



Climate Change

Position Statement | 2024



YARRA

CAPITAL MANAGEMENT

Contents



Introduction



Our Position & Commitments

Yarra Capital Management (YCM) is a leading independent, active Australian investment manager responsible for managing over AUD\$22 billion on behalf of our clients across asset classes, including listed equities, fixed income and multi-asset strategies.

Acknowledgement of Country

Yarra Capital Management acknowledges First Nations peoples, the traditional custodians of the land and waterways on which we work in and across Australia.

We particularly recognise the Wurrundjeri people of the Kulin nation on which our Melbourne office is located as well as the Gadigal people of the Eora nation where our Sydney office is located.

We recognise the unique contribution and continuing connection of First Nations peoples to land, water and culture and celebrate their ongoing vital contribution to Australian culture and society.

We pay our respects to elders past, present and emerging.

01. Introduction

At Yarra Capital Management (YCM), we acknowledge that humans have contributed to climate change, accelerating warming of the planet¹, and that climate change is a material issue for our planet, for our society and for our business.

We believe that investors have both a responsibility and critical role to play in achieving global emissions reductions goals. We understand that climate change presents a key driver for understanding investment risks and opportunities.

As a leading Australian fund manager, and as stewards of our clients' capital, we understand we must play a constructive and thoughtful role in our region's transition² toward a lower carbon economy. We recognise that how we allocate capital and engage with investees and other key stakeholders will contribute to the nature and speed of this transition and will influence the impacts felt by our economy, society and environment.

YCM has taken significant steps to understand the best way to focus our efforts and play a targeted and constructive role toward a socially just lower carbon future to address the direct and indirect effects of climate change. We believe this is both the morally right thing to do as well as aligns with our understanding of our fiduciary responsibilities.

The purpose of this paper is to outline our commitment and activities to address issues related to climate change.

YCM is committed to developing and integrating climate change-related risks and opportunities into our existing ESG Integration processes, including investee company due diligence and ongoing stewardship activities.

This position statement applies to the whole of Yarra Capital Management Group, including:

- YCM's investment strategies:
 - Australian publicly listed equities
 - Australian private companies
 - Australian fixed income securities
- Tyndall Asset Management's investment strategies focused on Australian value equities
- International equities investment strategies, including products managed by sub-advisors and multi-manager strategies.

The average surface temperature of the Earth now 1.2°C warmer than it was prior to the industrial revolution in the late 1800s. The Intergovernmental Panel on Climate Change (IPCC) has argued that a global warming above 1.5°C relative to pre-industrial levels will lead to dramatic and costly impacts that the world is already experiencing, including increased droughts, fires, severe weather, loss of ecosystems, biodiversity and human life. In 2015, the Paris Agreement acknowledged this climate science, with 196 countries pledging to coordinate efforts to keep warming to well below 2°C to pre-industrial levels and striving to limit the warming to 1.5°C. Australia has committed to the Paris Agreement setting targets to achieve net zero emissions by 2050, including setting an interim target of reducing emissions by 43% from 2005 levels by 2030.^{1,2}

¹<https://www.un.org/en/climatechange/what-is-climate-change>. ²<https://www.dcccew.gov.au/climate-change/emissions-reduction/net-zero>

02. Our Position & Commitments

YCM's position, commitments and key actions to contributing to global climate goals include:

We support climate projects that deliver carbon removals and co-benefits

We are a Climate Active³ certified carbon neutral organization for our operational footprint for CY2022 and CY2023. Over 95% of our corporate emissions are accounted for through our supply chain as scope 3 emissions. We have procured a portfolio of carbon offsets which include projects with local Australian co-benefits such as biodiversity benefits, positive outcomes for first nations communities, and global projects that support livelihoods, conservation and afforestation. We have also developed time-bound specific emissions reductions targets and have already seen emissions reductions through improved data collection and engagement with key suppliers.

We are committed to disclosing our financed emissions in alignment with best practice

In 2024, we joined a global coalition of investors and become signatories of the Partnership for Carbon Accounting Financials (PCAF), committing to adopt the Greenhouse Gas Accounting protocols to disclose our financed emissions within three years. We value transparency and high-quality data and are aiming to be an early adopter of the Australian Accounting Standards Board climate related financial disclosure standards where possible.

We are developing our climate strategy

We understand that not only have our clients set greenhouse gas emissions reduction targets but there is an imperative for us to be thoughtful and credible in our approach to managing climate risks and opportunities and aligning with global ambitions to reduce the impacts of climate change. We have engaged a climate specialist to support us in working through developing and testing initial climate scenarios that will inform client engagement and our subsequent climate strategy.

We integrate material climate change related information into our decision-making

Both at a corporate level and as investors, we understand that climate change presents material risks and opportunities that must be incorporated into our governance frameworks, strategic planning, risk management approaches, and the way we think about tracking and monitoring progress. Climate change is a material topic that we integrate into both corporate and investment activities including through our ESG integration process as outlined in our Responsible Investment Policy. As responsible stewards of our clients' capital, we feel confident that taking steps toward integrating climate change considerations into the way we operate is the right thing to do.

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Climate change is a significant issue that intersects with other material issues such as broader impacts on the environment and biodiversity; human rights, social justice and the well-being of people; and geopolitical risks. We will continue to progress our understanding and efforts and update our position and approach over time.

02. Our Position & Commitments (cont.)

Managing Climate-Related Risks and Opportunities

In the investment portfolios, climate change-related risks and opportunities are managed by the investment teams in a bottom-up approach through our ESG integration process. The investment team seeks to appropriately account for risks and opportunities and uses its assessments to inform our active stewardship activities. These include potential engagement and/or voting activities with issuers/companies.

In addition, from 2024, we aim to conduct thematic climate risk workshops to enhance our management of climate-related risks and opportunities both in the investment portfolios and in operational climate-related matters.

Material business issues are reported to the YCM Board Audit, Risk & Compliance Committee and/or Board(s) of Directors as appropriate.

Effective as at September 2024

