



Sustainability Report

2025



YARRA
CAPITAL MANAGEMENT

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Introduction

As long-term stewards of capital, we recognise that investment outcomes are shaped not only by markets and financial performance, but also by the resilience of the environmental, social and economic systems on which those markets depend. Our responsibility is to generate durable value for clients by identifying, assessing and managing material risks and opportunities with discipline, insight and integrity.

This Sustainability Report outlines how Yarra Capital Management integrates sustainability considerations into our investment processes, stewardship activities and business operations. It reflects a year of continued progress and increasing maturity in our approach — moving from broad commitments toward more focused, evidence-based execution.

In 2025, we continued to embed sustainability into the way we invest and engage. Our work on climate change advanced materially, with the articulation of a clearer climate strategy, deeper portfolio-level analysis of transition and physical risks, and continued our early voluntary alignment with emerging Australian sustainability reporting standards.

We also continued to strengthen our stewardship approach. Engagement is a core part of active investment management at Yarra, but it is not an end in itself. Over time, we have become more deliberate about when engagement is likely to be additive — whether to deepen our understanding of a company, test assumptions, or influence outcomes where gaps persist. Escalation remains selective and proportionate, with governance issues and persistent material risks warranting closer scrutiny.

Human rights and modern slavery continue to be a priority area of focus. In 2025, we enhanced internal capability, strengthened data inputs and undertook more targeted due diligence across our supply chain and investment portfolios. While we continue to assess our direct operations as low risk, we recognise our potential exposure through suppliers and investee companies and remain focused on constructive engagement to support better outcomes for people.

Nature and biodiversity are emerging areas of investment risk and opportunity. This year, our focus was on building foundational understanding through engagement, industry collaboration and internal workshops. Looking ahead, we have identified water as a practical and investment-relevant focus area for deepening our work on nature-related dependencies and impacts in 2026.

Taken together, this report reflects a disciplined approach to sustainability — one that prioritises materiality, recognises limits to influence, and evolves as risks, opportunities and expectations change.

About Yarra Capital Management

Yarra Capital Management is a leading Australian investment management firm, dedicated to delivering superior investment solutions and long-term financial growth for its clients. Yarra's investment offerings are designed to meet the diverse needs of institutional investors, financial advisers and high-net-worth individuals. Key investment capabilities include:

Equities

Yarra provides access to a range of active equity strategies, including Australian equities and global equity capabilities where we partner with external managers. These strategies focus on generating long-term capital growth by investing in high-quality companies with strong fundamentals and growth potential. Our Australian equity team conducts rigorous research and analysis to identify insights and develop high-conviction portfolios.

Our work has reinforced an important insight: the risks and opportunities that matter most are often concentrated, systemic and shaped by real-world constraints. As a result, our approach remains pragmatic, investment-led and focused on where we can most effectively manage risk and support long-term value creation.

Fixed income

Yarra offers fixed income solutions that cater to different risk profiles and investment objectives. These include strategies focused on government bonds, corporate credit and other fixed income assets. Our fixed income team aims to deliver stable income with a focus on capital preservation while managing interest rate and credit risks.

Multi-asset and diversified solutions

Yarra provides multi-asset portfolios that combine equities, fixed income and alternative assets to meet specific client needs. These strategies are designed to offer diversified risk exposure and a balanced approach to capital growth and income generation.

Alternatives

Yarra constructs bespoke late-stage private capital investment solutions, focusing on long-term value creation through active management and strategic partnerships. We target investments that offer compelling risk-return profiles and select sectors and companies that demonstrate strong growth potential, solid management and attractive fundamentals. Yarra's private capital team leverages deep industry expertise and a disciplined investment process to identify high-conviction opportunities that align with clients' investment objectives.

This report outlines our continued commitment to transparency, accountability and continuous improvement in our approach to sustainability and responsible investment. It reflects a year of progress—including our increasing sophistication of ESG issues across the teams, the way we engage with investee companies, how we manage our operational footprint, and the further development and application of our climate strategy.

Over the past year, we have continued to focus our engagement efforts on issues most material to long-term value creation. Our ESG engagements are increasingly targeted, outcomes-driven and informed by portfolio-level risk and opportunity analysis. We have evolved our thinking around what strategic ESG engagement looks like, including understanding that ESG issues are often systemic and require different ways of thinking about dependencies and where and how to engage.

We have also made progress on reducing our corporate emissions, reflecting both deliberate operational choices and an increased sophistication in climate change and accounting methods. While our operational footprint is relatively small to the emissions associated with our investment portfolios, we believe we should play a role to reduce our impacts on the environment or improve outcomes for people and society, where we can.

This is our second year as early voluntary adopters of the Australian Sustainability Reporting Standards (ASRS), including voluntary adoption of climate-related financial disclosure requirements relevant to the Australian market.

During the year, we formalised and published our climate strategy and advanced our understanding of portfolio-level climate risks and dependencies, refining our approach to transition risk and physical risk analysis, clarifying how stewardship, ESG integration and client alignment work together to support credible climate outcomes over time. Our focus has remained investment-led and pragmatic, recognising the systemic nature of climate risk and the real-world constraints facing many companies and sectors.

We are proud of the progress we have made increasing the maturity and discipline of our responsible investment approach. Looking ahead, we intend to deepen our work on nature, biodiversity and water-related risks in 2026 and continuing to build internal capacity and support the development of talent across our firm and the broader investment ecosystem. We believe responsible investment is not static and must evolve as risks, opportunities and expectations change.



“Responsible investing is fundamental to how we generate long-term value for our clients. In 2025, we have strengthened our sophistication, ensuring our approach remains disciplined, practical and focused on outcomes that matter to portfolios and clients.”

Edward Eason
Managing Director



“This year marks a shift from commitment to ongoing execution. We have continued to refine our focus to where we can have the greatest impact for our efforts and evolved our approach in a way that reflects both investor expectations and considers real-world constraints and outcomes.”

Dr Erin Kuo-Sutherland
Chief Sustainability Officer

A\$20.5bn
Total AUM at 31 December 2025

PRI Principles for Responsible Investment

Signatory to the Principles for Responsible Investment (UNPRI) since formation in 2017

PCAF Partnership for Carbon Accounting Financials

Signatory of Partnership for Carbon Accounting Financials (PCAF) since 2024

We helped our charity partners deliver impact in 2025, including through:

- Our people making over 2,500 sandwiches for school children experiencing hunger
- Our people donating blood and plasma 29 times, leading to an estimated 87 lives saved
- Our people helping to serve meals to feed an estimated 3,500 disadvantaged people

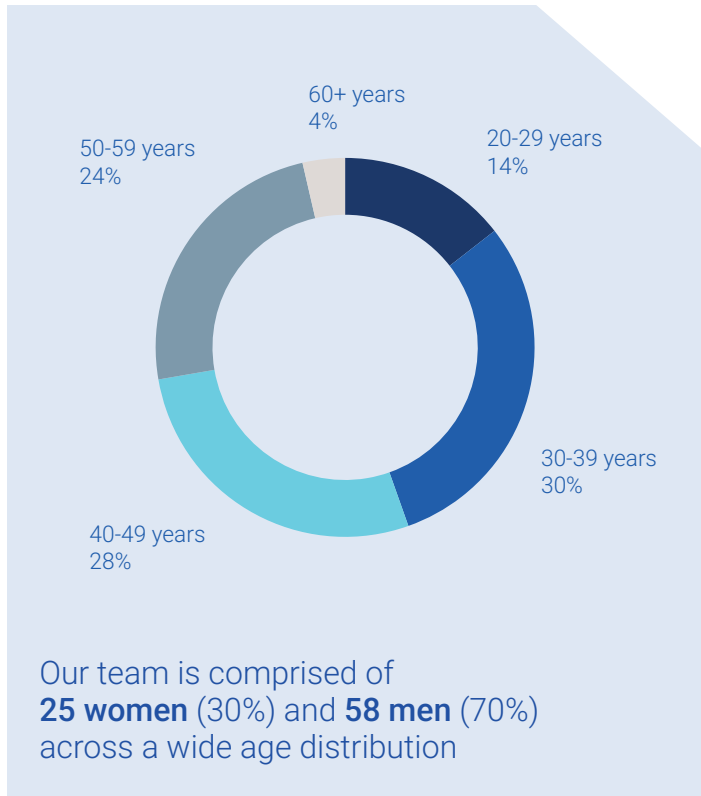
29%

Our operational greenhouse gas emissions decreased by 29% overall and 27% per full-time employee from 2022 to 2024.

469
Hours of community service provided in 2025

\$100k

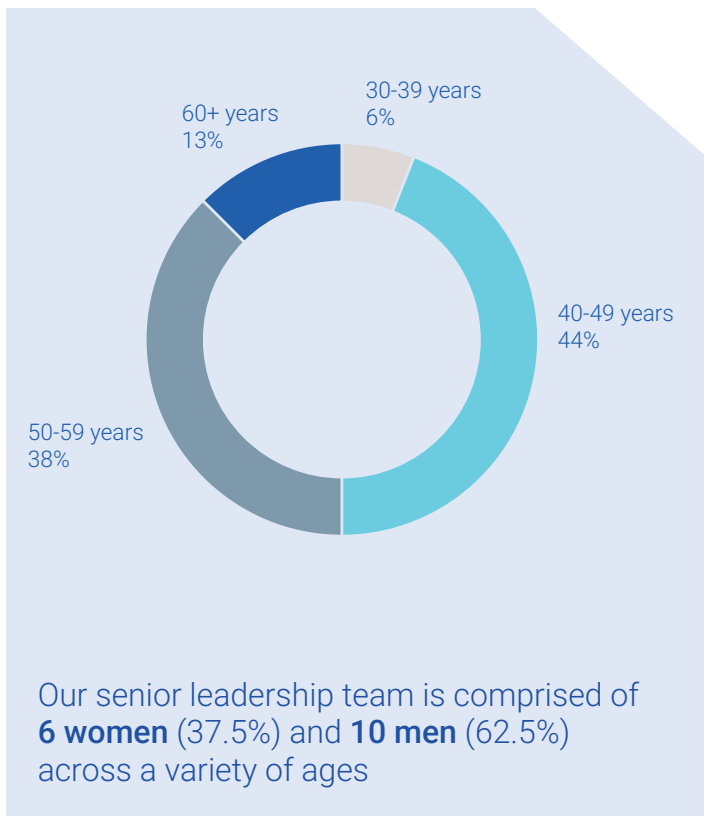
Corporate giving including employee donations and community partnerships



456k tCO₂^{-e}
 Scope 1 and 2 financed emissions groupwide listed equity portfolios (less than the benchmark of 550k tCO₂^{-e})¹

2.1m tCO₂^{-e}
 Scopes 1, 2 and 3 financed emissions groupwide listed equity portfolios (less than the benchmark of 4.1m tCO₂^{-e})²

83.8%
 Employee engagement/satisfaction scores for 2025 (up from 80.1% in 2024 and 76.4% in 2023)



Our Boards are comprised of 4 women (31%) and 9 men (69%)

^{1,2} All financed emissions calculated as at 31 December 2025 via climate emissions partner, Emmi via FactSet; methodology notes can be found at: <https://emmi.io/carbon-diagnostics/carbon-diagnostics-methodology>.



Our People and Communities

As a people-based investment business, our performance and resilience are underpinned by the quality, engagement and wellbeing of our people.

This extends beyond our employees to those who are critical to our business, including clients, partners, suppliers and the communities in which we operate.

We seek to maintain a professional, inclusive and supportive workplace where people can develop, contribute and perform at their best. We continue to strengthen our culture through targeted initiatives that support wellbeing, inclusion and accountability, recognising the role these factors play in long-term organisational capability.

Investing in our People

We aim to ensure that our 83 team members³ feel equipped to deliver strong outcomes for clients and support the continued growth of our investment business. This includes investing in professional development across all stages of career progression through a mix of formal training, on-the-job learning and leadership development.

Employee wellbeing remains a priority. We provide access to services and facilities that support mental, physical, financial and legal wellbeing, including a comprehensive employee assistance program available to employees and their families.

Engagement

We monitor employee engagement, workload and sentiment through an annual staff survey. In 2025, overall engagement and satisfaction increased to 83.8% (2024: 80.1%), reflecting continued improvement in wellbeing, trust and organisational effectiveness.

Indicators of workload management and work–life balance strengthened further, with 81% of employees reporting they can stay on top of their work (+6%), and satisfaction with work–life balance rising to approximately 90% (+10%). These outcomes reflect targeted efforts to streamline activities, manage peak demand and improve work transition across teams.

Measures of inclusion and employee voice also improved, with 92% of respondents reported open and honest conversations (+3%), while confidence in being heard and having appropriate channels to raise issues increased to 85% (+10%). Overall, results indicate sustained progress in supporting engagement, inclusion and long-term organisational resilience.

A Respectful and Inclusive Workplace

We seek to maintain a workplace that values diverse perspectives, experiences and skills, and supports equitable opportunity based on ability, performance and potential. Our people principles include fostering inclusion across all identifying attributes, developing a deep and capable investment talent pool, and supporting leadership development across the organisation.

Our people initiatives continue to focus on creating inclusive work environments, supporting flexible and hybrid work arrangements, addressing barriers to participation, and broadening pathways into the investment industry. These initiatives support our ability to attract, develop and retain high-calibre professionals.

As an investment manager, we also consider workplace culture and human capital indicators as part of our ESG integration and stewardship activities with investee companies.

³ Staff numbers as at 31 December 2025.

Supporting our Communities

We believe constructive community engagement is an important part of our role as a business. Our approach focuses on practical, long-standing partnerships that align with our people and locations, delivered through volunteering, corporate giving and targeted philanthropic initiatives.

In 2025, our key community partnerships included:



Sacred Heart Mission

[Sacred Heart Mission](#), based in Melbourne. We work with Sacred Heart Mission to support people experiencing homelessness and disadvantage through financial contributions and staff volunteering in the Sacred Heart kitchen.



St Canice's Kitchen

[St Canice's Kitchen](#), based in Sydney. We work with St Canice's Kitchen to support people experiencing homelessness and social exclusion, with financial support and staff volunteering.



Eat-Up

[Eat-Up](#) supplies fresh sandwiches and snacks directly to schools for the estimated 1 in 5 Australian children experiencing hunger⁴. We contribute financially and staff in our Melbourne and Sydney offices volunteer their time to make sandwiches.



GO Foundation

[GO](#) supports Indigenous students on their education journeys, backing them to pursue their goals at school and beyond. Creating opportunities to unlock the power of their identity and culture remain a steady part of that journey.

In 2025, we supported other community organisations including:

- The [Australian Red Cross](#) through coordinated voluntary employee blood and plasma donations;
- [Beyond Blue](#) through staff fundraising for the Melbourne Marathon;
- [Tread Lightly](#) through a campaign to recycle shoes; and
- [Flying Fox](#) through a Basketball Corporate Funday.

We value these long-standing relationships and remain committed to continuing to play a constructive role in the communities connected to our business.

⁴ Source: <https://www.foodbank.org.au/1-in-5-children-go-hungry>.



We maintain long-term community partnerships where we have an enduring connection and can contribute in practical, meaningful ways.



90%
Staff participation in at least one community volunteering opportunity in 2025



Parents At Work

Introduced new benefits to our parental leave policy and a new support program Parents @ Work



DIVERSITY COUNCIL AUSTRALIA

Became a member of the Diversity Council of Australia in 2024

We helped our charity partners deliver impact in 2025, including through:

-  Our people making over 2,500 sandwiches for school children experiencing hunger
-  Our people donating blood and plasma 29 times, leading to an estimated 87 lives saved
-  Our people helping to serve meals to feed an estimated 3,500 disadvantaged people

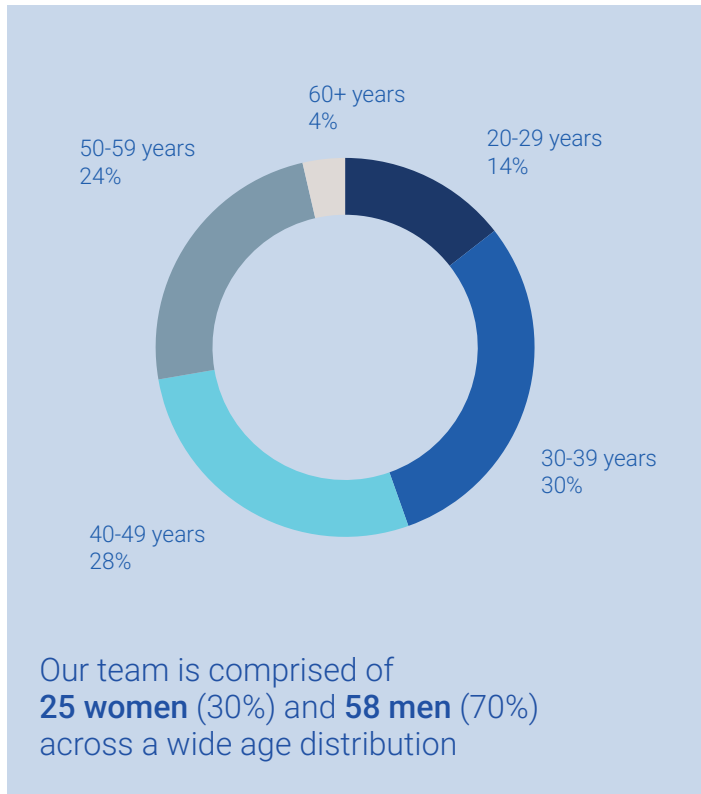


12
University speaking or networking engagements

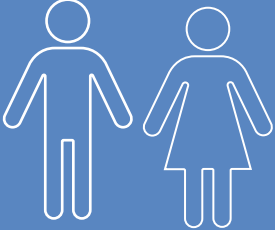


469
Hours of community service provided in 2025

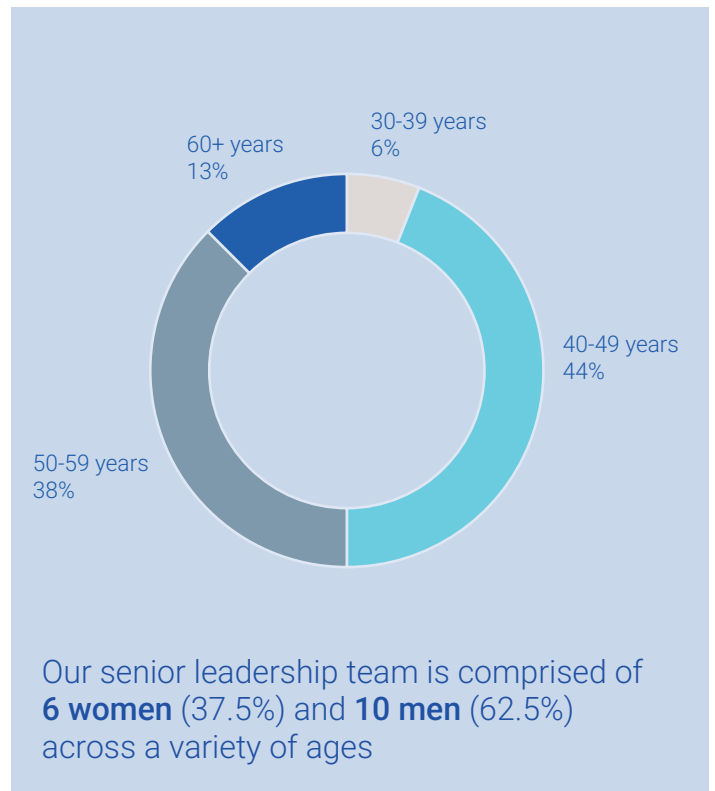
\$100k
Corporate giving including employee donations and community partnerships




Launched new pathways for young people, including internship and graduate positions



Our Boards are comprised of 4 women (31%) and 9 men (69%)





Climate Change

In 2025, we significantly progressed our approach to climate change, advancing our climate-transition strategy, preparing our first AASB⁵-aligned climate disclosures, and deepening our research across physical and transition risks. This year we have moved from principle to practice, embedding climate considerations more explicitly into our investment process, stewardship and governance.

Climate change remains a material issue for our planet, our society and our business. As stewards of capital, we recognise both the responsibility and the opportunity we have to contribute to the global effort to reduce greenhouse gas emissions and support a resilient, orderly transition.

As investment managers, our fiduciary responsibility is to deliver risk-adjusted returns that meet our clients' objectives. Climate change directly intersects with this mandate. We identify, assess and manage climate-related risks and opportunities across our investment processes. This includes evaluating physical risks that may affect assets and supply chains, alongside transition risks arising from shifting policy, technology, and markets.

Climate change also creates systemic risks that can influence entire markets—for example, extreme weather shaping commodity prices, insurance availability or economic activity. At the same time, the transition to a low-carbon economy is generating new sources of value. We remain alert to investment opportunities that enable or benefit from a just, inclusive and orderly transition.

While we acknowledge that the world is likely to breach a 1.5°C trajectory relative to pre-industrial levels, this reinforces our base case that we are operating in a more disorderly transition environment, with heightened physical impacts and an increasing need for investment in adaptation and resilience.

Our Climate Strategy

Given the nature of our business, we are highly focused on how climate-related issues affect the resilience, value and long-term performance of our investment portfolios, and how we can manage those impacts in an evidence-based way. Given our operational emissions are comparatively small, the most meaningful influence we can have on climate outcomes arises through our investment activities, stewardship and product design.

In 2025, we advanced our climate strategy with a clear focus on how we can contribute to—and navigate—the transition to a low-carbon economy. Our approach recognises that potential carbon liability is concentrated in a subset of portfolio companies, many of which operate within complex, system-wide dependencies such as energy infrastructure, technology readiness, supply-chain constraints and policy settings. These dynamics shape both the pace and pathway of decarbonisation. Accordingly, our strategy is centred on the levers that we can most effectively use to reduce risk, support real-economy progress and deliver long-term value for clients.

Our climate strategy comprises four interconnected pillars:

- **ESG integration:** Embedding climate analysis into valuation, risk assessment and portfolio construction, including the use of scenario analysis, carbon-liability mapping and transition-readiness assessments for high-impact sectors.
- **Targeted Stewardship:** Prioritising engagement with companies that have the greatest potential to influence portfolio-level carbon outcomes or systemic transition pathways. This includes advocating for credible transition plans, strengthened governance, investment in low-carbon technology, and resilience to physical climate risks.
- **Strategic policy advocacy:** Engaging selectively and constructively on policy issues where we have influence and can see material benefit, focusing on interventions that can support a just and orderly transition, reduce systemic risk, and improve market functioning—while remaining consistent with our fiduciary duty
- **Client and product alignment:** Working with clients to design and manage investment products and mandates that appropriately reflect their climate-related goals, regulatory requirements, and risk preferences, ensuring clarity around how climate themes shape portfolio design and implementation.

Our climate strategy aims to manage material climate risks, contribute to real-economy decarbonisation, and position our portfolios to benefit from both transition and adaptation opportunities. We will continue to evolve our approach as market conditions, policy settings and client needs develop.

⁵ Yarra is a Group 3 mandatory reporter in 2028 for the Australian Accounting Standards Board (AASB) S2 standard; in 2025, we prepared our first AASB S2 aligned disclosures as an early voluntary reporter.

An aerial photograph of a dense, lush green forest. The trees are tightly packed, creating a vibrant green canopy. In the lower right corner, a small section of a river or stream is visible, flowing through the forest. The lighting is bright, suggesting a sunny day, with some areas of the forest appearing slightly overexposed or washed out.

We continue to strengthen the integration of climate risks and opportunities in our investment process to support our clients in navigating a complex transition and support resilient, long-term value creation.

Table 1. YCM Climate-Related Risks and Opportunities

Business Impact Areas	Risk or Opportunity Type		Potential Impact (on Yarra Group)	Time Horizon
Yarra Group Investments Portfolios: All brands and asset classes	Physical	Acute and Chronic	+/- portfolio performance +/- revenue	0-5 yrs+
	Transition	Market	- portfolio performance +/- revenue	1-5 yrs
		Regulatory	- portfolio performance - revenue	3-5 yrs+
		Reputation	+/- revenue	0-5 yrs+
		Technology	+/- portfolio performance	1-5 yrs+
Yarra Group Operations	Physical	Acute	+ operating costs - productivity	0-5 yrs+
		Acute and Chronic	+ operating costs	0-5 yrs+
	Transition	Market	+ operating costs +/- revenues	3-5 yrs+
		Regulatory	+ operating costs penalties/fines + carbon liability	1-5 yrs+
		Reputation	+ operating costs - revenue - enterprise value	1-5 yrs+
	Indirect-value chain, systemic, macro	Physical	Acute and Chronic	+ operating costs - productivity
Transition		Market, Technology	+ operating costs - revenue	5 yrs+

Nature of Risk (R) or Opportunity (O)

R: Physical events could impact parts of our investment portfolio, leading to repricing of assets, increased defaults, property damage, financial losses, agriculture risk, energy markets shifting, insurance risks or investment opportunities in adaptation and climate resilience and mispricing of risks.

O: Investing in assets that are positioned to benefit from adaptation or climate resilience.

O: Not investing in or divesting of assets that are insufficiently responding to physical risks/opportunities.

R: Our approach to manage or price climate risks/opportunities appropriately within our investment process alongside other investment factors.

O: Investing in assets that are positioned to benefit from the transition.

O: Strategically engaging with companies to support and advocate for managing climate risks/opportunities advantageously in a way that can lead to value creation.

O: Not investing in or divesting from assets that are insufficiently responding to transition risks/opportunities.

R/O: Exposure to climate policies and carbon pricing could lead to carbon liabilities and other impacts such as project approvals for companies within the portfolio. Our ability/inability to factor this into investment decisions would determine the size and nature of the impact.

R/O: Ability/inability to manage or price climate risks/opportunities commensurate with competitors or client expectations could lead to increased/loss of trust and client demand.

R/O: As technologies evolve, investee companies may either be advantaged or disadvantaged, leading to investment risk/opportunity.

R: Impacts of acute events such as severe weather events could impact the health, including mental health and wellbeing, of our people.

R: Impacts of events such as bush fires or changes in rainfall patterns could impact infrastructure, leading to inability to commute to work or physical property damage to our offices. This could lead to increased insurance costs, changes to operating models (e.g. more remote work), or increased needs to heat/cool our offices.

R/O: Our ability/inability to offer products and strategies that meet client demand/expectations and differentiate ourselves from peers could lead to impacts on both operating costs and revenue.

O: Developing new investment products that align with client demand associated with climate change thematic.

R: Increased reporting requirements, our ability/inability to ensure our actions match our disclosures can lead to increased resourcing requirements and risks of greenwashing and fines/penalties or associated loss of stakeholder trust. Climate policy and carbon pricing is likely lower impact, being concentrated more in our investment portfolios.

R: Inability to manage our climate strategy in line with stakeholder expectations and/or not execute against our stated objectives could impact ability to attract and retain people, clients, and partners.

R: Physical impacts could disrupt business continuity through disruptions in supply chain, such as severe weather events impacting services provided by third parties including trading platforms, market data or data centres. We could also see chronic events result in geopolitical impacts leading to mass migration, impacting the macro environment and business operating context.

R: Increased operating costs for suppliers and clients may impact our operating costs and fees.

Our Performance

Table 2. Operational⁶ Greenhouse Gas Emissions 2024

Emissions Type	GHG emissions 2024 (tCO ₂ -e) [*]	Notes	Trend from 2022 baseline
Scope 1	0.0	-	-
Scope 2	92.9 location-based gross; 0.0 net	Electricity based on 128 MWh consumed across two leased office spaces. 100% of electricity purchased is claimed as carbon neutral; however, we have included gross location-based emissions in our scope 2 calculations Market-based scope 2 emissions in 2024 were 103.7 tCO ₂ -e	▼ Decrease of 12% from gross location-based scope 2 emissions of 117.5
Scope 3 (excluding category 15)⁷	1,281.4	39% Professional Svcs (501), decrease of 10% from 2022, driven largely by improved data availability and change in carbon accounting methodology 21% Air Travel (268.2), increase of 20% from 2022 due to low travel following COVID-19 pandemic; decrease of 41% from 2023 driven by corporate travel policy and reduced business travel 18% ICT (231), decrease of 71% from 2022, driven largely by improved data availability and change in carbon accounting methodology	▼ Decrease of 34% from 1,926.4
Total Scope 1, 2, and 3	1,374.5	Most of our corporate emissions come from the emissions of our suppliers as scope 3, purchased goods and services, notably professional services	▼ Decrease of 29% from 1,927.5 in 2022
Offsets or Removals	1,374.5 additional 1,000 biodiversity credits	22% Verra-certified carbon credits from Delta Blue Mangroves Project, Pakistan, 2018 vintage (300) 29% Gold Standard certified credits from Energy Efficient Cookstoves Project, Ethiopia, 2021 vintage (400) 49% Vera-certified credits from April Salumei Project, Papua New Guinea, 2021 vintage (675) Additional 1,000 t voluntary biodiversity conservation credits from Budgerum Grasslands Biodiversity Project, Australia	We have been voluntarily investing in a portfolio of carbon reduction or carbon removal projects since 2022 to achieve notional operational carbon neutrality. We have also invested in voluntary biodiversity programs since 2022
Net operational emissions	0.0		Where possible, we will continue to manage and lower operational emissions, acknowledging our limited scope of control in residual supplier emissions
Total Emissions per Full-Time Employee (FTE)	17.2	We recognise reducing scope 3 emissions is largely beyond our control and is driven by actions taken by our suppliers; however, due to improved data availability and some deliberate policies and steps taken by our teams, we have seen a decline in operational emissions per FTE	▼ Decrease of 27% from 23.5 in 2022, exceeding our target of 20% reduction in emissions/FTE by 2032 over 2022 baseline

Source: Yarra Capital Management and Path Zero. * tCO₂-e refers to tonnes of Carbon Dioxide equivalent.

⁶ Operational emissions are calculated using the Greenhouse Gas protocol, applying emissions factors to corporate spend and corporate activity data. Emissions factors are sourced from the National Greenhouse Accounts Factors, IELab (Footprint Lab), Business, Energy & Industrial Strategy (BEIS, formerly DEFRA), and Cornell Hotel Sustainability Benchmarking Index 2023. Where data was available and supplier emissions were material, we applied an emission factor for each vendor by using their calculated emissions & total revenue, divided by the spend from Yarra Capital. This method was applied to spend with MSCI, Bloomberg, LSEG, FactSet, Iress and S&P Global. For taxis and ride-share calculations under business travel (~3tCO₂-e) were calculated using estimated data provided by Uber.

⁷ Scope 3 emissions reported in Table 2 exclude category 15, financed emissions, which are reported separately in this report.

Our operational greenhouse gas emissions decreased by 29% overall and 27% per full-time employee from 2022 to 2024⁸.

This was largely driven by improving access to emissions data and applying our portion of spend against reported supplier emissions numbers where available. However, we also recognise some of the reductions have been driven by deliberate choices to consolidate categories of supplier spend, reduce business travel and adhere to policies aligned to reduce emissions intensity.

We set operational emissions reductions targets at the end of 2022, including setting a target of reducing our overall emissions per full-time employee by 20% by 2032 from 2022 baseline levels of 23.48 tCO₂-e per FTE.

In 2024, we exceeded this target, observing a 27% decrease in emissions per FTE from our 2022 baseline. We believe that as supplier emissions data improves, and suppliers continue to invest in decreasing their emissions, we should see this emissions intensity figure hold steady or potentially decline. However, we acknowledge our limited scope for control in our suppliers' emissions.

As an investment manager, the largest source of overall emissions are our investment portfolios.

Financed Emissions – Scope 3, Category 15

In 2025, we made early voluntary disclosures aligned with the Australian Accounting Standards Board (AASB) S2 climate-related financial disclosure standards, fulfilling our commitment as a Partnership for Carbon Accounting Financials (PCAF) signatory. For this reporting year (CY2025), we assessed emissions from Yarra Capital Management's listed equities investments relative to a weighted composite benchmark derived from applying weights to the benchmark associated with each underlying holding (see Table 3)⁹. We also ran this analysis for the first time on select Fixed Income portfolios where data and robust methodologies and pragmatic benchmarks were available. This included assessing climate data for AUD\$8.1bn from Yarra Capital Management's listed equities, representing 39% of our total group Assets Under Management (AUM) as at 31 December 2025.

Table 3. Financed Emissions Relative to the Benchmark, Yarra Capital Management 2025

Portfolio	Scope 1	Scope 2	Scope 3	Total Financed Emissions	Notes
Yarra Listed Equities Portfolios	378,421 14% below the benchmark	77,770 30% below the benchmark	1,656,094 53% below the benchmark	2,112,286 49% below the benchmark	Financed emissions are all sitting well below the benchmark, notably for scope 3 and overall
Listed Equities Benchmark	439,099	110,781	3,560,628	4,110,508	Benchmark comprised of a weighted average of ASX 100, ASX 200, ASX 300, ASX Small Ords, ASX Midcap 50 and MSCI Australia

Source: Yarra Capital Management and Emmi via FactSet as of 31 December 2025.

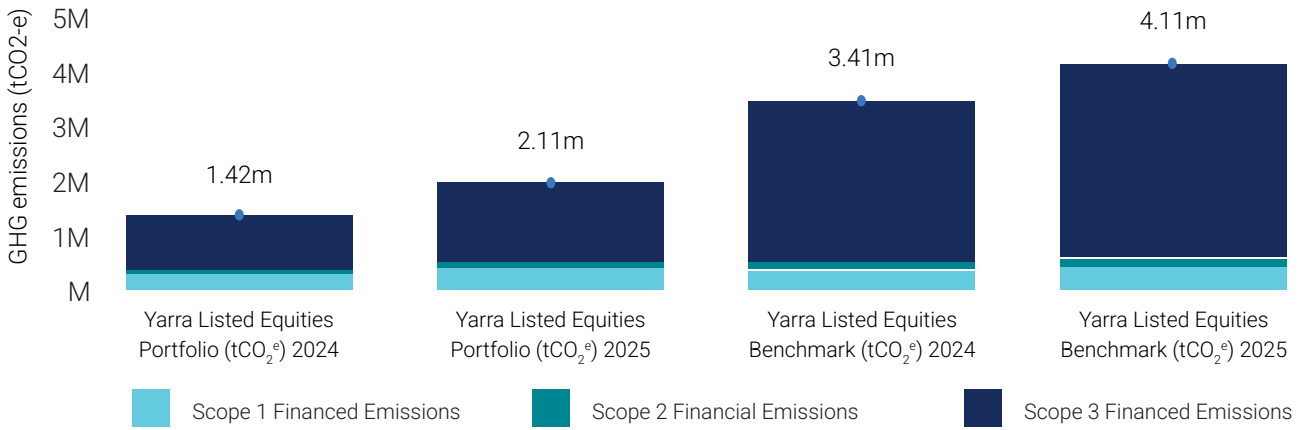
Our Yarra Capital Management listed equities financed emissions are sitting 49% below the aggregate benchmark, with the bulk (78%) of the emissions within the listed equities holdings derived from scope 3 emissions¹⁰.

⁸ In this report, we have reported on 2024 operational emissions and 2025 financed emissions. While our intention is to align both calculations to the current reporting period, we currently are reporting operational emissions on a lag due to capacity constraints.

⁹ For financed emissions calculations, the carbon data, analytics and scenario analysis was sourced from Emmi via FactSet, an Australian climate data consultant following the methodology outlined by the [Partnership for Carbon Accounting Financials \(PCAF\)](#) following the Greenhouse Gas Accounting Protocol. Emmi has published their methodology which describes a reported emissions plus machine learning approach to emissions modelling. We acknowledge with modelled data, some errors and anomalies may occur; however, after identifying some outliers, we have presented data on a best endeavours basis adopting a defensible, robust and transparent methodology. Scenario analysis is integrated into the climate analytics under three scenarios selected by Yarra Capital Management, including the [IPCC 1.5C](#), [NGFS Net Zero 2050](#), and [NGFS Current Policies](#) (drawing on NGFS Phase IV for 2024 baseline numbers and NGFS Phase V for 2025 calculations). Scenarios set the bounds of expected risks for the entity. We then draw on our own industry knowledge and proprietary analysis to determine likelihood of future states and articulate potential risks and opportunities.

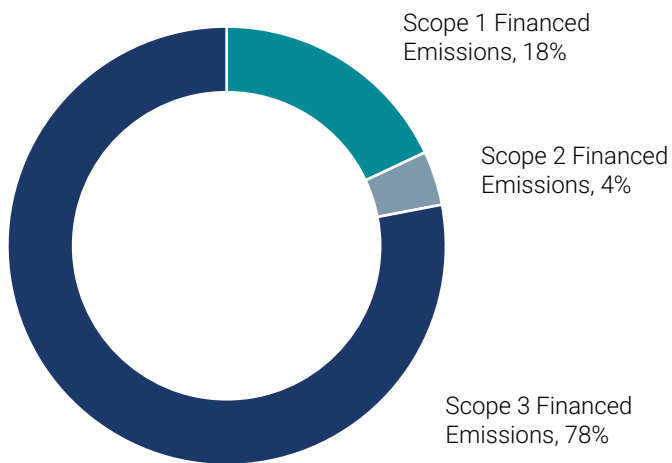
¹⁰ There may be instances of overlap or double counting of Scope 3 emissions. This can occur when emissions associated with the supply chain of a company are counted within its Scope 3 emissions, and also reported as scopes 1 or 2 for other investee companies, leading to duplication or double counting, inflating overall reported emissions. However, understanding scope 3 emissions helps us to understand the potential physical and transition risks associated with holdings within the portfolios and are included in our reporting.

Figure 1. Financed Emissions 2024-2025, Yarra Listed Equities (by scope)



Source: Yarra Capital Management and Emmi via FactSet as of 31 December 2025.

Figure 2. Percent Financed Emissions 2025, Yarra Listed Equities (by scope)



Source: Yarra Capital Management and Emmi via FactSet as of 31 December 2025.

There are four primary drivers of changes in emissions metrics over time

1. Change in Funds Under Management (FUM): An increase in FUM will typically result in higher financed emissions, as a larger capital base represents greater ownership exposure to companies emitting greenhouse gases (GHG). To assess whether portfolios are genuinely decarbonising, it is therefore necessary to consider emissions intensity metrics – such as portfolio carbon footprint (tCO₂e per \$m invested) – alongside trends in underlying company emissions.

Between 2024 and 2025, Yarra’s listed equities FUM increased from AUD\$6.3bn to AUD\$8.1bn. This growth contributed to the increase in financed emissions.

2. Changes in portfolio positions: Changes in portfolio weights and holdings can materially alter the emissions profile of the portfolio.

Between 2024 and 2025, Yarra’s equities portfolios reduced exposure to certain larger emitters. However, this was offset by new positions in companies with comparatively higher emissions, contributing to overall net emissions increases.

3. Changes in climate scenarios: Updates to climate scenarios – such as those developed by the Intergovernmental Panel on Climate Change (IPCC) or the Network for Greening the Financial System (NGFS) – can materially affect forward-looking metrics. These include implied temperature rise, potential carbon liabilities and projected emissions reduction pathways.

However, scenario updates do not affect reported financed emissions or emissions intensity metrics, which are based on historical company emissions data. (Refer to the ‘Climate Scenarios’ section below for details of changes between 2024 and 2025.)

4. Changes in absolute emissions of underlying investee companies: Absolute emissions ultimately determine real-world climate impact. Monitoring whether portfolio companies are reducing their Scope 1 and Scope 2 emissions – from direct fuel combustion and purchased energy – provides insight into whether emissions entering the atmosphere are rising or falling. This analysis also informs our assessment of transition risk and engagement priorities.

For this report, we reviewed our top five absolute emitters and assessed year-on-year changes by scope. Overall, total absolute emissions increased from 2024 to 2025. While some large emitters reduced emissions, these reductions were more than offset by increases among other high-emitting companies.



Table 4. Changes in financed emissions 2024-2025 Yarra Listed Equities

	2024 Yarra listed equities portfolios	2024 composite benchmark	2025 Yarra listed equities portfolios	2025 composite benchmark ¹¹	Notes
Funds Under Management (FUM) (AUD\$ '000)	\$6,333		\$8,063		Funds under management increased over the year, contributing to higher financed emissions for both the portfolio and the benchmark.
Financed Emissions Scope 1 tCO2e	245,935	368,032	378,421	439,099	Both portfolio and benchmark financed emissions across all scopes increased, likely reflecting the broader economy increasing absolute emissions as well as increase in FUM.
Financed Emissions Scope 2 tCO2e	68,535	88,205	77,770	110,781	
Financed Emissions (scopes 1, 2) tCO2e	314,470	456,236	456,191	549,880	
Financed Emissions Scope 3 tCO2e	1,110,273	2,948,847	1,656,094	3,560,628	Across all scopes, portfolio financed emissions remain below the composite benchmark.
Financed Emissions (scopes 1, 2, and 3) tCO2e	1,424,743	3,405,084	2,112,286	4,110,508	49% below the benchmark for 2025.
Portfolio Carbon Footprint (scopes 1, 2) tCO2e/\$m invested	49.66	72.04	56.58	68.20	While FUM growth contributed to higher financed emissions, emissions intensity per dollar invested for scopes 1, 2 also increased modestly over the year. In contrast, benchmark carbon footprint declined slightly. The divergence primarily reflects differences in sector allocation and stock selection. Despite this movement, the portfolio continues to exhibit lower carbon intensity than the benchmark.
Portfolio Carbon Footprint (scopes 1, 2 and 3) tCO2e/\$m invested	224.97	537.67	261.97	509.80	When including Scope 3 emissions, portfolio and carbon footprint increased while the benchmark footprint decreased slightly, with the portfolio more exposed to increasing value-chain emissions intensity.
Weighted Average Carbon Intensity (WACI) tCO2e/\$m revenue (scopes 1, 2)¹²	136.14	133.40	129.70	121.00	WACI declined for both portfolio and benchmark, potentially driven by sector mix and revenue growth outpacing emissions. The aggregate portfolio reflects a slightly higher WACI, likely due to active sector positioning and exposure to slightly higher emissions intensity sectors and companies.

Source: Yarra Capital Management with data from FactSet.

¹¹ Benchmark is comprised of a weighted average of ASX 100, ASX 200, ASX 300, ASX Small Ords, ASX Midcap 50 and MSCI Australia.

¹² Data outliers have been excluded, including some microcap holdings, including C79, POL, DYL, A4N, CVN and AYA.

Climate Scenarios

To assess the potential future climate-related risks and opportunities in our investment portfolios, we have undertaken scenario analysis using three climate scenarios, including the IPCC net zero scenario (SSP1-1.9)¹³, the NGFS net zero scenario, and the NGFS current policies scenario.

We note that the different climate scenarios and underlying models converge around carbon budgets but diverge in assumptions including relating to sector pathways and timing. There is no consensus on which scenarios to choose, and we have chosen scenarios aligned to the AASB S2 requirements, including two net zero scenarios, and one warming scenario.

We summarised these three scenarios in our 2024 report, including the IPCC and NGFS Phase IV scenarios that were relevant at the time. For 2025, NGFS updated their models to Phase V, which included changes that reflect a more disorderly and steeper climate transition. This is largely due to a smaller remaining carbon budget, given the lagging historical decarbonisation to date; updated policy assumptions and associated indicative carbon price; constrained later carbon

dioxide removals (CDRs) as part of achieving emissions reductions; and increased physical damage functions.

Inherent in these scenarios are assumptions about the climate change policy environment. Each scenario applies a price on carbon as a proxy for the policy environment, allowing us to quantify and assess the potential portfolio value at risk under the different scenarios.

This includes the current policy environment where implied carbon prices remain negligible compared to more ambitious net zero scenarios where implied carbon prices are assumed to rise to between USD749-820 by 2050. The most notable change in carbon pricing being the NGFS Phase V net zero scenario which moved from an implied carbon price in 2050 of USD590 (Phase IV) to USD749 (Phase V).

We have analysed our portfolios under these scenarios¹³ to determine the corresponding temperature alignment, scenario-informed emissions reduction requirements, and associated potential carbon liabilities if the emissions reductions are not met.

Table 5. Climate scenarios policy implied carbon pricing (USD)

	NGFS current policies (Phase IV)	NGFS current policies (Phase V)	NGFS net zero (Phase IV)	NGFS net zero (Phase V)	IPCC net zero (SSP1-1.9)
Current year (2024 for phase IV; 2025 for phase V)	\$10	\$11	\$113	\$98	\$145/\$157
2030	\$10	\$10	\$187	\$183	\$218
2050	\$10	\$11	\$590	\$749	\$820

Source: Emmi.

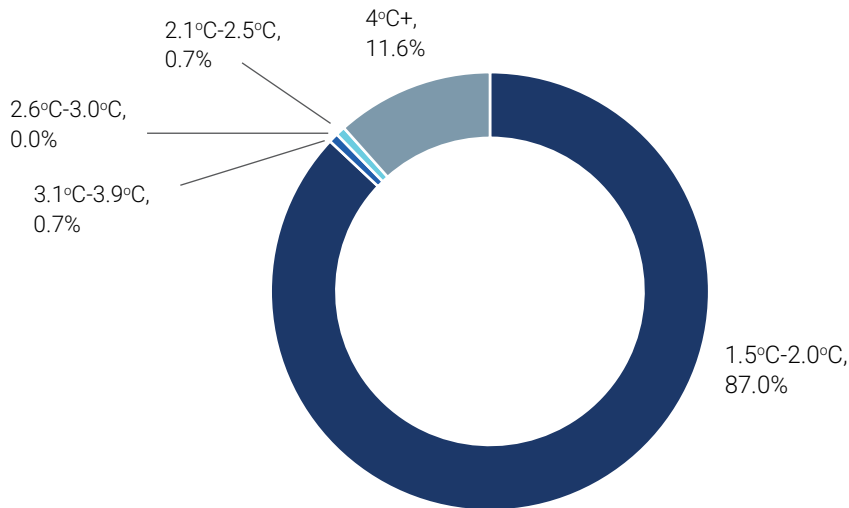
Transition Risk

Across our Yarra Listed Equity holdings, based on forward assumptions including no change in portfolio holdings and no change in GHG emissions by each underlying investee company, climate scenario analysis indicates that 87% by portfolio weight are aligned to a 1.5-2.0 degree climate scenario, however 12% by portfolio weight are aligned to a 4.0 degree or higher scenario (see Figure 3). This split has not materially changed from 2024.

This analysis helps us understand our potential exposure to transition risks, and guides our stewardship and engagement efforts. Expressing climate risk in monetary terms (see Potential Carbon Liability in Figure 4) also helps us evaluate climate risk in relation to other risk factors. However, given the nature of the underlying data and assumptions evolves over time we consider this alongside many other factors.

¹³ [IPCC, 2021: Summary for Policymakers. In: Climate Change 2021: The Physical Science Basis. Contribution of Working Group to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change.](#)

Figure 3. Capital Weighted Temperature Alignment, Yarra Listed Equities, 2025



Source: Yarra Capital Management and Emmi via FactSet as of 31 December 2025.

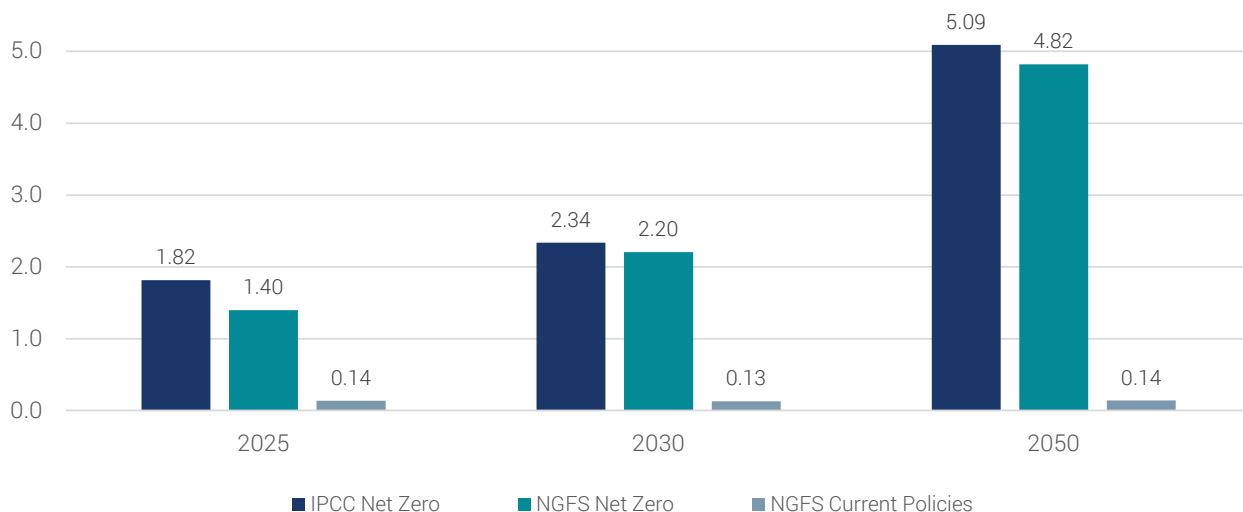
Informed by climate scenario analysis, we assess and report forward-looking transition risk metrics, including Potential Carbon Liability (PCL) (Figure 4) and implied emissions reduction requirements under different temperature pathways (Figure 5). Across both metrics, we observed an increase between the 2024 and 2025 reporting periods. For Yarra’s listed equities holdings, estimated PCL under the NGFS Net Zero scenario increased from AUD\$1.27bn (2024 reporting) to AUD\$2.2bn (2025 reporting) in 2030, and from AUD\$2.89bn to AUD\$4.82bn in 2050.

The increase reflects a combination of updated climate scenario assumptions – including higher shadow carbon prices and refinements to decarbonisation pathways – as well as changes

in our portfolio emissions baseline. Total financed emissions increased over the period, including expanded Scope 3 coverage and higher emissions intensity across certain holdings, which increases estimated carbon exposure under a constant-portfolio assumption. The larger increase observed in longer-dated (2050) liabilities reflects the compounding effect of higher baseline emissions over time.

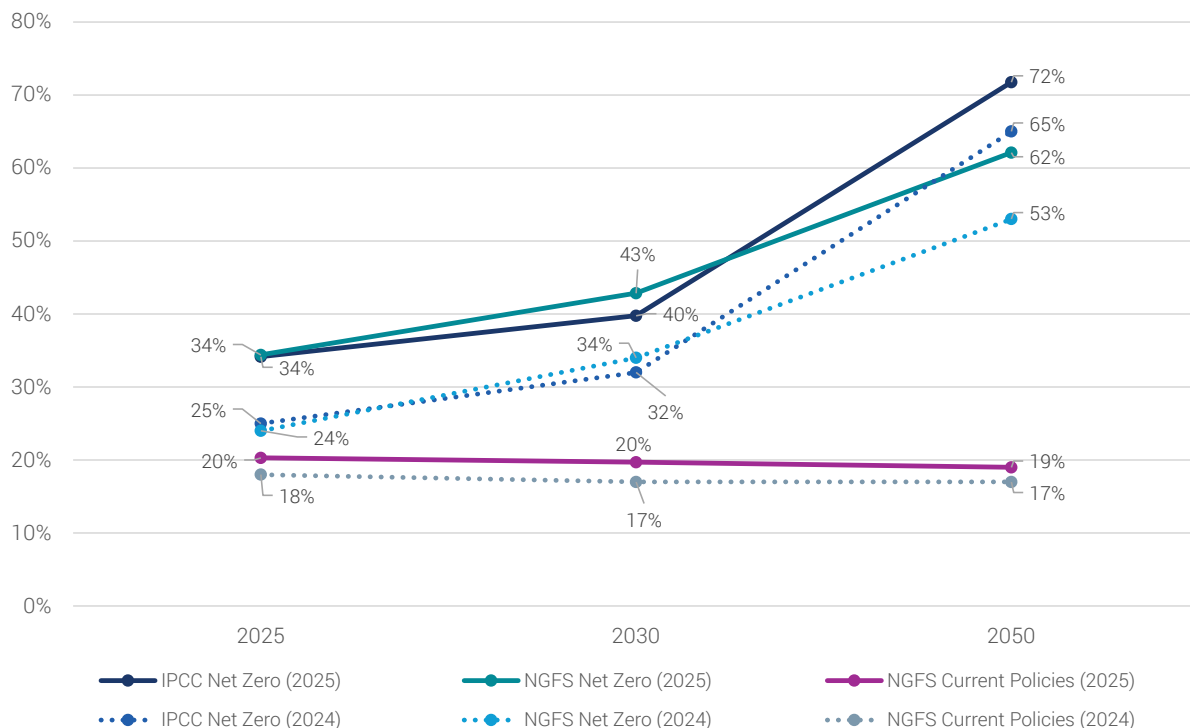
Our methodology assumes that portfolio positions and company emissions remain unchanged. While this is unlikely in practice, we consider this a deliberately conservative baseline from which to assess potential transition risk and the scale of decarbonisation required under a net zero pathway.

Figure 4. Potential Carbon Liability by Climate Scenario, Yarra Listed Equities, 2025 (AUD\$bn)



Source: Yarra Capital Management and Emmi via FactSet as of 31 December 2025.

Figure 5. Potential Emissions Reductions Requirements by Climate Scenario, Yarra Listed Equities, 2025



Source: Yarra Capital Management and FactSet as of 31 December 2025.

Consistent with the increase in Potential Carbon Liability, we also observe higher implied emissions reduction requirements between the 2024 and 2025 reporting periods across all scenarios at 2050. The chart illustrates how updated 2025 scenario modelling modestly reduces near-term (2030) emissions reduction requirements relative to the 2024 reporting period, reflecting updated baselines and sectoral pathways rather than a change in long-term ambition. Both IPCC and NGFS Net Zero pathways continue to require significant acceleration to 2030 and very substantial decarbonisation by 2050, while Current Policies scenarios remain broadly flat, implying continued misalignment with climate targets. The key takeaway is that modelling assumptions and starting points materially influence the apparent steepness of the transition, but the structural direction of travel – rapid and sustained emissions decline – remains unchanged.

Emissions reduction requirements are effectively the inverse framing of potential carbon liability – that is, the greater the modeled carbon exposure, the larger the emissions reduction required to align with a net zero pathway. As such, the directional trend across both metrics is consistent.

Based on current portfolio emissions for Yarra’s listed equities holdings, **the modeled reduction required for emissions scopes by 2050 to align with a net zero pathway ranges from 62% under the NGFS Net Zero scenario to 72% under the IPCC Net Zero scenario. We treat these figures as indicative rather than fixed targets.** They are highly sensitive to underlying scenario assumptions, carbon pricing trajectories, emissions baselines and model design. In addition, real-world decarbonisation outcomes depend on complex technological, policy and market dynamics that are beyond our direct control.

Accordingly, our climate strategy (outlined in our [Climate Strategy Position Paper](#)) sets net zero objectives while acknowledging these dependencies and contingencies. Our action plan is focused on areas where we have meaningful influence – including capital allocation, stewardship, portfolio construction and engagement – rather than relying on static modeled outcomes.

Physical Risk

Over the past year, our thinking on physical climate risk has evolved materially.

We have adopted an internal “house view” that the global economy is tracking toward a warmer outcome than previously assumed and that the world has already, on a sustained basis, breached a 1.5°C trajectory relative to pre-industrial levels¹⁴.

While this does not mean long-term warming outcomes are locked in, it reinforces our base case that we are operating in a more disorderly transition environment, with heightened physical impacts and an increasing need for investment in adaptation and resilience.

This shift in outlook strengthens our conviction that physical risks are likely to rise over time. We explored these implications in our [2025 paper on physical risk](#), which examined both top-down macroeconomic channels and bottom-up company case studies to frame how heat, water stress, floods and fire are already affecting productivity, insurance, supply chains and asset values.

Modelling challenges and evolving research

Despite this directional shift in our assessment, robust quantification of physical damages remains challenging.

At present, we have not identified a single physical risk dataset or damage function that we consider sufficiently robust to anchor a material change in our quantified modelling approach. We are aware that several data providers are expanding their physical risk analytics and are actively exploring these offerings. However, we consider the modelling of long-term macro-physical damages to remain an evolving field.

Current quantified approach

To provide a comparative perspective between transition and physical risk, we continue to apply a proxy-based approach under a current policies scenario, where warming outcomes are higher and physical risks are elevated. For this purpose, we refer to the macroeconomic damage estimates developed by Dietz et al. (2017)¹⁵, which model the potential impact of physical climate change on global financial assets.

Under this framework, and applied to Yarra’s listed equities portfolio:

- In the 2025 reporting period, the same ratio increased from approximately 0.4% in 2025 to 0.6% in 2050 (see Figure 6).

While physical risk is increasing in our analysis, it remains modest under this proxy approach, relative to modeled transition risk under the methodologies currently applied.

Our quantified approach continues to focus primarily on chronic risks (such as sea-level rise and sustained temperature increases), rather than acute risks (such as floods, storms and wildfires). Acute events are inherently more localised and episodic, affecting specific assets or geographies rather than diversified portfolios at an aggregate level. However, we recognise that acute risks are increasing in frequency and severity and may manifest through insurance markets, supply chain disruption and regional productivity impacts in ways not fully captured by current models.

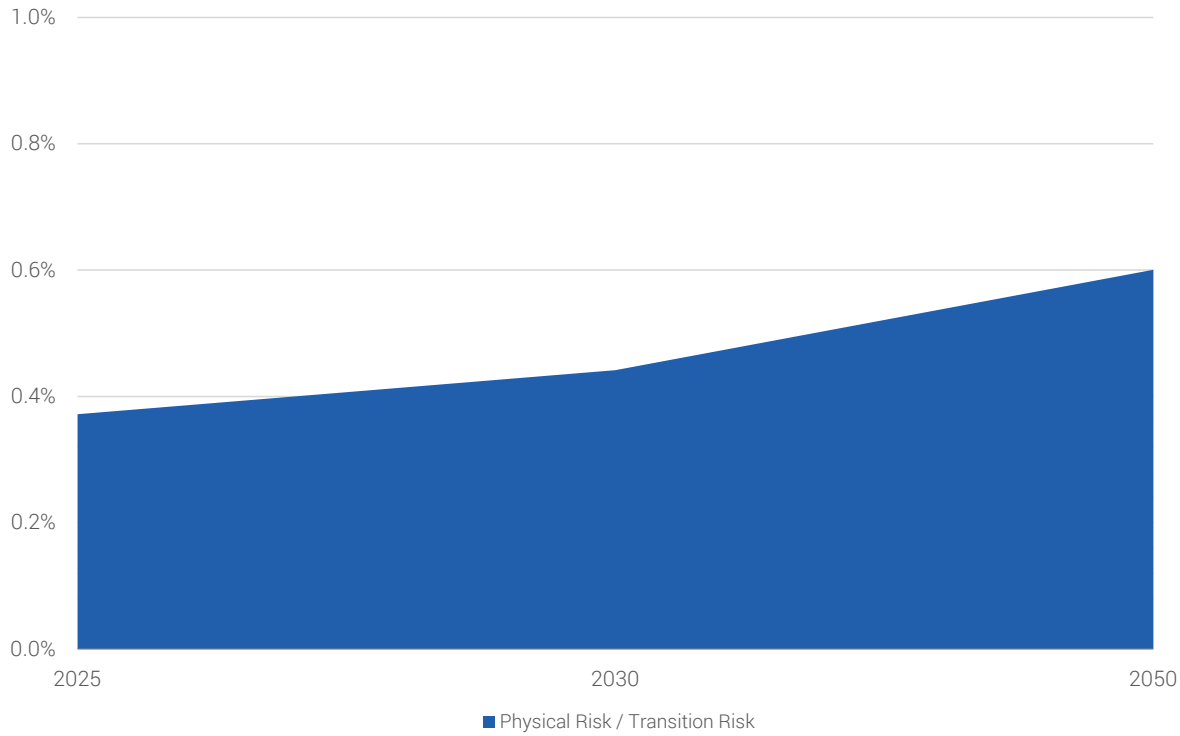
Importantly, the relatively lower quantified physical VaR should not be interpreted as an absence of risk. Rather, it reflects current model design and damage function assumptions. Given our updated house view on warming trajectories, we expect physical risk – particularly through adaptation costs, infrastructure strain, insurance repricing and regional economic disruption – to become increasingly financially material over time.

Accordingly, we continue to monitor developments in physical risk modelling and are assessing emerging datasets that may enable more granular, asset-level or sector-level analysis in future reporting periods.

¹⁴ [World Meteorological Association, State of the Global Climate, 2024.](#)

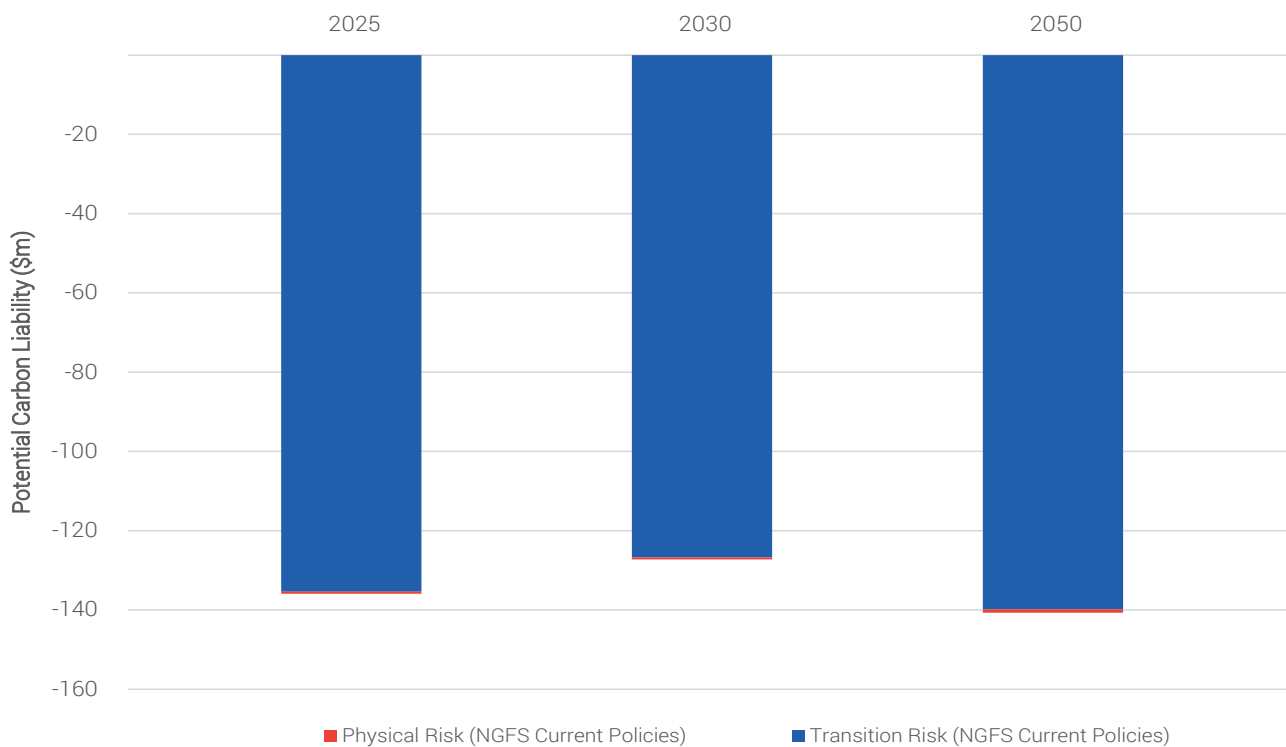
¹⁵ [Climate value at risk of global financial assets.](#)

Figure 6. Physical Value at Risk (VaR) / Transition Value at Risk (VaR)



Source: Yarra Capital Management and Emmi via FactSet.

Figure 7. Transition vs Physical Risk under NGFS Current Policies Scenario, Yarra Listed Equities, 2025 (AUD)



Source: Yarra Capital Management and Emmi via FactSet.



Our Approach to Sustainability

We use the term ‘sustainability’ to reflect the idea of enduring long-term value as well as the concept of *double materiality*.

The latter means we understand our business has material impacts on the economic, social and environmental wellbeing of others – and at the same time, our business is materially impacted by economic, social and environmental factors.

Our Beliefs

We believe that...

1. We have a fiduciary duty to manage capital with care;
2. Investment strategies that are aligned to our responsible investment objectives will deliver better returns for clients;
3. Active stewardship, including strategic engagement with companies, helps us better understand and manage risks and identify opportunities;
4. We have the power to influence companies toward a better future; and
5. We have a responsibility to current and future generations to act thoughtfully, responsibly and with integrity.

Our Responsible Investment Objectives

We strive to...

6. Create long-term value for our clients as well as our people, our partners, our investee companies and our communities;
7. Deliver service and care to support our clients in meeting their investment objectives;
8. Make informed investment decisions by integrating material environmental, social and governance considerations;
9. Cultivate a culture where our people and our clients feel proud to work with us; and
10. Avoid and reduce harm to society and the environment wherever possible.

Our Approach

We invest responsibly by...

1. Integrating ESG issues into investment decisions;
2. Taking an active stewardship approach: We take pride in our long history of active engagement, regularly meeting with every company we invest in and identifying where the most material ESG issues lead to a proactive ESG engagement agenda;
3. Identifying sector-based ESG ‘house views’: We have captured our ‘house views’ to document our material ESG risks and opportunities for each sector, informed by both bottom-up and top-down analysis;

4. Tracking and reporting material ESG metrics: We monitor and track material ESG risks, such as climate change, human rights, and governance considerations. We report on our activities and material portfolio indicators; and
5. Striving for continuous improvement: We actively explore opportunities to strengthen our processes, policies and understanding of ESG issues over time.

This report is structured into topics that cover how we, as a business and as an investment manager, navigate what it means to be sustainable. This includes:

- Our people and relationships: how we think about some of our key stakeholders and the issues and initiatives we are undertaking to ensure we are actively supporting our key people and partners;
- Climate change: how we are navigating an evolving and complex field to track and manage our climate-related risks and opportunities;
- Nature and biodiversity: how we are beginning to think about how we as a company and how the investments we make depend on and impact the natural systems that underpin humankind;
- Human rights and modern slavery: how we manage serious risks to human rights, including modern slavery, both operationally and within our investment portfolios;
- Stewardship: how we draw on our role as active owners to engage with companies and inform our voting activities; and
- Governance: how we provide the right levels of consultation and oversight to manage key risks and opportunities for our business.



Nature and Biodiversity

As investment managers, the health and resilience of natural systems underpins long-term economic activity and portfolio value.

Nature-related degradation – including biodiversity loss, freshwater stress and land-use change – can amplify physical risks, disrupt supply chains and undermine the sustainability of business models across sectors.

Scientific frameworks such as the Stockholm Resilience Centre's¹⁶ planetary boundaries highlight that several Earth systems are operating beyond safe limits, increasing the likelihood of systemic and compounding risks. We recognise that, similar to climate change, nature-related risks can be both acute and chronic and may be financially material for the companies and assets in which we invest.

Our Approach

Nature and biodiversity remain an emerging area of focus for Yarra Capital Management. In 2024, we published our [Position Statement on Nature and Biodiversity](#), acknowledging the rapid evolution of global and domestic policy frameworks, including the Global Biodiversity Framework and the growing use of nature-related risk frameworks such as the Taskforce on Nature-related Financial Disclosures (TNFD).

During 2025, our focus was on building foundational understanding rather than implementation. We engaged with investee companies, clients, researchers and industry peers to better understand how nature-related dependencies, impacts and risks are being approached across the investment community. We also participated in industry forums and working groups to explore emerging tools, data and disclosure approaches.

We recognise that, as investment managers, our most material nature-related exposures are likely to arise through our investment portfolios rather than our direct operations. As part of our existing ESG integration and stewardship processes, we continue to consider material environmental issues such as land-use change, waste, pollution, water use and ecosystem impacts where they are relevant to investment risk and opportunity.

Our Progress in 2025

While we have not yet undertaken a comprehensive portfolio-wide assessment of nature-related impacts or dependencies, in 2025 we undertook initial engagement with selected companies to understand how they are identifying and managing nature and biodiversity risks. These discussions helped inform our understanding of current practice, data limitations and the challenges companies face in translating high-level frameworks into decision-useful insights.

Internally, we convened an initial workshop to explore how Yarra Capital Management might frame a more structured and investment-relevant approach to nature. Through this process, we identified water as a priority focus area for the next phase of our work.

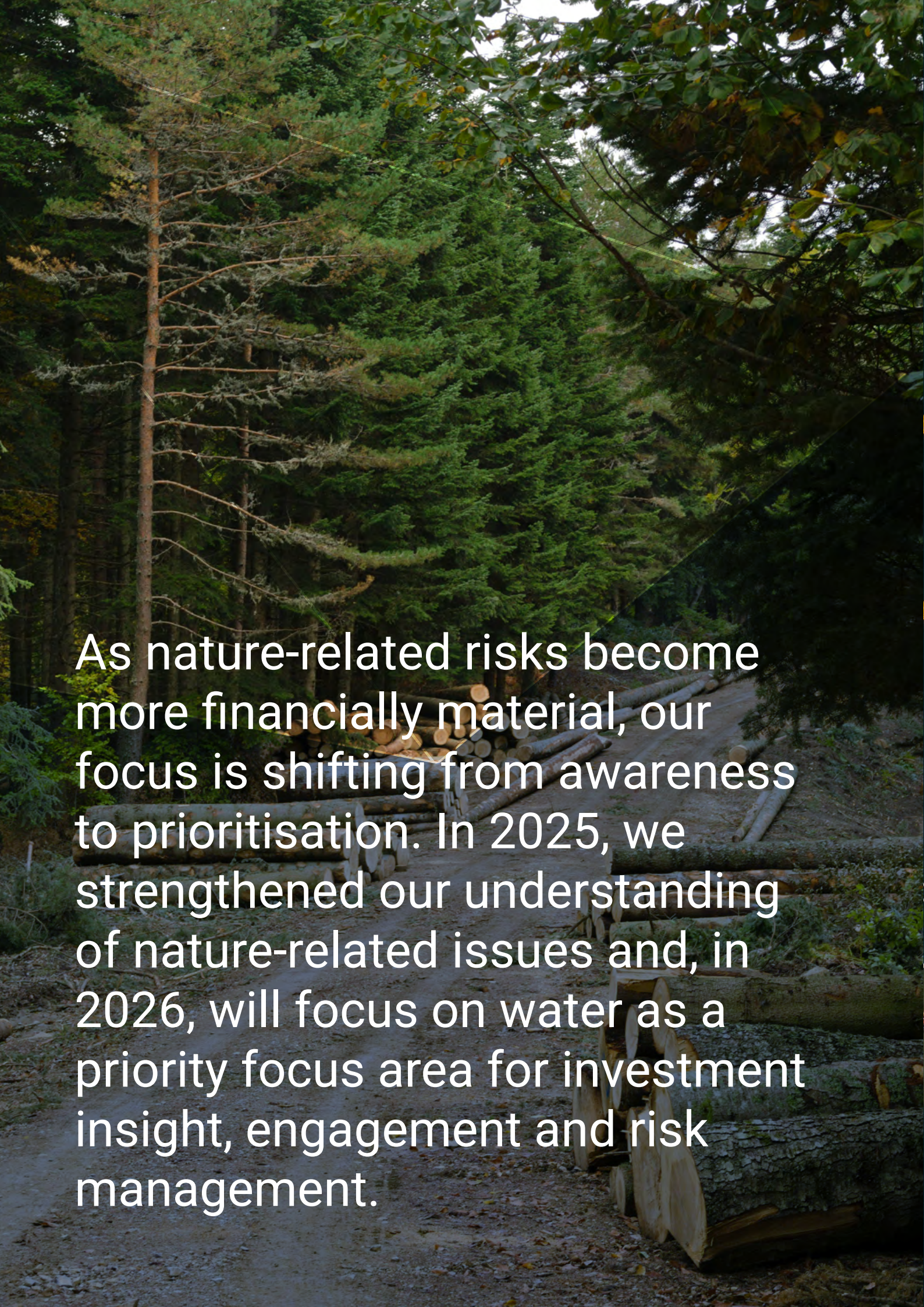
Looking ahead

In 2026, we intend to deepen our analysis of water-related dependencies and impacts across our portfolios. Water is a critical and cross-cutting issue, linking climate change, ecosystem health, operational resilience and social outcomes. It also represents a practical and decision-relevant entry point for assessing nature-related risks, potential mispricing, engagement priorities and longer-term investment implications.

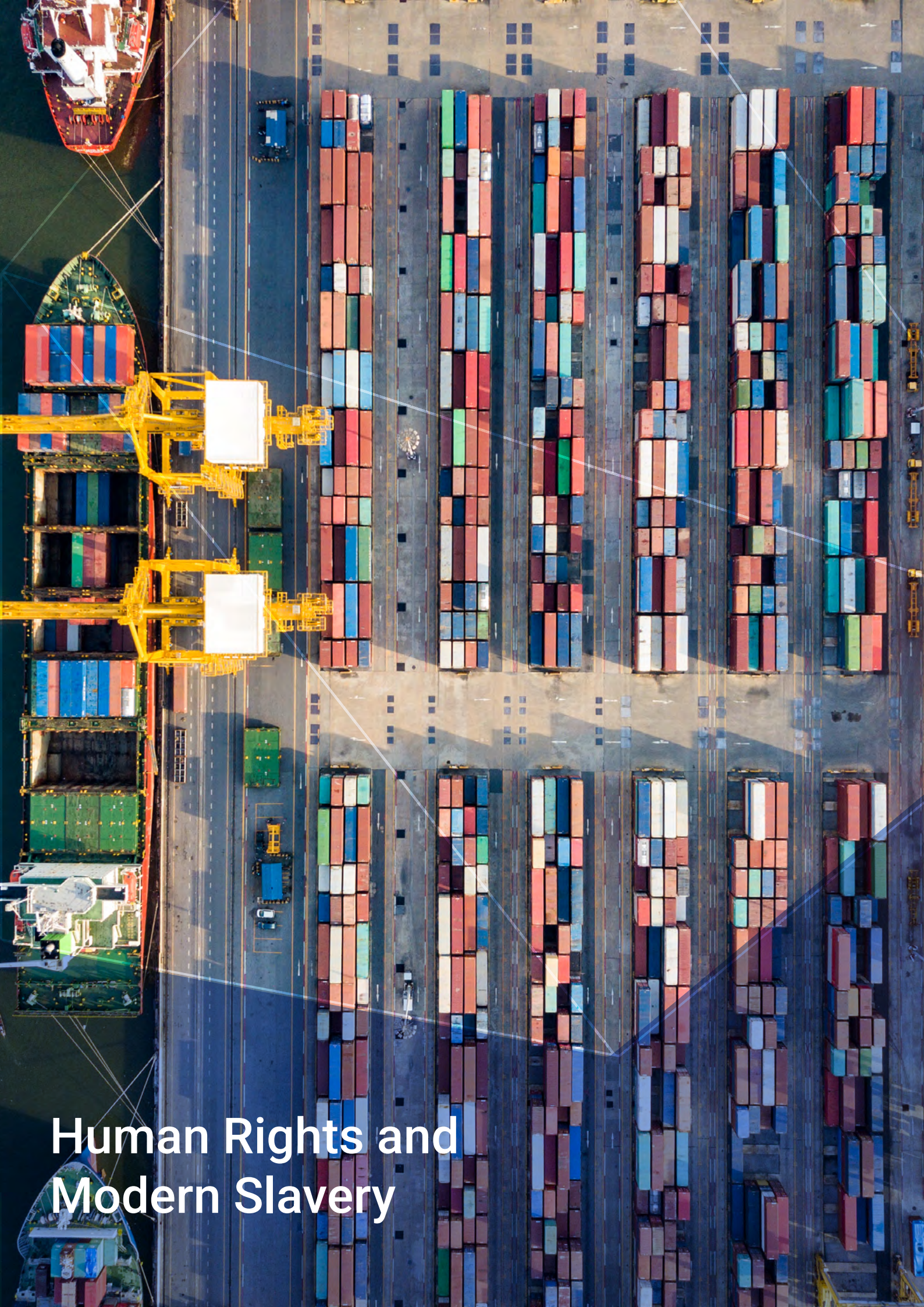
Our work on water will build on the climate analysis and stewardship capabilities developed over recent years and will inform how we approach broader nature-related topics over time. We will continue to engage with peers, clients and companies as we refine how nature-related risks and opportunities may affect long-term portfolio value.

In 2026, we will focus on water as a priority focus area for assessing nature-related risks and opportunities across our portfolios.

¹⁶ <https://www.stockholmresilience.org/research/planetary-boundaries.html>

A photograph of a forest scene. In the foreground, a dirt road or path is visible, cluttered with a large pile of cut logs. The logs are stacked in several places, some horizontally and some vertically. The background is filled with dense green trees, including tall evergreens and deciduous trees with some yellowing leaves, suggesting an autumn setting. The lighting is natural, with some shadows cast across the ground.

As nature-related risks become more financially material, our focus is shifting from awareness to prioritisation. In 2025, we strengthened our understanding of nature-related issues and, in 2026, will focus on water as a priority focus area for investment insight, engagement and risk management.



Human Rights and Modern Slavery

Human rights recognise that all people have inherent value and fundamental universal rights to liberty, freedom, dignity, equality and fair treatment. As an investment manager, we see respect for human rights not only as a moral responsibility, but also as a driver of sustainable value creation.

Poor human rights practices can signal weak governance, operational disruption, reputational damage and, ultimately, risks to long-term earnings and capital.

Our commitments are set out in our Human Rights Position Statement and are implemented across our operations, supply chain and investment activities.

Our Approach

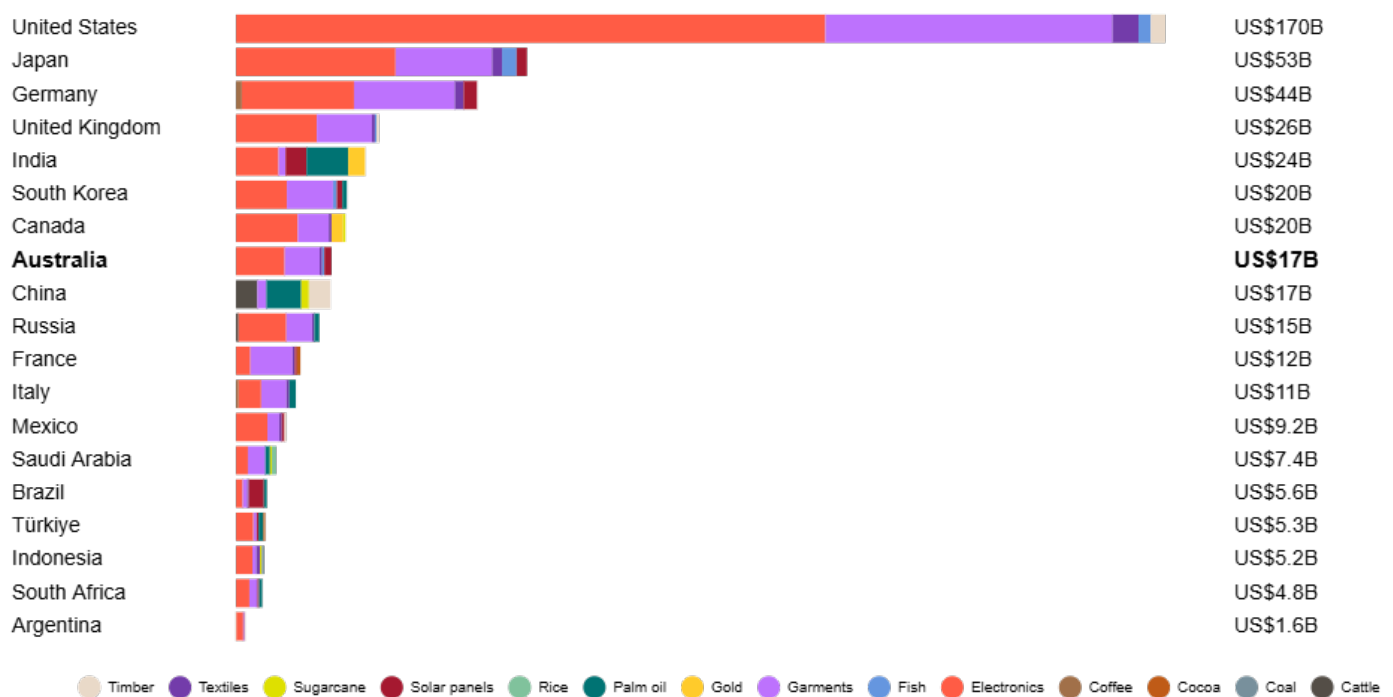
Yarra Capital Management continues to voluntarily align with the Australian Modern Slavery Act 2018 (Cth), including aligning our disclosures to the Act's reporting criteria. We believe this framework strengthens our governance, data collection and risk assessment, and supports more transparent and responsible investment and procurement decisions.

Modern slavery risks can arise in our role as an employer, a purchaser of goods and services, and as an investment manager. We assess ourselves as operating in a low-risk jurisdiction (refer Figure 8) and industry and, following enhanced analysis in 2025, we continue to believe we are unlikely to be causing or contributing to modern slavery through our direct operations or direct tier-one suppliers. However, we recognise that we may be linked to modern slavery risks through the supply chains of our suppliers and investee companies.

Oversight of human rights and modern slavery sits with our Chief Sustainability Officer and is supported by an internal working group comprising senior leaders from Risk and Compliance, Legal, Finance, Investment and Corporate Affairs. We also participate in the Principles for Responsible Investment under the United Nations (PRI) Human Rights and Social Issues Global Reference Group to stay abreast of evolving expectations and good practice.

Figure 8. Australia imports goods produced with modern slavery, including electronics, garments, textiles, fish and solar panels

Importing Risk



Source: [Walk Free Foundation, Global Slavery Index 2023](https://www.walkfreefoundation.org/global-slavery-index-2023/).

Our Performance

In 2025 we focused on building internal capacity, improving data inputs and sharpening our engagement efforts.

Capacity and governance

We introduced modern slavery training for both investment and non-investment teams, led by third-party experts, to deepen understanding of risks, emerging trends and case studies. We also reviewed relevant human resources, investment and procurement frameworks to ensure alignment with our Human Rights Position Statement and modern slavery commitments.

Our people

We employ 83 people in Australia under terms that comply with relevant employment laws and industrial instruments, including the Fair Work Act 2009 (Cth) and Modern Awards. Our Equal Opportunity, Work Health and Safety, Code of Conduct, Hours of Work, Whistleblower and grievance policies are designed to safeguard our people from exploitation.

Corporate supply chain

Building on supplier questionnaires conducted in 2024, in 2025 we undertook a targeted proprietary risk assessment of 20 key tier-one suppliers, focusing on sectors and services with elevated modern slavery risk such as property services, cleaning, security and ICT. We identified a small number of suppliers with higher inherent risk and conducted follow-up engagements to understand their governance, oversight of subcontractors and plans to strengthen supply chain due diligence. These insights are informing the ongoing development of our procurement principles and supplier engagement approach.

Investment portfolios

Across our listed equities holdings, all holdings were assessed using an enhanced modern slavery risk framework drawing on new datasets and research tools. Our analysis indicates that the majority of holdings are exposed to low to medium modern slavery risk by sector and geography. Approximately 2% of holdings have known modern slavery incidents in their operations or supply chain; these companies are subject to closer monitoring and engagement.

Our stewardship approach is to use this information to guide constructive, evidence-based engagement. Where we consider that modern slavery risks are not being adequately managed, we may escalate through more intensive dialogue, proxy voting or, in some cases, reconsideration of our investment.

Our Ambition

We will continue to strengthen our approach to human rights and modern slavery by:

- Expanding internal training and guidance to relevant teams;
- Refining our risk assessment tools and data sources across suppliers and investment portfolios;
- Focusing engagement on higher-risk suppliers, sectors and geographies where we have influence and where we feel engagement will be additive; and
- Monitoring indicators of modern slavery risk and reporting transparently on our findings and actions.

Additional information about our commitments and action items can be found in our 2025 Modern Slavery Statement (anticipated to be published in the first half of 2026) and our [Human Rights Position Statement](#).



Stewardship

We take our responsibilities as stewards of our clients' capital seriously and view stewardship as an integral part of active investment management.

This includes rights to freedom, equality and dignity. We not only believe that it is moral to protect and uphold human rights, but as an investment manager we recognise that there are relationships between corporate earnings, sustainable value-creation and social wellbeing, including the fair treatment of people.

Across our investment strategies, stewardship supports our objective of delivering strong, long-term investment outcomes by improving our understanding of material risks and opportunities, informing capital allocation decisions, and encouraging practices that support sustainable value creation.

For Yarra Capital Management, stewardship is fundamental to investment management. It is embedded in how we research companies, assess risk, exercise ownership rights and make judgements about long-term company quality. While stewardship can contribute to positive outcomes for the environment and society, our primary lens remains investment-led: we focus on issues that are financially material and relevant to long-term portfolio value.

As markets, regulation and stakeholder expectations continue to evolve, our approach to stewardship has also matured. We have become more deliberate about when engagement is likely to be most effective, where our influence is greatest, and how stewardship activity contributes to better investment decisions.

Our Approach

Active stewardship at Yarra Capital Management includes engagement with investee companies and the responsible exercise of voting rights. Our approach is guided by clear objectives, proportionality and a focus on outcomes rather than activity levels.

We continually refine our stewardship priorities to ensure our efforts are targeted and grounded in materiality. We have prioritised six ESG themes to guide our stewardship agenda. These themes span environmental, social and governance issues and reflect areas where we believe risks and opportunities are most likely to be financially material across our portfolios.

Our priority engagement themes are:

- Good governance;
- Climate change;
- Human rights;
- Workplace practices;
- Nature and biodiversity; and
- Responsible corporate conduct.

These themes provide structure and consistency to our engagement activities while allowing flexibility to respond to company-specific circumstances and emerging issues.

Targeted and Risk-Weighted Engagement

A key evolution in our stewardship approach has been a move toward more targeted and risk-weighted engagement. Our climate strategy work highlighted that a relatively small number of companies account for a disproportionate share of financed emissions risk across portfolios. It also reinforced that, in many sectors, companies are constrained by broader structural, regulatory or market dependencies and cannot act unilaterally to deliver rapid change.

These insights have informed how we prioritise engagement more broadly. Rather than seeking breadth, we focus our efforts where:

- The issue is clearly material to long-term value;
- Our engagement can improve our understanding or influence outcomes; and
- There is a reasonable pathway for progress, whether at the company, sector or system level.

In 2025, across our six priority ESG themes, our investment teams identified a focused group of investee companies where issues were assessed as highly material and engagement was considered most relevant. In some cases, engagement is used to understand leading practice, particularly on emerging issues such as nature and biodiversity. In others, it is directed toward companies managing complex or high-risk issues, including those operating in hard-to-abate or highly regulated sectors.

Engagement plays multiple roles in our investment process. While it can be a mechanism for influence, it is just as often a tool for insight generation and assumption testing.

Purpose of Engagement

The primary objectives of our engagements include:

1. Deepening understanding of a company's approach to managing material risks and opportunities, including governance structures, strategy and execution.
2. Testing our assumptions by engaging directly with management and boards to understand constraints, trade-offs and decision-making processes.
3. Communicating our expectations, including, where appropriate, what we consider good practice or credible progress.
4. Tracking progress over time, particularly where issues are evolving or where commitments have been made.

In our experience, companies are often well aware of their key risks and, in many cases, are managing them to the best of their ability within existing constraints. We focus on differentiating between companies that are proactively managing material issues and those where governance, resourcing or ambition may be insufficient.

Escalation and Influence

We view escalation as an important but selective part of stewardship. Outside of governance-related matters, where escalation can be more clearly defined, we believe escalation should be reserved for circumstances where:

- An issue is clearly material;
- We have engaged over time; and
- Company responses are not commensurate with the nature or scale of the risk.

Where escalation is warranted, our stewardship toolkit may include:

- More focused senior-level engagement;
- Communicating voting intentions in advance of meetings;
- Exercising proxy votes against management or board recommendations; or
- Reassessing our investment thesis where risks are not being adequately managed.

Escalation is not an end in itself. Our objective remains to protect and enhance long-term value for clients, recognising that in some cases divestment or reduced exposure may be an appropriate outcome if risks remain unmanaged.

Collaboration and Advocacy

We recognise that some sustainability challenges – particularly those related to climate transition, human rights and nature – cannot be resolved by individual companies acting alone. In these cases, stewardship may extend beyond bilateral company engagement to include collaboration with peers, industry bodies, clients and, where appropriate, advocacy for broader system-level change.

We see a growing role for strategic collaboration, particularly where shared client interests, regulatory settings or market structures influence company behaviour. We believe this will be an area of continued development in our stewardship approach.

Accountability and Transparency

Transparency is a core principle of effective stewardship. The following sections of this report provide quantitative information on our engagement activity and proxy voting, as well as selected case studies illustrating how stewardship is applied in practice across different ESG themes.

Together, these disclosures are intended to provide clients and stakeholders with a clear view of how stewardship supports our investment process and contributes to informed decision-making and long-term value creation.

227

ESG engagements in 2025



152

Companies where we held ESG engagements in 2025

Table 6. Engagements by ESG topic in 2025

Topic	Number of companies engaged	Number of ESG engagements
Environmental		
Climate change	8	9
Nature and biodiversity	3	4
Other environmental issue	2	4
Social		
Human Rights	3	9
Workplace	3	3
Other social issue	5	10
Governance		
Good governance	148	175
Responsible corporate conduct	2	4
Other governance issue	9	9
Total	152	227

Table 7. Proxy voting summary 2025

In 2025, we voted on 982 Proxy Voting proposals	Yarra Listed Equities
Number of meetings	171
Number of proposals	982
Proposals voted AGAINST	6%
Number of proposals by ESG topic:	
Environmental	9
Social	1
Governance	972

Cobram Estate

Environment (Resource Management)



Cobram Estate Olives Ltd (CBO) is an olive oil producer and retail brand which has been part of Yarra's small cap fund since 2022.

As an agricultural business managing over 7,000 hectares and 2.6 million olive trees, environmental and sustainability topics have been central to Yarra's engagement with the company.

Our relationship with Cobram has involved extensive ongoing dialogue, supported by multiple site visits across Victoria and, more recently, California. These visits have provided first-hand insight into the company's approach to resource usage, land management, and operational efficiency.

Observing the business on the ground has helped shape the sustainability themes we have raised in meetings, and many of the subsequent initiatives undertaken by Cobram are consistent with areas we have discussed.

In Australia, infrastructure such as frost fans, precision irrigation systems, and mechanised harvesting platforms is now commonplace across Cobram's Victorian groves, reflecting a clear step-up in risk mitigation and resource efficiency. In the U.S.,

where the Co-CEO has relocated to oversee operations directly, we have seen evidence of the same philosophy being embedded into expansion plans from the outset.

Water security has been an area where our engagement has had particular relevance. The business now places greater emphasis on water efficiency, alternative supply pathways, and yield maximisation, all of which reduce risk and improve cost predictability. The strong water profile of CBO's Californian operations - supported by robust infrastructure and the inherent water efficiency of olives - highlights this shift. When combined with the company's efficiency-led operating model, including the proprietary Oliv.iQ system and developing automation initiatives, it is evident that sustainability considerations are increasingly embedded in how Cobram intends to scale its business.

Outcome

Over the course of our engagement we have seen material improvements in CBO's operations to drive sustainability outcomes, including more efficient water management and harvesting techniques to reduce waste and carbon emissions.

We continue to have conviction in Cobram's long-term opportunity and the alignment management has between commercial growth and environmental stewardship.

Netwealth

Governance (Responsible Corporate Conduct)



Netwealth (NWL) is a financial services, platform provider and wealth management company known for its cloud-based investment platform. It has been a part of Yarra's portfolios since 2020.

Following NWL's disclosure of their client's exposure to the failed First Guardian fund in August 2025 we had four governance interactions with the company to understand the issue and how the company would respond.

NWL's initial response was to be resolute in the view that this was an alleged fraud perpetrated by the entities behind the fund and that they were not at fault. Their response indicated a strong preference to pursue an industry-based compensation approach (subsequently followed by a part 23 application), which suggested a long time to resolution.

Our subsequent conversations raised the approach favouring a faster resolution, which was conceivable given NWL's cash on balance sheet was in excess of the total client exposure (\$101m).

Following a settlement by Macquarie on a similar but separate failure (Sheild) and legal action by the regulator against another platform that had the First Guardian fund available on its platform, we felt the appropriate course of action for NWL was clear and conveyed this in a meeting in early December.

Outcome

On 18 December 2025, NWL announced the full compensation of NWL customers that had invested in First Guardian. This removed a regulatory overhang on the company and enhanced the company's reputation with its customers, which despite coming at a financial cost to the company is ultimately to the long term benefit of all stakeholders including NWL shareholders.

NexGen Energy

Social (Traditional Owner Engagement)



NexGen Energy (NXG) is a uranium company seeking to develop the Arrow Deposit in Saskatchewan, Canada. The company is a potential portfolio inclusion stock.

Mining operations can be highly disturbing to the natural environment. They regularly occur on the ancestral lands of Traditional Owners around the world. The potential for significant adverse impacts on sacred sites, traditional hunting grounds and areas of cultural importance is high. Conversely, mines are often in remote locations, where Traditional Owners face social disadvantages from a lack of employment, limited infrastructure, and marginal land use value.

NexGen's proposed Arrow uranium mine recently received approvals for development. These approvals included both regulatory and First Nations considerations. During 2025 there were views in the listed market that Traditional Owners would not support the physical disturbances and radioactivity risks associated with a uranium mine on their lands.

Through our engagement with Company management, and discussions with local Canadian industry experts, we were able to gain a fulsome understanding of the key priorities for the four Local Priority Area Indigenous communities impacted by the project.

While First Nations groups rightly expect exemplary environmental stewardship from NexGen, their primary focus was economic development and local jobs in a region of Canada that lacks physical infrastructure and employment opportunities.

These discussions highlighted to us the importance of mining companies actively engaging with Traditional Owners to fully understand their priorities, and then seek to address those priorities, well in advance of seeking formal approval for new developments.

Outcome

In November 2025 and February 2026, the project successfully completed two Canadian Nuclear Safety Commission (CNSC) Hearings. At these formal hearings the company received strong support from all four First Nations groups. In our view, this support was critical in the project subsequently receiving full regulatory approvals. Our proactive engagement with the company enabled us to build a strong understanding of key priorities for First Nations peoples potentially impacted by NXG activities, and the relevant investment risks as a potential shareholder in the company.



Governance

Good governance is about ensuring the right levels of consultation and oversight are in place to guide decisions that affect the direction and outcomes for our business.

This includes ensuring we are drawing on the right structures and people within our business as we make decisions about how to manage material risks and opportunities, including in relation to sustainability topics such as climate change and human rights.

Drawing on the expertise and responsibilities of our Boards and Management in relation to these issues is critical to ensuring we are upholding our rights and responsibilities as investment managers.

Our governance approach and structure has been designed with our responsibilities in mind, including (but not limited to):

- Our fiduciary role as stewards of client capital;
- Our regulatory obligations;
- The expectations and objectives of our clients; and
- The beliefs, values and aspirations that are enshrined in our Responsible Investment Policy.

The Yarra Capital Management Group is committed to good corporate governance. It is a key foundation to our approach.

The Yarra Capital Management Group holds two Australian financial services (AFS) licences. We apply our obligations to act efficiently, honestly and fairly in the pursuit of our clients' goals and our own endeavours through a framework of sound corporate governance policies relating to our code of conduct, ethical behaviour and the proper management of conflicts of interest.

We have standards when it comes to recruitment, training and retention fostered through a culture of compliance, risk management and values driven behaviour.

We ensure our Boards and committees have a balance of executive and independent non-executive directors with a range of perspectives, skills and knowledge – ensuring accountability and regulatory best practice.

We are transparent in our communication and in the provision of information and recommendations to management and our governance bodies.

Yarra Capital Management Limited's roles and responsibilities are driven by our activities as an investment manager and AFS Licence (No. 237563). As the parent entity of the Yarra Capital Management Group it has overall responsibility for the Group's operations and obligations to its shareholders. These responsibilities also include:

- The development and execution of our corporate strategy;
- Overseeing the continual development of and adherence to our risk appetite framework and the incorporation of risk, including sustainability and ESG risk, into Group activities; and
- The performance and wellbeing of our people and culture.

Yarra Funds Management Limited's roles and responsibilities are also determined by our AFS Licence (No. 230251). It also has obligations as an investment manager and Responsible Entity to the registered managed investment schemes issued and operated by it. Appointments to these Boards are therefore driven by careful consideration of the obligations of each of these entities and our overall approach to governance best practices.

The Boards of Yarra Capital Management Limited and Yarra Funds Management Limited are in turn supported by several formally delegated committees, working groups and experienced personnel. Each are accountable to the Boards (as relevant) including the:

- Board Audit, Risk and Compliance Committee (BARCC);
- People, Culture and Remuneration Committee (PCRC);
- Corporate Audit Committee;
- Sustainability Office (the Chief Sustainability Officer and associated Working Groups across ESG, Climate Strategy and Corporate Sustainability);
- Yarra investment team heads; and
- Yarra Capital Management's Managing Director and Senior Leadership Team.

Together, these committees, working groups and teams assist the Boards with (i) Enterprise risk management, (ii) Investment risk oversight, (iii) Compliance and controls, (iv) Sales and distribution, (v) Client service and relationship management, (vi) Operational adequacy and resourcing, (vii) Third party agent monitoring and outsourcing, (viii) Change management, and (ix) Statutory reporting and disclosure.

Our Approach

The Group's approach to the oversight of sustainability-related risks and opportunities is grounded in the belief that these risks and opportunities permeate across all aspects of our business. We therefore take collective responsibility, with ultimate accountability resting with the Board of Yarra Capital Management Limited.

To oversee and manage sustainability-related risks, opportunities and disclosures the Boards of Yarra Capital Management Limited and Yarra Funds Management Limited leverage: (i) The expertise and day-to-day activities of the Group's Sustainability Office, and (ii) The BARCC, given its responsibility for Group-wide risk, compliance and regulatory affairs.

The Sustainability Office and its associated working groups have primary responsibility to:

- Provide overall coordination and insight on climate and ESG risk and opportunities to our investment teams' research analysts and portfolio managers;
- Recommend processes and strategies that incorporate and implement ESG into our investment processes;
- Source and review climate data for investment portfolio reporting and recommend climate analytics and scenario analysis;
- Support capacity and knowledge building within our investment teams, and support stewardship and active engagement on ESG themes;
- Develop programs, monitor and report on our corporate sustainability initiatives for our operations and supply chain;
- Provide input into and review Yarra Capital Management's Climate Strategy; and
- Produce Sustainability Policy Position Statements and Disclosures, including this Sustainability Report, Climate Disclosures, our Responsible Investment Policy and Position Statements on Climate Change, Human Rights and Modern Slavery, and Nature and Biodiversity.

While the Board of Yarra Capital Management Limited has ultimate responsibility for these activities, the Board of Yarra Funds Management Limited and the BARCC also take an active interest in regulatory disclosures, the activities of registered management investment schemes, and broader sustainability-related disclosures.

These bodies receive regular written and in-person reporting on the progress of various groupwide policies and initiatives from our Chief Sustainability Officer, our Investment Team, and the Senior Leadership Team.

We use this oversight framework to track progress against our Responsible Investment Policy and Sustainability-related disclosures, culminating in the annual preparation of this Sustainability Report.

Drawing on the expertise and responsibilities of our Boards and management in relation to governance issues is critical.





Conclusion

Responsible investment is not static. The risks, opportunities and expectations that shape markets continue to evolve, and so too must the way we integrate sustainability into investment decision-making and stewardship.

In 2025, Yarra Capital Management strengthened the maturity and discipline of its approach. Our climate work progressed from framework development to practical application, sharpening our understanding of portfolio-level risks and reinforcing the importance of targeted stewardship and system-aware thinking. We refined our engagement approach, focusing effort where issues are most material and where dialogue can meaningfully inform investment decisions or support better long-term outcomes.

We also continued to build capability across other priority areas. Our work on human rights and modern slavery deepened through enhanced training, improved data and more focused engagement with suppliers and investee companies. On nature and biodiversity, we took deliberate steps to build understanding and identify a clear pathway forward, recognising water as a critical lens through which we can assess nature-related risks and dependencies.

Across all areas, our approach remains grounded in fiduciary responsibility. We are not seeking to engage everywhere or on everything. Instead, we prioritise issues that are financially material, evidence-based and relevant to long-term value creation for our clients. We recognise that many sustainability challenges are systemic and cannot be solved by individual companies acting alone. Where appropriate, collaboration with peers, clients and industry bodies — and selective advocacy — will increasingly form part of our stewardship toolkit.

Looking ahead, our focus will be on continuing to translate insight into action: deepening our climate analysis, progressing work on nature-related risks and opportunities, refining stewardship where influence is most effective, and maintaining transparency in how we assess progress. We will also continue to invest in our people, governance and systems to ensure sustainability considerations are embedded as business-as-usual rather than treated as a separate agenda.

We believe this disciplined, investment-led approach positions us well to navigate a complex and changing landscape — supporting resilient portfolios, informed decision-making and durable outcomes for our clients over the long term.

Yarra Capital Management

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