company before voting, but this remains an effective method to make our views known.



Contact

Please visit www.ecpam.com for more details regarding our investment philosophy and our approach to ESG and Sustainability.

If you have any further questions, please contact investments@ecpam.com



