



**PUBLIC TRANSPARENCY REPORT**

**2023**

**Magellan Asset Management**

Generated 15-12-2023

# About this report

PRI reporting is the largest global reporting project on responsible investment. It was developed with investors, for investors.

PRI signatories are required to report publicly on their responsible investment activities each year. In turn, they receive a number of outputs, including a public and private Transparency Report.

The public Transparency Reports, which are produced using signatories' reported information, provide accountability and support signatories to have internal discussions about their practices and to discuss these with their clients, beneficiaries, and other stakeholders.

This public Transparency Report is an export of the signatory's responses to the PRI Reporting Framework during the 2023 reporting period. It includes the signatory's responses to core indicators, as well as responses to plus indicators that the signatory has agreed to make public.

In response to signatory feedback, the PRI has not summarised signatories' responses – the information in this document is presented exactly as it was reported.

For each of the indicators in this document, all options selected by the signatory are presented, including links and qualitative responses. In some indicators, all applicable options are included for additional context.

## Disclaimers

### Responsible investment definitions

Within the PRI Reporting Framework Glossary, we provide definitions for key terms to guide reporting on responsible investment practices in the Reporting Framework. These definitions may differ from those used or proposed by other authorities and regulatory bodies due to evolving industry perspectives and changing legislative landscapes. Users of this report should be aware of these variations, as they may impact interpretations of the information provided.

### Data accuracy

This document presents information reported directly by signatories in the 2023 reporting cycle. This information has not been audited by the PRI or any other party acting on its behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented.

The PRI has taken reasonable action to ensure that data submitted by signatories in the reporting tool is reflected in their official PRI reports accurately. However, it is possible that small data inaccuracies and/or gaps remain, and the PRI shall not be responsible or liable for such inaccuracies and gaps.

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# SENIOR LEADERSHIP STATEMENT (SLS)

## SENIOR LEADERSHIP STATEMENT

### SENIOR LEADERSHIP STATEMENT

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SLS 1	CORE	N/A	N/A	PUBLIC	Senior Leadership Statement	GENERAL

#### Section 1. Our commitment

- Why does your organisation engage in responsible investment?
- What is your organisation's overall approach to responsible investment, and what major responsible investment commitment(s) have you made?

Magellan is committed to responsible investment. At Magellan, we believe that successful investing is about identifying, and owning for the long-term, companies that can sustainably generate excess returns on capital for years to come. As long-term owners we aim to act as responsible stewards of our clients' investment by integrating Environmental, Social and Governance (ESG) issues into our investment process, exercising our proxy voting rights and having open dialogue with portfolio companies on a broad range of issues. Magellan's Responsible Investment Principles, which are available on the Group's website, outline and summarise Magellan's approach to responsible investing, ESG integration, engagement and proxy voting.

We also enhanced our public reporting on Engagement and voting outcomes for the year in our inaugural annual Stewardship report, including case studies where we have seen positive outcomes. In addition, we are focussed on investor education with Sustainability themed 'Magellan In The Know' podcasts and 'Magellan Minutes'.

Magellan's long-term investment horizon gives us the opportunity to engage with companies over an extended period on issues that are important to protecting and creating shareholder value.

Magellan aims to engage with portfolio companies on a broad range of themes identified by the Environmental, Social and Governance ("ESG") Team that investment analysts assess as material to those companies within our proprietary ESG risk and opportunities assessment framework.

ESG issues are considered to be a natural component of Magellan's investment process, as gaining a robust understanding of these issues is a key part to assessing the outlook for future cash flow generation, the risks and opportunities facing investors. Magellan's investment process seeks to identify high quality companies and places lower value on pro-cyclical companies in the resource, materials and oil and gas sectors. This approach is a natural filter which tends to reduce exposure to carbon intensive companies. Magellan maintains an ESG Policy, which outlines how ESG issues are incorporated into Magellan's investment analysis framework and investment process. Engagement has two primary objectives, both of which are designed to have a positive impact on shareholder returns over time:

1. Risk assessment, management and opportunities: Better understand the risks and opportunities over time. As long-term investors, we build up knowledge and insight, which we discuss and challenge during engagements.

These learnings often deepen our understanding within and across industries.

2. Influence: Encouraging and supporting change to a company's approach or the setting of targets. As long-term investors, we build constructive relationships which better enable us to drive positive change at the company.

Magellan is a signatory to a number of industry initiatives and associations that support our commitment to responsible investment, transparency to stakeholders and ability to elevate key company and industry issues such as climate change.

In the last 12 months, we have been focused on our commitments under the Net Zero Asset Manager initiative including firm wide and portfolio specific targets supported by a climate specific Stewardship (engagement and voting) strategy. By joining these collaborative initiatives, our company and industry research are enhanced, our clients benefit from broader stakeholder perspectives and our voice is made louder by joining with others that have similar long term objectives. Magellan has been a member of the 'Principles of Responsible Investment' ("PRI") since 2012 and Responsible Investment Association Australasia ("RIAA") since 2017.

In 2022 Magellan extended its commitment to managing climate risk and became members of the Investor Group on Climate Change ("IGCC") and the Net Zero Asset Manager initiative ("NZAMi").

## Section 2. Annual overview

- Discuss your organisation's progress during the reporting year on the responsible investment issue you consider most relevant or material to your organisation or its assets.
- Reflect on your performance with respect to your organisation's responsible investment objectives and targets during the reporting year. Details might include, for example, outlining your single most important achievement or describing your general progress on topics such as the following (where applicable):
  - refinement of ESG analysis and incorporation
  - stewardship activities with investees and/or with policymakers
  - collaborative engagements
  - attainment of responsible investment certifications and/or awards

In the last year, Climate risks and opportunities have been a priority theme where Magellan has made the most amount of progress. We enhanced our governance and integration of climate risk and opportunities across the organisation from the Board to the Investment committee and the creation of an ESG working group.

In 2022 we committed to the Net Zero Asset Manager initiative and became a member of the Investor Group on Climate Change ("IGCC"). The focus for the last year has been meeting the commitments of the NZAMi.

In the last year we have enhanced the assessment of the alignment of our portfolio companies to net zero using the Net Zero Investment Framework (NZIF). We have implemented an improved process to review climate related targets and commitments of companies in all strategies, at least annually. This includes:

1. Ambition: A commitment to net-zero by 2050;
- 2.

Targets: Near- and medium-term emission reduction targets with a preference for external validation;

3. Strategy: Alignment to reporting in accordance with the Taskforce for Climate-related Financial Disclosures ("TCFD") and a credible strategy to achieve targets.

We consider these commitments represent prudent risk management in a transitioning economy to net zero.

A key input is our analyst's view on the credibility of a company's initiatives and climate strategy to achieve their targets.

We also consider disclosure of emissions (Scope 1, 2, 3) and the progress towards targets.

Utilising both Magellan proprietary analysis and other data (including company statements, press articles, external data providers, Science Based Targets Initiative and expert networks), each company is assessed for their alignment to net zero. This assessment is undertaken in accordance with the NZIF, with companies classified as aligned to net zero, aligning, committed or not aligned to net zero.

This analysis supports the development of targets which have been submitted to the Net Zero Asset Manager initiative.

- We have identified some strategies to be managed in line with the attainment of Net Zero emissions by 2050 to determine our 2030 target.

For these strategies to be managed in line with the attainment of Net Zero emissions by 2050, we have set:

- a 5 year portfolio coverage target for AUM
- an engagement threshold target
- portfolio level targets to reduce carbon emissions by 2030 using IEANZ2050 and SBTi sectoral decarbonisation as a guide.

For all strategies, we have developed a climate focused, stewardship and engagement strategy, with a clear escalation and voting policy, that is consistent with an ambition to achieve net zero emissions by 2050 or sooner.

- We commit to review targets at minimum every 5 years, and monitoring progress against these targets annually.

Magellan aims to align its reporting to the Task Force on Climate-related Financial Disclosures (TCFD) through CDP and as part of the commitment to the Net Zero Asset Manager initiative. Magellan has commenced this journey, having set up an ESG working group with senior members of the organisation and investment team and reported this via our 2023 CDP disclosures.

In the last year we have added a senior resource to the ESG team which has allowed additional capacity for Industry Collaboration which has provided additional input to the investment team on the latest research and data available to enhance ESG integration and engagement.

Examples include:

- o IGCC Working Group: Physical Risk and Resilience
- o RIAA Human Rights working group
- o RIAA Digital Tech & Human Rights
- o IGCC Paris aligned working group
- o Contribution to a PRI report on Strengthening Effective Stewardship in Australia.

During the financial year ended 30 June 2023, Magellan engaged with over 170 companies across more than 500 engagements on a number of material ESG topics.

The discussions were across climate transition and physical risk, circular economy, deforestation, labour management, supply chain, diversity equity and inclusion, health and wellness, safety (consumer and employee), content and data privacy.

Airlie, the Australian Equities business also engaged across a broad range of ESG issues with 28% across environmental topics (climate change, energy transition, waste and sustainable sourcing), 41% across social (modern slavery, safety, culture, gambling and cyber) and 31% across Governance (executive remuneration and succession).

### Section 3. Next steps

- What specific steps has your organisation outlined to advance your commitment to responsible investment in the next two years?

Through the commitment to NZAMi, we will be implementing the climate stewardship strategy and tracking progress against our targets. We commit to review targets at minimum every 5 years.

We aim to align climate reporting to the Task Force on Climate-related Financial Disclosures (TCFD) through CDP and as part of the commitment to the Net Zero Asset Manager initiative.

Key focus areas across the organisation include:

1. Climate / Stewardship: As part of the Net Zero Asset Manager initiative (NZAMi), we will continue to develop our engagement strategy and voting policies with a particular focus on increasing the alignment of our portfolio to net zero emission goals.
2. Stewardship: a) Enhance engagement objectives and tracking of progress and outcomes. b) Enhance voting principles on key ESG issues.
- 3.

Modern Slavery / ESG integration: Continue to deepen assessment of labour rights and modern slavery risks through screening of higher risk factors.

4. ESG integration: More broadly we will review our approach to ESG risk assessment incorporating emerging industry trends on material ESG risks and opportunities at the sector level. This includes enhancements between ESG risk assessment and portfolio construction.

5.

ESG data - review ESG data providers.

6. Resourcing for the ESG team – additional role to continue to support clients.

7. Training – New internal and external training on priority ESG themes.

8. Education – Increase client communication and education on key ESG themes relevant to the portfolio.

#### Section 4. Endorsement

**'The Senior Leadership Statement has been prepared and/or reviewed by the undersigned and reflects our organisation-wide commitment and approach to responsible investment'.**

Name

David George

Position

CEO

Organisation's Name

Magellan Asset Management

A

**'This endorsement applies only to the Senior Leadership Statement and should not be considered an endorsement of the information reported by the above-mentioned organisation in the various modules of the Reporting Framework. The Senior Leadership Statement serves as a general overview of the above-mentioned organisation's responsible investment approach. The Senior Leadership Statement does not constitute advice and should not be relied upon as such. Further, it is not a substitute for the skill, judgement and experience of any third parties, their management, employees, advisors and/or clients when making investment and other business decisions'.**

B

# ORGANISATIONAL OVERVIEW (OO)

## ORGANISATIONAL INFORMATION

### REPORTING YEAR

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 1	CORE	N/A	N/A	PUBLIC	Reporting year	GENERAL

What is the year-end date of the 12-month period you have chosen to report for PRI reporting purposes?

	Date	Month	Year
Year-end date of the 12-month period for PRI reporting purposes:	30	06	2023

## SUBSIDIARY INFORMATION

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 2	CORE	N/A	OO 2.1	PUBLIC	Subsidiary information	GENERAL

Does your organisation have subsidiaries?

- (A) Yes
- (B) No

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 2.1	CORE	OO 2	OO 2.2	PUBLIC	Subsidiary information	GENERAL

Are any of your organisation's subsidiaries PRI signatories in their own right?

- (A) Yes
- (B) No

# ASSETS UNDER MANAGEMENT

## ALL ASSET CLASSES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 4	CORE	OO 3	N/A	PUBLIC	All asset classes	GENERAL

What are your total assets under management (AUM) at the end of the reporting year, as indicated in [OO 1]?

### USD

(A) AUM of your organisation, including subsidiaries, and excluding the AUM subject to execution, advisory, custody, or research advisory only

US\$ 26,421,700,000.00

(B) AUM of subsidiaries that are PRI signatories in their own right and excluded from this submission, as indicated in [OO 2.2]

US\$ 0.00

(C) AUM subject to execution, advisory, custody, or research advisory only

US\$ 0.00

### Additional information on the exchange rate used: (Voluntary)

AUD/USD exchange rate: 0.66565

## ASSET BREAKDOWN

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 5	CORE	OO 3	Multiple indicators	PUBLIC	Asset breakdown	GENERAL

Provide a percentage breakdown of your total AUM at the end of the reporting year as indicated in [OO 1].

	(1) Percentage of Internally managed AUM	(2) Percentage of Externally managed AUM
(A) Listed equity	100%	0%
(B) Fixed income	0%	0%
(C) Private equity	0%	0%
(D) Real estate	0%	0%
(E) Infrastructure	0%	0%
(F) Hedge funds	0%	0%
(G) Forestry	0%	0%
(H) Farmland	0%	0%
(I) Other	0%	0%
(J) Off-balance sheet	0%	0%

## ASSET BREAKDOWN: INTERNALLY MANAGED LISTED EQUITY

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 5.3 LE	CORE	OO 5	Multiple	PUBLIC	Asset breakdown: Internally managed listed equity	GENERAL

**Provide a further breakdown of your internally managed listed equity AUM.**

(A) Passive equity 0%

(B) Active – quantitative 0%

(C) Active – fundamental 100%

(D) Other strategies 0%

## GEOGRAPHICAL BREAKDOWN

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 7	CORE	Multiple, see guidance	N/A	PUBLIC	Geographical breakdown	GENERAL

**How much of your AUM in each asset class is invested in emerging markets and developing economies?**

### AUM in Emerging Markets and Developing Economies

(A) Listed equity (2) >0 to 10%

## STEWARDSHIP

### STEWARDSHIP

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 8	CORE	Multiple, see guidance	Multiple indicators	PUBLIC	Stewardship	GENERAL

Does your organisation conduct stewardship activities, excluding (proxy) voting, for any of your assets?

#### (1) Listed equity - active

(A) Yes, through internal staff	<input checked="" type="checkbox"/>
(B) Yes, through service providers	<input type="checkbox"/>
(C) Yes, through external managers	<input type="checkbox"/>
(D) We do not conduct stewardship	<input type="radio"/>

### STEWARDSHIP: (PROXY) VOTING

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 9	CORE	Multiple, see guidance	Multiple indicators	PUBLIC	Stewardship: (Proxy) voting	GENERAL

Does your organisation conduct (proxy) voting activities for any of your listed equity holdings?

(1) Listed equity - active

(A) Yes, through internal staff	<input checked="" type="checkbox"/>
(B) Yes, through service providers	<input checked="" type="checkbox"/>
(C) Yes, through external managers	<input type="checkbox"/>
(D) We do not conduct (proxy) voting	<input type="radio"/>

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 9.1	CORE	OO 9	PGS 10.1, PGS 31	PUBLIC	Stewardship: (Proxy) voting	GENERAL

For each asset class, on what percentage of your listed equity holdings do you have the discretion to vote?

Percentage of your listed equity holdings over which you have the discretion to vote

(A) Listed equity – active

(10) >80 to 90%

## ESG INCORPORATION

### INTERNALLY MANAGED ASSETS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 11	CORE	Multiple, see guidance	Multiple indicators	PUBLIC	Internally managed assets	1

For each internally managed asset class, does your organisation incorporate ESG factors into your investment decisions?

(1) Yes, we incorporate ESG factors into our investment decisions

(2) No, we do not incorporate ESG factors into our investment decisions

(C) Listed equity - active - fundamental



## ESG STRATEGIES

### LISTED EQUITY

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 17 LE	CORE	OO 11	OO 17.1 LE, LE 12	PUBLIC	Listed equity	1

Which ESG incorporation approach and/or combination of approaches does your organisation apply to your internally managed active listed equity?

#### Percentage out of total internally managed active listed equity

(A) Screening alone	0%
(B) Thematic alone	0%
(C) Integration alone	11%
(D) Screening and integration	84%
(E) Thematic and integration	0%
(F) Screening and thematic	0%
(G) All three approaches combined	5%
(H) None	0%

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 17.1 LE	CORE	OO 17 LE	LE 9	PUBLIC	Listed equity	1

What type of screening does your organisation use for your internally managed active listed equity assets where a screening approach is applied?

Percentage coverage out of your total listed equity assets where a screening approach is applied

(A) Positive/best-in-class screening only	0%
(B) Negative screening only	0%
(C) A combination of screening approaches	100%

## ESG/SUSTAINABILITY FUNDS AND PRODUCTS

### LABELLING AND MARKETING

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 18	CORE	OO 11–14	OO 18.1	PUBLIC	Labelling and marketing	1

Do you explicitly market any of your products and/or funds as ESG and/or sustainable?

(A) Yes, we market products and/or funds as ESG and/or sustainable

Provide the percentage of AUM that your ESG and/or sustainability-marketed products or funds represent:

5%

- (B) No, we do not offer products or funds explicitly marketed as ESG and/or sustainable
- (C) Not applicable; we do not offer products or funds

**Additional information: (Voluntary)**

In 2023, Magellan launched an Energy Transition investment strategy to provide investors a platform to invest in opportunities arising from the long term energy transition thematic. The strategy provides clients with access to a portfolio of global companies that are economically leveraged to the energy transition, have the capacity to deliver tangible environmental impact by advancing the transition to a net-zero economy, and exhibit exceptional quality, as assessed by Magellan.

This follows the development of Magellan's Sustainable strategies in 2016 which offer investors the opportunity to invest in a high quality, attractive risk-adjusted return focused portfolio with materially lower carbon factor risk than global markets. In September 2016, the first of a series of Sustainable investment strategies that implement a proprietary low carbon overlay were launched including the Global Sustainable strategy, followed by a Core ESG strategy in December 2020.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 18.1	CORE	OO 18	OO 18.2	PUBLIC	Labelling and marketing	1

**Do any of your ESG and/or sustainability-marketed products and/or funds hold formal ESG and/or RI certification(s) or label(s) awarded by a third party?**

- (A) Yes, our ESG and/or sustainability-marketed products and/or funds hold formal labels or certifications
- (B) No, our ESG and/or sustainability-marketed products and/or funds do not hold formal labels or certifications

## SUMMARY OF REPORTING REQUIREMENTS

### SUMMARY OF REPORTING REQUIREMENTS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 21	CORE	Multiple indicators	Multiple indicators	PUBLIC	Summary of reporting requirements	GENERAL

The following table shows which modules are mandatory or voluntary to report on in the separate PRI asset class modules. Where a module is voluntary, indicate if you wish to report on it.

Applicable modules	(1) Mandatory to report (pre-filled based on previous responses)	(2.1) Voluntary to report. Yes, I want to opt-in to reporting on the module	(2.2) Voluntary to report. No, I want to opt-out of reporting on the module
Policy, Governance and Strategy	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Confidence Building Measures	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

(C) Listed equity – active –  
fundamental



## SUBMISSION INFORMATION

### REPORT DISCLOSURE

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 32	CORE	OO 3, OO 31	N/A	PUBLIC	Report disclosure	GENERAL

How would you like to disclose the detailed percentage figures you reported throughout the Reporting Framework?

(A) Publish as absolute numbers

(B) Publish as ranges

## POLICY, GOVERNANCE AND STRATEGY (PGS)

### POLICY

#### RESPONSIBLE INVESTMENT POLICY ELEMENTS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 1	CORE	OO 8, OO 9	Multiple indicators	PUBLIC	Responsible investment policy elements	1, 2

Which elements are covered in your formal responsible investment policy(ies)?

(A) Overall approach to responsible investment

(B) Guidelines on environmental factors

(C) Guidelines on social factors

(D) Guidelines on governance factors

(E) Guidelines on sustainability outcomes

(F) Guidelines tailored to the specific asset class(es) we hold

(G) Guidelines on exclusions

(H) Guidelines on managing conflicts of interest related to responsible investment

(I) Stewardship: Guidelines on engagement with investees

(J) Stewardship: Guidelines on overall political engagement

(K) Stewardship: Guidelines on engagement with other key stakeholders

(L) Stewardship: Guidelines on (proxy) voting

(M) Other responsible investment elements not listed here

(N) Our organisation does not have a formal responsible investment policy and/or our policy(ies) do not cover any responsible investment elements

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 2	CORE	PGS 1	Multiple, see guidance	PUBLIC	Responsible investment policy elements	1

**Does your formal responsible investment policy(ies) include specific guidelines on systematic sustainability issues?**

- (A) Specific guidelines on climate change (may be part of guidelines on environmental factors)
- (B) Specific guidelines on human rights (may be part of guidelines on social factors)
- (C) Specific guidelines on other systematic sustainability issues

Specify:

Corporate Governance principles include specific guidelines on Shareholder rights including dual class structure, Audit related. Lobbying and Just transition is included in the Climate Stewardship strategy.  
[https://www.magellangroup.com.au/magellan/assets/File/Magellan%20Stewardship%20Strategy%20-%20Climate\\_August%202023.pdf](https://www.magellangroup.com.au/magellan/assets/File/Magellan%20Stewardship%20Strategy%20-%20Climate_August%202023.pdf)

- (D) Our formal responsible investment policy(ies) does not include guidelines on systematic sustainability issues

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 3	CORE	PGS 1, PGS 2	N/A	PUBLIC	Responsible investment policy elements	6

**Which elements of your formal responsible investment policy(ies) are publicly available?**

- (A) Overall approach to responsible investment

Add link:

[https://www.magellangroup.com.au/magellan/assets/File/2022%20MAM%20Responsible%20Investment%20Principles%20\(FINAL\).pdf](https://www.magellangroup.com.au/magellan/assets/File/2022%20MAM%20Responsible%20Investment%20Principles%20(FINAL).pdf)

- (B) Guidelines on environmental factors

Add link:

<https://www.magellangroup.com.au/magellan/assets/File/2023%20MAM%20ESG%20Policy%20FINAL.pdf>

- (C) Guidelines on social factors

Add link:

<https://www.magellangroup.com.au/magellan/assets/File/2023%20MAM%20ESG%20Policy%20FINAL.pdf>

- (D) Guidelines on governance factors

Add link:

<https://www.magellangroup.com.au/magellan/assets/File/2023%20MAM%20ESG%20Policy%20FINAL.pdf>

- (F) Specific guidelines on climate change (may be part of guidelines on environmental factors)

Add link:

[https://www.magellangroup.com.au/magellan/assets/File/Magellan%20Stewardship%20Strategy%20-%20Climate\\_August%202023.pdf](https://www.magellangroup.com.au/magellan/assets/File/Magellan%20Stewardship%20Strategy%20-%20Climate_August%202023.pdf)

- (G) Specific guidelines on human rights (may be part of guidelines on social factors)

Add link:

<https://www.magellangroup.com.au/magellan/assets/File/2023%20MAM%20ESG%20Policy%20FINAL.pdf>

(H) Specific guidelines on other systematic sustainability issues

**(I) Guidelines tailored to the specific asset class(es) we hold**

Add link:

<https://www.magellangroup.com.au/magellan/assets/File/2023%20MAM%20ESG%20Policy%20FINAL.pdf>

**(K) Guidelines on managing conflicts of interest related to responsible investment**

Add link:

[https://www.magellangroup.com.au/magellan/assets/File/MAM%20Proxy%20Voting%20Policy\\_June2022%20FINAL.pdf](https://www.magellangroup.com.au/magellan/assets/File/MAM%20Proxy%20Voting%20Policy_June2022%20FINAL.pdf)

**(L) Stewardship: Guidelines on engagement with investees**

Add link:

[https://www.magellangroup.com.au/magellan/assets/File/2022%20MAM%20Responsible%20Investment%20Principles%20\(FINAL\).pdf](https://www.magellangroup.com.au/magellan/assets/File/2022%20MAM%20Responsible%20Investment%20Principles%20(FINAL).pdf)

(M) Stewardship: Guidelines on overall political engagement

**(O) Stewardship: Guidelines on (proxy) voting**

Add link:

[https://www.magellangroup.com.au/magellan/assets/File/MAM%20Proxy%20Voting%20Policy\\_June2022%20FINAL.pdf](https://www.magellangroup.com.au/magellan/assets/File/MAM%20Proxy%20Voting%20Policy_June2022%20FINAL.pdf)

(Q) No elements of our formal responsible investment policy(ies) are publicly available

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 4	PLUS	PGS 1	N/A	PUBLIC	Responsible investment policy elements	1 – 6

**Does your formal responsible investment policy(ies) identify a link between your responsible investment activities and your fiduciary duties or equivalent obligations?**

**(A) Yes**

Elaborate:

Our Responsible Investment Principles outline our approach to Responsible Investing. This includes outlining our fiduciary duties and client objectives. "At Magellan, we believe that successful investing is about identifying, and owning for the long-term, companies that can sustainably generate excess returns on capital for years to come. Our objectives are to achieve attractive risk-adjusted returns over the medium-to-long term whilst minimising the risk of permanent capital loss for our clients. To achieve this, we seek to identify high quality companies that are trading below our assessment of their intrinsic value." It is within our assessment of a company's quality that ESG factors play an important role.

As long-term investors, an assessment of ESG risks and opportunities are an inherent part of our investment process as gaining a robust understanding of these issues is a key part of assessing the outlook for future cash flow generation and risks of an investment. As long-term owners we aim to act as responsible stewards of our clients' investment by exercising our proxy voting rights and having open dialogue with portfolio companies on a broad range of issues, including ESG-related issues." These principles and key objectives for clients are part of the overall ESG integration and Stewardship approach, focusing on the material ESG risks and opportunities and the potential impact on future cashflows. This has carried forward into the recent work on enhancing our approach to climate risk assessment and stewardship.

- (B) No

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 5	CORE	PGS 1	N/A	PUBLIC	Responsible investment policy elements	2

**Which elements are covered in your organisation's policy(ies) or guidelines on stewardship?**

- (A) Overall stewardship objectives
- (B) Prioritisation of specific ESG factors to be advanced via stewardship activities
- (C) Criteria used by our organisation to prioritise the investees, policy makers, key stakeholders, or other entities on which to focus our stewardship efforts
- (D) How different stewardship tools and activities are used across the organisation
- (E) Approach to escalation in stewardship
- (F) Approach to collaboration in stewardship
- (G) Conflicts of interest related to stewardship
- (H) How stewardship efforts and results are communicated across the organisation to feed into investment decision-making and vice versa
- (I) Other
- (J) None of the above elements is captured in our policy(ies) or guidelines on stewardship

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 6	CORE	PGS 1	N/A	PUBLIC	Responsible investment policy elements	2

**Does your policy on (proxy) voting include voting principles and/or guidelines on specific ESG factors?**

- (A) Yes, it includes voting principles and/or guidelines on specific environmental factors
- (B) Yes, it includes voting principles and/or guidelines on specific social factors
- (C) Yes, it includes voting principles and/or guidelines on specific governance factors
- (D) Our policy on (proxy) voting does not include voting principles or guidelines on specific ESG factors

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 7	CORE	OO 9	N/A	PUBLIC	Responsible investment policy elements	2

Does your organisation have a policy that states how (proxy) voting is addressed in your securities lending programme?

- (A) We have a publicly available policy to address (proxy) voting in our securities lending programme
- (B) We have a policy to address (proxy) voting in our securities lending programme, but it is not publicly available
- (C) We rely on the policy of our external service provider(s)
- (D) We do not have a policy to address (proxy) voting in our securities lending programme
- (E) Not applicable; we do not have a securities lending programme

## RESPONSIBLE INVESTMENT POLICY COVERAGE

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 8	CORE	PGS 1	N/A	PUBLIC	Responsible investment policy coverage	1

What percentage of your total AUM is covered by the below elements of your responsible investment policy(ies)?

### Combined AUM coverage of all policy elements

(A) Overall approach to responsible investment	
(B) Guidelines on environmental factors	(7) 100%
(C) Guidelines on social factors	
(D) Guidelines on governance factors	

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 9	CORE	PGS 2	N/A	PUBLIC	Responsible investment policy coverage	1

What proportion of your AUM is covered by your formal policies or guidelines on climate change, human rights, or other systematic sustainability issues?

**AUM coverage**

(A) Specific guidelines on climate change

(1) for all of our AUM

(B) Specific guidelines on human rights

(1) for all of our AUM

(C) Specific guidelines on other systematic sustainability issues

(2) for a majority of our AUM

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 10	CORE	OO 8, OO 9, PGS 1	N/A	PUBLIC	Responsible investment policy coverage	2

Per asset class, what percentage of your AUM is covered by your policy(ies) or guidelines on stewardship with investees?

**(A) Listed equity**

(1) Percentage of AUM covered

- (1) >0% to 10%
- (2) >10% to 20%
- (3) >20% to 30%
- (4) >30% to 40%
- (5) >40% to 50%
- (6) >50% to 60%
- (7) >60% to 70%
- (8) >70% to 80%
- (9) >80% to 90%
- (10) >90% to <100%

**(11) 100%**

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 10.1	CORE	OO 9.1, PGS 1	N/A	PUBLIC	Responsible investment policy coverage	2

What percentage of your listed equity holdings is covered by your guidelines on (proxy) voting?

(A) Actively managed listed equity

(1) Percentage of your listed equity holdings over which you have the discretion to vote

- (1) >0% to 10%
- (2) >10% to 20%
- (3) >20% to 30%
- (4) >30% to 40%
- (5) >40% to 50%
- (6) >50% to 60%
- (7) >60% to 70%
- (8) >70% to 80%
- (9) >80% to 90%
- (10) >90% to <100%
- (11) 100%

## GOVERNANCE

### ROLES AND RESPONSIBILITIES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 11	CORE	N/A	Multiple indicators	PUBLIC	Roles and responsibilities	1

Which senior level body(ies) or role(s) in your organisation have formal oversight over and accountability for responsible investment?

- (A) Board members, trustees, or equivalent  
 (B) Senior executive-level staff, or equivalent

Specify:

Magellan's Board has ultimate oversight over risk management and compliance including setting Magellan's risk appetite in relation to key risks, including environmental, social and governance risks. In 2023, Magellan adopted a new Risk Management Framework for climate related risks and opportunities  
Head of Investments for Magellan Asset Management, Head of Australian Equities for Airlie and CFO/COO for operations.

- (C) Investment committee, or equivalent

Specify:

For Magellan Asset management (ex Airlie), the Investment Committee (IC) approves the ESG policies and changes to ESG scores. The Investment Committee is made up of the Head of Investments and senior investment staff including Portfolio Managers. A member of the ESG team is always present at the IC. The Risk and Compliance Committee approves the Proxy voting policies.

**(D) Head of department, or equivalent**

Specify department:

Head of ESG overseas the implementation of the Responsible Investment policies. Head of Investments for Magellan Asset Management and Head of Australian Equities for Airlie.

- (E) None of the above bodies and roles have oversight over and accountability for responsible investment

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 11.1	CORE	PGS 1, PGS 2, PGS 11	N/A	PUBLIC	Roles and responsibilities	1, 2

**Does your organisation's senior level body(ies) or role(s) have formal oversight over and accountability for the elements covered in your responsible investment policy(ies)?**

	(1) Board members, trustees, or equivalent	(2) Senior executive-level staff, investment committee, head of department, or equivalent
(A) Overall approach to responsible investment	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(B) Guidelines on environmental, social and/or governance factors	<input type="checkbox"/>	<input checked="" type="checkbox"/>
(D) Specific guidelines on climate change (may be part of guidelines on environmental factors)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
(E) Specific guidelines on human rights (may be part of guidelines on social factors)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(F) Specific guidelines on other systematic sustainability issues	<input type="checkbox"/>	<input checked="" type="checkbox"/>
(G) Guidelines tailored to the specific asset class(es) we hold	<input type="checkbox"/>	<input checked="" type="checkbox"/>

(I) Guidelines on managing conflicts of interest related to responsible investment	<input type="checkbox"/>	<input checked="" type="checkbox"/>
(J) Stewardship: Guidelines on engagement with investees	<input type="checkbox"/>	<input checked="" type="checkbox"/>
(K) Stewardship: Guidelines on overall political engagement	<input type="checkbox"/>	<input type="checkbox"/>
(M) Stewardship: Guidelines on (proxy) voting	<input type="checkbox"/>	<input checked="" type="checkbox"/>
(N) This role has no formal oversight over and accountability for any of the above elements covered in our responsible investment policy(ies)	<input type="radio"/>	<input type="radio"/>

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 11.2	CORE	N/A	N/A	PUBLIC	Roles and responsibilities	1 – 6

Does your organisation have governance processes or structures to ensure that your overall political engagement is aligned with your commitment to the principles of PRI, including any political engagement conducted by third parties on your behalf?

- (A) Yes
- (B) No
- (C) Not applicable, our organisation does not conduct any form of political engagement directly or through any third parties

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 12	CORE	N/A	N/A	PUBLIC	Roles and responsibilities	1

In your organisation, which internal or external roles are responsible for implementing your approach to responsible investment?

- (A) Internal role(s)

Specify:

Corporate: The Board has ultimate oversight over risk management & compliance including setting Magellan's risk appetite in relation to key risks, including ESG risk. Risk & Compliance Committee approve relevant policies.

Investments: The Head of ESG oversees the implementation of the Responsible Investment policies. Head of Investments & IC for Magellan Asset Management and Head of Australian Equities for Airlie.

- (B) External investment managers, service providers, or other external partners or suppliers
- (C) We do not have any internal or external roles with responsibility for implementing responsible investment

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 13	CORE	PGS 11	N/A	PUBLIC	Roles and responsibilities	1

**Does your organisation use responsible investment KPIs to evaluate the performance of your board members, trustees, or equivalent?**

- (A) Yes, we use responsible investment KPIs to evaluate the performance of our board members, trustees, or equivalent
- (B) No, we do not use responsible investment KPIs to evaluate the performance of our board members, trustees, or equivalent

Explain why: (Voluntary)

Corporate: The Board has ultimate oversight over risk management & compliance including setting Magellan's risk appetite in relation to key risks, including ESG risk.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 14	CORE	PGS 11	N/A	PUBLIC	Roles and responsibilities	1

**Does your organisation use responsible investment KPIs to evaluate the performance of your senior executive-level staff (or equivalent), and are these KPIs linked to compensation?**

- (A) Yes, we use responsible investment KPIs to evaluate the performance of our senior executive-level staff (or equivalent)

Indicate whether these responsible investment KPIs are linked to compensation

- (1) KPIs are linked to compensation
- (2) KPIs are not linked to compensation as these roles do not have variable compensation
- (3) KPIs are not linked to compensation even though these roles have variable compensation

Describe: (Voluntary)

Each of our senior executive-level staff are evaluated against a number of performance criteria and those criteria are dependent on the role that an individual undertakes. As disclosed in our Rem Report, a number of senior executives were involved in ESG initiatives for Magellan and this formed part of their overall evaluation. For our Investment Team, ESG risks are viewed through the prism of material risks; therefore they are considered by analysts and PMs in their daily responsibilities. ESG permeates analyses, reports, meetings, portfolio construction and engagement. Salary and bonus are materiality impacted by the quality of work by analysts, and risk management & performance by PMs.

- (B) No, we do not use responsible investment KPIs to evaluate the performance of our senior executive-level staff (or equivalent)

## EXTERNAL REPORTING AND DISCLOSURES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 16	CORE	N/A	N/A	PUBLIC	External reporting and disclosures	6

What elements are included in your regular reporting to clients and/or beneficiaries for the majority of your AUM?

- (A) Any changes in policies related to responsible investment
- (B) Any changes in governance or oversight related to responsible investment
- (C) Stewardship-related commitments
- (D) Progress towards stewardship-related commitments
- (E) Climate-related commitments
- (F) Progress towards climate-related commitments
- (G) Human rights-related commitments
- (H) Progress towards human rights-related commitments
- (I) Commitments to other systematic sustainability issues
- (J) Progress towards commitments on other systematic sustainability issues
- (K) We do not include any of these elements in our regular reporting to clients and/or beneficiaries for the majority of our AUM

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 17	CORE	N/A	N/A	PUBLIC	External reporting and disclosures	6

During the reporting year, did your organisation publicly disclose climate-related information in line with the Task Force on Climate-Related Financial Disclosures' (TCFD) recommendations?

- (A) Yes, including all governance-related recommended disclosures
  - (B) Yes, including all strategy-related recommended disclosures
  - (C) Yes, including all risk management-related recommended disclosures
  - (D) Yes, including all applicable metrics and targets-related recommended disclosures
  - (E) None of the above
- Add link(s):

<https://magellanam.factsetdigitalsolutions.com/news/pdf?i=77e565e9089ebb43>  
[https://www.cdp.net/en/formatted\\_responses/responses?campaign\\_id=83630982&discloser\\_id=1034842&locale=en&organization\\_name=Magellan+Financial+Group&organization\\_number=50088&program=Investor&project\\_year=2023&redirect=https%3A%2F%2Fcdp.credit360.com%2Fsurveys%2F2023%2Fjwbhd7d6%2F278572&survey\\_id=82591262](https://www.cdp.net/en/formatted_responses/responses?campaign_id=83630982&discloser_id=1034842&locale=en&organization_name=Magellan+Financial+Group&organization_number=50088&program=Investor&project_year=2023&redirect=https%3A%2F%2Fcdp.credit360.com%2Fsurveys%2F2023%2Fjwbhd7d6%2F278572&survey_id=82591262)  
<https://www.magellangroup.com.au/about/responsible-investing/>  
<https://www.magellangroup.com.au/magellan/assets/File/2023%20MAM%20ESG%20Policy%20FINAL.pdf>

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 18	PLUS	N/A	N/A	PUBLIC	External reporting and disclosures	6

**During the reporting year, to which international responsible investment standards, frameworks, or regulations did your organisation report?**

**(A) Disclosures against the European Union's Sustainable Finance Disclosure Regulation (SFDR)**

Link to example of public disclosures

<https://uk.mfgam.com.au/investment-strategies/mfg-global-sustainable-strategy/reports/important-documents/sustainability-related-disclosures/>

(B) Disclosures against the European Union's Taxonomy

(C) Disclosures against the CFA's ESG Disclosures Standard

**(D) Disclosures against other international standards, frameworks or regulations**

Specify:

CDP: Reporting publicly to CDP since 2016.

Link to example of public disclosures

[https://www.cdp.net/en/formatted\\_responses/responses?campaign\\_id=83630982&discloser\\_id=1034842&locale=en&organization\\_name=Magellan+Financial+Group&organization\\_number=50088&program=Investor&project\\_year=2023&redirect=https%3A%2F%2Fcdp.credit360.com%2Fsurveys%2F2023%2Fjwbhd7d6%2F278572&survey\\_id=82591262](https://www.cdp.net/en/formatted_responses/responses?campaign_id=83630982&discloser_id=1034842&locale=en&organization_name=Magellan+Financial+Group&organization_number=50088&program=Investor&project_year=2023&redirect=https%3A%2F%2Fcdp.credit360.com%2Fsurveys%2F2023%2Fjwbhd7d6%2F278572&survey_id=82591262)

**(E) Disclosures against other international standards, frameworks or regulations**

Specify:

Reporting to PRI after joining in 2012.

Link to example of public disclosures

<https://ctp.unpri.org/dataportalv2>

**(F) Disclosures against other international standards, frameworks or regulations**

Specify:

In 2017, Magellan became a signatory of the PRI's Montreal Pledge. Under the Pledge, Magellan commits to measure and disclose the carbon footprint of its actively managed investment portfolios. The latest disclosures can be found in the table below.

Link to example of public disclosures

<https://www.magellangroup.com.au/about/responsible-investing/>

**(G) Disclosures against other international standards, frameworks or regulations**

Specify:

In 2022, Magellan enhanced the process to assess climate related risks and opportunities as part of the commitment to the Net Zero Asset manager initiative (NZAMi) using the Net Zero Investment Framework (NZIF). This includes a Climate specific Stewardship strategy for all AUM prepared with guidance from the Net Zero Stewardship Toolkit.

Link to example of public disclosures

[https://www.magellangroup.com.au/magellan/assets/File/Magellan%20Stewardship%20Strategy%20-%20Climate\\_August%202023.pdf](https://www.magellangroup.com.au/magellan/assets/File/Magellan%20Stewardship%20Strategy%20-%20Climate_August%202023.pdf)

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 19	CORE	N/A	N/A	PUBLIC	External reporting and disclosures	6

**During the reporting year, did your organisation publicly disclose its membership in and support for trade associations, think tanks or similar bodies that conduct any form of political engagement?**

**(A) Yes, we publicly disclosed our membership in and support for trade associations, think tanks, or similar bodies that conduct any form of political engagement**

Add link(s):

<https://magellanam.factsetdigitalsolutions.com/news/pdf?i=77e565e9089ebb43>

- (B) No, we did not publicly disclose our membership in and support for trade associations, think tanks, or similar bodies that conduct any form of political engagement
- (C) Not applicable, we were not members in or supporters of any trade associations, think tanks, or similar bodies that conduct any form of political engagement during the reporting year

# STRATEGY

## CAPITAL ALLOCATION

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 20	CORE	N/A	N/A	PUBLIC	Capital allocation	1

### Which elements do your organisation-level exclusions cover?

- (A) Exclusions based on our organisation's values or beliefs regarding particular sectors, products or services
- (B) Exclusions based on our organisation's values or beliefs regarding particular regions or countries
- (C) Exclusions based on minimum standards of business practice aligned with international norms such as the OECD Guidelines for Multinational Enterprises, the International Bill of Human Rights, UN Security Council sanctions or the UN Global Compact
- (D) Exclusions based on our organisation's climate change commitments
- (E) Other elements  
Specify:

Magellan has a firmwide exclusion to companies with material exposures to the production of tobacco products, and controversial weapons. The Magellan investment universe excludes companies with commodity-like economics, in particular resources and basic materials, resulting in very low exposure to fossil fuels across the Global Equities, Global Sustainable and Core Series products. Magellan's sustainable strategies implement a low carbon framework which screens out companies based on their carbon emissions intensity. The sustainable strategies further exclude companies with material exposures to the production or sale of alcohol or controversial weapons, including handguns, or involvement in adult entertainment or gambling activities. The Australian equities strategies have no exclusions.

- (F) Not applicable; our organisation does not have any organisation-level exclusions

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 21	CORE	N/A	N/A	PUBLIC	Capital allocation	1

### How does your responsible investment approach influence your strategic asset allocation process?

- (A) We incorporate ESG factors into our assessment of expected asset class risks and returns
- (B) We incorporate climate change-related risks and opportunities into our assessment of expected asset class risks and returns
- (C) We incorporate human rights-related risks and opportunities into our assessment of expected asset class risks and returns
- (D) We incorporate risks and opportunities related to other systematic sustainability issues into our assessment of expected asset class risks and returns
- (E) We do not incorporate ESG factors, climate change, human rights or other systematic sustainability issues into our assessment of expected asset class risks and returns
- (F) Not applicable; we do not have a strategic asset allocation process

## STEWARDSHIP: OVERALL STEWARDSHIP STRATEGY

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 22	CORE	OO 8, OO 9	N/A	PUBLIC	Stewardship: Overall stewardship strategy	2

For the majority of AUM within each asset class, which of the following best describes your primary stewardship objective?

### (1) Listed equity

(A) Maximise our portfolio-level risk-adjusted returns. In doing so, we seek to address any risks to overall portfolio performance caused by individual investees' contribution to systematic sustainability issues.



(B) Maximise our individual investments' risk-adjusted returns. In doing so, we do not seek to address any risks to overall portfolio performance caused by individual investees' contribution to systematic sustainability issues.



Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 23	PLUS	OO 5, OO 8, OO 9	N/A	PUBLIC	Stewardship: Overall stewardship strategy	2

How does your organisation, or the external service providers or external managers acting on your behalf, prioritise the investees or other entities on which to focus its stewardship efforts?

Firmwide, Magellan (including Airie) prioritises engagement with portfolio companies on a broad range of ESG themes identified by the ESG Team and that investment analysts assess material to those companies within our proprietary ESG risk and opportunities assessment framework.

Engagement has two primary objectives, and both of these are designed to have a positive impact on shareholder returns over time:

1. Risk assessment and management: better understand the risks and opportunities over time. As long-term investors, we build up knowledge and insight, which we discuss and challenge during engagements. These learnings often deepen our understanding within and across industries.
2. Influence: encouraging and supporting change to a company's approach or the setting of targets.

As long-term investors, we build constructive relationships which better enable us to drive positive change at the company. The urgency with which we seek to influence usually correlates to the time horizon over which we expect the risk or opportunity to arise.

Investment analysts identify key risks and opportunities at the company level, which are then aggregated to identify common themes at the portfolio level.

The level of engagement is also considered in the context of the relative size of Magellan's investment. We will seek a deeper level of engagement with firms when our strategies own a greater portion of a firm's equity, and we therefore hold greater sway, and responsibility to engage.

On systemic issues such as Climate risk, we have developed a Climate specific Stewardship strategy.

For all Magellan Funds / strategies, we assess their alignment to Net Zero using the NZIF. Companies are then prioritised for engagement based on materiality of their financed emissions and their classification of alignment to Net Zero using NZIF. These companies are classified as 'high priority' and subject to enhanced engagement. For Magellan Funds / strategies that are subject to our targets, companies in high impact material sectors are prioritised for engagement if they are not aligned to Net Zero. Clear engagement objectives are set to see progress and outcomes before escalation is considered.

Firmwide, Magellan (including Airie) strives to engage directly with portfolio companies where we have formed the view that material modern slavery risk exists. The objective of these engagements is to better understand how the company is managing Modern Slavery risks and to influence. For companies rated as 'High risk following our annual assessment, we commit to engaging.

Voting: Magellan review all available resolutions within the investment team with reference to Magellan's Corporate Governance Principles, Net Zero Asset Manager Climate Stewardship strategy and engagement throughout the year.

Each shareholder proposal is carefully reviewed – considering how it aligns to the validity of the proposal, whether the risk identified is sufficiently material to either the company or industry to warrant the proposal, how the Board and executives manage the risk and whether the proposal enhances the transparency, management or understanding of the risk.

Engagement with portfolio companies is undertaken throughout this voting process to better understand shareholder proposals put forward and managements' perspectives on how they are managing the risks and opportunities being considered within the proposals. This engagement is prioritised for companies where further information is required from the company to determine the vote or to influence change.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 24	CORE	OO 8, OO 9	N/A	PUBLIC	Stewardship: Overall stewardship strategy	2

**Which of the following best describes your organisation's default position, or the position of the external service providers or external managers acting on your behalf, concerning collaborative stewardship efforts?**

- (A) We recognise the value of collective action, and as a result, we prioritise collaborative stewardship efforts wherever possible
- (B) We collaborate on a case-by-case basis
- (C) Other
- (D) We do not join collaborative stewardship efforts

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 24.1	PLUS	OO 8, OO 9	N/A	PUBLIC	Stewardship: Overall stewardship strategy	2

**Elaborate on your organisation’s default position on collaborative stewardship, or the position of the external service providers or external investment managers acting on your behalf, including any other details on your overall approach to collaboration.**

Magellan is a signatory to a number of industry initiatives and associations that support our commitment to responsible investment, transparency to stakeholders and ability to elevate key company and industry issues such as climate change. By joining these collaborative initiatives, our company and industry research is enhanced, our clients benefit from broader stakeholder perspectives and our voice is made louder by joining with others that have similar long-term objectives. We have actively participated in collaborative initiatives such as: PRI report on Strengthening Effective Stewardship in Australia.

<https://www.unpri.org/australia-policy/strengthening-effective-stewardship-in-australia-understanding-barriers-and-opportunities-for-investor-stewardship-on-sustainability-outcomes/11515.article?adredir=1>

- IGCC Working Group: Physical Risk and Resilience
- RIAA Human Rights working group
- IGCC Paris aligned working group

We also collaborate with investors on a case by case basis.

For example: 1) Regularly communicating engagement and voting priority issues and companies prior to and during the proxy season. This year has focused on remuneration, governance and climate. 2) Collaborated on a particular company for an issue prioritised by a client.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 25	PLUS	OO 5, OO 8, OO 9	N/A	PUBLIC	Stewardship: Overall stewardship strategy	2

**Rank the channels that are most important for your organisation in achieving its stewardship objectives.**

- (A) Internal resources, e.g. stewardship team, investment team, ESG team, or staff

Select from the list:

- 1
- 3
- 4
- 5

- (B) External investment managers, third-party operators and/or external property managers, if applicable

(C) External paid specialist stewardship services (e.g. engagement overlay services or, in private markets, sustainability consultants) excluding investment managers, real assets third-party operators, or external property managers

(D) Informal or unstructured collaborations with investors or other entities

Select from the list:

2

3

4

5

(E) Formal collaborative engagements, e.g. PRI-coordinated collaborative engagements, Climate Action 100+, or similar

(F) We do not use any of these channels

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 27	PLUS	OO 8, OO 9	N/A	PUBLIC	Stewardship: Overall stewardship strategy	2

### How are your organisation's stewardship activities linked to your investment decision making, and vice versa?

Our stewardship activities are conducted internally. Our portfolio managers' capital allocation decisions to purchase stocks incorporate stewardship considerations.

Stewardship is a critical element of Magellan's investment process. We aim to engage with companies where material risks and opportunities are identified. This engagement can provide input into our proprietary ESG scoring which is debated and approved at the Investment Committee.

Analysts review candidate stocks for the strategy's approved list for material ESG factors and engage if required. If the factors present excessive risks, then stocks will not progress to approval and cannot be considered by the Portfolio Manager for inclusion in the strategy. We also review all proxy voting items at General Meetings and seek to engage with companies ahead of potentially contentious votes. In cases where engagement has been ongoing, without any progress on an issue that is considered a material risk to future cashflows or valuation, the portfolio managers and ESG team will consider an escalation path that may include a change to the ESG score or portfolio sizing.

This is called our ladder of escalation and outlined in our Stewardship report.

Another link between Stewardship and investment decision making that has strengthened in the reporting year is with regards to our Net Zero Asset Manager initiative targets. We prioritise engagement with companies that are not 'aligned' to net zero using the Net Zero Investment Framework leading to increased Stewardship. This is outlined in our Climate - Stewardship strategy together with our voting considerations and escalation. The engagement threshold target and %AUM aligned to net zero target will increase the focus on investment decision making and stewardship for climate risk.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 28	PLUS	OO 8, OO 9	N/A	PUBLIC	Stewardship: Overall stewardship strategy	2

If relevant, provide any further details on your organisation's overall stewardship strategy.

Magellan's engagement approach is to engage with portfolio companies on a broad range of Environmental, Social and Governance (ESG) themes identified by the Investment Team as material to those companies within their ESG risk and opportunities assessment framework. We aim to enhance the certainty of long-term cash flow generation and seek clarity on proxy proposals, provide feedback, and effect change. The investment team engage with companies on a regular basis and throughout the proxy voting process. Included in our ladder of escalation, is the option to collaborate with clients, other shareholders or industry experts who share similar perspectives or consider portfolio sizing.

We focus our engagement on material issues that could affect future cash flows and valuation. We assess proxy proposals in line with our Corporate Governance Principles and consider whether the proposals will enhance the certainty of long-term cash flow generation. We set clear engagement objectives with expectations of progress and outcomes before considering escalation. We aim to communicate votes that differ from the company recommendation to the company to notify them and influence change. We have a long-term investment horizon that allows them to engage with companies over an extended period on issues important to protecting and creating shareholder value.

As part of our commitment to the Net Zero Asset Manager initiative, we have a separate Climate specific Stewardship strategy. This outlines our approach for climate risks. We prioritize engagement with companies in high impact material sectors that are not aligned to Net Zero according to the Net Zero investment framework. We have set engagement threshold targets and will be tracking progress against these.

[https://www.magellangroup.com.au/magellan/assets/File/Magellan%20Stewardship%20Strategy%20-%20Climate\\_August%202023.pdf](https://www.magellangroup.com.au/magellan/assets/File/Magellan%20Stewardship%20Strategy%20-%20Climate_August%202023.pdf)

We also make a commitment as part of our Modern Slavery statement to engage with companies rated 'high' on our Modern Slavery risk assessment.

In 2022, we increased the transparency of our Stewardship approach and results for the year in the first public Stewardship report available to all clients on our website. We commit to updating and enhancing this each year.

<https://www.magellangroup.com.au/magellan/assets/File/Responsible%20Investing%20-%20Stewardship%202022%20-%20Proxy%20and%20Engagement%20Review%20-%20MAM%20GE%20VF2.pdf>

<https://www.magellangroup.com.au/magellan/assets/File/MAM%20Responsible%20Investing%20-%20Stewardship%202022%20-%20Proxy%20and%20Engagement%20Review%20-%20Infra%20Select%20vF%20Final.pdf>

<https://www.magellangroup.com.au/magellan/assets/File/MAM%20Responsible%20Investing%20-%20Stewardship%202022%20-%20Proxy%20and%20Engagement%20Review%20-%20GSUS%20-%20vF%20FINAL.pdf>

Similarly at Airlie, as long term investors we are committed to engaging with portfolio companies on a broad range of matters, including those of an ESG nature.

Meeting with management is a critical component of the investment process at Airlie. We will seek to engage with management any time we feel action needs to be taken in the interest of shareholders, or we are seeking further information on an issue. We typically begin engagement with company management, through investor relations or directly with management. We will also raise ESG issues with company Board members during periodic results meetings.

Airlie focuses its engagement on material issues, particularly those which could affect future cash flows or damage the company's reputation. The level of engagement on ESG issues is also considered in the context of the relative size of Airlie's shareholding. We recognise meaningful change often takes time, so we monitor issues and engagement over time and see incremental change as progress.

Airlie has a Climate specific Stewardship strategy, that outlines our approach to engaging with companies in high impact material sectors that are not aligned to Net Zero according to the Net Zero investment framework.

The strategy includes clear escalation and voting processes.

Airlie's approach to proxy voting is to assess all proxy voting proposals and vote inline with our Proxy Voting Policy, the objective of which is to promote the interest of our clients. Where Airlie's voting decision is contrary to the recommendation of company management, we aim to notify management in advance, and may engage to seek further clarification before votes are lodged.  
<https://www.airlifundsmmanagement.com.au/about/policies/>.

## STEWARDSHIP: (PROXY) VOTING

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 29	CORE	OO 9, PGS 1	N/A	PUBLIC	Stewardship: (Proxy) voting	2

**When you use external service providers to give recommendations, how do you ensure those recommendations are consistent with your organisation's (proxy) voting policy?**

- (A) Before voting is executed, we review external service providers' voting recommendations for controversial and high-profile votes**
  - Select from the below list:
    - (1) in all cases
    - (2) in a majority of cases**
    - (3) in a minority of cases
- (B) Before voting is executed, we review external service providers' voting recommendations where the application of our voting policy is unclear**
  - Select from the below list:
    - (1) in all cases
    - (2) in a majority of cases**
    - (3) in a minority of cases
- (C) We ensure consistency with our voting policy by reviewing external service providers' voting recommendations only after voting has been executed
- (D) We do not review external service providers' voting recommendations
- (E) Not applicable; we do not use external service providers to give voting recommendations

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 30	CORE	OO 9	N/A	PUBLIC	Stewardship: (Proxy) voting	2

**How is voting addressed in your securities lending programme?**

- (A) We recall all securities for voting on all ballot items
- (B) When a vote is deemed important according to pre-established criteria (e.g. high stake in the company), we recall all our securities for voting
- (C) Other
- (D) We do not recall our securities for voting purposes
- (E) Not applicable; we do not have a securities lending programme**

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 31	CORE	OO 9.1	N/A	PUBLIC	Stewardship: (Proxy) voting	2

For the majority of votes cast over which you have discretion to vote, which of the following best describes your decision making approach regarding shareholder resolutions (or that of your external service provider(s) if decision making is delegated to them)?

- (A) We vote in favour of resolutions expected to advance progress on our stewardship priorities, including affirming a company's good practice or prior commitment
- (B) We vote in favour of resolutions expected to advance progress on our stewardship priorities, but only if the investee company has not already publicly committed to the action(s) requested in the proposal
- (C) We vote in favour of shareholder resolutions only as an escalation measure
- (D) We vote in favour of the investee company management's recommendations by default
- (E) Not applicable; we do not vote on shareholder resolutions

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 32	CORE	OO 9	N/A	PUBLIC	Stewardship: (Proxy) voting	2

During the reporting year, how did your organisation, or your external service provider(s), pre-declare voting intentions prior to voting in annual general meetings (AGMs) or extraordinary general meetings (EGMs)?

- (A) We pre-declared our voting intentions publicly through the PRI's vote declaration system on the Resolution Database
- (B) We pre-declared our voting intentions publicly by other means, e.g. through our website
- (C) We privately communicated our voting decision to investee companies prior to the AGM/EGM
- (D) We did not privately or publicly communicate our voting intentions prior to the AGM/EGM
- (E) Not applicable; we did not cast any (proxy) votes during the reporting year

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 33	CORE	OO 9	PGS 33.1	PUBLIC	Stewardship: (Proxy) voting	2

After voting has taken place, do you publicly disclose your (proxy) voting decisions or those made on your behalf by your external service provider(s), company by company and in a central source?

- (A) Yes, for all (proxy) votes
- (B) Yes, for the majority of (proxy) votes

Add link(s):

<https://www.sec.gov/Archives/edgar/data/1014913/000089418922005997/frontier-npx.txt>

- (C) Yes, for a minority of (proxy) votes
- (D) No, we do not publicly report our (proxy) voting decisions company-by-company and in a central source

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 33.1	CORE	PGS 33	N/A	PUBLIC	Stewardship: (Proxy) voting	2

**In the majority of cases, how soon after an investee's annual general meeting (AGM) or extraordinary general meeting (EGM) do you publish your voting decisions?**

- (A) Within one month of the AGM/EGM
- (B) Within three months of the AGM/EGM
- (C) Within six months of the AGM/EGM
- (D) **Within one year of the AGM/EGM**
- (E) More than one year after the AGM/EGM

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 34	CORE	OO 9	N/A	PUBLIC	Stewardship: (Proxy) voting	2

**After voting has taken place, did your organisation, and/or the external service provider(s) acting on your behalf, communicate the rationale for your voting decisions during the reporting year?**

**(1) In cases where we abstained or voted against management recommendations**

**(2) In cases where we voted against an ESG-related shareholder resolution**

(A) Yes, we publicly disclosed the rationale

(B) Yes, we privately communicated the rationale to the company

(C) We did not publicly or privately communicate the rationale, or we did not track this information

(2) for a majority of votes

(2) for a majority of votes

○

○

(D) Not applicable; we did not abstain or vote against management recommendations or ESG-related shareholder resolutions during the reporting year

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## STEWARDSHIP: ESCALATION

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 36	CORE	OO 8, OO 9	N/A	PUBLIC	Stewardship: Escalation	2

**For your listed equity holdings, what escalation measures did your organisation, or the external investment managers or service providers acting on your behalf, use in the past three years?**

### (1) Listed equity

(A) Joining or broadening an existing collaborative engagement or creating a new one

(B) Filing, co-filing, and/or submitting a shareholder resolution or proposal

(C) Publicly engaging the entity, e.g. signing an open letter

(D) Voting against the re-election of one or more board directors

(E) Voting against the chair of the board of directors, or equivalent, e.g. lead independent director

(F) Divesting

(G) Litigation

(H) Other

(I) In the past three years, we did not use any of the above escalation measures for our listed equity holdings

## STEWARDSHIP: ENGAGEMENT WITH POLICY MAKERS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 39	CORE	OO 8, OO 9	PGS 39.1, PGS 39.2	PUBLIC	Stewardship: Engagement with policy makers	2

Did your organisation, or the external investment managers or service providers acting on your behalf, engage with policy makers as part of your responsible investment approach during the reporting year?

- (A) Yes, we engaged with policy makers directly
- (B) Yes, we engaged with policy makers through the leadership of or active participation in working groups or collaborative initiatives, including via the PRI
- (C) Yes, we were members of, supported, or were in another way affiliated with third party organisations, including trade associations and non-profit organisations, that engage with policy makers, excluding the PRI
- (D) We did not engage with policy makers directly or indirectly during the reporting year beyond our membership in the PRI

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 39.1	CORE	PGS 39	N/A	PUBLIC	Stewardship: Engagement with policy makers	2

During the reporting year, what methods did you, or the external investment managers or service providers acting on your behalf, use to engage with policy makers as part of your responsible investment approach?

- (A) We participated in 'sign-on' letters
- (B) We responded to policy consultations
- (C) We provided technical input via government- or regulator-backed working groups

Describe:

Magellan contributed to a PRI report on Strengthening Effective Stewardship in Australia. The report identifies eight barriers to effective stewardship and sets out initial policy options for further consideration. The findings of this report will be used to inform the PRI's response to the forthcoming consultation on Australia's sustainable finance strategy and ongoing engagement with policymakers.

<https://www.unpri.org/australia-policy/strengthening-effective-stewardship-in-australia-understanding-barriers-and-opportunities-for-investor-stewardship-on-sustainability-outcomes/11515.article?adredir=1>

- Participated in sign-on letters – the My Super Your Future infrastructure benchmark consultation
- Responded to policy consultations – ART, the French airport and toll road regulator, as part of their investor engagement programme.
- Provided technical input via government or regulator backed working groups – ART, the French airport and toll road regulator, as part of their investor engagement programme. Subsequent to this discussion the team followed up with a written submission to the questions they asked.

Magellan is a member of IGCC and monitors engagement and policy advocacy activities through regular member meetings, but to date has not actively participated in the submissions or policy working groups.

**(D) We engaged policy makers on our own initiative**

Describe:

The team met with CISA Cybersecurity Advisory Committee (CSAC) to discuss the electric utility industry response and strategy around cybersecurity. The CISA Cybersecurity Advisory Committee is the advisory body that provides strategic guidance and policy recommendations to CISA (agency under US Homeland Security)

(E) Other methods

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 39.2	CORE	PGS 39	N/A	PUBLIC	Stewardship: Engagement with policy makers	2

**During the reporting year, did your organisation publicly disclose details of your engagement with policy makers conducted as part of your responsible investment approach, including through external investment managers or service providers?**

- (A) We publicly disclosed all our policy positions
- (B) We publicly disclosed details of our engagements with policy makers**

Add link(s):

[https://www.cdp.net/en/formatted\\_responses/responses?campaign\\_id=83630982&discloser\\_id=1034842&locale=en&organization\\_name=Magellan+Financial+Group&organization\\_number=50088&program=Investor&project\\_year=2023&redirect=https%3A%2F%2Fcdp.credit360.com%2Fsurveys%2F2023%2Fjwbhd7d6%2F278572&survey\\_id=82591262](https://www.cdp.net/en/formatted_responses/responses?campaign_id=83630982&discloser_id=1034842&locale=en&organization_name=Magellan+Financial+Group&organization_number=50088&program=Investor&project_year=2023&redirect=https%3A%2F%2Fcdp.credit360.com%2Fsurveys%2F2023%2Fjwbhd7d6%2F278572&survey_id=82591262)

<https://www.unpri.org/australia-policy/strengthening-effective-stewardship-in-australia-understanding-barriers-and-opportunities-for-investor-stewardship-on-sustainability-outcomes/11515.article?adredir=1&adredir=1>

- (C) No, we did not publicly disclose details of our engagement with policy makers conducted as part of our responsible investment approach during the reporting year

## STEWARDSHIP: EXAMPLES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 40	PLUS	OO 8, OO 9	N/A	PUBLIC	Stewardship: Examples	2

**Provide examples of stewardship activities that you conducted individually or collaboratively during the reporting year that contributed to desired changes in the investees, policy makers or other entities with which you interacted.**

(A) Example 1:

Title of stewardship activity:

Engagement objective: Inclusion of ESG metrics in remuneration.

(1) Led by

- (1) Internally led
- (2) External service provider led
- (3) Led by an external investment manager, real assets third-party operator and/or external property manager

(2) Primary focus of stewardship activity

- (1) Environmental factors
- (2) Social factors
- (3) Governance factors

(3) Asset class(es)

- (1) Listed equity
- (2) Fixed income
- (3) Private equity
- (4) Real estate
- (5) Infrastructure
- (6) Hedge funds
- (7) Forestry
- (8) Farmland
- (9) Other

(4) Description of the activity and what was achieved. For collaborative activities, provide detail on your individual contribution.

We engaged with a US company to encourage a more explicit inclusion of material ESG factors in remuneration. We followed up with a letter to the board, timed for when the compensation committee were meeting to discuss the following year's remuneration. In the letter we outlined our principles for assessing ESG metrics in remuneration, including consideration for inclusion in STI or LTI, metric selection, hurdles, weighting and board discretion. Examples of peers were provided to highlight the characteristics we would like considered. This is while noting that the metrics and structure should be determined by the board and aligned to strategy.

At the 2023 AGM, we were pleased to see the comment "beginning in 2023, the individual performance factor within annual incentives will include more targeted, quantitative ESG metrics relating to people, food and planet commitments previously captured within other broader strategic goals. The company noted this is a change supported by a significant number of shareholders". We along with others influenced this outcome.

This followed positive improvements on reducing the weighting of stock options within the remuneration in previous years following multiple engagements.

(B) Example 2:

Title of stewardship activity:

Voting and engagement: Increased disclosure and reporting on diversity, equality and inclusion.

(1) Led by

- (1) Internally led
- (2) External service provider led
- (3) Led by an external investment manager, real assets third-party operator and/or external property manager

(2) Primary focus of stewardship activity

- (1) Environmental factors
- (2) Social factors
- (3) Governance factors

(3) Asset class(es)

- (1) Listed equity
- (2) Fixed income
- (3) Private equity
- (4) Real estate
- (5) Infrastructure
- (6) Hedge funds
- (7) Forestry
- (8) Farmland
- (9) Other

(4) Description of the activity and what was achieved. For collaborative activities, provide detail on your individual contribution.

We acknowledge that one of our global companies is proactive with respect to policies, strategy and accountability on DEI. However, it was not clear from public disclosures, the impact of policies and the independent verification of their process given that labour management and people are material risks. As a large employer (direct and indirect), a large procurer and a brand known by the community, we viewed that an independent racial audit would be beneficial to the management of the company's social risks.

In 2022, we determined to vote FOR the Shareholder proposal, against management. The SHP requested a racial audit; this received at 55% approval from shareholders. We formally wrote to the company regarding our voting intentions against the company and followed up in an engagement in 2023. In the engagement we highlighted our concern regarding multiple controversies regarding alleged discrimination at the franchisee and employee level.

A positive outcome was stated in the 2023 proxy documents that management have commissioned a report. This is a positive step.

(C) Example 3:

Title of stewardship activity:

Engagement: Set Net Zero target and seek external validation of emission reduction targets

- (1) Led by
- (1) Internally led
  - (2) External service provider led
  - (3) Led by an external investment manager, real assets third-party operator and/or external property manager
- (2) Primary focus of stewardship activity
- (1) Environmental factors
  - (2) Social factors
  - (3) Governance factors
- (3) Asset class(es)
- (1) Listed equity
  - (2) Fixed income
  - (3) Private equity
  - (4) Real estate
  - (5) Infrastructure
  - (6) Hedge funds
  - (7) Forestry
  - (8) Farmland
  - (9) Other
- (4) Description of the activity and what was achieved. For collaborative activities, provide detail on your individual contribution.

We continued engagement with US utility to increase their ambition from initial targets. Applying our proprietary SAFE climate framework, we outlined our ESG objectives to:

1. commit to a net zero target by 2050;
2. seek external validation of emission reduction targets.

We saw positive progress towards these ESG objectives when the company responded to our letter and made comments in the proxy statement that existing emissions goals were being reviewed. Following the 2022 AGM, we sought further engagement to discuss the opportunities and challenges with more aggressive emission reduction targets.

Further progress was achieved when the company announced new, science-based targets; this included a long-term goal to achieve net zero emissions by 2050 and a medium term 50% absolute emission reduction goal by 2035.

This influenced our portfolio construction.

(D) Example 4:

Title of stewardship activity:

Engagement and Voting: Increased disclosure of metrics in the rem and inclusion of ESG metrics

- (1) Led by
- (1) Internally led
  - (2) External service provider led
  - (3) Led by an external investment manager, real assets third-party operator and/or external property manager
- (2) Primary focus of stewardship activity
- (1) Environmental factors
  - (2) Social factors
  - (3) Governance factors
- (3) Asset class(es)
- (1) Listed equity
  - (2) Fixed income
  - (3) Private equity
  - (4) Real estate
  - (5) Infrastructure
  - (6) Hedge funds
  - (7) Forestry
  - (8) Farmland
  - (9) Other

(4) Description of the activity and what was achieved. For collaborative activities, provide detail on your individual contribution.

In FY23, Magellan voted at the 2023 AGM for an infrastructure company.

Prior to the AGM, Magellan engaged with the company on issues such as energy transition risks and executive remuneration. On remuneration, the focus was to encourage the company to improve disclosure of performance targets and metrics in their management incentives. We highlighted the importance of disclosing this additional information for investors to determine if the remuneration is truly at risk and aligned with the strategy.

In assessing the executive remuneration at the 2023 AGM this quarter, we were pleased to see the progress where the company have “now committed to the ex-post disclosure of the targets and performance intervals for all KPIs in both the Executive Board short-term and long-term incentive programs, starting with this Annual Report.” This improvement in transparency is a positive outcome and we will continue to encourage the company to enhance disclosure by providing these hurdles prior to granting the incentives.

We were also pleased to see the inclusion in the long-term incentive (LTI) of specific GHG emission reduction targets and capex committed to new energies development as this is a material ESG risk for the company and an important focus for management.

Given the positive progress on disclosure of remuneration hurdles, the inclusion of specific ESG related metrics in the long-term incentive and alignment of the structure to Magellan's Corporate Governance principles, we determined to support the remuneration report.

(E) Example 5:

Title of stewardship activity:

Engagement and Voting: Remuneration

(1) Led by

- (1) Internally led
- (2) External service provider led
- (3) Led by an external investment manager, real assets third-party operator and/or external property manager

(2) Primary focus of stewardship activity

- (1) Environmental factors
- (2) Social factors
- (3) Governance factors

(3) Asset class(es)

- (1) Listed equity
- (2) Fixed income
- (3) Private equity
- (4) Real estate
- (5) Infrastructure
- (6) Hedge funds
- (7) Forestry
- (8) Farmland
- (9) Other

(4) Description of the activity and what was achieved. For collaborative activities, provide detail on your individual contribution.

After reviewing and assessing the proxy voting resolution to approve the remuneration report for an Australian equities consumer discretionary holding, we notified the company of our intention to vote against the resolution, as we believed the STI outcomes were inconsistent with the company downgrading earnings for a material acquisition during the period. We met the Chair, and a NED however were unsatisfied with the company's reasoning. We voted against the resolution. At the AGM the Board received a strike. We have subsequently had further engagement with the company on their remuneration practices and are pleased with the improvements being made in this regard.

## CLIMATE CHANGE

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 41	CORE	N/A	PGS 41.1	PUBLIC	Climate change	General

### Has your organisation identified climate-related risks and opportunities affecting your investments?

**(A) Yes, within our standard planning horizon**

Specify the risks and opportunities identified and your relevant standard planning horizon:

The climate risks that have been identified include stranded asset risk relating to coal-fired generation plants and gas networks, coastal flooding and extreme heat risks to real estate, and indirect physical risks impacting banks with loans secured by real estate or businesses located in vulnerable geographies. These risks are assessed based on their materiality and are prioritized within the organization's risk management framework. The identified risks are considered within different investment time horizons, with plans in place to transition to renewable energy and lower carbon intensity generation within reasonable time frames. The urgency to address these risks is aligned with the expected time horizon for the risks to arise. The identification and assessment of climate-related risks are part of the ESG risk assessment process and are incorporated into decision-making for stock selection.

1.

Climate Change (transition risks) - Utilities - climate transition risk has the potential to have a meaningful impact on energy and utility companies that rely upon emissions intensive energy in order to meet their customers' needs. For the companies in the portfolio, we continue to track progress towards targets and assess the credibility of their climate strategies. Our work with these companies suggests that their decarbonisation aims are sufficiently ambitious and are on track. Some of the regulated utilities in our coverage have negotiated the early retirement of coal-fired power plants, but they remain in the rate base which protects cash flows.

2.

Climate change vulnerability (Physical risks) - Agricultural supply chain - the business model of these companies is dependant on agricultural commodities. We view it important that these companies invest for the future, that is investment in key commodities to withstand the impacts of climate change. In our research and engagement, we're assess the credibility of the approach from management. We see positive investment in regenerative agriculture in key commodities as well as working with industry. We will continue to engage with companies to ensure that future cash flows are sustainable.

Other companies also face exposure to climate-related risks.

For example, the tech sector are all very large buyers of electricity, but have climate strategies and targets, this includes purchasing renewable electricity, or encouraging local authorities to invest in such generation, along with other initiatives.

3. Climate change (Opportunities) – We see the energy transition as a significant opportunity for the portfolio. For example, some industrials benefit from industry secular tailwinds and funding announcements from the US government.

Airlie also see a range of climate-related opportunities emerging for us over the medium and long-term.

We are closely monitoring businesses with exposure to the materials (copper, nickel, aluminium, scrap steel / high-grade DRI, lithium) and services (fossil fuel decommissioning, renewables construction, hydrogen retrofits) required to affect the energy transition. We also see opportunities in products/businesses that will win market share as consumers shift their behaviour and consumption preferences toward lower carbon outcomes, for example packaging companies taking advantage of the shift in consumption toward aluminium cans over plastic bottles. Finally, we believe opportunities exist and will emerge in businesses with asset bases that can't be easily replaced going forward such as storage and logistics networks and heavy industrial assets. These businesses are effectively rent on the export volume of globally demanded hard and soft commodities (of which Australia has a natural advantage), as well as domestic recycling volumes.

From a risk perspective, the obvious point of concern for Airlie in the medium to long-term are businesses that we think will struggle to reduce their emissions, and as a result will see their cost base (or position on the cost curve) deteriorate in a future where carbon is more transparently priced. The obvious sectors here are fossil fuel producers (both in absolute and relative to renewable energy producers), as well as low-quality steel and cement making businesses.

**(B) Yes, beyond our standard planning horizon**

Specify the risks and opportunities identified and your relevant standard planning horizon:

Magellan are long term investors so as part of the assessment of a company's intrinsic value, Magellan seeks to consider all issues that may materially affect the investment outcomes for a company, including climate risks and opportunities.

Many of these risks and opportunities are outside the TSR period and are considered within the environmental score as well as economic moat and business risk assessment of a company. In order to assess a company's alignment to net zero.

These risks include:

1.

Climate Change (transition risks) - US Utilities - climate transition risk has the potential to have a meaningful impact on energy and utility companies that rely upon emissions intensive energy in order to meet their customers' needs. For the companies in the portfolio, we continue to track progress towards targets and assess the credibility of their climate strategies. Our work with these companies suggests that their decarbonisation aims are sufficiently ambitious and are on track. Some of the regulated utilities in our coverage have negotiated the early retirement of coal-fired power plants, but they remain in the rate base which protects cash flows.

2.

Climate change vulnerability (Physical risks) - Agricultural supply chain - the business model of these companies is dependant on agricultural commodities. We view it important that these companies invest for the future, that is investment in key commodities to withstand the impacts of climate change. In our research and engagement, we're assess the credibility of the approach from management. We see positive investment in regenerative agriculture in key commodities as well as working with industry. We will continue to engage with companies to ensure that future cash flows are sustainable.

Other companies also face exposure to climate-related risks.

For example, the tech sector are all very large buyers of electricity, but have climate strategies and targets, this includes purchasing renewable electricity, or encouraging local authorities to invest in such generation, along with other initiatives.

3. Climate change (Opportunities) – We see the energy transition as a significant opportunity for the portfolio. For example, some industrials benefit from industry secular tailwinds and funding announcements from the US government.

As part of the assessment of a company's intrinsic value, Airlie seeks to consider all issues that may materially affect the investment outcomes for a company, including climate risks and opportunities.

Many of these risks and opportunities are outside of Airlie's investment time horizon, however, material risks and opportunities are still considered as part of the overall assessment of a company. We are closely monitoring businesses with exposure to the materials (copper, nickel, aluminium, scrap steel / high-grade DRI, lithium) and services (fossil fuel decommissioning, renewables construction, hydrogen retrofits) required to affect the energy transition. We also see opportunities in products/businesses that will win market share as consumers shift their behaviour and consumption preferences toward lower carbon outcomes, for example packaging companies taking advantage of the shift in consumption toward aluminium cans over plastic bottles. Finally, we believe opportunities exist and will emerge in businesses with asset bases that can't be easily replaced going forward such as storage and logistics networks and heavy industrial assets.

These businesses are effectively rent on the export volume of globally demanded hard and soft commodities (of which Australia has a natural advantage), as well as domestic recycling volumes.

From a risk perspective, the obvious point of concern for Airlie in the medium to long-term are businesses that we think will struggle to reduce their emissions, and as a result will see their cost base (or position on the cost curve) deteriorate in a future where carbon is more transparently priced. The obvious sectors here are fossil fuel producers (both in absolute and relative to renewable energy producers), as well as low-quality steel and cement making businesses.

- (C) No, we have not identified climate-related risks and/or opportunities affecting our investments

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 41.1	CORE	PGS 41	N/A	PUBLIC	Climate change	General

**Does your organisation integrate climate-related risks and opportunities affecting your investments in its overall investment strategy, financial planning and (if relevant) products?**

- (A) Yes, our overall investment strategy, financial planning and (if relevant) products integrate climate-related risks and opportunities

Describe how climate-related risks and opportunities have affected or are expected to affect your investment strategy, financial planning and (if relevant) products:

Environmental risks are identified at both the corporate/business strategy level and at the investment level. Magellan's Board has ultimate oversight over risk management and compliance including setting Magellan's risk appetite in relation to key risks, including environmental risk. The Board considers the Group's appetite for environmental risk on at least an annual basis as part of its periodic review of Magellan's risk management framework. In 2023, Magellan adopted a new Risk Management Framework for climate related risks and opportunities.

**Investment Strategy**

At the investment level, Magellan integrates climate considerations into investment and ownership decisions. Magellan and Airlie's Investment Teams have responsibility for identifying material climate related risks and opportunities as well as their impact within investment portfolios as part of their investment process. The ESG Team actively collaborates with analysts in the assessment of climate related risks and opportunities.

The assessment of the climate risk and opportunities within the Magellan investment portfolios is within Magellan's framework for assessing Environmental, Social and Governance ("ESG") risks. Magellan's analysts first assess a company's ESG risks and opportunities, including climate risks, as part of our process to accept the stock onto the approved list. This involves the analyst presenting the risks with an initiation report to our Investment Committee, which is a group of senior investment team members. Assuming the Investment Committee deems the risks to be sufficiently manageable, the stock is included in our approved list and available for inclusion in Magellan's equity portfolios. The Magellan and Airlie Investment Teams review climate related targets and commitments for companies in all strategies, at least annually. We view that commitment to net-zero by 2050, having TCFD aligned disclosure and externally validated climate targets (preferably SBTi validated) are the minimum expectations to be aligning to the Paris Agreement.

We also encourage companies to set near-term climate reduction targets across Scope 1, 2, and material Scope 3, link remuneration to climate targets and industry collaboration. Utilising both proprietary analysis and other data (including company statements, press articles, external data providers, Science based targets initiative and expert networks), each company is assessed for their alignment to net zero. In 2022 and continuing into 2023, Magellan and Airlie have enhanced the assessment of all companies in the portfolio against the Net Zero investment framework (NZIF) which includes inputs above, Net zero target and year, emission reduction targets and external verification (SBTi), TCFD alignment, disclosure of Scope 1, 2, 3 emissions. A key input is also our analyst's view on the credibility of the initiatives and climate strategy to achieve their targets.

This is considered by the portfolio managers in portfolio construction, this differs by strategy. In 2023 we have developed a climate specific Stewardship strategy for both Airlie and Magellan utilising the Net Zero Stewardship toolkit.

[https://www.magellangroup.com.au/magellan/assets/File/Magellan%20Stewardship%20Strategy%20-%20Climate\\_August%202023.pdf](https://www.magellangroup.com.au/magellan/assets/File/Magellan%20Stewardship%20Strategy%20-%20Climate_August%202023.pdf)

#### Products

Climate-related risks and opportunities have influenced Magellan's strategy in the area of product development.

In 2023, Magellan launched an Energy Transition investment strategy to provide investors with a platform to invest in opportunities arising from the long term energy transition thematic. The strategy provides clients with access to a portfolio of global companies that are economically leveraged to the energy transition, have the capacity to deliver tangible environmental impact by advancing the transition to a net-zero economy, and exhibit exceptional quality, as assessed by Magellan.

This follows the development of Magellan's Sustainable strategies in 2016 which offer investors the opportunity to invest in a high quality, attractive risk-adjusted return focused portfolio with materially lower carbon factor risk than global markets. In September 2016, the first of a series of Sustainable investment strategies that implement a proprietary low carbon overlay were launched including the Global Sustainable strategy, followed by a Core ESG strategy in December 2020. Climate change is an increasingly important issue for global companies and investors, with the potential to affect business models through government regulation (e.g. carbon pricing), technology and changes in consumption patterns. Importantly, there are also significant opportunities for companies to profitably deploy capital into areas that meet the needs of a decarbonising world. These factors directly and indirectly impact the relative cost of companies' products and services, customer demand and pricing power.

- (B) No, our organisation has not yet integrated climate-related risks and opportunities into its investment strategy, financial planning and (if relevant) products

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 43	CORE	N/A	N/A	PUBLIC	Climate change	General

**Has your organisation assessed the resilience of its investment strategy in different climate scenarios, including one in which the average temperature rise is held to below 2 degrees Celsius (preferably to 1.5 degrees Celsius) above pre-industrial levels?**

- (A) Yes, using the Inevitable Policy Response Forecast Policy Scenario (FPS) or Required Policy Scenario (RPS)
- (B) Yes, using the One Earth Climate Model scenario
- (C) Yes, using the International Energy Agency (IEA) Net Zero scenario

**(D) Yes, using other scenarios**

Specify:

For some strategies, scenario analysis is reviewed. For example, as part of its ongoing investment due diligence, Magellan's infrastructure team recently instituted a review of security-level climate scenario analysis heuristics such as Climate Value at Risk (CVaR) and Implied Temperature Rise (ITR) using an external data provider. Magellan intends to utilise these climate heuristics to identify issues requiring detailed fundamental research. In particular, if the review of climate heuristics suggests that the CVaR is excessive or that the CVaR trends are deteriorating, we intend to undertake a proprietary review.

Magellan as part of the Net Zero Asset Manager initiative have also committed to reporting aligned with TCFD from FY24. Through this we will be considering scenario analysis for more of the portfolios.

Whilst we do not implement climate scenario analysis for every strategy, there are elements to both Magellan and Airlie's stock analysis and selection process which are pertinent to exposure to climate-related risks. This includes an assessment of portfolio companies considers ESG risks, including carbon-related risks, as well as the possibility of government/social intervention, for example the impact of a carbon price. Where these risks are elevated, further modelling is undertaken to try to fully understand the possible impact on the company (for example including carbon prices in our valuation of a company or assessing the financial impact of remediation works, or transitioning fleets to alternate fuel sources). As part of our ongoing due diligence and engagement, we monitor the scenario analysis and climate targets of the portfolio companies.

- (E) No, we have not assessed the resilience of our investment strategy in different climate scenarios, including one that holds temperature rise to below 2 degrees

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 44	CORE	N/A	N/A	PUBLIC	Climate change	General

**Does your organisation have a process to identify, assess, and manage the climate-related risks (potentially) affecting your investments?**

- (A) Yes, we have a process to identify and assess climate-related risks

(1) Describe your process

Magellan asset management have always considered climate risk as part of the ESG integration and stewardship process. Research reports compiled by the Investment Team include a discussion of climate change risks facing companies if material and includes a company's emissions intensity. If a material risk is identified, the Investment Team will incorporate cash flow impacts (either to capital expenditure or earnings margins) to reflect the cost to the company of addressing or remediating the exposure. It is also incorporated into the overall "E" score.

Magellan infrastructure team also undertakes a detailed review of companies exposed to climate risks, including an analysis of climate transition risks using Magellan's proprietary SAFE ((Situational Analysis, Forecasting, and Engagement)). Under the SAFE framework Magellan assesses whether the company is a beneficiary from the transition to a net zero emission economy or whether it faces additional risks, and whether the company's climate transition plan is credible. An assessment is made as to whether climate risks materially impact the investment fundamentals which is incorporated into decision making for stock selection.

Further, within the Airlie investment process, Climate risk is identified and assessed as part of our company research through analysis of physical risks of changes in climate along with the transition risk arising from global responses to climate change.

In this way we incorporate risks from climate change into financial forecasts, valuation, and investment decisions for the portfolio. The quality of a company's strategy to address GHG emissions and respond to the threats and opportunities from the transition to a low carbon economy are assessed in the Management Quality component of our investment process. Industry risks, particularly for holdings in high-risk sectors are captured in the Business Quality component of our investment process. For example, we consider the impact of increased frequency and severity of weather events on insurers, and the impact of increased rainfall deficiencies and drought severity for agricultural stocks.

The Valuation component of Airlie's investment process incorporates scenario analysis and long-term valuation impacts of assessed risks including climate risk for companies where climate change is a material risk. Analysts will use DCF and NPV valuation methodologies to capture long term risk such as stranded asset risk. Additionally, we also test a company's stated transition plans, the cost of their plans, and include carbon prices (if not legislated, a de facto price) in the valuation. These assessments are performed by the individual stock analysts and are incorporated into their investment case for the stock.

## (2) Describe how this process is integrated into your overall risk management

In 2022, Magellan enhanced the process to assess climate related risks as part of the commitment to the Net Zero Asset manager initiative (NZAMi). The Magellan Investment Team review climate related targets and commitments for companies in all strategies, at least annually. These are assessed against the Net Zero investment framework (NZIF) as to whether they are aligned to net zero, aligning, committed, or not aligned to net zero.

Portfolio construction: Magellan portfolio managers consider the scores and qualitative assessments by analysts when considering the purchase or sale and sizing of stock positions within the portfolio.

All else being equal, a more positive ESG assessment would typically result in a larger portfolio position and vice versa. The portfolio construction approach differs by strategy. For strategies in scope for the Net Zero Asset manager initiative, portfolio level targets have been set for alignment to net zero, emission reduction and engagement.

Airlie's process to assess and integrate climate related risk is to identify and evaluate the relevant climate risks for each portfolio company, and account for material climate risks in the investment thesis and valuation where relevant (i.e for those companies where it is a material risk).

The process can effectively be summarised into four steps (steps that work in unison, not stages)

- ESG team driven evaluation of climate-related risks for specific industries and types of businesses
- Analyst driven evaluation of Company-specific climate-related risks, which flow into assessment of valuation and risk/reward
- Analyst driven engagement with both held and non-held Companies at to their approach to managing climate-related risks (including interrogation of their net zero emissions plan), as per our climate related stewardship strategy
- Portfolio manager assessment of climate-related risk at a portfolio level

Active stewardship: Engagement is an important input into risk management including assessing the credibility of the strategy and encouraging greater ambition regarding targets.

In 2023 we developed a climate specific Stewardship strategy to which outlines our assessment, monitoring, engagement and voting for all companies across Magellan and a separate strategy for Airlie.

[https://www.magellangroup.com.au/magellan/assets/File/Magellan%20Stewardship%20Strategy%20-%20Climate\\_August%202023.pdf](https://www.magellangroup.com.au/magellan/assets/File/Magellan%20Stewardship%20Strategy%20-%20Climate_August%202023.pdf)

<https://www.airlifundmanagement.com.au/about/policies/>.

## (B) Yes, we have a process to manage climate-related risks

### (1) Describe your process

In 2022, Magellan enhanced the process to assess climate related risks and opportunities as part of the commitment to the Net Zero Asset manager initiative (NZAMi).

The Magellan Investment Team review climate related targets and commitments for companies in all strategies, at least annually. Utilising both Magellan proprietary analysis and other data each company is assessed for their alignment to net zero. These are assessed against the Net Zero investment framework (NZIF) as to whether they are aligned to net zero. Engagement is also an important input into assessing the credibility of the strategy and encouraging greater ambition regarding targets.

Active stewardship: In 2023 we developed a climate specific Stewardship strategy to which outlines our assessment, monitoring, engagement and voting for all companies across Magellan and a separate strategy for Airlie.

The engagement and voting process is described in the Climate Stewardship strategy available on our website.

[https://www.magellangroup.com.au/magellan/assets/File/Magellan%20Stewardship%20Strategy%20-](https://www.magellangroup.com.au/magellan/assets/File/Magellan%20Stewardship%20Strategy%20-%20Climate_August%202023.pdf)

[%20Climate\\_August%202023.pdf](https://www.magellangroup.com.au/magellan/assets/File/Magellan%20Stewardship%20Strategy%20-%20Climate_August%202023.pdf)

Further, within the Airlie investment process, the management of material climate related risks for portfolio companies is managed in the same way as other material risks for a company.

After a material climate related risks have been identified, evaluated, and accounted for in the investment thesis (and valuation where relevant) for an individual company, the risk is managed as part of our ongoing due diligence and engagement, including the monitoring of climate targets and transition plans. This process is further strengthened by the recent introduction of our climate specific stewardship and engagement strategy, where companies in high-impact material sectors that are not aligned to net zero will be subject to a specific engagement plan that includes an escalation and voting policy.

## (2) Describe how this process is integrated into your overall risk management

From 2023 for Magellan and Airlie strategies, we are assessing the portfolio companies for alignment to net zero using the Net Zero investment framework.

For strategies designated as being managed in line with net zero we are monitoring the progress towards the carbon emission reduction targets as part of Net Zero asset manager initiative. For companies in high impact material sectors that are not aligned to net zero according to the NZIF, an engagement plan will be developed and the objectives reviewed annually.

Portfolio construction: Magellan portfolio managers consider the scores and qualitative assessments by analysts when considering the purchase or sale and sizing of stock positions within the portfolio.

All else being equal, a more positive ESG assessment would typically result in a larger portfolio position and vice versa. The portfolio construction approach differs by strategy. For strategies in scope for the Net Zero Asset manager initiative, portfolio level targets have been set for alignment to net zero, emission reduction and engagement.

Monitoring: As part of the ongoing analysis of companies held in our portfolios, ESG issues including climate risks and opportunities are monitored and climate targets for all companies are collected and stored in a central database.

Companies will be assessed for their alignment to Net zero using the Net zero investment framework. Carbon emissions and intensity are recorded quarterly.

Magellan's sustainable strategies implement a proprietary low carbon emissions overlay into portfolio construction.

Active stewardship: In 2023 we developed a climate specific Stewardship strategy to which outlines our assessment, monitoring, engagement and voting for all companies across Magellan and a separate strategy for Airlie.

- o (C) No, we do not have any processes to identify, assess, or manage the climate-related risks affecting our investments

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 45	CORE	N/A	N/A	PUBLIC	Climate change	General

**During the reporting year, which of the following climate risk metrics or variables affecting your investments did your organisation use and disclose?**

- (A) Exposure to physical risk
- (B) Exposure to transition risk**
  - (1) Indicate whether this metric or variable was used and disclosed, including the methodology
    - (1) Metric or variable used
    - (2) Metric or variable used and disclosed
    - (3) Metric or variable used and disclosed, including methodology**
  - (2) Provide link to the disclosed metric or variable, including the methodology followed, as applicable
    - <https://www.magellangroup.com.au/shareholder-centre/reports-asx-releases/magellan-financial-group-annual-reports/annual-report-2023/>
- (C) Internal carbon price
- (D) Total carbon emissions**
  - (1) Indicate whether this metric or variable was used and disclosed, including the methodology
    - (1) Metric or variable used
    - (2) Metric or variable used and disclosed
    - (3) Metric or variable used and disclosed, including methodology**
  - (2) Provide link to the disclosed metric or variable, including the methodology followed, as applicable
    - <https://www.netzeroassetmanagers.org/signatories/magellan-financial-group/>
- (E) Weighted average carbon intensity**
  - (1) Indicate whether this metric or variable was used and disclosed, including the methodology
    - (1) Metric or variable used
    - (2) Metric or variable used and disclosed
    - (3) Metric or variable used and disclosed, including methodology**
  - (2) Provide link to the disclosed metric or variable, including the methodology followed, as applicable
    - <https://www.magellangroup.com.au/shareholder-centre/reports-asx-releases/magellan-financial-group-annual-reports/annual-report-2023/>
- (F) Avoided emissions
- (G) Implied Temperature Rise (ITR)
- (H) Non-ITR measure of portfolio alignment with UNFCCC Paris Agreement goals
- (I) Proportion of assets or other business activities aligned with climate-related opportunities
- (J) Other metrics or variables
  - (K) Our organisation did not use or disclose any climate risk metrics or variables affecting our investments during the reporting year

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 46	CORE	N/A	N/A	PUBLIC	Climate change	General

**During the reporting year, did your organisation disclose its Scope 1, Scope 2, and/or Scope 3 greenhouse gas emissions?**

**(A) Scope 1 emissions**

(1) Indicate whether this metric was disclosed, including the methodology

o (1) Metric disclosed

● **(2) Metric and methodology disclosed**

(2) Provide links to the disclosed metric and methodology, as applicable

[https://www.cdp.net/en/formatted\\_responses/responses?](https://www.cdp.net/en/formatted_responses/responses?campaign_id=83630982&discloser_id=1034842&locale=en&organization_name=Magellan+Financial+Group&organization_number=50088&program=Investor&project_year=2023&redirect=https%3A%2F%2Fcdp.credit360.com%2Fsurveys%2F2023%2Fjwbhd7d6%2F278572&survey_id=82591262)

[campaign\\_id=83630982&discloser\\_id=1034842&locale=en&organization\\_name=Magellan+Financial+Group&organization\\_number=50088&program=Investor&project\\_year=2023&redirect=https%3A%2F%2Fcdp.credit360.com%2Fsurveys%2F2023%2Fjwbhd7d6%2F278572&survey\\_id=82591262](https://www.cdp.net/en/formatted_responses/responses?campaign_id=83630982&discloser_id=1034842&locale=en&organization_name=Magellan+Financial+Group&organization_number=50088&program=Investor&project_year=2023&redirect=https%3A%2F%2Fcdp.credit360.com%2Fsurveys%2F2023%2Fjwbhd7d6%2F278572&survey_id=82591262)

<https://magellanam.factsetdigitalsolutions.com/news/pdf?i=77e565e9089ebb43>

**(B) Scope 2 emissions**

(1) Indicate whether this metric was disclosed, including the methodology

o (1) Metric disclosed

● **(2) Metric and methodology disclosed**

(2) Provide links to the disclosed metric and methodology, as applicable

[https://www.cdp.net/en/formatted\\_responses/responses?](https://www.cdp.net/en/formatted_responses/responses?campaign_id=83630982&discloser_id=1034842&locale=en&organization_name=Magellan+Financial+Group&organization_number=50088&program=Investor&project_year=2023&redirect=https%3A%2F%2Fcdp.credit360.com%2Fsurveys%2F2023%2Fjwbhd7d6%2F278572&survey_id=82591262)

[campaign\\_id=83630982&discloser\\_id=1034842&locale=en&organization\\_name=Magellan+Financial+Group&organization\\_number=50088&program=Investor&project\\_year=2023&redirect=https%3A%2F%2Fcdp.credit360.com%2Fsurveys%2F2023%2Fjwbhd7d6%2F278572&survey\\_id=82591262](https://www.cdp.net/en/formatted_responses/responses?campaign_id=83630982&discloser_id=1034842&locale=en&organization_name=Magellan+Financial+Group&organization_number=50088&program=Investor&project_year=2023&redirect=https%3A%2F%2Fcdp.credit360.com%2Fsurveys%2F2023%2Fjwbhd7d6%2F278572&survey_id=82591262)

<https://magellanam.factsetdigitalsolutions.com/news/pdf?i=77e565e9089ebb43>

**(C) Scope 3 emissions (including financed emissions)**

(1) Indicate whether this metric was disclosed, including the methodology

o (1) Metric disclosed

● **(2) Metric and methodology disclosed**

(2) Provide links to the disclosed metric and methodology, as applicable

[https://www.cdp.net/en/formatted\\_responses/responses?](https://www.cdp.net/en/formatted_responses/responses?campaign_id=83630982&discloser_id=1034842&locale=en&organization_name=Magellan+Financial+Group&organization_number=50088&program=Investor&project_year=2023&redirect=https%3A%2F%2Fcdp.credit360.com%2Fsurveys%2F2023%2Fjwbhd7d6%2F278572&survey_id=82591262)

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<https://magellanam.factsetdigitalsolutions.com/news/pdf?i=77e565e9089ebb43>

o (D) Our organisation did not disclose its Scope 1, Scope 2, or Scope 3 greenhouse gas emissions during the reporting year

## SUSTAINABILITY OUTCOMES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 47	CORE	N/A	Multiple indicators	PUBLIC	Sustainability outcomes	1, 2

**Has your organisation identified the intended and unintended sustainability outcomes connected to its investment activities?**

- (A) Yes, we have identified one or more specific sustainability outcomes connected to our investment activities
- (B) No, we have not yet identified the sustainability outcomes connected to any of our investment activities

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 47.1	CORE	PGS 47	N/A	PUBLIC	Sustainability outcomes	1, 2

**Which widely recognised frameworks has your organisation used to identify the intended and unintended sustainability outcomes connected to its investment activities?**

- (A) The UN Sustainable Development Goals (SDGs) and targets
- (B) The UNFCCC Paris Agreement
- (C) The UN Guiding Principles on Business and Human Rights (UNGPs)
- (D) OECD frameworks: OECD Guidelines for Multinational Enterprises and Guidance on Responsible Business Conduct for Institutional Investors
- (E) The EU Taxonomy
- (F) Other relevant taxonomies
- (G) The International Bill of Human Rights
- (H) The International Labour Organization's Declaration on Fundamental Principles and Rights at Work and the eight core conventions
- (I) The Convention on Biological Diversity
- (J) Other international framework(s)
- (K) Other regional framework(s)
- (L) Other sectoral/issue-specific framework(s)  
Specify:  
Task Force on Climate-Related Financial Disclosures (TCFD)
- (M) Our organisation did not use any widely recognised frameworks to identify the intended and unintended sustainability outcomes connected to its investment activities

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 47.2	CORE	PGS 47	PGS 48	PUBLIC	Sustainability outcomes	1, 2

**What are the primary methods that your organisation has used to determine the most important intended and unintended sustainability outcomes connected to its investment activities?**

- (A) Identify sustainability outcomes that are closely linked to our core investment activities
- (B) Consult with key clients and/or beneficiaries to align with their priorities
- (C) Assess which actual or potential negative outcomes for people are most severe based on their scale, scope, and irremediable character
- (D) Identify sustainability outcomes that are closely linked to systematic sustainability issues
- (E) Analyse the input from different stakeholders (e.g. affected communities, civil society, trade unions or similar)
- (F) Understand the geographical relevance of specific sustainability outcome objectives
- (G) Other method
- (H) We have not yet determined the most important sustainability outcomes connected to our investment activities

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 48	CORE	PGS 47.2	PGS 48.1, SO 1	PUBLIC	Sustainability outcomes	1, 2

**Has your organisation taken action on any specific sustainability outcomes connected to its investment activities, including to prevent and mitigate actual and potential negative outcomes?**

- (A) Yes, we have taken action on some of the specific sustainability outcomes connected to our investment activities
- (B) No, we have not yet taken action on any specific sustainability outcomes connected to our investment activities

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 48.1	PLUS	PGS 48	N/A	PUBLIC	Sustainability outcomes	1, 2

**Why has your organisation taken action on specific sustainability outcomes connected to its investment activities?**

- (A) We believe that taking action on sustainability outcomes is relevant to our financial risks and returns over both short- and long-term horizons
- (B) We believe that taking action on sustainability outcomes, although not yet relevant to our financial risks and returns, will become so over a long-time horizon
- (C) We have been requested to do so by our clients and/or beneficiaries

- (D) We want to prepare for and respond to legal and regulatory developments that are increasingly addressing sustainability outcomes
- (E) We want to protect our reputation, particularly in the event of negative sustainability outcomes connected to investments
- (F) We want to enhance our social licence-to-operate (i.e. the trust of beneficiaries, clients, and other stakeholders)
- (G) We believe that taking action on sustainability outcomes in parallel to financial return goals has merit in its own right
- (H) Other

## HUMAN RIGHTS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 49	PLUS	PGS 47	PGS 49.1	PUBLIC	Human rights	1, 2

**During the reporting year, what steps did your organisation take to identify and take action on the actual and potentially negative outcomes for people connected to your investment activities?**

- (A) We assessed the human rights context of our potential and/or existing investments and projected how this could connect our organisation to negative human rights outcomes

Explain how these activities were conducted:

In the reporting year we enhanced the assessment of Modern Slavery risk for all portfolio companies. Each company is assessed for exposure to modern slavery risks and management of this risk exposure. Risk exposure considers the industry, geography and material controversies alleged or confirmed. Magellan strives to engage directly with portfolio companies where we have formed the view that material modern slavery risk exists. The objective of these engagements is to better understand how the company is managing Modern Slavery risks and to influence. For companies rated as 'High risk' following our annual assessment, we commit to engaging to influence change or better understand the company's mitigation and management of this risk.

- (B) We assessed whether individuals at risk or already affected might be at heightened risk of harm
- (C) We consulted with individuals and groups who were at risk or already affected, their representatives and/or other relevant stakeholders such as human rights experts

Explain how these activities were conducted:

In the reporting year, we organised a training session for the investment teams of Magellan and Airlie with an external expert. We also collaborated with an FMCG human rights industry group.

We have joined collaborative engagements with RIAA. This has provided access to industry experts who also have contact with individuals and groups at risk.

- (D) We took other steps to assess and manage the actual and potentially negative outcomes for people connected to our investment activities

Specify:

Part of proprietary ESG risk assessment which explicitly reviews controversies related to UNGP/UNGC.

Our analysis and reporting under the Australian Modern Slavery Act aligns with the UNGPs and contributes to the global efforts of eradicating modern slavery in the following ways:

Human rights due diligence

Transparency and reporting

Remediation and access to remedy

We monitor controversies through external data providers and follow up through engagement if the alleged incident is material and potentially resulted in negative outcomes for people connected to our investment activities.

Explain how these activities were conducted:

To better inform our assessment of Modern Slavery in 2023, the ESG team have enhanced our approach related to education.

- External – the ESG team arranged for external training; In 2022, the ESG team joined the RIAA Human rights working group.
- Internal – the ESG team stepped through the process to assess modern slavery risk, with a focus on risk exposure and the management of that exposure. The discussion provided real world examples, and risk assessment examples from within the investment universe.

Risk Assessment

Magellan including Airlie complete a modern slavery risk assessment for any portfolio company, at least annually.

Utilising both Magellan proprietary analysis, company engagements and other data, each company's exposure to modern slavery risk is assessed based on factors including:

- Sector and industry exposures
- Geographic exposures
- Product and services exposures
- Entity exposures – consideration for controversies related to modern slavery

The analysis is aimed at concluding whether the operations or supply chain of the company cause, contribute to or directly link to modern slavery.

Each company is assessed for exposure to modern slavery risks and management of this risk exposure.

- (E) We did not identify and take action on the actual and potentially negative outcomes for people connected to any of our investment activities during the reporting year

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 50	PLUS	PGS 47	N/A	PUBLIC	Human rights	1, 2

**During the reporting year, did your organisation, directly or through influence over investees, enable access to remedy for people affected by negative human rights outcomes connected to your investment activities?**

(A) Yes, we enabled access to remedy directly for people affected by negative human rights outcomes we caused or contributed to through our investment activities

(B) Yes, we used our influence to ensure that our investees provided access to remedies for people affected by negative human rights outcomes we were linked to through our investment activities

Describe:

Where a material risk to people and human rights in the supply chain was identified we engaged with companies in the consumer products industry. We also used our influence through voting at AGMs on shareholder proposals that encourage the company to improve policies and practices related to workers rights.

- (C) No, we did not enable access to remedy directly, or through the use of influence over investees, for people affected by negative human rights outcomes connected to our investment activities during the reporting year

## LISTED EQUITY (LE)

### OVERALL APPROACH

### MATERIALITY ANALYSIS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 1	CORE	OO 21	N/A	PUBLIC	Materiality analysis	1

**Does your organisation have a formal investment process to identify and incorporate material ESG factors across your listed equity strategies?**

**(3) Active - fundamental**

(A) Yes, our investment process incorporates material governance factors	(1) for all of our AUM
(B) Yes, our investment process incorporates material environmental and social factors	(1) for all of our AUM
(C) Yes, our investment process incorporates material ESG factors beyond our organisation's average investment holding period	(1) for all of our AUM
(D) No, we do not have a formal process. Our investment professionals identify material ESG factors at their discretion	○
(E) No, we do not have a formal or informal process to identify and incorporate material ESG factors	○

## MONITORING ESG TRENDS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 2	CORE	OO 21	N/A	PUBLIC	Monitoring ESG trends	1

**Does your organisation have a formal process for monitoring and reviewing the implications of changing ESG trends across your listed equity strategies?**

### (3) Active - fundamental

(A) Yes, we have a formal process that includes scenario analyses

(B) Yes, we have a formal process, but it does not include scenario analyses

(1) for all of our AUM

(C) We do not have a formal process for our listed equity strategies; our investment professionals monitor how ESG trends vary over time at their discretion

o

(D) We do not monitor and review the implications of changing ESG trends on our listed equity strategies

o

### **(B) Yes, we have a formal process but it does not include scenario analysis - Specify: (Voluntary)**

Magellan has incorporated ESG risk factors into its process from the inception of its strategies. Our philosophical approach is to take a risk-based view of all risk factors, including ESG risk factors. Where ESG risks are assessed as material, then deductions from quality scores for Business Risks are made. Analyst base case and/or scenario cash flow forecasts may also incorporate allowance for ESG risks. ESG risks are reviewed on a continuous basis as part of the ongoing analysis of companies to determine whether there has been any change in the outlook for, and risks to, future cash flow generation. Importantly, Quality scores inform the portfolio manager on the overall degree of confidence had on cash flow forecasts and valuation.

# PRE-INVESTMENT

## ESG INCORPORATION IN RESEARCH

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 3	CORE	OO 21	N/A	PUBLIC	ESG incorporation in research	1

**How does your financial analysis and equity valuation or security rating process incorporate material ESG risks?**

**(2) Active - fundamental**

(A) We incorporate material governance-related risks into our financial analysis and equity valuation or security rating process

(1) in all cases

(B) We incorporate material environmental and social risks into our financial analysis and equity valuation or security rating process

(1) in all cases

(C) We incorporate material environmental and social risks related to companies' supply chains into our financial analysis and equity valuation or security rating process

(1) in all cases

(D) We do not incorporate material ESG risks into our financial analysis, equity valuation or security rating processes

o

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 4	CORE	OO 21	N/A	PUBLIC	ESG incorporation in research	1

**What information do you incorporate when you assess the ESG performance of companies in your financial analysis, benchmark selection and/or portfolio construction process?**

**(3) Active - fundamental**

(A) We incorporate qualitative and/or quantitative information on current performance across a range of material ESG factors	(1) in all cases
(B) We incorporate qualitative and/or quantitative information on historical performance across a range of material ESG factors	(1) in all cases
(C) We incorporate qualitative and/or quantitative information on material ESG factors that may impact or influence future corporate revenues and/or profitability	(1) in all cases
(D) We incorporate qualitative and/or quantitative information enabling current, historical and/or future performance comparison within a selected peer group across a range of material ESG factors	(1) in all cases

(E) We do not incorporate qualitative or quantitative information on material ESG factors when assessing the ESG performance of companies in our financial analysis, equity investment or portfolio construction process

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## ESG INCORPORATION IN PORTFOLIO CONSTRUCTION

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 5	PLUS	OO 21	N/A	PUBLIC	ESG incorporation in portfolio construction	1

**Provide an example of how you incorporated ESG factors into your equity selection and research process during the reporting year.**

Example L'Oreal - L'Oreal is the largest beauty manufacturer in the world, and a holding in several of our global equity and sustainable strategies. A material risk for manufacturers is the circular economy. We have been engaging with L'Oreal to better understand how they are investing to manage this risk and benefit from opportunities. This is increasingly important given the European Commission is regulating packaging standards.

From our research and engagement we view L'Oreal is well placed to manage this risk, and potentially benefit from changing consumer preferences towards more sustainable products.

L'Oreal have been actively investing in packaging for decades, reducing usage of raw materials, greater use of recycled materials. L'Oreal is in a privileged position because it can invest in superior technology in its premium/luxury products. This investment will then trickle down into its mass market products.

L'Oreal, as the largest beauty company can have a real impact.

Last year alone L'Oreal used over 58,000 tonnes of recycled materials in packaging, offsetting the use of 58,000 tonnes of virgin materials. They are targeting 100% of plastics in packaging to be recycled or bio-based, they're at 26% now and aim to be 50% by 2030. They're also focused on using less packaging, e.g. in one of their hair care lines, the first gen was a 45% reduction in packaging and now 72%. They've been able to steadily roll this technology out. Importantly, they are buying less raw materials for their packaging, this is a positive ROI.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 6	CORE	OO 21	N/A	PUBLIC	ESG incorporation in portfolio construction	1

**How do material ESG factors contribute to your stock selection, portfolio construction and/or benchmark selection process?**

**(3) Active - fundamental**

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(A) Material ESG factors contribute to the selection of individual assets and/or sector weightings within our portfolio construction and/or benchmark selection process

(1) for all of our AUM

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(B) Material ESG factors contribute to the portfolio weighting of individual assets within our portfolio construction and/or benchmark selection process

(1) for all of our AUM

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(C) Material ESG factors contribute to the country or region weighting of assets within our portfolio construction and/or benchmark selection process

(3) for a minority of our AUM

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(D) Other ways material ESG factors contribute to your portfolio construction and/or benchmark selection process

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(E) Our stock selection, portfolio construction or benchmark selection process does not include the incorporation of material ESG factors

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## POST-INVESTMENT

### ESG RISK MANAGEMENT

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 9	CORE	OO 17.1 LE, OO 21	N/A	PUBLIC	ESG risk management	1

**What compliance processes do you have in place to ensure that your listed equity assets subject to negative exclusionary screens meet the screening criteria?**

- (A) We have internal compliance procedures that ensure all funds or portfolios that are subject to negative exclusionary screening have pre-trade checks
- (B) We have an external committee that oversees the screening implementation process for all funds or portfolios that are subject to negative exclusionary screening
- (C) We have an independent internal committee that oversees the screening implementation process for all funds or portfolios that are subject to negative exclusionary screening
- (D) We do not have compliance processes in place to ensure that we meet our stated negative exclusionary screens

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 10	CORE	OO 21	N/A	PUBLIC	ESG risk management	1

**For the majority of your listed equity assets, do you have a formal process to identify and incorporate material ESG risks and ESG incidents into your risk management process?**

(2) Active - fundamental

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(A) Yes, our formal process includes reviews of quantitative and/or qualitative information on material ESG risks and ESG incidents and their implications for individual listed equity holdings

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(B) Yes, our formal process includes reviews of quantitative and/or qualitative information on material ESG risks and ESG incidents and their implications for other listed equity holdings exposed to similar risks and/or incidents

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(C) Yes, our formal process includes reviews of quantitative and/or qualitative information on material ESG risks and ESG incidents and their implications for our stewardship activities

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(D) Yes, our formal process includes ad hoc reviews of quantitative and/or qualitative information on severe ESG incidents

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(E) We do not have a formal process to identify and incorporate material ESG risks and ESG incidents into our risk management process; our investment professionals identify and incorporate material ESG risks and ESG incidents at their discretion

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(F) We do not have a formal process to identify and incorporate material ESG risks and ESG incidents into our risk management process

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## PERFORMANCE MONITORING

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 11	PLUS	OO 21	N/A	PUBLIC	Performance monitoring	1

**Provide an example of how the incorporation of ESG factors in your listed equity valuation or portfolio construction affected the realised returns of those assets.**

Example: Trane

We recently invested in Trane Technologies, a leader in heating, ventilation, air conditioning and transport refrigeration (HVARG) equipment and services. We view that HVARG is an important element in the energy transition, which is a significant opportunity for the portfolio and investors. Trane technologies benefits from industry secular tailwinds and funding announcements from the US government.

Consideration for inclusion in the portfolio included qualitative and quantitative analysis.

In our qualitative analysis, we assessed the ESG risks and opportunities for Trane. Opportunities include the industry secular tailwinds of energy scarcity, climate change and decarbonization support a long runway for Trane to grow. This is made possible because of Trane's investment in climate innovation, including solutions to reduce carbon emissions and improve energy efficiency. We engage with management on the risks and opportunities.

This research on ESG risks and opportunities has informed our quantitative assessment of Trane being an attractive investment. We include the structural tailwind of the climate transition, as well as government incentives.

In addition, we have prioritised client communication of these tailwinds and opportunities.

<https://www.magellangroup.com.au/insights/what-really-matters-in-investing/>.

## DISCLOSURE OF ESG SCREENS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 12	CORE	OO 17 LE, OO 21	N/A	PUBLIC	Disclosure of ESG screens	6

For all your listed equity assets subject to ESG screens, how do you ensure that clients understand ESG screens and their implications?

- (A) We share a list of ESG screens
- (B) We share any changes in ESG screens
- (C) We explain any implications of ESG screens, such as their deviation from a benchmark or impact on sector weightings
- (D) We do not share the above information for all our listed equity assets subject to ESG screens

## SUSTAINABILITY OUTCOMES (SO)

### SETTING TARGETS AND TRACKING PROGRESS

#### SETTING TARGETS ON SUSTAINABILITY OUTCOMES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 1	PLUS	PGS 48	SO 2, SO 2.1, SO 3	PUBLIC	Setting targets on sustainability outcomes	1, 2

What specific sustainability outcomes connected to its investment activities has your organisation taken action on?

- (A) Sustainability outcome #1
  - (1) Widely recognised frameworks used to guide action on this sustainability outcome
    - (1) The UN Sustainable Development Goals (SDGs) and targets
    - (2) The UNFCCC Paris Agreement
    - (3) The UN Guiding Principles on Business and Human Rights (UNGPs)
    - (4) OECD frameworks: OECD Guidelines for Multinational Enterprises and Guidance on Responsible Business Conduct for Institutional Investors
    - (5) The EU Taxonomy
    - (6) Other relevant taxonomies
    - (7) The International Bill of Human Rights
    - (8) The International Labour Organization's Declaration on Fundamental Principles and Rights at Work and the eight core conventions
    - (9) The Convention on Biological Diversity
    - (10) Other international, regional, sector-based or issue-specific framework(s)
  - (2) Classification of sustainability outcome
    - (1) Environmental
    - (2) Social
    - (3) Governance-related
    - (4) Other

(3) Sustainability outcome name

Alignment of companies to net zero using the Net Zero Investment Framework as part of our commitment to NZAM.

(4) Number of targets set for this outcome

- (1) No target
- (2) One target
- (3) Two or more targets

(B) Sustainability outcome #2

(1) Widely recognised frameworks used to guide action on this sustainability outcome

- (1) The UN Sustainable Development Goals (SDGs) and targets
- (2) The UNFCCC Paris Agreement
- (3) The UN Guiding Principles on Business and Human Rights (UNGPs)
- (4) OECD frameworks: OECD Guidelines for Multinational Enterprises and Guidance on Responsible Business Conduct for Institutional Investors
- (5) The EU Taxonomy
- (6) Other relevant taxonomies
- (7) The International Bill of Human Rights
- (8) The International Labour Organization's Declaration on Fundamental Principles and Rights at Work and the eight core conventions
- (9) The Convention on Biological Diversity
- (10) Other international, regional, sector-based or issue-specific framework(s)

(2) Classification of sustainability outcome

- (1) Environmental
- (2) Social
- (3) Governance-related
- (4) Other

(3) Sustainability outcome name

Engage with companies deemed high risk following our internal review of Modern Slavery.

(4) Number of targets set for this outcome

- (1) No target
- (2) One target
- (3) Two or more targets

(C) Sustainability outcome #3

(1) Widely recognised frameworks used to guide action on this sustainability outcome

- (1) The UN Sustainable Development Goals (SDGs) and targets
- (2) The UNFCCC Paris Agreement
- (3) The UN Guiding Principles on Business and Human Rights (UNGPs)
- (4) OECD frameworks: OECD Guidelines for Multinational Enterprises and Guidance on Responsible Business Conduct for Institutional Investors
- (5) The EU Taxonomy
- (6) Other relevant taxonomies
- (7) The International Bill of Human Rights
- (8) The International Labour Organization's Declaration on Fundamental Principles and Rights at Work and the eight core conventions
- (9) The Convention on Biological Diversity
- (10) Other international, regional, sector-based or issue-specific framework(s)

(2) Classification of sustainability outcome

- (1) Environmental
- (2) Social
- (3) Governance-related
- (4) Other

(3) Sustainability outcome name

Enhance alignment to the TCFD framework across corporate and investments.

(4) Number of targets set for this outcome

- (1) No target
- (2) One target
- (3) Two or more targets

(D) Sustainability outcome #4

(1) Widely recognised frameworks used to guide action on this sustainability outcome

- (1) The UN Sustainable Development Goals (SDGs) and targets
- (2) The UNFCCC Paris Agreement
- (3) The UN Guiding Principles on Business and Human Rights (UNGPs)
- (4) OECD frameworks: OECD Guidelines for Multinational Enterprises and Guidance on Responsible Business Conduct for Institutional Investors
- (5) The EU Taxonomy
- (6) Other relevant taxonomies
- (7) The International Bill of Human Rights
- (8) The International Labour Organization's Declaration on Fundamental Principles and Rights at Work and the eight core conventions
- (9) The Convention on Biological Diversity
- (10) Other international, regional, sector-based or issue-specific framework(s)

(2) Classification of sustainability outcome

- (1) Environmental
- (2) Social
- (3) Governance-related
- (4) Other

(3) Sustainability outcome name

Independent governance structures - specifically separation of Chair/CEO and board committee independence.

(4) Number of targets set for this outcome

- (1) No target
- (2) One target
- (3) Two or more targets

(E) Sustainability outcome #5

(1) Widely recognised frameworks used to guide action on this sustainability outcome

- (1) The UN Sustainable Development Goals (SDGs) and targets
- (2) The UNFCCC Paris Agreement
- (3) The UN Guiding Principles on Business and Human Rights (UNGPs)
- (4) OECD frameworks: OECD Guidelines for Multinational Enterprises and Guidance on Responsible Business Conduct for Institutional Investors
- (5) The EU Taxonomy
- (6) Other relevant taxonomies
- (7) The International Bill of Human Rights
- (8) The International Labour Organization's Declaration on Fundamental Principles and Rights at Work and the eight core conventions
- (9) The Convention on Biological Diversity
- (10) Other international, regional, sector-based or issue-specific framework(s)

(2) Classification of sustainability outcome

- (1) Environmental
- (2) Social
- (3) Governance-related
- (4) Other

(3) Sustainability outcome name

Remuneration structures - long-term pay for performance

(4) Number of targets set for this outcome

- (1) No target
- (2) One target
- (3) Two or more targets

(F) Sustainability outcome #6

(1) Widely recognised frameworks used to guide action on this sustainability outcome

- (1) The UN Sustainable Development Goals (SDGs) and targets
- (2) The UNFCCC Paris Agreement
- (3) The UN Guiding Principles on Business and Human Rights (UNGPs)
- (4) OECD frameworks: OECD Guidelines for Multinational Enterprises and Guidance on Responsible Business Conduct for Institutional Investors
- (5) The EU Taxonomy
- (6) Other relevant taxonomies
- (7) The International Bill of Human Rights
- (8) The International Labour Organization's Declaration on Fundamental Principles and Rights at Work and the eight core conventions
- (9) The Convention on Biological Diversity
- (10) Other international, regional, sector-based or issue-specific framework(s)

(2) Classification of sustainability outcome

- (1) Environmental
- (2) Social
- (3) Governance-related
- (4) Other

(3) Sustainability outcome name

Remuneration - transparency of targets and stretch of targets.

(4) Number of targets set for this outcome

- (1) No target
- (2) One target
- (3) Two or more targets

(G) Sustainability outcome #7

(1) Widely recognised frameworks used to guide action on this sustainability outcome

- (1) The UN Sustainable Development Goals (SDGs) and targets
- (2) The UNFCCC Paris Agreement
- (3) The UN Guiding Principles on Business and Human Rights (UNGPs)
- (4) OECD frameworks: OECD Guidelines for Multinational Enterprises and Guidance on Responsible Business Conduct for Institutional Investors
- (5) The EU Taxonomy
- (6) Other relevant taxonomies
- (7) The International Bill of Human Rights
- (8) The International Labour Organization's Declaration on Fundamental Principles and Rights at Work and the eight core conventions
- (9) The Convention on Biological Diversity
- (10) Other international, regional, sector-based or issue-specific framework(s)

(2) Classification of sustainability outcome

- (1) Environmental
- (2) Social
- (3) Governance-related
- (4) Other

(3) Sustainability outcome name

Diversity/Equity/Inclusion - encourage diversity across the organisation and at the senior management level. This involves improved transparency.

(4) Number of targets set for this outcome

- (1) No target
- (2) One target
- (3) Two or more targets

- (H) Sustainability outcome #8
- (I) Sustainability outcome #9
- (J) Sustainability outcome #10

## INDIVIDUAL AND COLLABORATIVE INVESTOR ACTION ON OUTCOMES

### LEVERS USED TO TAKE ACTION ON SUSTAINABILITY OUTCOMES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 5	PLUS	SO 2	Multiple	PUBLIC	Levers used to take action on sustainability outcomes	1, 2, 5

During the reporting year, which of the following levers did your organisation use to take action on sustainability outcomes, including to prevent and mitigate actual and potential negative outcomes?

(A) Stewardship with investees, including engagement, (proxy) voting, and direct influence with privately held assets

Select from drop down list:

- (1) Individually
- (2) With other investors or stakeholders

(B) Stewardship: engagement with external investment managers

Select from drop down list:

- (1) Individually
- (2) With other investors or stakeholders

(C) Stewardship: engagement with policy makers

(D) Stewardship: engagement with other key stakeholders

(E) Capital allocation

(F) Our organisation did not use any of the above levers to take action on sustainability outcomes during the reporting year

## STEWARDSHIP WITH INVESTEES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 9	PLUS	SO 5	N/A	PUBLIC	Stewardship with investees	2

**How does your organisation prioritise the investees you conduct stewardship with to take action on sustainability outcomes, including preventing and mitigating actual and potential negative outcomes?**

- (A) We prioritise the most strategically important companies in our portfolio.  
 **(B) We prioritise the companies in our portfolio most significantly connected to sustainability outcomes.**

Describe how you do this:

Climate: Companies will be prioritised for engagement based on the assessment of climate related risk for that sector. All companies are assessed for alignment to Net Zero then prioritised for engagement based on whether they are in a high impact material sector and according to the size of the holding across different strategies.

Modern Slavery: Companies rated high risk are prioritised for engagement.

Select from the list:

- 1  
 3  
 4

- (C) We prioritise the companies in our portfolio to ensure that we cover a certain proportion of the sustainability outcomes we are taking action on.**

Describe how you do this:

In the reporting period, we have set an engagement threshold which ensures that at least 80% of financed emissions in high impact material sectors are either assessed as Net Zero, aligned with a net zero pathway, or the subject of direct or collective engagement and stewardship actions.

Select from the list:

- 2  
 3  
 4

- (D) Other

# CONFIDENCE-BUILDING MEASURES (CBM)

## CONFIDENCE-BUILDING MEASURES

### APPROACH TO CONFIDENCE-BUILDING MEASURES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
CBM 1	CORE	N/A	Multiple indicators	PUBLIC	Approach to confidence-building measures	6

#### How did your organisation verify the information submitted in your PRI report this reporting year?

- (A) We conducted independent third-party assurance of selected processes and/or data related to the responsible investment processes reported in our PRI report, which resulted in a formal assurance conclusion
- (B) We conducted a third-party readiness review and are making changes to our internal controls or governance processes to be able to conduct independent third-party assurance next year
- (C) We conducted an internal audit of selected processes and/or data related to the responsible investment processes reported in our PRI report
- (D) Our board, trustees (or equivalent), senior executive-level staff (or equivalent), and/or investment committee (or equivalent) signed off on our PRI report
- (E) We conducted an external ESG audit of our holdings to verify that our funds comply with our responsible investment policy
- (F) We conducted an external ESG audit of our holdings as part of risk management, engagement identification or investment decision-making
- (G) Our responses in selected sections and/or the entirety of our PRI report were internally reviewed before submission to the PRI
  - (H) We did not verify the information submitted in our PRI report this reporting year

## INTERNAL AUDIT

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
CBM 4	CORE	OO 21, CBM 1	N/A	PUBLIC	Internal audit	6

#### What responsible investment processes and/or data were audited through your internal audit function?

- (A) Policy, governance and strategy
  - Select from dropdown list:
    - (1) Data internally audited
    - (2) Processes internally audited
    - (3) Processes and data internally audited
- (C) Listed equity
  - Select from dropdown list:
    - (1) Data internally audited
    - (2) Processes internally audited
    - (3) Processes and data internally audited

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
CBM 5	PLUS	CBM 1	N/A	PUBLIC	Internal audit	6

**Provide details of the internal audit process regarding the information submitted in your PRI report.**

Our risk and compliance team test the investment teams adherence to our ESG policies and ESG disclosures.

- ESG scores: risk and compliance confirm that invested securities are actively monitored for ESG risks and opportunities which is reflected in the review of our ESG scores.
- Exclusions: risk and compliance on initiation and annually review compliance with our ESG exclusions.
- Carbon intensity: risk and compliance confirm carbon intensity for the funds. In addition, risk and compliance attest to compliance of our low carbon framework.

## INTERNAL REVIEW

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
CBM 6	CORE	CBM 1	N/A	PUBLIC	Internal review	6

**Who in your organisation reviewed the responses submitted in your PRI report this year?**

- (A) Board, trustees, or equivalent
- (B) Senior executive-level staff, investment committee, head of department, or equivalent
  - Sections of PRI report reviewed
    - (1) the entire report
    - (2) selected sections of the report
- (C) None of the above internal roles reviewed selected sections or the entirety of the responses submitted in our PRI report this year