Macquarie Asset Management

Taskforce for Climate-related Financial Disclosures Report

June 2025

Contents

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Introduction

1. Introduction

1.1 About MAM

Macquarie Asset Management ("**MAM**", also referred to in this report as "**we**", "**our**" or "**us**") is a global asset manager integrated across public and private markets. We focus on generating positive outcomes for our clients, portfolio companies and communities. This starts with understanding their needs and providing solutions that seek to deliver superior results over the long term.

Managing approximately £466.4[1] billion in assets with a team of more than 2,100 people operating globally, we provide a diverse range of investment solutions across Real Assets (Infrastructure, Green Investments, Agriculture), Real Estate, Credit, Equities & Multi-Asset, and Solutions (a cross-MAM business group that provides new strategies and initiatives for MAM).

Refer to MAM's website for further information: macquarie.com/mam

MAM is part of the Macquarie Group, the head company of which is Macquarie Group Limited (**"MGL**[2]" and its subsidiaries, referred to in this report as **"Macquarie" or "the Group"**), a diversified financial services group operating in 34 markets. Macquarie was founded in 1969 and is listed on the Australian Securities Exchange.

Refer to Macquarie's website for further information: macquarie.com

1.2 About this report

This report (the "Report") has been issued by the following entities regulated by the UK Financial Conduct Authority (FCA) in the UK (collectively the "**Firms**"):

- Macquarie Infrastructure and Real Assets (Europe) Limited (MIRAEL)[3], an alternative investment fund (AIF) manager with MiFID top up permissions, that undertakes some of MAM's Real Assets activities in the UK; and
- Macquarie Investment Management Europe Limited (MIMEL)[4], a MiFID investment firm, that undertakes MAM's Equities & Multi-Asset and Credit activities in the UK.

The Firms have prepared this report to comply with the FCA's mandatory climate-related reporting requirements for UK asset managers in Chapter 2 of the Environmental, Social and Governance (ESG) Sourcebook in the FCA Handbook (the "FCA Rules"), consistent with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD)[5].

The Report covers the period from 1 January 2024 to 31 December 2024 (the "**reporting period**").

In line with the TCFD's recommendations, this Report provides details on the **Governance, Strategy, Risk Management**, and **Metrics and Targets** in relation to climate-related risks and opportunities of the Firms.

As a global asset manager, certain areas of this Report may be written from a global perspective, for example the Strategy and Risk Management sections; while other areas may be more focused on the Firms, for example the Governance and Metrics and Targets sections.

Throughout this Report, the "public markets businesses" of MAM refer to the Equities & Multi-Asset division and the Fixed Income capabilities of the Credit division. The "private markets businesses" refer to the Real Assets division (including our Infrastructure and Green Investments capabilities but excluding Agriculture), and the Private Credit capability of the Credit division. Typically, we have used "investee companies" to refer to the assets held across our public markets businesses and "portfolio companies" to refer to the assets held across our private markets businesses.

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[1] As at 31 December 2024. Private markets assets under management (AUM) includes equity yet to deploy and equity committed to assets but not yet deployed.
[2] Macquarie Group Limited, ABN 94 122 169 279
[3] Macquarie Infrastructure and Real Assets (Europe) Limited ("MIRAEL") is registered in England and Wales (Company No. 03976881). The registered office for MIRAEL is Ropemaker Place, 28 Ropemaker Street, London, EC2Y 9HD, United Kingdom. MIRAEL is authorised and regulated by the Financial Conduct Authority (FCA Firm No.195652).
[4] Macquarie Investment Management Europe Limited ("MIMEL") is incorporated and registered as a private limited company in England and Wales (Company No. 09612439, Firm Reference No. 733534). The registered office for MIMEL is Ropemaker Place, 28 Ropemaker Street, London, EC2Y 9HD. MIMEL is authorised and regulated by the Financial Conduct Authority (FCA Firm No. 733534).
[5] Final Report: "Recommendations of the Task Force on Climate-related Financial Disclosures", Task Force on Climate-related Financial Disclosures, June 2017, https://www.handbook.fca.org.uk/handbook/ESG.pdf (PDF)

This Report relates to the relevant assets that the Firms manage in their capacities as both investment manager (in respect of portfolio management services provided to both funds and separately managed accounts) and fund manager (in respect of AIFs) and advise on as part of TCFD in-scope business (as defined in the FCA Rules). In this Report, the Firms' managed products and services are together referred to as the **"Portfolios".** This entity-level TCFD Report generally applies in respect of all Portfolios, however, it is separate from any product-level TCFD reports that may be produced with respect to particular funds or separately managed accounts.

This Report is complementary to MAM's Sustainability reporting, details of which can be found on our website here. Additionally, this Report is separate from the FY2025 Macquarie Group Sustainability Report.

This Report has been prepared using the most up-to-date information available for the reporting period (in so far as is reasonably practicable). We welcome, and actively participate in, efforts to advance climate reporting in the asset management industry. However, we recognise that significant data and methodological challenges associated with climate reporting remain. We have included TCFD-aligned disclosures where it is fair, clear and not misleading for us to do so. We have also explained certain limitations on our ability to disclose, and the steps being taken to address those limitations (see Sections 3.1.2, 3.5 and 5.2.3).

Compliance statement

The disclosures in this Report comply with the climate-related disclosure requirements in the FCA Rules.

Disclaimer

This Report contains forward-looking statements, including estimates and assumptions around climate-related goals, targets, and pathways. These statements are subject to various external factors, many of which are beyond the control of MAM (including the Firms), which may cause actual results to differ materially from those expressed or implied in those statements. While the measures and statements in this Report reflect MAM (including the Firms)'s, best estimates and judgements as at the date of this Report, MAM (including the Firms)'s views may change in the future as metrics, methodologies and guidance evolve. This Report should be read together with the limitations and qualifications provided in the body of the Report.

Martin Bradley
Chief Executive Officer
Macquarie Infrastructure and Real Assets Europe Limited

Peter Glaser
Chief Executive Officer
Macquarie Investment Management Europe Limited

Macquarie London office, United Kingdom

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Governance

2. Governance

The Firms' climate-related risks, opportunities and organisational implications are overseen by the Firms' Boards, MAM's Executive Committee and several supporting committees and teams.

This section of the Report examines the roles each play with regards to the oversight and governance of climate-related issues.

As MAM and the Firms leverage the Group's risk management framework (see Section 4), the role of the MGL Board is also discussed.

2.1 Board oversight of climate-related risks and opportunities

MGL's Board

MGL's Board reviews and approves Macquarie's Risk Appetite Statement and Risk Management Strategy, and monitors material risks faced by Macquarie and reviews how they are managed. This includes specific consideration for climate risk.

MGL's Board annually considers and approves the strategies and business plans of Macquarie's Operating and Central Service Groups, which include the risks and opportunities pertaining to the energy transition and climate change where relevant.

For further information on Macquarie's approach to climate risk, please see the FY2025 Macquarie Group Sustainability Report.

MIRAEL and MIMEL Boards

Asset management businesses – comprising of fund and portfolio management businesses - within Macquarie are required to have their own environmental and social risk framework in place, commensurate with their risk profile and fiduciary responsibilities. The MIRAEL and MIMEL Boards (hereafter the "**Boards**"), in accordance with their respective charters, are responsible for overseeing the material risks within each Firm's activities.

The Boards receive regular reports on sustainability-related matters including relevant developments in applicable sustainable finance regulation, market news, and updates on relevant internal sustainability initiatives and reporting.

Since the Firm's last TCFD report, we have worked to enhance our board reporting on the topic of climate risk. A dedicated climate risk update providing detailed information on MAM's approach to climate risk and planned work for the upcoming financial year was provided to the Boards outside of the reporting period in Q1 2025.

The Boards may also receive reports on material changes to sustainability frameworks, policies, issues and risks from MAM's sustainability specialists, MAM Risk, Risk Management Group (RMG) Compliance (including MAM Business Compliance), and investment and portfolio management teams. Such reporting would include material risks arising from climate, if identified.

2.2 Management's role in assessing and managing climate-related risks and opportunities

The structures described in this section apply across MAM, including with respect to the Firms. As the Firms are MAM entities, not all functional governance committees have a reporting line to the Boards. Rather, these committees lead up to the MAM Executive Committee.

The MAM governance structure provides that the MAM Executive Committee implements MAM's strategy across their respective business areas, including the legal entities through which they operate.

2.2.1 MAM Executive Committee

The MAM Executive Committee is the global leadership body that defines and governs our strategic direction and ensures all activities align with, and deliver on, our vision.

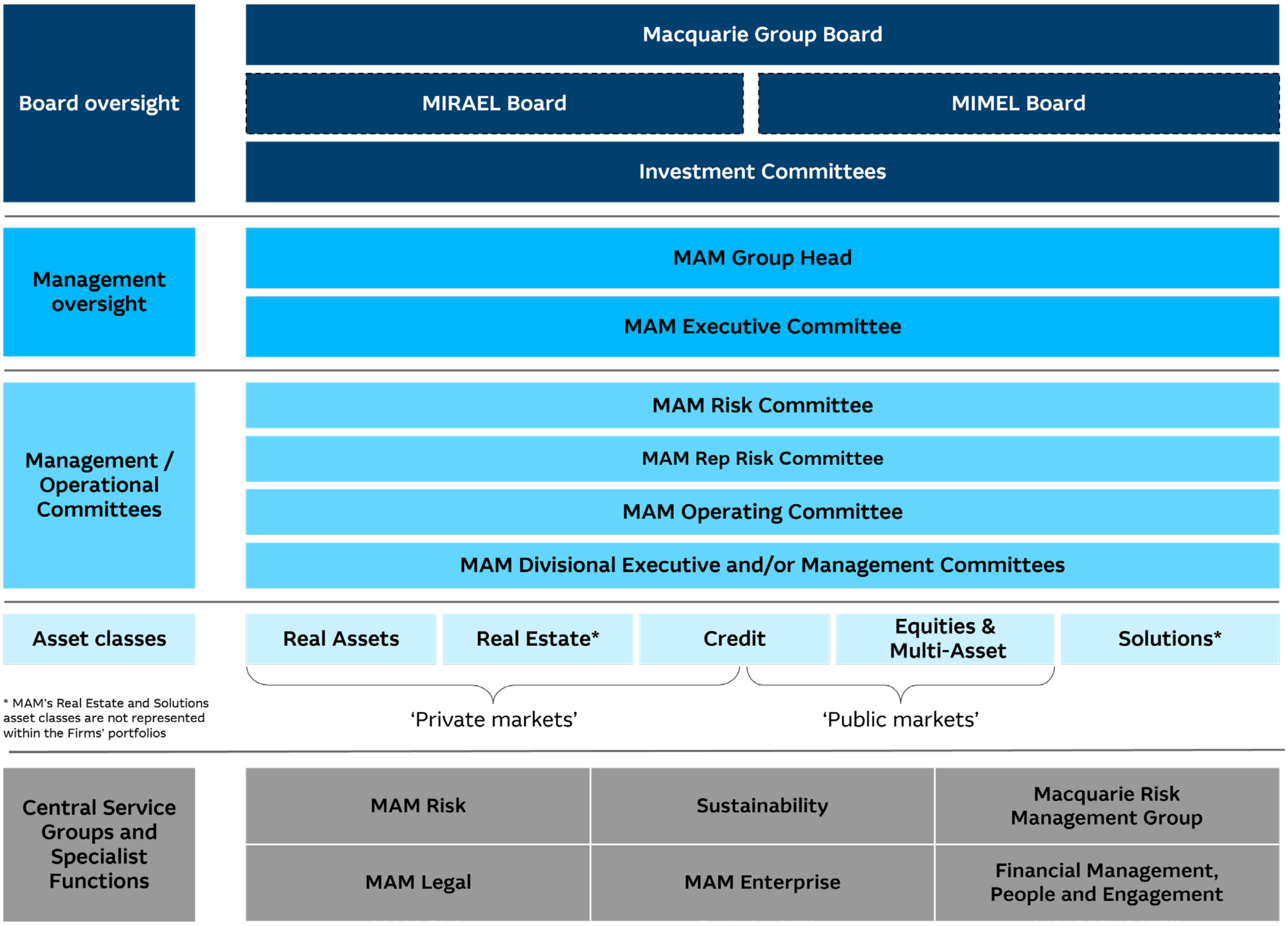
The MAM Executive Committee sets the overall strategic direction of MAM's approach to climate change and has accountability for MAM's management of climate-related risks and opportunities and Net Zero Commitment[6].

The MAM Executive Committee meets fortnightly and receives regular sustainability reporting that includes updates on climate initiatives and MAM's Net Zero Commitment.

[6] See section 3.2.2 and Our Approach to net zero for further details on our Net Zero Commitment.

A simplified organisational chart of the key teams involved in supporting governance across MAM is shown here with further details available in our latest Stewardship Report.

Further information on the structure and membership of the MAM Executive Committee can be accessed here.



Supporting governance committees

In addition to the MAM Executive Committee, several committees and teams across MAM are either dedicated to, or spend a proportion of their time, working on sustainability and climate-related activities. These committees are MAM-wide and not solely for the Firms in scope of this Report.

While they do not consider climate-related issues as a standing agenda item, these are the committees to which any climate-related issue arising would be escalated as required. The specific committee selected would depend on the asset class and issue in question and would be determined on a case-by-case basis.

Committees	Meeting cadence	Purpose, roles and responsibilities
MAM Risk Committee	Quarterly	The MAM Risk Committee's primary objective is to provide a dedicated forum for the oversight of the identification, measurement, evaluation, monitoring and control or mitigation of material risks that arise in, or because of, the operations of MAM. The committee provides strategic guidance and acts as an escalation forum for members to raise key issues to ensure that MAM appropriately and proportionately manages its material risks and complies with obligations under the relevant laws, regulations and Macquarie policies.
MAM Reputational Risk Committee	As required for specific agenda items	The MAM Reputational Risk Committee is a sub-committee of the MAM Risk Committee and is convened by the MAM Chief Risk Officer on an ad-hoc basis as required. The committee's primary objective is to review and determine reputational risk matters escalated to the committee with respect to counterparties, types of business and jurisdictions. The committee will approve, decline or make recommendations aimed at minimising any potential reputation or conduct risk.
MAM Divisional Executive Committee and/or Management Committee	Varies for each asset class; at least bi-monthly	Each MAM asset class division[7] has an Executive Committee and/or Management Committee. While the terms and scope of each committee may differ across the different divisions of MAM, the committees are typically chaired by the divisional or business heads and are forums for them to receive updates from the key representatives of the relevant business lines and specialist functions. Matters discussed may include sustainability and/or climate-related risks and opportunities, and sustainability-related projects and initiatives.
MAM private markets Investment Committees	As required	Each private markets fund has an Investment Committee, either at fund level or divisional/regional level, dependent on the product strategies. This committee acts as the decision-making body responsible for overseeing the various stages of the investment life cycle, as shown in Section 3.1. For some of the Portfolios managed by the Firms, the Boards have delegated investment decision-making responsibilities to the relevant Investment Committee. The Investment Committee reviews asset papers and due diligence reports that may contain climate-related risk and opportunities put to the committee by the asset teams for consideration in investment decisions.

[7] MAM's asset class divisions include Real Assets, Real Estate, Credit, and Equities & Multi-Asset.

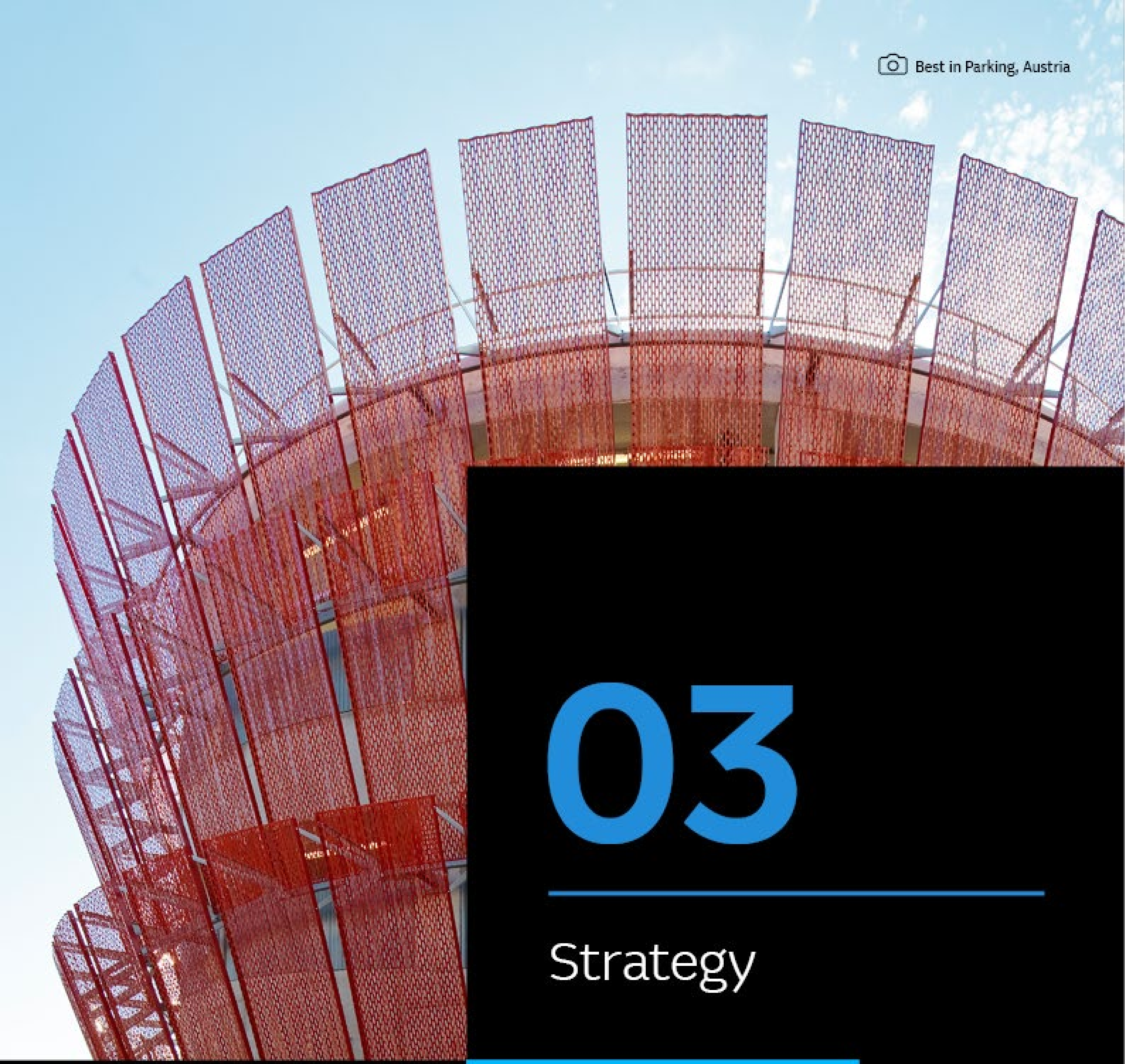
Sustainability within MAM

MAM has over 20 sustainability professionals globally that are embedded within the private and public markets businesses and specialist functions.

MAM's Chief Sustainability Officer (CSO) is responsible for the firm's sustainability strategy.

MAM's sustainability professionals are responsible for implementing MAM's sustainability strategy and ESG frameworks, providing specialist expertise on environmental and certain social matters, including climate, as well as supporting investment and asset management teams in managing material ESG risks, harnessing ESG opportunities and conducting stewardship activities across MAM's portfolios.

Other MAM specialist teams also support the management of sustainability-related matters, including Portfolio Performance, Diversity, Workforce Health and Safety (WHS), Technology and Innovation, and Human Capital.


Best in Parking, Austria

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Strategy

3. Strategy

As an active manager and a fiduciary, MAM is focused on addressing the risks arising from climate change and seizing the opportunities presented by the energy transition. As an investor, we're also committed to identifying and creating compelling climate solutions for our clients and portfolio companies.

We seek to leverage our scale and experience to support our portfolio and investee companies to reduce their greenhouse gas (**GHG**) emissions and transition to a low-carbon economy; preserving and creating value while delivering positive outcomes for communities and the environment.

As set out in the Governance section, MAM's sustainability strategy, including with respect to climate, is set by the MAM Executive Committee, and applies to the Firms and their Portfolios.

Within this section of the Report, we discuss how the integration of climate considerations into our investment decision-making process has facilitated the identification of climate-related risks and opportunities relevant within our portfolio, our contribution to the transition through our net zero strategy, and how we have used climate scenario analysis to test our resilience and inform our thinking.

3.1 Integrating the consideration of climate-related risks and opportunities across our portfolio

The consideration of climate-related risks and opportunities within MAM's own operations has been incorporated into Macquarie's Group-level assessment to identify and subsequently determine the current and anticipated effects of climate-related risks and opportunities across Macquarie's business operational value chain. For further information please see the FY2025 Macquarie Group Sustainability Report.

MAM is inputting into Macquarie's assessment of the specific climate-related risks and opportunities that may impact the Group over the short, medium, and long terms.

Within MAM, our focus - and thus that of the Firms and this Report - has been on enhancing our understanding of how climate change may drive risk and present opportunities across our portfolios. We know that the impacts of climate change and the transition towards a net zero emissions economy are likely to impact areas of our business to varying degrees across different time horizons.

MAM manages a diverse suite of products and asset classes on behalf of our clients, with varying levels of ownership and influence over the assets in which we invest. Consequently, the way we exercise our fiduciary responsibilities differs between (and within) our business divisions. This variability also extends to the typical holding period of an investment, which also influences the implementation of our strategy.

When assessing the risks and opportunities of a potential investment, our investment and asset management teams aim to focus on the most material issues (including climate, if material) for each portfolio / investee company.

We have embedded the consideration of climate-related risks and opportunities within our investment decision-making approach and asset management frameworks to ensure integration throughout the investment life cycle across our asset classes.

A summary of our ESG (including climate) integration strategy for each asset class managed by the Firms is set out below.

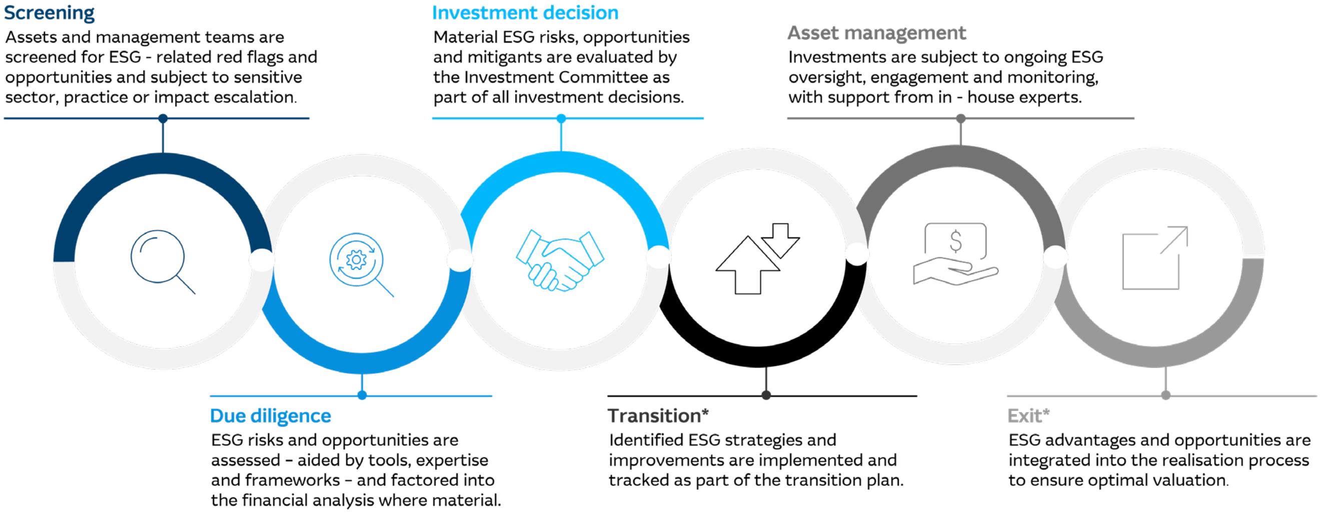
Further information on the approach we take by asset class and the tools we use is available in our MAM Stewardship Report.

3.1.1 Private markets – Real Assets and Private Credit

Our ESG policies and procedures set out a framework for systematic due diligence, management, and reporting of the material ESG (including climate-related) risks and opportunities associated with the operations of MAM's Real Assets (Infrastructure and Green Investments portfolio companies) and Private Credit investments. This allows us to monitor sustainability outcomes for the businesses in which we invest.

Through this framework and a variety of additional tools, including regular ESG metric reporting, GRESB assessments (for Real Assets) and asset deep dives, ESG factors (including those related to climate) are embedded in our investment decision-making processes and integrated throughout the investment life cycle.

See pages 40-41 of the 2024 MAM Stewardship Report for more information on MAM's framework and approach.



*Not applicable within Private Credit

3.1.2 Public markets – Fixed Income, and Equities & Multi-Assets

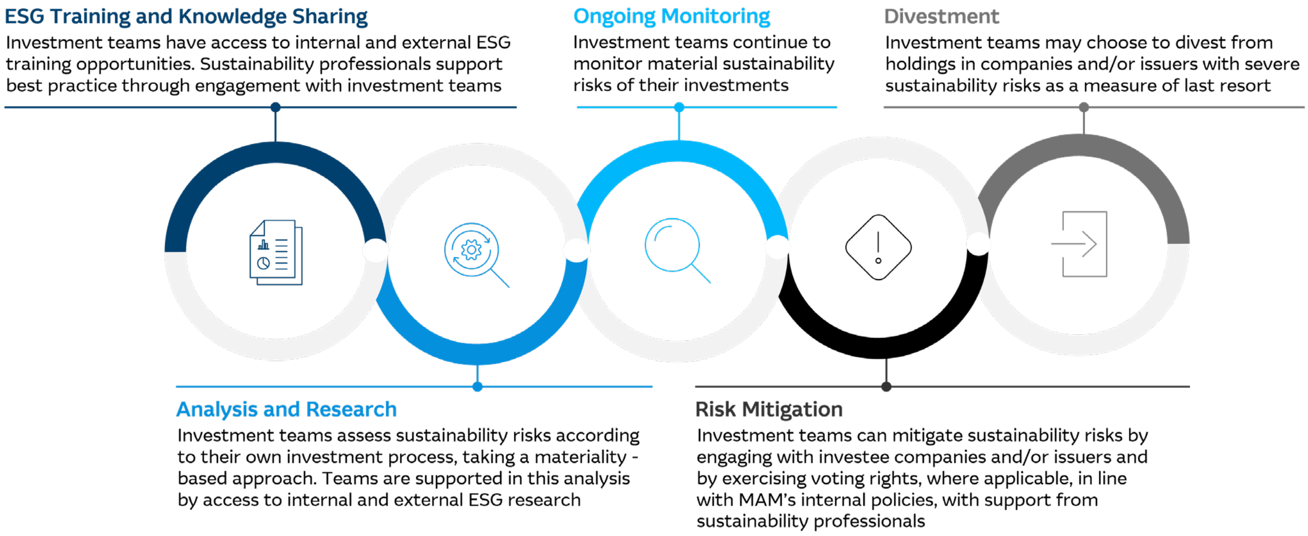
Where identified as potentially meaningful or impactful by the relevant research analysts or investment professionals, environmental (including climate) risks are considered as part of our investment analysis to support the decision-making process for portfolio inclusion across our global fixed income, public equities and multi-asset solutions businesses.

Public markets investment teams can access third-party 'climate impact assessment' tools which can be used where required to analyse the alignment of an asset or portfolio with different climate scenarios; to identify the current and future emissions intensity performance; and to assess both physical and transition climate risks.

However, challenges relating to data availability, data quality, engagement and influence, and the lack of appropriate frameworks and methodologies persist across the industry for fixed income investors. Current and planned future activities focus on addressing the above issues to the extent possible internally, to improve the identification and integration of climate-related risks and opportunities within the context of our focus on downside credit risk management and our fiduciary duty to our clients.

It is important to note that MAM has exposure to investments for which it does not, or it is not possible to, consider material ESG risks, such as cash securities, currency, derivatives or indirectly held securities, passively managed portfolios that aim to replicate or closely align with a reference benchmark, or where we have appointed external managers that have not integrated ESG considerations into their investment processes.

While the integration of ESG considerations in the investment process varies by team, ESG risks which are deemed to be material are considered during the investment process in accordance with our public markets ESG Framework, as illustrated below:



3.2 Identifying climate-related risks and opportunities

The risks of climate change to MAM and the investments held on behalf of our clients includes the financial and non-financial risks arising from physical or transition climate risk.

Our current assessment of physical and transition risks and opportunities is summarised below.

We continue to evolve our approach to the identification and management of potential climate-related risks and opportunities and will report on progress in future TCFD reports.

3.2.1 Physical risk

Physical climate risk includes the chronic risk arising from progressive shifts in climate patterns and the acute risk presented by changes to the frequency and magnitude of extreme weather events.

Within our portfolios, exposure to physical climate events could potentially lead to fair value volatility, increased credit risk and negative impacts on the overall profitability of portfolio and investee companies, especially within high-risk locations which may not be well-prepared to adapt to the physical effects of climate change.

Integrating physical risk management into our climate risk approach plays a role in mitigating these potential risks and helps protect our assets. The following Risk Management section will explore this in more detail.

3.2.2 Transition risk and opportunity

Transition climate risk includes risk arising directly or indirectly from the process of (orderly or disorderly) adjustment towards a lower-carbon and more environmentally sustainable economy. This includes changes in policy and regulatory settings, technological innovation, social adaptation, and market changes.

Within our portfolios, exposure to these risks could lead to fair value volatility, increased credit risk and negative impacts on the overall profitability of portfolio and investee companies, especially within high-emitting industries which may not be well-prepared for transition.

In recognition of this risk, as well as the opportunities associated with the transition to a low-carbon economy, in late 2020 MAM[8] set the foundations for our net zero journey and announced our Net Zero Commitment[9].

See Our approach to net zero for further details on our commitment.

While the Firms have not set their own net zero commitments or any interim targets, they seek to support MAM's Net Zero Commitment through the following core actions:

- Decarbonising our portfolio: adopting appropriate methodologies, targets, and implementation strategies across asset classes to support the decarbonisation of our portfolio;
- Investing in climate solutions: facilitating client investment in decarbonisation and climate adaptation; and
- Stakeholder engagement: engaging with clients, industry and government to address challenges and barriers to reaching net zero.

As the Firms have not set their own climate-related targets, performance against the Net Zero Commitment is not provided in this Report.

3.2.2.1 Decarbonising our portfolio

For our portfolios that we have committed to manage in line with net zero (**in-scope portfolio holdings**), MAM has adopted methodologies and set targets that are tailored to each asset class in which we invest. In doing so, we have considered the methodologies, tools, and resources currently available in the market. Our approach is likely to evolve as the industry gains a deeper understanding of the various pathways to net zero and their associated challenges across the sectors and asset classes in which we invest.

For further detail, please see Section 3.1 of Our approach to net zero.

[8] MAM is made up of multiple legal entities that are subsidiaries of Macquarie. Such entities, including the Firms, have not set their own net zero commitment or any interim targets. Such entities may take actions to support MAM's Net Zero Commitment by applying the implementation strategy for relevant asset classes in their respective portfolios, as set out in *Our approach to net zero*, where appropriate and in line with applicable legal and regulatory obligations. Unless otherwise specified within fund offering documents, MAM's investment funds have also not set their own net zero commitments or interim targets and there is no guarantee that a fund's portfolio will achieve net zero emissions during the life of the fund or an individual investment in a fund's portfolio will achieve net zero emissions by a certain date.

[9] As a global asset manager headquartered in Australia, MAM has sought to support the goals of the Paris Agreement when developing our Net Zero Commitment. MAM has therefore not specifically considered the UK government's commitment to a net zero economy (as set out in the Climate Change Act 2008 (2050 Target Amendment) Order 2019 https://www.legislation.gov.uk/ukpga/2008/27/contents) when developing our strategy.

We believe that the transition to a low-carbon economy must be managed, orderly and just, which is why we have continued to support carbon-intensive industries to reduce their emissions and continue to engage with such companies, in recognition that much of the world will depend on carbon-intensive industries for a period as mitigation solutions are implemented.

3.2.2.2 Investing in climate solutions

Climate solutions are those activities, goods, or services that contribute substantially to, and / or enable, emissions reductions to support decarbonisation in line with Paris aligned pathways towards net zero, or that contribute substantially to climate adaptation.

For more than two decades, Macquarie has worked in close partnership with stakeholders in the public and private sectors to support the energy transition and advance solutions to climate challenges. Since 2022, we have been working to combine the global renewables expertise of Macquarie's green investments team with fiduciary capital entrusted to MAM, thereby providing access to larger pools of capital that in turn will allow us to support projects on a larger scale. The gradual transition of MAM green investments' assets off Macquarie's balance sheet is ongoing, as is fund-raising for a range of funds targeting climate solutions.

Beyond this, we see an increasingly diverse range of opportunities that investors with sustainability goals can seek to take advantage of, and across MAM we are seeing many clients expressing their climate-related preferences, both in favour of and against MAM managing their portfolios in line with our Net Zero Commitment. We carefully consider those preferences when developing new products and bespoke solutions for our clients.

To this end, we seek to facilitate increased client investment in climate solutions through the introduction of new investment products dedicated to the energy transition across both public and private markets, including some of the Portfolios of the Firms, that disclose under Articles 8 or 9 of the EU's Sustainable Finance Disclosure Regulation (**SFDR**). [10]We are investing in renewable technologies at scale, along with opportunities beyond these technologies, including in the circular economy, clean grid solutions, transportation, sustainable aviation fuels and nature-based solutions.

3.2.2.3 Stakeholder engagement

We know that it will take global collaboration to effect systemic change and tackle climate change. As an asset manager and fiduciary, MAM recognises the importance of stakeholder collaboration and frequently engages with a range of stakeholders on ESG matters, including climate change. By doing so, we aim to refine our own approach, share knowledge and collaborate on global ESG challenges such as the transition to a low-carbon economy, in order to create value for our clients. A summary of our approach is set out below.

Clients

Communication with our clients is critical to understanding their investment needs. Across MAM, our teams engage with clients and provide information on our sustainability activities via multiple channels, including:

- Dedicated client relationship managers for all MAM institutional financial products;
- Quarterly updates on fund / investment activity and performance;
- Annual reporting on portfolio emissions data where possible;
- Client marketing communications, including knowledge-based events and webinars and sharing important announcements and thought leadership, including our "Pathways" podcast series;
- Encouraging continuous client feedback through workshops and meetings.

MAM also engages with potential investors and consultants through education sessions, pitches, and a range of client marketing communications to help them understand our business and our approach to sustainability and climate-related risks and opportunities.

Industry engagements and advocacy

We participate in a range of industry working groups and advisory committees that offer guidance, tools, and standards to support effective management of climate-related risks and help identify solutions to some of the major transition challenges of the financial sector and the real economy.

MAM also collaborates with, and supports Macquarie's participation in some of the world's leading industry alliances and advocacy groups

[10] Funds disclosing under Article 8 of SFDR seek to promote environmental and/or social characteristics through binding investment criteria. Funds disclosing under Article 9 of SFDR have sustainable investment or a reduction in carbon emissions as their objective.

across a wide range of sectors, including the Glasgow Financial Alliance for Net Zero (GFANZ) and the Sustainable Markets Initiative, as well as attending global climate events, such as the United Nations Climate Change Conference.

Government and regulators

MAM recognises the importance of engaging with policymakers to accelerate the transition towards a low-emissions and climate-resilient economy. During the reporting period, MAM continued to monitor and adapt to evolving sustainable finance regulations and provided feedback on regulatory and legislative sustainable finance proposals through our membership with industry affiliations such as the UK's Investment Association and the Australian Financial Services Council. We contributed feedback on sustainability reporting and disclosure rules and the UK Green Taxonomy via such bodies.

Third-party managers

The Firms do not delegate portfolio management to third-party (non-affiliate) managers in respect of any of the Portfolios.

3.3 Scenario analysis

MAM endeavours to ensure its strategy and business model - including the products and services offered to customers, and risk management processes - are adapted to both regulatory requirements and the continually evolving expectations of its stakeholders and the market.

By doing this, MAM aims to ensure its ongoing operational resilience and safeguard its ability to provide critical products and services to its customers and affiliates.

During the reporting period, MAM worked with a third-party specialist to carry out a climate scenario analysis exercise to help identify and assess the climate-related risks and opportunities within our portfolios against 2030, 2040 and 2050 milestones.

3.3.1 Private markets – Real Assets and Private Credit

For private markets, the scenario analysis exercise assessed the physical and transition risks that could potentially impact the Firms' Real Assets and Private Credit portfolios.

Across our Real Assets portfolios, portfolio companies were engaged to source accurate geolocations for their underlying assets. Dependant on the portfolio company, geolocation data for assets with linear infrastructure (such as pipelines, power lines, roads) was collated by clustering within an appropriate radius, dividing a coverage area into a grid and selecting the centre point as the coordinates, or through identification of specific locations at a higher risk (for example using the geolocation of telecommunication towers or natural gas compressor stations).

For our Private Credit portfolio, the nature of the relationship between credit investors and borrowers, meant that data availability to conduct geolocated climate scenario analysis was limited. Therefore, key sector and geographic pairings were used as proxies.

The following methodologies and scenarios were applied:

- **Physical risks:** We used hazard indicators from downscaling climate models according to three Intergovernmental Panel on Climate Change (IPCC) scenarios, linked with corresponding scenarios from the Network for Greening the Financial System (**NGFS**). We used sector-specific thresholds from our third-party specialists' in-house database to determine risk levels for each hazard, allowing us to apply relevant criteria to any asset within a given sector. Physical risks covered include, but are not limited to, sea level rise, water stress and extreme weather events such as flooding, wildfires and extreme heat.
- **Transition risks:** By combining third-party subject matter expertise with targeted literature reviews, including peer-reviewed CDP reports, the two most material risks and opportunities for each sector were identified. A risk or opportunity was deemed to be material if it had the potential to significantly impact the portfolio company and the sector in which it operates. The NGFS dataset was then used to analyse the identified risks and opportunities across three scenarios and multiple geographies. The change in the value of the identified risks and opportunities was then calculated for the years 2025, 2030, 2040, and 2050. Transition risks considered include, but are not limited to carbon pricing policy, shifts in supply and demand of commodities, rapid low-carbon technology change, and changing customer and community expectations.

Scenario	Description of scenario [11]	Physical risk scenario [12]	Transition risk scenario [13]
Hot house world	Scenarios assume that some climate policies are implemented in some jurisdictions, but global efforts are insufficient to halt significant global warming. Critical temperature thresholds are exceeded, leading to severe physical risks and irreversible impacts like sea-level rise.	SSP5-8.5	Current policies
Disorderly transition	Scenarios explore higher transition risk due to policies being delayed or divergent across countries and sectors. Carbon prices are typically higher for a given temperature outcome.	SSP2-4.5	Delayed transition
Orderly transition	Scenarios assume climate policies are introduced early and become gradually more stringent. Both physical and transition risks are relatively subdued.	SSP1-2.6	Net zero 2050

[11] Network for Greening the Financial System, Scenarios Portal, https://www.ngfs.net/ngfs-scenarios-portal/.
[12] Illustrative scenarios that cover the range of possible future development of anthropogenic drivers of climate change covering very high GHG emissions (SSP5-8.5), intermediate GHG emissions (SSP2-4.5), and low GHG emissions declining to net zero around or after 2050, followed by varying levels of negative CO2 emissions Climate Transition Risks: Heatmap (SSP1-2.6), IPCC, 2021: Summary for Policymakers.
[13] Scenarios assume ambitious scenario that limits global warming to 1.5°C by 2100 through "business as usual" scenario ("Current policies"), no annual emission decrease until 2030 requiring strong policies to limit warming to below 2°C with limited CO_2 removal ("Delayed transition"), and stringent climate policies and innovation ("Net zero 2050").

3.3.2 Public markets - Fixed Income, Equities & Multi Asset

Unlike the point-in-time private markets assessment, a third-party 'climate scenario alignment analysis' tool was available throughout the reporting period to MAM's public markets investment teams, including those of the Firms. Output from the tool could be produced at the investee company, portfolio or sector level. Results could be used by investment teams to analyse the alignment of an investee company or portfolio to different climate scenarios, and to identify the current and future emissions intensity performance of an investee company. No aggregated scenario analysis exercise has been completed across the Firms' public markets Portfolios.

A note on our approach

The scenario analysis exercise completed for the Firms' private markets Portfolios was conducted on a pre-mitigation basis, meaning that the analysis did not consider any mitigation strategies that portfolio / investee companies may have already implemented.

Consequently, when using the analysis to inform our ongoing investment and engagement strategies, we do so with the awareness that post-mitigation risk levels may in fact be lower than results indicate.

As the projected physical risks associated with different future climate scenarios do not change materially year on year, MAM does not intend to refresh portfolio-wide scenario analysis screening on an annual basis.

3.3.3 Scenario Findings

Climate-related scenario analysis is subject to a range of limitations. Different models and assumptions can lead to varying projections of future climate risks, making it challenging to achieve a consistent and accurate assessment. Additionally, the inherent uncertainty in predicting future climate conditions and policy responses further complicates the analysis. As a result, while these scenarios provide useful insights, they should be interpreted with caution.

Subject to improvements in methodological assumptions and limitations, as well as data quality and coverage, MAM will consider publishing quantitative scenario analysis metrics in future reports if it believes any disclosure would be accurate and not misleading.

A summary of the pre-mitigation screening results for the Firms' combined private markets Portfolios is presented in the following section.

The Firms intend to leverage the results of this climate-related scenario analysis through engagement with our portfolio companies, with the aim to understand and further develop their approaches to physical and transition risks and opportunities, where appropriate.

Transition Risks & Opportunities

The heatmaps below represent the primary transition risks and opportunities identified per sector under the different scenarios outlined above. The overall risk level shown was determined by quantifying and combining impact and likelihood scores.

Those sectors deemed to be highest risk were primarily due to rising GHG pricing through carbon and energy taxes impacting the construction and operation of infrastructure, and the costs of transitioning to lower-emission alternatives.

Sectors with the highest identified opportunity, such as renewable energy and infrastructure, were highlighted for their potential for investment growth. The analysis also suggested the importance of balancing short-term transition costs with long-term low-carbon growth opportunities.

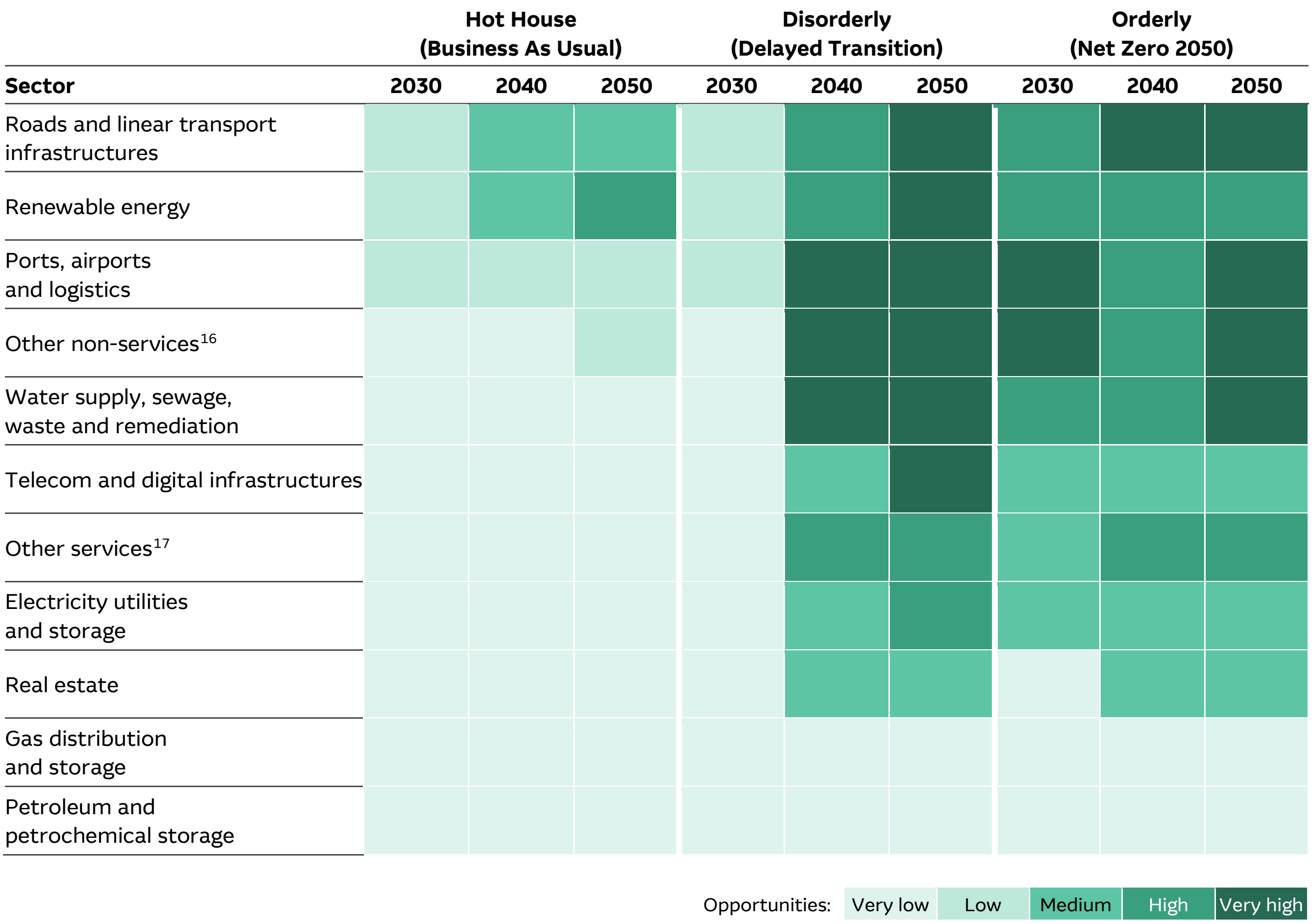
Climate transition risks: Heatmap

	Hot House (Business As Usual)			Disorderly (Delayed Transition)			Orderly (Net Zero 2050)		
Sector	**2030**	**2040**	**2050**	**2030**	**2040**	**2050**	**2030**	**2040**	**2050**
Roads and linear transport infrastructures	Medium	Medium	Medium	Medium	Very high	Very high	Very high	Very high	Very high
Gas distribution and storage	Very low	Very low	Medium	Very low	Very high	Very high	High	Very high	Very high
Petroleum and petrochemical storage	Very low	Very low	Very low	Very low	Very high	Very high	Very high	Very high	Very high
Real estate	Very low	Very low	Very low	Very low	High	Very high	High	High	Very high
Telecom and digital infrastructures	Very low	Very low	Very low	Very low	Very high	Very high	Very high	Very high	Very high
Water supply, sewage, waste and remediation	Very low	Very low	Very low	Very low	High	Very high	High	High	High
Ports, airports and logistics	Very low	Very low	Very low	Very low	Medium	Very high	High	Very high	Very high
Other non-services[14]	Very low	Very low	Very low	Very low	Medium	Very high	Very high	High	Very high
Electricity utilities and storage	Very low	Very low	Very low	Very low	Medium	Medium	Medium	Medium	Medium
Renewable energy	Very low	Very low	Very low	Very low	Very low	Low	Very low	Low	Low
Other services[15]	Very low	Very low	Very low	Very low	Very low	Very low	Very low	Very low	Very low

Risks: Very low | Low | Medium | High | Very high

[14] Sectors covered include, but are not limited to, ferries, manufacturing, transportation, retail, district heating & cooling, aircraft and green nitrate fertiliser.
[15] Sectors covered include, but are not limited to, sport, local authorities, and financial services.

Climate transition opportunities: Heatmap



Physical Risk

The heatmaps below represent an analysis of the materiality of physical risks to portfolio companies in the Firms' portfolios, listed by sector.

The analysis demonstrates that in all sectors, physical risks seem to worsen with delayed transition efforts, potentially leading to severe climate impacts. By 2050, all sectors are forecast to reach very high risk under Hot House and Disorderly scenarios, while the Orderly scenario remains at medium risk.

This highlights the possible trade-off between incurring transition costs in the near-term and experiencing the long-term impacts of physical risks. More pronounced effects were observed in the Private Credit portfolio due to less geographic diversification compared to the Real Assets portfolio, due in part to the use of key sector and geographic pairings as proxies for exact geolocations and the composition of the portfolio, which includes a narrower investment universe.

[16] Sectors covered include, but are not limited to, ferries, manufacturing, transportation, retail, district heating & cooling, aircraft and green nitrate fertiliser.
[17] Sectors covered include, but are not limited to, sport, local authorities, and financial services.

Physical risk heatmap: Real Assets

	Hot House (SSP5-8.5)		Disorderly (SSP2-4.5)		Orderly (SSP1-2.6)	
Sector	**2030**	**2050**	**2030**	**2050**	**2030**	**2050**
Electricity utilities and storage	Medium	Medium	Medium	Medium	Medium	Medium
Gas distribution and storage	Low	Low	Low	Low	Low	Low
Other non-services	Medium	Medium	Medium	Medium	Medium	Medium
Petroleum and petrochemical storage	Low	Low	Low	Low	Low	Low
Ports, airports and logistics	Medium	Medium	Low	Medium	Medium	Medium
Real estate	Medium	Medium	Medium	Medium	Medium	Medium
Renewable energy	Medium	Medium	Medium	Medium	Medium	Medium
Roads and linear transport infrastructure	Medium	Medium	Medium	Medium	Low	Medium
Telecoms and digital infrastructure	Low	Medium	Low	Low	Low	Low
Water supply, sewage, waste and remediation	Medium	Medium	Medium	Medium	Medium	Medium

Risks: Low Medium High

Physical risk heatmap: Private Credit

	Hot House (SSP5-8.5)		Disorderly (SSP2-4.5)		Orderly (SSP1-2.6)	
Sector	**2030**	**2050**	**2030**	**2050**	**2030**	**2050**
Electricity utilities and storage	High	High	Medium	High	Medium	Medium
Gas distribution and storage	Medium	High	Medium	High		Medium
Other non-services	Medium	High	Medium	High	Medium	Medium
Other services	Medium	High	Medium	High	Medium	Medium
Ports, airports and logistics	Medium	High	Medium	High	Low	Medium
Real estate	Medium	High	Low	Medium	Low	Low
Renewable energy	Medium	High	Medium	High	Medium	Medium
Roads and linear transport infrastructure	Medium	High	Medium	High	Low	Medium
Telecoms and digital infrastructure	Medium	High	Medium	High	Medium	Medium
Water supply, sewage, waste and remediation	Medium	High	Medium	High	Low	Medium

Risks: Low Medium High

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Risk Management

4. Risk Management

Strong corporate governance and risk management underpin everything we do. Our corporate values and key policies define the way in which we operate.

Within this section we discuss our definition of climate risk and climate-related risk management approach.

Defining climate risk

Climate risk encompasses the financial and non-financial risks arising from physical climate risk, transition climate risk or liability climate risk drivers:

- **physical climate risk** includes the chronic risk arising from progressive shifts in climate patterns and the acute risk presented by changes to the frequency and magnitude of extreme weather events;
- **transition climate risk** includes risk arising directly or indirectly from the process of (orderly or disorderly) adjustment towards a lower-carbon and more environmentally sustainable economy, including changes in policy and regulatory settings, technological innovation, social adaptation and market changes; and
- **liability climate risk** arises from the potential for litigation or regulatory enforcement due to the failure to adequately consider or respond to the impacts of climate change.

* This definition applies across Macquarie, including the Firms as subsidiaries of the Group.

4.1 Our processes for identifying and assessing climate-related risks

Macquarie's Risk Management Framework

Macquarie's risk management framework is the totality of systems, structures, policies, processes and people within Macquarie that identify, measure, evaluate, monitor, report and control or mitigate all internal and external sources of material risk.

The Firms' Boards have endorsed the risk management framework on the premise that a disciplined approach to risk management is best maintained with a single risk management framework that is applied appropriately throughout Macquarie including the Firms.

This framework is supported by a Macquarie-wide approach to policies and procedures and MAM's own suite of risk management policies that govern the investment, credit, liquidity, operational, legal and reputational risks specifically associated with its investment activities as well as each fund's investments, as described below.

4.2 Macquarie's and MAM's approach to climate risk

Macquarie continues to embed the identification, assessment, monitoring, management and reporting of climate risks across Macquarie's risk management framework. Key artefacts that support Macquarie's risk management framework include the Risk Appetite Statement and the Risk Management Strategy, which set out Macquarie's approach to managing climate risk at the Group level.

Macquarie manages climate risk primarily through the application of the Group-wide Environmental & Social Risk (ESR) Policy, which describes Macquarie's approach to ESR management when onboarding or reviewing investments, transactions, clients and other counterparties across a broad range of transactions.

The ESR Policy requires MAM's fund and portfolio management businesses to have their own ESR framework in place, commensurate with their risk profile and fiduciary responsibilities.

Climate risk is considered a risk driver. This means that we recognise it may impact a broad range of material risks within Macquarie's risk management framework. Examples of processes in place to manage climate-related impact on Macquarie's material risks can be found in the FY2025 Macquarie Group Sustainability Report.

The MIRAEL and MIMEL boards, in accordance with their respective charters, are responsible for overseeing the material risks within each entity's activities, including the impacts of climate risk drivers. Examples of processes in place for MAM and the Firms to manage these impacts are outlined below.

4.2.1 MAM's approach to climate risk

MAM's corporate governance and risk management framework is based upon the Macquarie risk management framework and enables MAM to meet relevant Group policy requirements when conducting business activity. MAM's ability to influence and control day-to-day climate-related matters varies between strategy, asset class and investment structure.

MAM's suite of frameworks and policies requires its entities, including the Firms, to adequately manage the potential regulatory, reputational, operational and strategic risks that may arise from investment management activities, to ensure decisions are made in the best interest of our clients. Such risks, including impact arising from climate risk drivers, are actively identified and monitored. The MAM ESG policy, which aligns with the principles of the Macquarie ESR policy, requires that investments are reviewed for material E&S risks as part of the investment process (see Section 3.1).

Material risks may be escalated to the relevant sustainability professionals and the RMG Environmental and Social Risk team for further review and challenge on residual risks.

In MAM's managed funds, climate risk may arise from business activities of the portfolio and investee companies. Climate-related risk could also arise from inadequate management of MAM's internal recordkeeping, reporting, product offering and marketing.

Established functions within MAM and the RMG (see Section 4.3 below) provide oversight and guidance to MAM on climate risk regulation, legislation and industry guidance. Macquarie's Greenwashing Standard also provides guidance to our people to help manage legal, regulatory and reputational risks relating
to greenwashing.

4.2.2 Climate risk in our own operations

The consideration of climate-related risks and opportunities within MAM's own operations, including business disruption risk and supplier arrangements, has been incorporated into Macquarie's Group-level assessment to identify and subsequently determine the current and anticipated effects of climate-related risks and opportunities across Macquarie's business operational value chain.

For further information on this, please see the FY2025 Macquarie Group Sustainability Report.

4.3 Our processes for managing climate-related risks

Under Macquarie's Code of Conduct, all staff share responsibility for identifying and managing environmental and social risks, as part of normal business practice.

Macquarie's approach to risk management adopts the 'three lines of defence' model, which sets risk ownership responsibilities functionally independent from oversight and assurance. Business ownership of risk is an essential element in understanding and managing risk. Each business team within MAM is responsible for identifying risks within MAM's business and ensuring that they are managed appropriately.

4.3.1 First line of defence – MAM's investment and asset management teams

The first line of defence responsibility is owned by each of MAM's investment and asset management teams. These teams are responsible for identifying and monitoring risks (including ESG and climate-related risks) within their portfolios, and reporting on those within the framework set out by the risk management framework.

As set out in Section 3.1, the assessment of climate risk, including both physical and transition risk, is integrated into our investment decision making processes and throughout an investment's life cycle.

Investment and asset management teams are supported by specialist professionals in sustainability, risk, compliance and legal – together working to ensure that all risks, including ESG risks, are identified and managed across MAM.

Across MAM, we use a variety of ESG-related analytical tools and resources to support investment teams to identify, measure and track material climate, and other ESG factors associated with investee companies or issuers and to integrate these considerations into their investment decisions.

These include both internally developed tools and the use of third-party data providers.

Within our public markets businesses, each specialist investment team has access to ESG analytical tools that provide insight into climate-related risks such as exposure to certain business activities, as well as the degree of alignment of their portfolio or potential investments with the United Nations Sustainable Development Goals (**UN SDGs**) through our proprietary UN SDG database. These tools enable engagement and proxy voting efforts that consider ESG factors. Investment teams maintain discretion as to how best to leverage resources to be most conducive to their investment philosophy and process.

For further information on all the tools and resources available, please refer to Our approach to sustainability.

4.3.2 Second line of defence – Risk Management Group (RMG)

Macquarie's RMG is an independent central unit responsible for ensuring all risks are appropriately assessed and managed across Macquarie and provides the second line of defence for climate risk management.

RMG develop a suite of policies and frameworks pertaining to all that could have a material impact, either financial or non-financial, on Macquarie Group as defined in the Group RMS. The RMS includes climate risk as a risk driver. This means Macquarie recognises that it may impact a broad range of material risks within the risk management framework. See Section 4.1 above for more detail.

Specialist teams across RMG are responsible for ensuring effective implementation of these policies and providing ongoing monitoring and oversight, including considerations of climate-related risks and their implications for the Firms. Examples of relevant activities include the identification of new risks per the New Product Business Approval (NPBA) process; changes resulting from regulatory and / or market requirements and expectations; and assurance activities.

Third line of defence - Internal Audit

The Internal Audit Division (**IAD**), as the third line, provides independent and objective risk-based assurance on the compliance with, and effectiveness of, Macquarie's financial and risk management framework, including those associated with climate. IAD regularly reassesses emerging risks, regulations and trends (including climate-related risk) to ensure that these are adequately captured within the internal audit plan.

For further information on Macquarie's management of climate-related risks, please see the FY2025 Macquarie Group Sustainability Report.

Cadent, United Kingdom

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Metrics & targets

5. Metrics and Targets

In this section, we provide metrics relating to the Firms' financed emissions, i.e. the emissions of our portfolio of investments that we hold on behalf of underlying clients.

Emissions arising from MAM's (including the Firms') own business operations, and those pertaining to on-balance sheet investments, are not included in the metrics provided in this Report.

For further information on these, please see the latest FY2025 Macquarie Group Sustainability Report.

5.1 Metrics used to assess climate-related risks and opportunities

The emissions data provided reflects the pro-rated share of emissions attributed to the Firms based on the Portfolios' investments in each investee company (i.e. not the total emissions data we have available for the investee companies).

In calculating the metrics, we have used a calculation date of 31 December 2024. Products that were terminated, or where the Firms' TCFD in-scope business-related activities were terminated, prior to this date have not been included in the metrics provided.

Results of the scenario analysis assessment to identify the climate-related risks and opportunities and potential impacts to the Portfolios over various time horizons is outlined above in Section 3.3.

5.2 GHG emissions

The table below sets out the Scope 1, 2 and 3 GHG emissions on an aggregated basis across all the Portfolios managed by the respective Firms as at 31 December 2024.

		MIMEL		MIRAEL	
Metric	**Unit**	**2024**	**2023[18]**	**2024**	**2023[18]**
Portfolio / Investee company emissions[19]					
Scope 1 GHG emissions	million tCO_2e	1.6	1.8	2.2	2.3
Scope 1 GHG emissions data coverage	%	80	90	90	96
Scope 2 GHG emissions	million tCO_2e	0.4	0.3	0.5	0.6
Scope 2 GHG emissions data coverage	%	80	89	75	77
Total Scope 1 + 2 GHG emissions	million tCO_2e	1.9	2.1	2.7	2.9
Scope 3 GHG emissions	million tCO_2e	5.2	3.7	1.6	1.2
Scope 3 GHG emissions data coverage	%	70	81	73	66
Weighted average carbon intensity (Scope 1 + 2)	tCO_2e / £m revenue	523	481	374	389
Sovereign emissions					
Scope 1 GHG emissions	million tCO_2e	0.3	0.3	n/a	n/a
Scope 1 GHG emissions data coverage	%	94	96	n/a	n/a
Scope 2 GHG emissions	million tCO_2e	0.0	0.0	n/a	n/a
Scope 2 GHG emissions data coverage	%	94	96	n/a	n/a
Total Scope 1 + 2 GHG emissions	million tCO_2e	0.3	0.3	n/a	n/a
Scope 3 GHG emissions	million tCO_2e	0.1	0.1	n/a	n/a
Scope 3 GHG emissions data coverage	%	94	96	n/a	n/a
Weighted average carbon intensity (Scope 1 + 2)	tCO_2e / £m GDP PPP	224	227	n/a	n/a

[18] 2023 data has been restated since the Firms' previous report. This is to reflect the latest available data, and updates in scoping. Restatement to MIMEL data also includes a correction to FX rates used to value listed securities within the portfolio.

[19] Only actual emissions data reported by portfolio companies is included in MAM aggregated figures. This approach ensures consistency in reporting emissions data across all asset classes. Note that this represents a change in methodology from our 2023 TCFD report following a review of the accuracy of estimated emissions data and to reflect an increase in actual data availability from our Private Credit portfolio.

5.2.1 Calculation of metrics

5.2.1.1 Portfolio / Investee company emissions

The Firms calculate portfolio / investee company Scope 1, 2 and 3 GHG emissions in accordance with the GHG Protocol methodology.

Scope 1 GHG emissions

Scope 1 GHG emissions are 'direct' emissions that occur from sources that are owned or controlled by the portfolio / investee company. Examples of these include emissions from combustion in owned or controlled boilers, furnaces, vehicles etc; and emissions from chemical production in owned or controlled process equipment.

Scope 2 GHG emissions

Scope 2 emissions account for 'indirect' GHG emissions arising from the generation of purchased electricity consumed by the portfolio / investee company.

Purchased electricity is defined as electricity that is purchased or otherwise brought into the organisational boundary of the company. Scope 2 emissions physically occur at the facility where electricity is generated.

Scope 3 GHG emissions

Scope 3 is a reporting category that allows for the treatment of all other indirect emissions. Scope 3 emissions arise as a consequence of the activities of the portfolio / investee company but occur from sources not owned or controlled by the company. Examples of Scope 3 activities include extraction and production of purchased materials; transportation of purchased fuels; and use of sold products and services.

Coverage

Coverage is reported individually for MIMEL and MIRAEL. It is calculated as the current value of investments (aggregated across the portfolios of MIMEL and MIRAEL respectively), that have data available to calculate a particular indicator, divided by the current value of all investments to which that indicator is applicable (excluding cash, derivatives and other assets). It is expressed as a percentage.

MIMEL coverage decreased from 2023 to 2024 due to the change in reporting methodology to only report actual data for our Private Credit business, as noted above.

MIRAEL coverage for Scope 1 and Scope 2 emissions also decreased from 2023 to 2024 due to a change in cut-off timing for the 2024 TCFD report. This meant that some Portfolio companies, whose data had been included in the 2023 TCFD report, did not meet the cut-off for their data to be included in the 2024 TCFD report.

Weighted average carbon intensity (WACI)

WACI is calculated by determining the Scope 1 and Scope 2 emissions (in tCO_2e) generated for each unit of revenue (in million Pounds Sterling (£m)) for each portfolio / investee company.

The amount calculated for each company is weighted by the current value of MAM's investment in that company as a proportion of the value of all portfolio / investee companies in MAM's portfolio that have data available to calculate this metric.

The aggregate of all weighted portfolio / investee company values is reported as the WACI.

5.2.1.2 Sovereign emissions

MIMEL calculates sovereign emissions in accordance with PCAF recommendations[20]. No sovereign emissions are presented for MIRAEL as this entity does not hold sovereign debt.

Scope 1 GHG emissions

For sovereigns, Scope 1 emissions refer to domestic GHG emissions arising from sources located within the country's territory.

Scope 2 GHG emissions

Scope 2 sovereign emissions refer to those occurring as a consequence of the domestic use of grid-supplied electricity, heat, steam and/or cooling which is imported from another territory.

Scope 3 GHG emissions

Scope 3 sovereign emissions refer to those emissions attributable to non-energy imports as a result of activities taking place within the country's territory.

[20] As set out in PCAF (2022). The Global GHG Accounting and Reporting Standard Part A: Financed Emissions. Second Edition
https://carbonaccountingfinancials.com/files/downloads/PCAF-Global-GHG-Standard.pdf

Coverage

Coverage is calculated as the current value of sovereign holdings that have data available to calculate a particular indicator, divided by the current value of all sovereign holdings to which that indicator is applicable.

Coverage decreased from 2023 to 2024 due to a change in portfolio composition. In 2024, there was a higher exposure to sovereign securities through listed Fund of Fund structures. Look-through calculations of sovereign emissions were not performed for these holdings due to difficulties in systematically sourcing this information.

WACI

WACI is calculated by determining, for an individual sovereign holding, the Scope 1 and Scope 2 emissions (in tCO_2e) generated for each unit of gross domestic product (GDP) adjusted for purchasing power parity (PPP) (in million Pounds Sterling (£m)) of the individual sovereign nation associated with that sovereign holding.

The amount calculated for each sovereign holding is weighted by the current value of MAM's investment in that sovereign holding as a proportion of all sovereign holdings in MAM's portfolio that have data available to calculate this metric.

The aggregate of all weighted sovereign holding values is reported as the WACI.

5.2.2 Preparation of metrics

MIRAEL – Real Assets business

Data reported for MIRAEL relates to MAM's Real Assets business and has been sourced directly from portfolio companies. Where data is not provided by portfolio companies, these companies have been excluded from the metrics reported above – no estimation is currently performed.

MAM actively engages with portfolio companies to improve GHG emissions reporting and coverage and has included data coverage information in this year's TCFD report to provide additional context for the GHG emissions figures.

MIMEL

Data reported for MIMEL relates to both MAM's Private Credit business and MAM's public markets businesses.

MIMEL - Private Credit business

Private Credit data has been sourced directly from borrowers or key equity sponsors where provided, or, if available, sourced indirectly from reports or databases such as ESG reports, operational reports and government databases.

Where data is not available either directly or indirectly, these companies have been excluded from the metrics reported above – no estimation has been performed.

This approach ensures consistency in reporting emissions data across all asset classes. Note that this represents a change in methodology from our 2023 TCFD report following a review of the accuracy of estimated emissions data and to reflect an increase in actual data availability from our Private Credit portfolio.

MIMEL - public markets businesses

Public markets data has been sourced from Sustainalytics[21] for listed equities and corporate bonds and from publicly available sources for sovereign debt.

Where data is not available, these investments have been excluded from the metrics reported above – no estimation is currently performed.

Sovereign emissions have been calculated using data sources recommended by PCAF, including:

- Climate Watch[22] - Scope 1 emissions, including land use, land use-change and forestry (LULUCF)
- OECD[23] – Scope 2, Scope 3 emissions
- World Bank[24] – PPP adjusted GDP

Sovereign emissions have been calculated in respect of bonds and treasury bills issued by individual sovereign nations. Calculated sovereign emissions exclude instruments issued by sub-sovereign and municipal counterparties, as well as supranational entities such as the European Union. Additionally, the calculation excludes exposure to central banks via cash, foreign exchange and derivatives.

[21]

[22] Climate Watch Historical GHG Emissions. 2022. Washington, DC: World Resources Institute. Available online at: https://www.climatewatchdata.org/ghg-emissions

[23] Greenhouse Gas Footprints (GHGFP): Emissions embodied in bilateral trade. Available at https://data-explorer.oecd.org/?tm=DF_ICIO_GHG_TRADE_2023

[24] GDP, PPP (current international $). International Comparison Program, World Bank | World Development Indicators database, World Bank | Eurostat-OECD PPP Programme. Available at https://data.worldbank.org/indicator/NY.GDP.MKTP.PP.CD

5.2.3 Data gaps and limitations

Climate data, models and methodologies are continuing to evolve. To date, they are not of the same standard as those available in the context of other financial information, nor are they subject to the same (or equivalent) disclosure standards, historical reference points, benchmarks or globally accepted accounting principles.

As a result of this, reporting of ESG data still lags behind financial reporting in its accuracy and completeness.

For this Report, MAM has used a variety of data sources to prepare the metrics, as described in Section 5.2.2. MAM has not verified the data in this Report and the data has not been subject to third-party assurance. It must be cautioned that any data source used may not be comprehensive, may use estimations, or may involve a qualitative assessment, for example by a third-party data provider. Further, discrepancies can occur between data sources, as well as data gaps, lags, or limitations in the methodology for a particular data source.

Divergent views, approaches, methodologies, and disclosure standards exist in the market, including among data providers, with respect to the identification, assessment, disclosure, or determination of ESG factors, indicators or adverse impacts associated with an investment, product or asset, and different persons may consider or treat the same investment, product, asset, targets, actions or the like, differently from a sustainability perspective. Data provided by a third-party may also be subject to change.

The data providers or sources that have been used for the preparation of this Report, may differ from the data providers or sources that are used by specific investment teams in their management of MAM's fund and products (including, without limitation, for the purposes of meeting or monitoring the environmental or social characteristics or sustainability objectives of such products).

It is not currently possible for MAM to give an accurate numerical representation of the associated margin of error with respect to the data presented in this Report.

MAM does not make any representation or warranty as to the completeness or accuracy of any data (whether actual or estimated) that is disclosed in this Report, including data provided by third parties.

5.2.4 Data availability

Metrics have been calculated using the latest available data applicable to the reporting period. In some cases, the latest available data may be aligned to a period other than the reporting period, for example, an investee company's financial year end. If some data points used in the calculation of a metric are available for the reporting period and others are available for a different period, no adjustment is made in the calculation to reflect this misalignment.

For sovereign emissions, the gap between the latest available data and the reporting period can be material. For the sovereign emissions presented in this year's report for 2023 and 2024, the underlying emissions data used to calculate Scope 1 emissions is 2021 data, and for Scopes 2 and 3 emissions it is 2020 data. PPP adjusted GDP is 2023 data. As noted above, no adjustment is made in the calculation to reflect this misalignment.

For listed Fund of Fund and Exchange Traded Fund structures, no look-through to underlying securities was performed due to difficulties in systematically sourcing this information.

MAM may restate emissions for this reporting period in future years should updated information become available due to improvements in data provision, models and methodologies.

5.3 Targets

As outlined in Section 3, we announced our Net Zero Commitment in late 2020. MAM has adopted methodologies and set interim targets that are tailored to each asset class in which we invest. In doing so, we have considered the methodologies, tools and resources currently available in the market. Overall, MAM has used the Paris Aligned Investment Initiative (PAII) Net Zero Investment Framework (NZIF) and supporting asset class-specific guidance to inform our approach to net zero across each of our asset classes, as we believe it most closely aligns with MAM's existing investment approach.

The pathway to net zero is unlikely to be linear and our approach is likely to evolve as the industry gains a deeper understanding of the various pathways to net zero and their associated challenges across the sectors and asset classes in which we invest.

Further detail is provided by asset class in 'Our approach to net zero'.

Important information