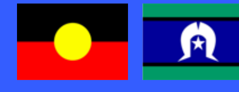
Sustainability Report 2025

Redefining Active Investing
ecpam.com



ECP Asset Management acknowledges First Nations Peoples as the Traditional Custodians of the land on which we operate, the Gadigal people of the Eora Nation. We recognise and honour their enduring connection to the land, waters, and culture. We pay our respects to their Elders past, present, and emerging.

Welcome

At ECP, our purpose is to Redefine Active Investing. We believe that quality and sustainability are inseparable, and that the businesses best positioned to compound wealth over decades are those that manage risk thoughtfully, treat stakeholders fairly, and adapt to a changing world.

This report explains how that conviction translates into practice: how we assess companies, how we engage as owners, and how we run our own firm. You will find performance data alongside carbon metrics, stewardship case studies alongside community partnerships.

Sustainability at ECP is not a separate initiative. It is embedded in how we research, how we allocate capital, and how we measure success.

Important Information

This report has been prepared by ECP Asset Management Pty Ltd (ABN 26 158 827 582, CAR 441986 FSL 421704) for informational purposes only. It is not financial product advice and does not take into account individual objectives, financial situations or needs.

Past performance is not a reliable indicator of future performance. All investment performance data is historical and should not be relied upon as an indication of future results.

This report contains forward-looking statements regarding our expectations, strategies and intentions. These statements are based on current information and assumptions and are subject to risks, uncertainties and changes in circumstances that may cause actual outcomes to differ materially. Forward-looking statements should not be relied upon as guarantees of future performance or outcomes.

Environmental, social and governance (ESG) data presented in this report is sourced from company disclosures, Foresight Analytics and ECP's proprietary assessments. ESG data methodologies vary across providers and time periods, and certain figures incorporate estimates where company-reported data is unavailable. Carbon emissions data is presented on the basis described in the relevant sections and may not be directly comparable with data published by other managers or data providers.

References to credentials, certifications and ratings (including RIAA, Lonsec, and PRI) reflect status as at the date of publication and are subject to ongoing review by the relevant bodies.

This report covers the calendar year ended 31 December 2025 unless otherwise stated.

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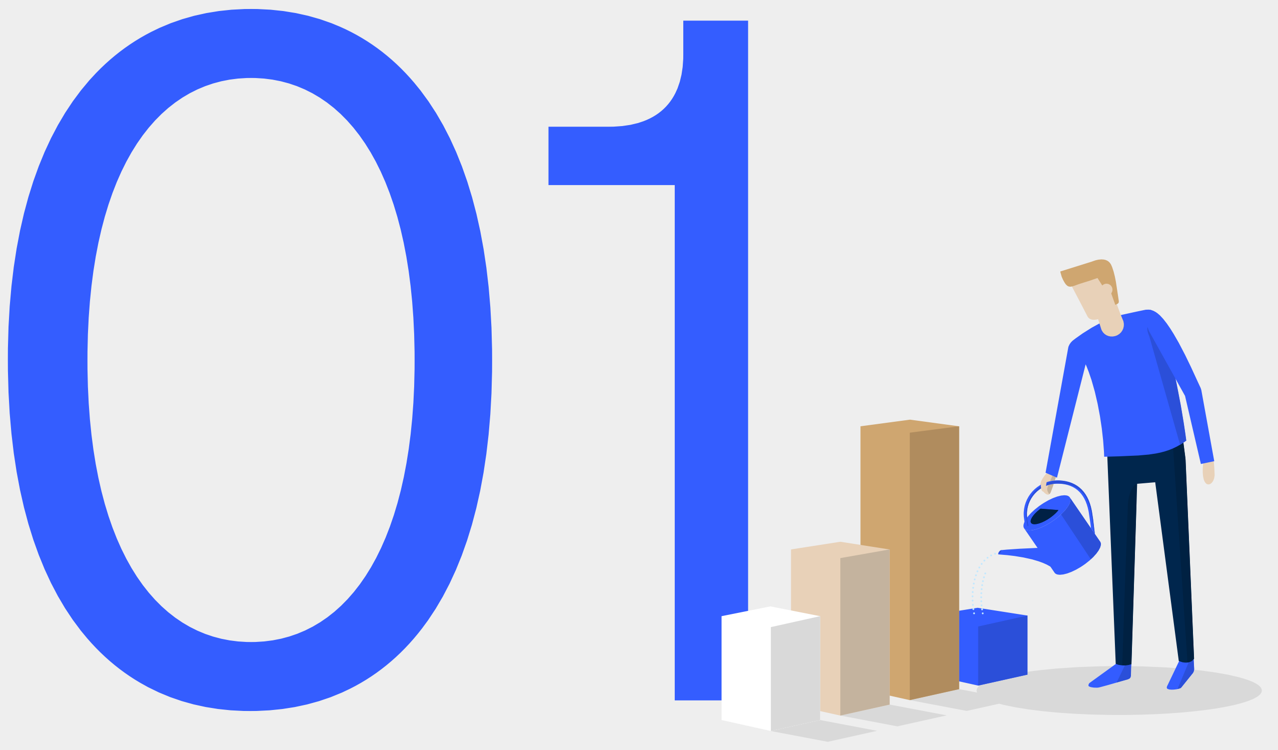
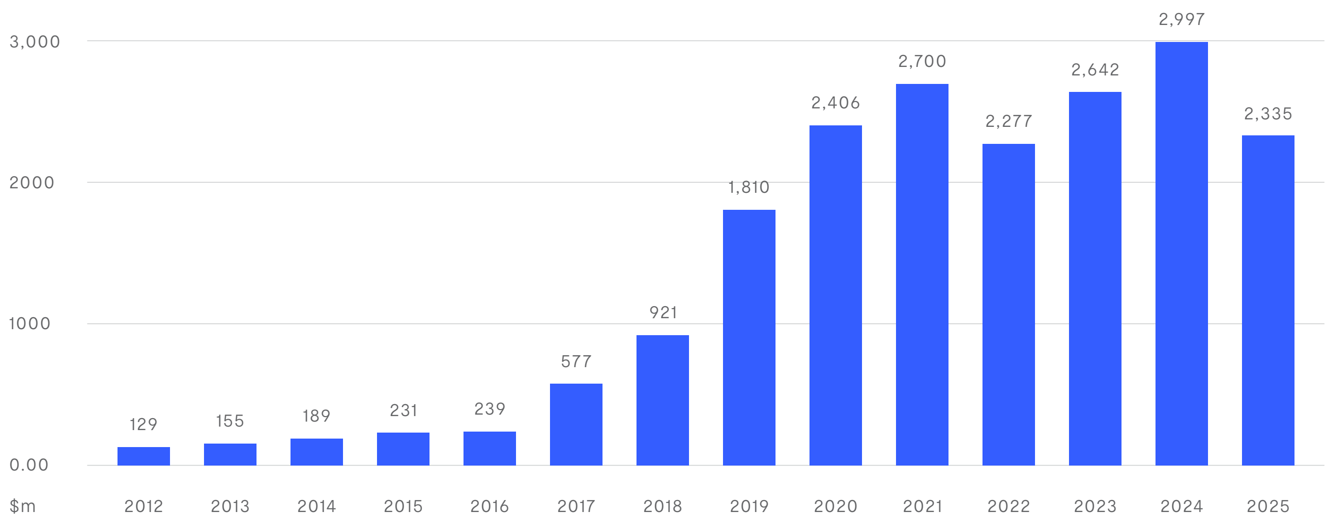
Snapshot



Financial Performance

FUM as at 31 December



Portfolio Performance to 31 December 2025

	3m	6m	1y	3y	5y	Inception
ECP Growth Companies Composite (Gross) [1, 2]	-13.08	-9.61	-13.59	8.91	4.09	11.65
S&P ASX 300 Accum	-0.89	4.05	10.66	11.39	9.80	8.64
Excess Return	-12.19	-13.66	-24.26	-2.48	-5.71	3.01
ECP Emerging Growth Composite (Gross) [1, 3]	-14.92	-6.92	-9.89	8.99	2.74	12.96
S&P ASX Small Ords	1.80	17.39	24.96	13.44	6.85	7.81
Excess Return	-16.73	-24.31	-34.85	-4.46	-4.11	5.15
ECP Global Growth (AUST)(Net) [1, 4]	-1.96	-2.23	-3.28	25.50	11.81	12.30
MSCI World Index	2.48	8.71	12.43	21.85	15.47	15.59
Excess Return	-4.44	-10.94	-15.71	3.65	-3.66	-3.29

1 The total return performance data displayed in the table above and charts below are for the stated entity's Strategy composite and are historical, calculated on a gross of fees basis, assume the reinvestment of all distributions and do not allow the effects of tax or inflation. Total returns for the benchmark do not incur these costs. Past performance is not a reliable indicator of future performance.

2 Inception Date: 29th April 1998.

3 Inception Date: 1st August 2013.

4 Inception Date: 3rd September 2020.

Social Performance

Carbon footprint of portfolios to 31 December 2025

	Total Carbon Emissions	Relative Emission	Weighted Average Carbon Intensity	Relative Carbon Risk
Growth Companies	11.9 tCO2e	-55.7 tCO2e	14.7 tCO2e	-101.1 tCO2e
ASX 300	67.6 tCO2e	-	115.8 tCO2e	-
Emerging Growth	1.7 tCO2e	-116.2 tCO2e	7.2 tCO2e	-101.1 tCO2e
ASX Mid Cap 50	117.9 tCO2e	-	144.2 tCO2e	-
Global Growth	1.2 tCO2e	-25.2 tCO2e	6.8 tCO2e	-54.9 tCO2e
MSCI World	26.4 tCO2e	-	61.7 tCO2e	-

Note: Snapshot carbon figures are based on Foresight Analytics data as at 31 December 2024. Detailed carbon metrics including five-year historical financial year data are presented in the Climate & Carbon section of this report.

Diversity Representation to 31 December 2025

Gender	Male	Female
Group	61%	39%
Investment Team	87%	13%
Distribution	67%	33%
Admin & Support	29%	71%
Non-Executive Directors		
ECP Asset Management	50%	50%
ECP Emerging Growth	100%	
Flagship Investment	67%	33%
Global Masters Fund	67%	33%

Nationality	Australian	International
Group	39%	61%
Investment Team	62%	38%
Distribution	33%	67%
Admin & Support	14%	86%

Targets & Goals

Diversity

In 2020, the Board set two diversity targets:

As at 31 December 2025, LIC non-executive female representation stands at 37%, with the ECP Asset Management board achieving 50/50 gender balance. The investment team remains at 13% female, below our stated target. While progress has been made at the board level, we acknowledge that the investment team target has not been met within the original time frame.

We remain committed to improving gender diversity across the firm. The stability of our eight-person investment team, which is a strength of our process, means opportunities to change team composition arise infrequently. We continue to build our pipeline through the ECP Industry Immersion Program, where one intake each year is reserved exclusively for female students, and through our partnership with F3 Future Females in Finance. The Board will review and reset formal diversity targets during CY2026.

Active Ownership

Engagement

	Australia	Global	Combined
Portfolio Engagements	309	195	504
Average Per Company	9	6	8
Company Engagements	137	66	203
Other Engagements	172	129	301
Total	309	195	504

	Australia	Global	Combined
PESTLE	114	126	240
ESG	57	40	97
Dynamic Capability	137	136	273
Total Sustainability	308	302	610

Voting

	For	Against	Total
Australia	309	16	325
Percentage	95.1%	4.9%	100%

Credentials

Leadership & Certifications

Responsible Investment Association of Australasia (RIAA) Leader 2022, 2023

Responsible Investment Association of Australasia (RIAA) Certification

Lonsec Sustainability: 5 Bees

Principles for Responsible Investment Signatory:

Policy Governance & Strategy
★★★★☆

Direct - Listed Equity - Active Fundamental - Incorporation
★★★★☆

Direct - Listed Equity - Active Fundamental - Voting
★★★★☆

Products

Lonsec: Highly Recommended

Zenith: Recommended

Independent Investment Research: Recommended

Independent Investment Research: Recommended+

Our CEO & Chairman

2025 demanded humility. The dismantling of economic globalisation accelerated, a new US administration reshaped trade through tariffs announced in March, and AI euphoria dominated market returns while business fundamentals were largely ignored. Through that noise, our concentrated approach faced headwinds: low-quality, high-leverage stocks delivered their strongest outperformance in many years, meaning market structures worked against precisely the quality characteristics our process seeks.

Yet our underlying businesses continued to compound. Across our combined portfolios, 90% grew revenues, 93% generated positive free cash flow, and 87% gained market share. Customer retention was near perfect, with only 3% of holdings experiencing significant contract or client losses. These are not characteristics of businesses in distress, but rather hallmarks of quality franchises navigating a difficult environment.

Our portfolio stands in stark contrast to the market's current preferences: 85% of holdings maintain gearing below 30 percent, and 72% operate in net cash positions. Only 7% raised dilutive equity during the year. Our portfolio companies invest significantly into R&D while the benchmark invests far less. This commitment to innovation is reflected in the 87% of holdings maintaining active R&D programs and 82% releasing new products or capabilities during the year.

The divergence between our Australian and Global portfolios warrants candour. Both our Global and Australian holdings posted strong earnings growth, with 88% and 65% of companies, respectively, seeing expansion of their economic footprint in 2025. A notable callout is that leadership turnover was elevated in Australia at 44 percent, nearly double the Global rate, and something we have engaged and will monitor their succession planning.

Many of our businesses now trade at valuations that do not reflect either the quality of their operations or their position early in growth journeys. We view this dislocation as opportunity, and we expect as we have seen before our IRR portfolio construction approach to continually reallocate capital to our highest returning names.

No portfolio is immune from challenges, and this year the difficulties were concentrated in a handful of names. Across the broader group, 22% of holdings were involved in material controversies during the year, primarily relating to actions related to remuneration reports, with the Australian portfolio experiencing a higher rate than Global. These experiences reinforce the importance of ongoing vigilance, something that is central to being an active investor. While we remain confident in our ability to identify quality businesses, we continually review how we can strengthen our process. The lessons are clear: even quality portfolios require constant reassessment, and humility in the face of unexpected outcomes.

Looking ahead, the conditions for outperformance are in place. The 38% earnings downgrade rate across our holdings suggests market expectations have been recalibrated. With fundamentals intact and valuations compressed, the portfolio's forecast internal rate of return stands at 17% annually for the next five years, driven by expected earnings growth of 23 percent, the highest in our history.

Our purpose remains unchanged: to Redefine Active Investing through a philosophy that focuses on the economics of business to drive superior long-term investment outcomes. With a disciplined process and a long-term mindset, we look forward to the new year with conviction that our portfolio will be resilient in the face of heightened external factors that are increasingly plaguing equity markets.

Dr Manny Pohl AM
CIO & Chairman

To Our Stakeholders

The investment case for quality and sustainability was tested from both directions in 2025. Our Global portfolio companies continued to compound, with 88% growing earnings and 94% expanding revenues. Our Australian holdings faced a harder year: persistent cost-of-living pressures constrained consumer spending, with earnings growth achieved by 65% of companies, down from 82% the prior year. Pricing power limits affected 38% of Australian holdings, more than four times the rate in our Global portfolio, and inflationary pressures remained twice as prevalent domestically.

The divergence was instructive but the underlying quality was consistent. Cash generation remained strong, with 97% of Global and 88% of Australian companies delivering positive free cash flow. Balance sheets stayed conservative, with 85% of both portfolios maintaining gearing below 30%. Competitive positions continued to strengthen, with market share gains across 85% or more of holdings in both strategies and zero customer losses recorded across the Global portfolio. These are the characteristics that define a quality franchise, and they held firm regardless of the earnings cycle.

The regulatory landscape shifted decisively in 2025. The Australian Sustainability Reporting Standards took effect, moving climate disclosure from best practice to legal obligation. With 65% of our Australian holdings in Group 1 reporting, our companies were among the first required to prepare climate statements subject to director liability and phased assurance. The preparation showed: 82% of Australian holdings now publish TCFD-aligned reports, up from 67% the prior year, and 94% have completed formal climate risk assessments. The Global portfolio approaches universal coverage, with 97% of companies disclosing both operational and material value chain emissions.

Target-setting is keeping pace with disclosure. Half of our Global companies now hold SBTi-validated emissions reduction targets, a meaningful milestone that distinguishes credible transition planning from aspirational commitments. Australian adoption at 38% reflects the smaller average company size in our portfolios, and we continue to engage with holdings on the strategic value of independent validation as institutional expectations evolve. Across all three strategies, carbon intensity remained significantly below benchmarks, with WACI ranging from 81% to 94% lower, a structural consequence of investing in capital-light, high-return businesses rather than the product of a screening overlay.

Artificial intelligence became an operational reality across our holdings in 2025, with 88% of companies in both portfolios deploying AI in products, services or operations. The governance infrastructure is following, with 62% of Australian and 44% of Global companies having established formal AI ethics frameworks. Cyber security management is universal at 100% across all holdings. As AI deployment scales and regulatory expectations take shape, we are engaging with companies on the principles that should guide responsible development.

The social dimension of our portfolios strengthened in a year where workforce decisions carried real consequences. Hiring for growth continued across more than 90% of both portfolios, and every Australian holding invested in structured career development programs. At the same time, 38% of Australian companies undertook targeted restructuring as they responded to margin pressures, a reminder that quality businesses make difficult operational decisions when conditions require it. Supply chain integrity remained a consistent strength, with responsible sourcing policies enforced across more than 90% of holdings and modern slavery compliance effectively universal.

Governance remained a point of differentiation. Australian holdings continue to set the standard on structural practices, with over 90% maintaining majority-independent boards and separating the Chair and CEO roles. ESG-linked executive compensation reached 68% in the Australian portfolio, nearly double the 38% rate among our Global holdings. The controversy profile across both portfolios remained low, with fewer than one in five companies facing material ESG issues during the year.

The political environment around ESG diverged sharply across jurisdictions in 2025. US federal policy moved toward deregulation while political opposition to ESG frameworks intensified. Meanwhile, Australia and Europe continued to embed sustainability into regulatory and legal frameworks. For our part, the approach has not changed. We assess sustainability factors where they are financially material to the quality and durability of the businesses we own. That assessment is independent of political cycles in any market.

Thank you to our clients and the management teams across our portfolios who engaged constructively through a year of regulatory change and varied operating conditions. Companies with strong cash generation, transparent governance and the capacity to adapt remain the best foundation for long-term value creation.

Jason Pohl
Head ESG Officer

About

04

This Report

At ECP, sustainable investing is not a separate discipline. It is how we research companies, allocate capital and measure results. This report explains that integration: how environmental, social and governance considerations shape our investment process, how we engage with the companies we own, and how we hold ourselves to the same standards we expect of our portfolio.

This report covers ECP Asset Management for the calendar year ended 31 December 2025, encompassing all funds under management, firm-level operations and community partnerships.

Our approach is anchored by the Principles for Responsible Investment (signatory since 2017), the Task Force on Climate-related Financial Disclosures (TCFD) and Responsible Investment Association Australasia certification standards.

We conduct a formal materiality assessment every three years to identify the sustainability topics most relevant to our investments and operations. The most recent assessment, endorsed by our Board, identified six priority areas: data and cyber security, climate change, human capital, modern slavery and supply chain, governance and compliance, and dynamic capabilities. These six areas form the basis of our Red Flag Register and are assessed across every holding.

Our Responsible Investment Policy, ESG and Sustainability Policy, Climate Change Position Statement and TCFD Report are available at ecpam.com/sustainability.

Our Business

ECP Asset Management is a specialist equities manager for institutional, wholesale and high-net-worth investors across three strategies: Growth Companies, Emerging Growth and Global Growth.

Our purpose is to redefine active investing. We believe sustainable wealth is created when capital is placed in businesses whose underlying economics can compound for decades. That belief shapes every decision: concentrated portfolios, capped capacity, strict valuation hurdles, and full transparency on how results are made.

We are a 100% staff-owned firm with a stable investment team averaging 18 years of industry experience. This structure promotes alignment with our clients and continuity of process through market cycles.

The investment team has remained stable through multiple market cycles, providing continuity of process and philosophy. Eight investment professionals with an average of 18 years industry experience conduct research across a flat structure designed to foster collaboration and mitigate key person risk.

Our broader team reflects our commitment to diversity, with 39% female representation across the group and 61% from international backgrounds.

“Sustainable wealth is created when capital is placed in businesses whose underlying economics can compound for decades — that belief shapes every decision we make.”

Our Approach

We invest in companies in the growth stage of their life cycle, which requires us to balance narrative and numbers. Investing on narrative alone ignores reality. Investing on numbers alone ignores potential. We tie the two together to capture long-term value while ensuring we do not overpay for what we see.

Our process is built on the conviction that 'the economics of a business drive long term investment returns'. This comes from owning quality businesses at reasonable prices, and holding them while they compound. To execute that conviction consistently, three mechanisms work together:

- Quality selection. Growth-phase companies offer exceptional return potential but carry elevated uncertainty. Our Pillars of a Quality Franchise framework provides a structured qualitative assessment to identify businesses with the characteristics required to compound through that uncertainty. A company must achieve a 90% score to become a candidate for capital.
- Valuation discipline. Quality alone does not justify any price. Our IRR-led approach compares every holding against a dynamic hurdle rate linked to the prevailing cost of capital, with models refreshed weekly. Stock-specific discount rates reflect lifecycle stage, company size, cash generation, earnings cyclicality, and sustainability risk. Positions are sized according to risk-adjusted return potential, not conviction alone.
- Sustainability governance. Traditional financial analysis leaves blind spots where risk can compound unnoticed. Our Red Flag Register monitors every holding across six material sustainability topics, with findings feeding directly into discount rates and position limits. Amber flags trigger engagement and modest position reductions. Red flags impose steeper return hurdles and can initiate an exit before price damage materialises.

Together these form a closed loop: quality selects the universe, valuation optimises capital among those names, and sustainability governance keeps risk from compounding in blind spots. The result is a portfolio of resilient businesses, sensibly sized, with embedded protection against the risks that traditional financial analysis often misses.

The Quality Franchise Score

Quality is often invoked as a virtue, but without a repeatable test it risks becoming a slogan. ECP turns the idea into hard numbers through our Pillars of a Quality Franchise framework, applied to every prospective and existing holding.

Our philosophy is based on the belief that the economics of a business drives long-term investment returns. For long-term investing, it is important to understand both the narrative of an investment and the numbers that support it. Investing on narrative alone ignores reality. Investing on numbers alone ignores potential. The Pillars of a Quality Franchise is our proprietary framework for balancing these factors of quality, growth, and sustainability.

Developed in-house and refined through our annual process reviews, the framework combines six pillars, each broken down into three underlying characteristics. Each characteristic is an assertion, or statement of truth, that we believe must be present in any company we invest in. The output is a single Quality Franchise Score (QFS), and only companies achieving investment-grade status (QFS >90%) are deemed eligible for inclusion.

Notably, Sustainability and Management together comprise 40% of the overall QFS, reflecting our conviction that these factors are material to long-term investment outcomes. A low Sustainability score materially affects itsthe total Quality Franchise rating.

Any existing holding that falls beneath this threshold is managed accordingly. Every analyst is tasked with applying this framework, with all team members required to critique and objectively evaluate the conclusions made by the authoring analyst.

The six pillars are interdependent and interrelated. By applying this lens, we assess how they interact with each other, which provides for a better understanding of the overall quality of a business.

- Business examines whether the core product or service addresses a persistent need, whether revenue is recurring or consumption-linked, and whether unit economics remain attractive as the company scales its economic footprint.
- Industry assesses whether structural tailwinds outweigh headwinds across technology, regulation and demographics, and whether the industry has a low risk of macro-environmental factors affecting future performance.
- Competition tests for sustainable competitive advantages. A company must be able to defend its market position without resorting to price erosion, and its returns on invested capital must demonstrate its capacity to maintain these characteristics into the future.
- Sustainability extends well beyond carbon footprints. This pillar encompasses whether the business operates in an industry with a low risk of macro-environmental factors affecting future performance, whether it has demonstrated strong ESG performance and holds a capacity to mitigate ESG issues, and whether it possesses the dynamic capabilities to sustainably renew its competitive advantage.
- Management evaluates trustworthiness through academically-proven elements of behaviour, competency, and attitudes. Internal promotion history, insider ownership and disciplined capital allocation each contribute. The trustworthiness of management assists our mitigation of uncertainty by reducing the risk of managerial conduct or failure of business execution.
- Financials quantifies resilience: healthy free-cash-flow conversion, conservative leverage, and the capacity to self-fund growth without excessive financial risk. We believe companies that generate predictable, above-average economic returns without excessive financial leverage are best positioned to expand their economic footprint through time.

Our Approach

From Score to Valuation

A company must achieve a 90% Quality Franchise Score to be eligible for inclusion in the portfolio. This threshold is non-negotiable: companies that fall short are excluded regardless of how attractive their valuation appears. Any existing holding that drops below 90% triggers a graded exit plan.

Companies that clear the quality threshold then receive their initial Red Flag Register assessment, which evaluates sustainability risk across our six material topics. The Quality Franchise Score determines whether a company can be owned. The Red Flag Register, combined with four other factors, determines how we value it and how much capital it receives.

Our valuation methodology applies stock-specific discount rates based on five factors: stage of lifecycle, company size, cash generation history, earnings cyclicality, and sustainability risk. Based on scores across these factors, each holding is assigned to a discount rate bucket, with premiums or discounts applied relative to the market cost of equity. A company in an earlier lifecycle stage, with limited cash flow history and elevated sustainability risk, will face a materially higher discount rate than a mature, cash-generative business with a clean Red Flag assessment.

This mechanism ensures that two companies with identical earnings forecasts can receive very different allocations if their risk profiles differ. A company cannot earn a large portfolio weight simply by appearing cheap on financial metrics. It must also demonstrate acceptable practices across our material sustainability topics.

We apply an IRR-led approach that compares every holding against a dynamic hurdle rate linked to the prevailing cost of capital. Models are refreshed weekly, and positions are adjusted as valuations shift. If a holding's IRR falls below the portfolio hurdle, it is queued for reduction. If it rises above the opportunity set, capital flows in. This mechanical discipline removes emotion from buy and sell timing and keeps the portfolio oriented toward the highest risk-adjusted returns available.

The Red Flag Register feeds directly into this process. Amber flags trigger engagement and modest position reductions. Red flags impose a material discount rate premium, which reduces calculated intrinsic value and affects its position sizing in the portfolio. The link between sustainability assessment and valuation is automatic.

Improvement is rewarded. A company that addresses flagged issues can see its discount rate reduced, unlocking eligibility for larger positions. Deterioration triggers the opposite response. The feedback loop runs continuously as new information emerges from company disclosures, regulatory developments, and our own engagement.

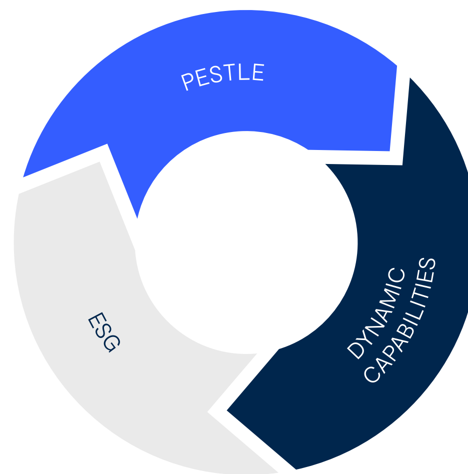
This architecture keeps the portfolio positioned where risk-adjusted compounding is greatest and where sustainability problems have the smallest place to hide.

Factor	Higher Risk	Moderate Risk	Lower Risk
Stage of Lifecycle	Early Disruptor	Industry Challenger	Industry Leader
Company Size	Small Cap	Mid Cap	Large Cap
Cash Position and Cash Flow	Conceivable Funding Risk	Limited History of FCF Generation	Demonstrated History of FCF Generation
Cyclicality of Earnings	High Cyclicality	Some Cyclicality	Non-cyclical
Sustainability	Multiple Risk Factors	Identified Risk Factor	High Sustainability

Sustainability & Stewardship

Identifying and understanding the key drivers of risk and return is a crucial skill for any long-term investor. Traditionally these drivers were defined purely in economic terms. As markets have evolved, it has become evident that environmental, social and governance issues are central to understanding the contextual, systematic and idiosyncratic considerations in investment analysis.

Our Pillars of a Quality Franchise is an integrated framework developed in-house to mitigate our portfolio against ESG and sustainability risks. The process places material emphasis on sustainability, management and firm competitiveness. 40% of the Quality Franchise Score derives from our Sustainability and Management pillars, meaning a company cannot achieve an investment-grade rating without demonstrating strength in the sustainability and stewardship of operations.



Sustainability Pillar

Our Sustainability Pillar encompasses three characteristics. First, the business must operate in an industry with low exposure to macro-environmental factors that could affect future operating performance. We assess this through a forward-looking PESTLE framework covering political, environmental, social, technological, legal and economic forces. Second, the business must demonstrate strong ESG practices and the capacity to mitigate potential ESG issues as they arise. Third, the business must hold Dynamic Capabilities that allow it to sustainably renew its competitive advantage through time.

By incorporating forward-looking scenario analysis, we assess the potential risk to the predictability of business operations. When assessing a company's ESG track record, we gain conviction that in the event issues arise, management is able and willing to address them. Companies that have had a chequered past are not excluded forever. Those that engage and act to improve their commitments to all stakeholders can become the types of quality companies that investors should support.

Dynamic Capabilities matter because a competitive advantage is not sustainable forever. The resources driving that advantage may change due to externalities. We seek companies that can renew, extend or create resources that continue to drive their competitive advantage. Companies that can sense changes in their environment, seize opportunities through innovation, and transform their operations when required will sustain value creation through periods of disruption.

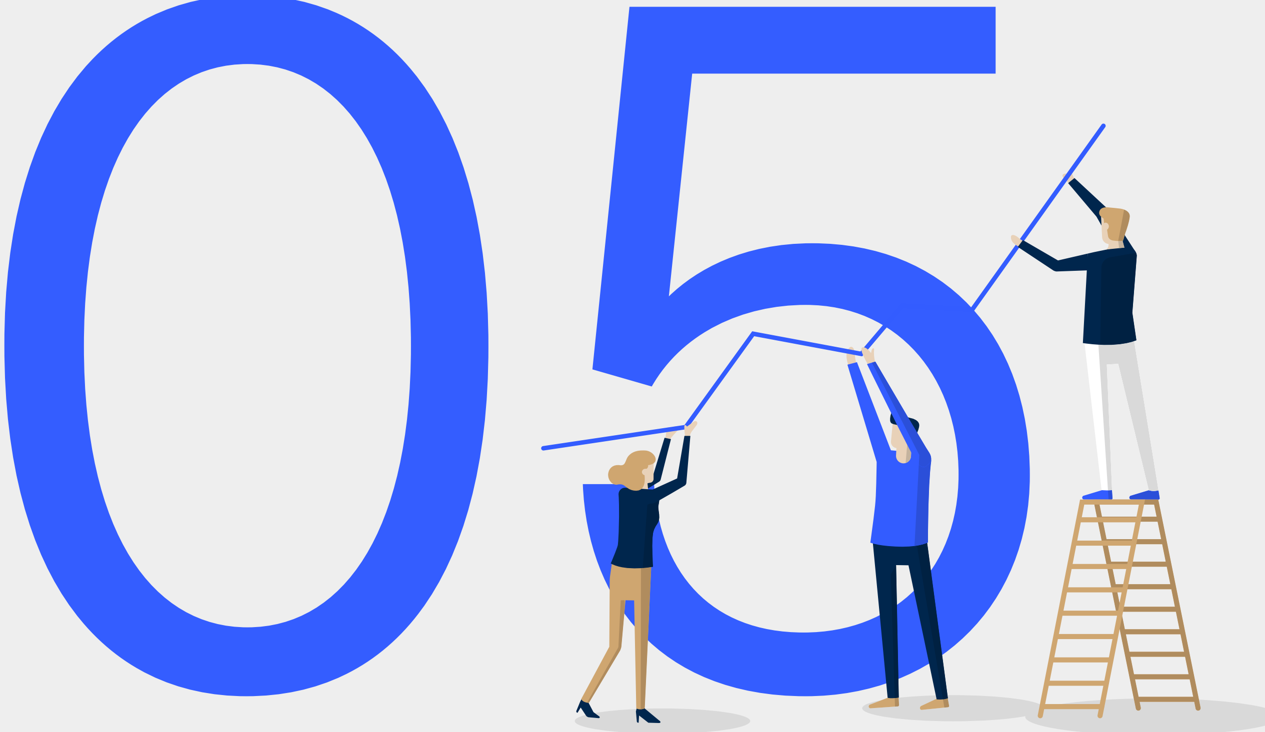
This integration is why our portfolios have consistently delivered lower carbon intensity than their benchmarks while generating long-term outperformance.

Management Pillar

The Management Pillar focuses on the trustworthiness of management. This assists our mitigation of uncertainty by reducing the risk of managerial misconduct or failure of business strategy execution. Our assessment covers board structure, size, diversity, skills and independence, executive remuneration, shareholder rights, stakeholder interaction, disclosure practices, business ethics, and internal controls.

Our approach measures management holistically in terms of business strategy, encompassing both the implications of that strategy for environmental and social issues and how it is to be implemented. We believe that businesses demonstrating inadequate corporate governance will deliver poor investment outcomes.

Our Progress



Scorecard

We measure what matters. Our scorecard tracks progress across four dimensions: our firm, our portfolio's carbon exposure, the companies we invest in, and our stewardship activities. These metrics are drawn from the material topics identified in our most recent assessment and are presented on a calendar year basis to enable consistent year-on-year comparison. Summary figures are presented here, with comprehensive details available throughout this report.

	2022	2023	2024	2025
Our Firm				
5 Yr Growth Companies Fund Performance Above Benchmark	+4.1%	+3.3%	+5.6%	-0.9%
5 Yr Emerging Growth Fund Performance Above Benchmark	+8.6%	+10.3%	+10.9%	+3.0%
Diversity - Investments (Male/Female)	100%	78-22%	78-22%	87-13%
Diversity - Distribution (Male/Female)	50-50%	50-50%	50-50%	66-33%
Diversity - Back Office & Support (Male/Female)	20-80%	20-80%	20-80%	29-71%
Diversity - Group	64-36%	54-44%	59-41%	61-39%
Diversity - Non-Executive Directors (Male/Female)	16%	37%	37%	37%
Our Relative Carbon Intensity				
Australian Growth	-71.9%	-81.9%	-83.8%	-87.3%
Emerging Growth	-94.3%	-97.1%	-93.7%	-95.0%
Global Growth	-69.5%	-75.3%	-87.0%	-89.0%
Our Community				
Community Events	1	2	5	5
Community organisations supported	4	3	4	4

* Calendar Year

Scorecard

Australian Companies

	2022	2023	2024	2025
Our Companies				
Modern Slavery Compliant		84%	97%	94%
TCFD Compliant**	–	35%	67%	82%
Disclose Scope 1 + 2 Emissions**	–	68%	91%	94%
Disclose Scope 3 Emissions**	–	63%	67%	62%
Responsible Sourcing Policy**	–	71%	94%	94%
ESG-Linked to remuneration**	–	52%	57%	68%
Executive Diversity - Women >30%		71%	88%	88%
Our Stewardship				
Total Engagements	375	380	391	309
Sustainability-related Engagements	303	340	365	308
Divestments based on Sustainability	–	1	–	1
Votes Cast For	95.5%	97.3%	98.4%	95.1%
Votes Cast Against	4.5%	2.7%	1.6%	4.9%

Global Companies

	2022	2023	2024	2025
Our Companies				
Modern Slavery Compliant	–	–	100%	100%
TCFD Compliant**	–	–	86%	94%
Disclose Scope 1 + 2 Emissions**	–	–	97%	97%
Disclose Scope 3 Emissions**	–	–	94%	97%
Responsible Sourcing Policy**	–	–	91%	91%
ESG-Linked to remuneration**	–	–	36%	38%
Executive Diversity - Women >30%	–	–	89%	85%
Our Stewardship				
Total Engagements	–	–	202	195
Sustainability-related Engagements	–	–	240	302
Divestments based on Sustainability	–	–	–	1

Note: Sustainability-related engagements exceed total portfolio engagements because a single engagement may address multiple sustainability topics (PESTLE, ESG and Dynamic Capability), each counted separately.

Our Portfolio

06

Where We Invest

Our portfolio composition reflects the outcome of applying our investment process consistently across thousands of companies. By evaluating businesses against our six pillars - Business Quality, Industry Structure, Competitive Environment, Sustainability, Management, and Financial Strength - we naturally concentrate in sectors where sustainable competitive advantages can compound over decades.

This is not a top-down sector allocation decision. It is the consequence of asking: which companies possess the characteristics that allow earnings to compound at above-average rates for extended periods? The answer tends to cluster in specific sectors like Information Technology, Healthcare, Financials and Consumer Discretionary.

Companies in capital-intensive, commodity-exposed or highly regulated sectors rarely achieve the Quality Franchise Score required for inclusion. Our exclusions on thermal coal, petroleum and other ESG-related grounds further shape the portfolio away from traditional resource exposure.

The result is high active share and tracking error relative to benchmark, reflecting a portfolio built on conviction in unique ideas.

“We don’t allocate to sectors. We concentrate where sustainable advantages compound over decades.”

Returns Driven by Earnings, Not Multiple Expansion

A defining characteristic of our investment approach is that long-term returns are generated primarily through earnings growth rather than P/E multiple expansion. This matters because earnings-driven returns are more sustainable and less vulnerable to sentiment shifts.

Since inception, cumulative returns for our Growth Companies strategy can be decomposed into three sources. We show the decomposition of calendar year returns below for the prior three years.

Return Component	CY23	CY24	CY25
Earnings	13.61	27.44	20.49
Income	3.70	2.94	2.67
Multiple Expansion	7.49	-9.99	-32.60
Total Return	26.65	18.09	-16.62

The Global Growth strategy can be decomposed as follows:

Return Component	CY23	CY24	CY25
Earnings	3.37	17.74	8.12
Income	1.11	0.98	0.99
Multiple Expansion	41.69	16.84	-8.37
Total Return	48.08	38.29	0.05

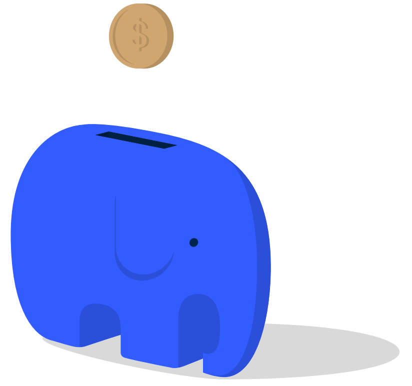
Earnings-led returns have important implications for sustainability. Returns driven by multiple expansions can reverse quickly when market sentiment shifts; earnings-driven returns reflect genuine value creation by our portfolio companies. When we report strong performance, it represents real business progress rather than temporary enthusiasm.

Where We Invest

Sector Allocation

Our sector allocations are a fall out of the investment process itself. Nevertheless, it's useful to articulate where our broader sector exposures fall, as it demonstrates that the capital light, high return exposures that we have because of the implications that has for our carbon intensity. As at the 31 December 2025 our exposures were as follows across our strategies.

	Growth Companies (AU)	Emerging Growth (AU)	Global Growth (Global)
Financials	22.11	35.60	19.50
Consumer Discretionary	21.20	30.70	10.90
Health Care	18.82	4.80	3.00
Information Technology	17.47	16.00	32.60
Communication Services	9.60	6.00	14.50
Industrials	2.34	3.40	12.20
Materials	5.41	0.00	0.00
Energy	0.00	0.00	0.00
Consumer Staples	0.00	0.00	3.30
Real Estate	0.00	0.00	0.00
Utilities	0.00	0.00	0.00
Cash	3.05	3.50	4.00



Climate & Carbon

Task Force for Climate-Related Financial Disclosures

The Task Force on Climate-Related Financial Disclosures (TCFD) was created in 2015 by the Financial Stability Board (FSB) to develop consistent climate-related financial risk disclosures for use by companies, banks, and investors in providing information to stakeholders.

As a long-term investor and through our commitment to upholding responsible investment practices, it is prudent that we carefully consider any long-term risks to our investments. Increasingly, climate change and environmental risks pose serious threats to some business models, whether they be physical or transitional risks, as we transition to a net-zero economy.

Why Is the Climate Relevant?

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

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

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

The result of applying our rigorous process means our portfolio companies are highly resilient against most economic cycles, they are less sensitive to changes in economic rates, they are less impacted by major market disruptions and they are able to manage carbon pricing and other government intervention policies combating climate change.

Our Carbon Exposure

ECP does not manage portfolios to achieve specific carbon emission objectives. The carbon profile of our portfolios is a structural consequence of our quality-focused investment process. Our sector exclusions and preference for capital-light, high-return businesses naturally result in lower carbon intensity. The data below offers transparency around carbon exposure across our strategies for the financial year.

FY2025 Carbon Summary

	Growth Companies	Emerging Companies	Global Growth
Portfolio WACI	19.0	8.6	8.2
Benchmark WACI	98.0	137.7	54.9
Relative	81% Lower	94% Lower	85% Lower
Total Emissions	23.6	34.9	1.5
Benchmark Emissions	72.9	143.0	24.5
Relative	68% Lower	97% Lower	94% Lower

Weighted Average Carbon Intensity (WACI): tCO_2e per A$1 million revenue. Total Emissions: tCO_2e per A$1 million invested. Data as at 30 June 2025. Source: Foresight Analytics.

As at 30 June 2025, all three portfolios maintained carbon intensity levels significantly below their respective benchmarks. The Growth Companies strategy's WACI of 19.0 tCO2e per million dollars of revenue is 81% below the S&P/ASX 300 benchmark. The Emerging Growth strategy's WACI of 8.6 tCO2e is 94% below the S&P/ASX Mid Cap 50 benchmark. The Global Growth strategy's WACI of 8.2 tCO2e is 85% below the MSCI World benchmark.

Our carbon outperformance is primarily allocation-driven rather than selection-driven. This means lower carbon intensity results from the sectors we exclude, including thermal coal, petroleum and heavy industrials, rather than selecting lower-emitting companies within carbon-intensive industries. This is consistent with our investment philosophy: we avoid sectors facing structural headwinds from the energy transition not as an ethical overlay, but because these businesses typically fail to meet our quality franchise criteria.

Climate & Carbon

Historical Carbon Footprint

Our investment process has consistently delivered lower carbon intensity than benchmark across the five-year period. Attribution analysis confirms this outperformance is primarily allocation-driven - our sector exclusions (utilities, energy and heavy industrials) account for the majority of our lower carbon footprint rather than stock selection within sectors. We expect this structural characteristic to persist given our focus on quality businesses with capital-light models. The below data is for the financial year-ended 2025.

Growth Companies Strategy

The Growth Companies strategy has delivered WACI 71–81% below benchmark over the five-year period. Rio Tinto accounts for 71% of the strategy's total carbon emissions and is the largest contributor to portfolio carbon intensity, followed by Domino's Pizza Enterprises and James Hardie Industries. Despite the concentration in a single resources company, the portfolio's overall intensity remains well below benchmark, demonstrating how the low emissions profile of our other holdings provides significant offset. Attribution analysis confirms outperformance is primarily allocation-driven - our structural underweight to utilities, energy and heavy industrials accounts for the majority of the carbon differential.

Growth Companies	2021	2022	2023	2024	2025
Total Carbon Emissions* – ECP	34.0	55.0	43.0	26.9	23.6
Total Carbon Emissions* – Benchmark	90.6	101.8	86.8	78.5	72.9
Total Carbon Emissions – Relative	-56.6	-46.8	-43.8	-51.6	-49.3
Weighted Average Carbon Intensity** – ECP	29.8	36.3	30.8	24.1	19.0
Weighted Average Carbon Intensity** – Benchmark	137.6	125.4	127.1	128.4	98.0
Weighted Average Carbon Intensity** – Relative	-107.8	-89.1	-96.3	-104.3	-79.0
WACI % Lower than Benchmark	78%	71%	76%	81%	81%

Emerging Growth Strategy

The Emerging Growth strategy has delivered WACI 93–95% below benchmark over the five-year period, reflecting concentration in capital-light, service-oriented businesses including software, wealth platforms and healthcare services. Domino's Pizza Enterprises is the largest contributor to carbon intensity, accounting for approximately 70% of total portfolio emissions, followed by ARB and IDP Education. Attribution analysis confirms outperformance is overwhelmingly allocation-driven, with sector positioning accounting for over 97% of the total carbon emissions differential versus benchmark.

Emerging Companies	2021	2022	2023	2024	2025
Total Carbon Emissions* – ECP	4.2	4.3	2.5	3.1	4.9
Total Carbon Emissions* – Benchmark	63.0	228.2	151.0	154.7	143.0
Total Carbon Emissions – Relative	-58.8	-223.9	-148.5	-151.6	-138.1
Weighted Average Carbon Intensity** – ECP	10.8	11.2	7.7	8.6	8.6
Weighted Average Carbon Intensity** – Benchmark	182.5	161.5	156.6	159.2	137.7
Weighted Average Carbon Intensity** – Relative	-171.7	-150.3	-148.9	-150.6	-129.1
WACI % Lower than Benchmark	94%	93%	95%	95%	94%

Global Growth Strategy

The Global Growth strategy has delivered WACI 66–85% below benchmark over the five-year period, reflecting concentration in technology, software and service businesses. Taiwan Semiconductor is the largest contributor to portfolio carbon intensity, followed by Copart and Sartorius. Attribution analysis confirms outperformance is primarily allocation-driven through structural underweights to energy, utilities and materials sectors.

Global Growth Companies	2021	2022	2023	2024	2025
Total Carbon Emissions* – ECP	14.9	29.7	13.4	2.0	1.5
Total Carbon Emissions* – Benchmark	42.6	45.6	36.1	29.8	24.5
Total Carbon Emissions – Relative	-27.7	-15.9	-22.7	-27.8	-23.0
Weighted Average Carbon Intensity** – ECP	20.0	24.5	17.1	8.8	8.2
Weighted Average Carbon Intensity** – Benchmark	81.4	72.6	62.9	59.5	54.9
Weighted Average Carbon Intensity** – Relative	-61.4	-48.1	-45.8	-50.7	-46.7
WACI % Lower than Benchmark	75%	66%	73%	85%	85%

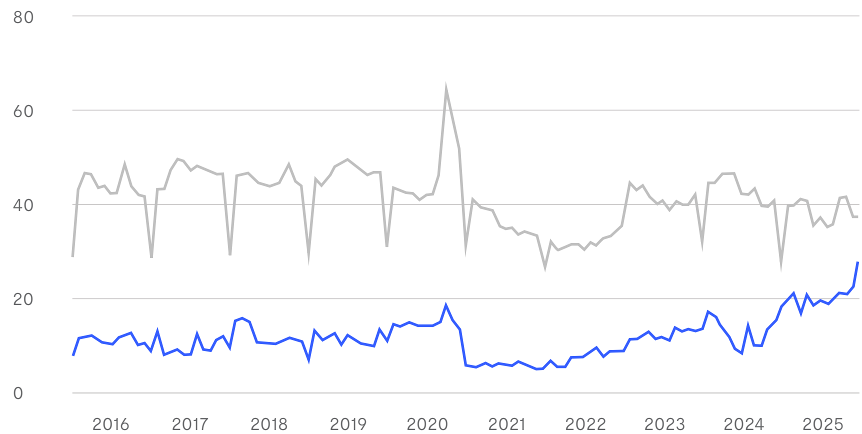
* Total Carbon Emission
A portfolio's total carbon emission in tons of CO2e. answers the main question, "What is my portfolio's total carbon footprint at my current AUM level?". It measures the portfolio's tons of CO2e, taking scope 1-2 and scope 3 emissions into account for which an investor is responsible.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

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

Climate & Carbon

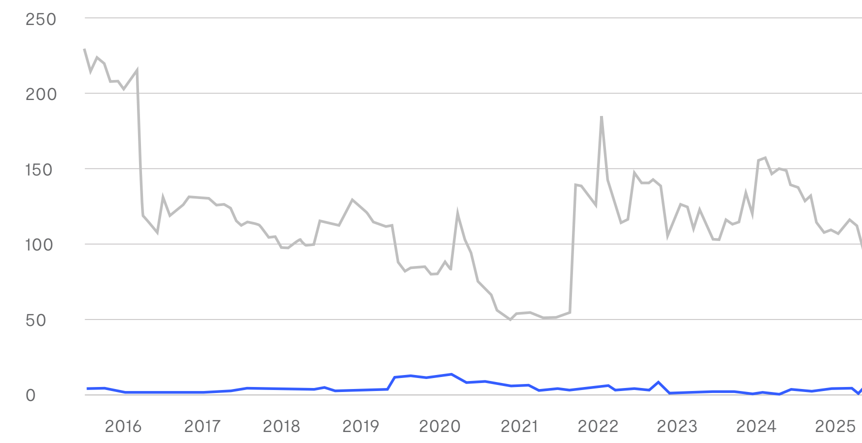
ECP Growth Companies
— Total Carbon Emissions

Portfolio
Benchmark



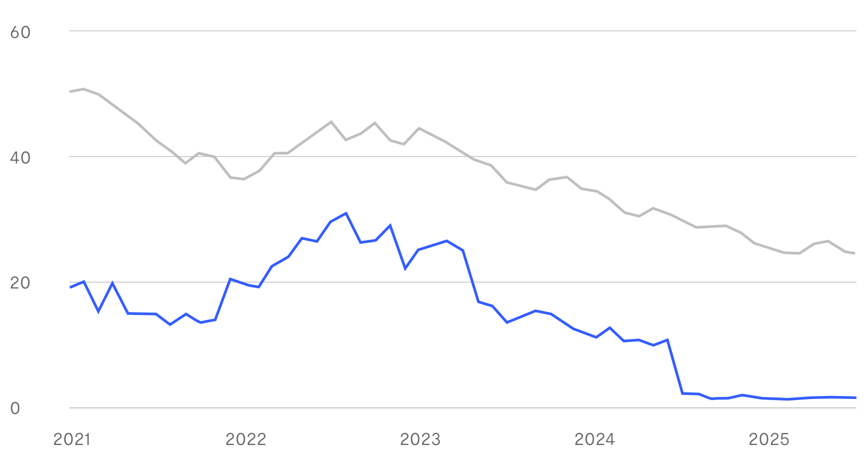
ECP Emerging Growth —
Total Carbon Emissions

Portfolio
Benchmark



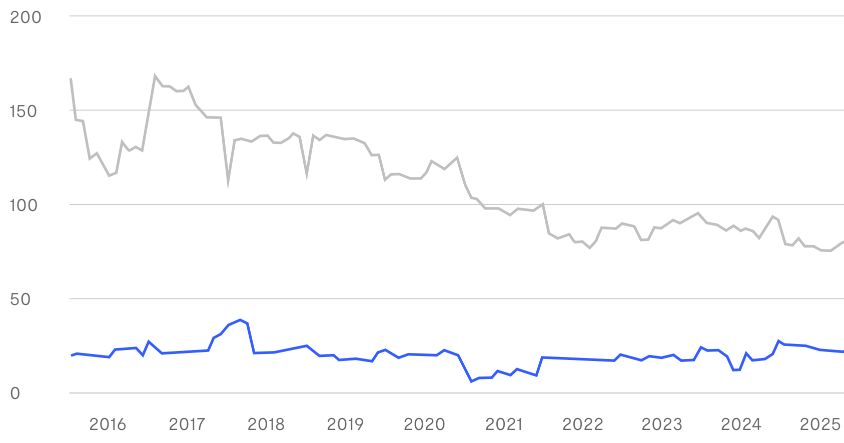
ECP Global Growth —
Total Carbon Emissions

Portfolio
Benchmark



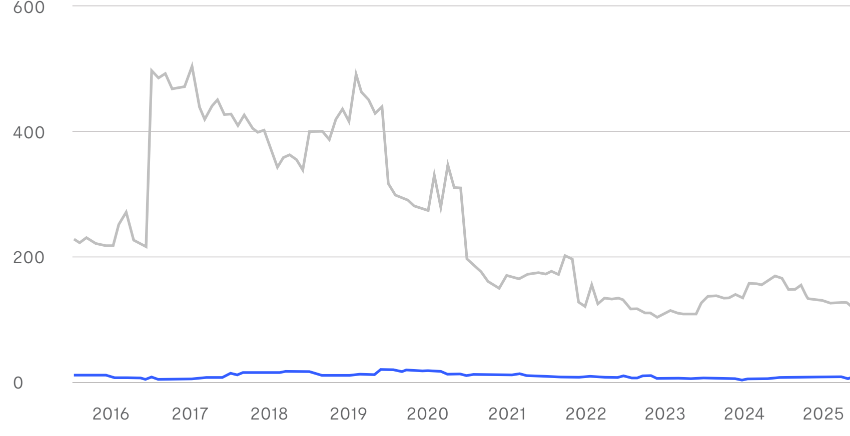
ECP Growth Companies – Weighted
Average Total Carbon Emissions

Portfolio
Benchmark



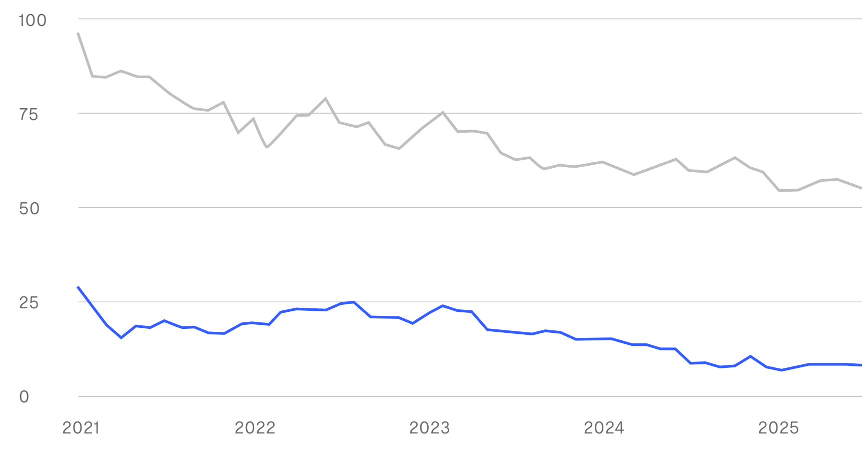
ECP Emerging Growth — Weighted
Average Total Carbon Emissions

Portfolio
Benchmark



ECP Global Growth — Weighted
Average Total Carbon Emissions

Portfolio
Benchmark



Climate & Carbon

Attribution and Interpretation

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

The difference across our three strategies illustrates this effect. The Emerging Growth strategy's 94% lower WACI reflects its concentration in capital-light, service-oriented businesses such as software, wealth platforms and healthcare services, with minimal direct emissions. Sector allocation accounted for -134 tCO2e of the -138 tCO2e total emissions differential versus benchmark. The Global Growth strategy similarly benefits from its technology and services orientation, delivering WACI 85% below the MSCI World benchmark with total portfolio emissions of just 1 tCO2e per A$1 million invested.

The Growth Companies strategy, while still 81% below benchmark on WACI, includes Rio Tinto, which alone accounts for approximately 71% of the strategy's total carbon emissions. Despite this single-stock carbon concentration, the portfolio's overall intensity remains well below benchmark, demonstrating how the low emissions profile of our other holdings offsets exposure to a large resources company.

Importantly, Rio Tinto's contribution to portfolio WACI (43%) is lower than its contribution to total emissions (71%) because WACI is weighted by portfolio exposure rather than absolute ownership. This highlights why we use WACI as our primary metric: it better reflects the portfolio's exposure to carbon-related transition risk rather than simply measuring the size of our holdings.

Year-on-year, the Growth Companies strategy's WACI improved from 24.1 to 19.0 tCO2e per million dollars of revenue, driven by both portfolio positioning and underlying company improvements. Across all three strategies, WACI either improved or held steady relative to prior year, reinforcing the structural nature of our carbon advantage.

Data Coverage

Strategy	Portfolio Coverage	Benchmark Coverage
Growth Companies	97.7%	99.6%
Emerging Growth	95.2%	98.8%
Global Growth	86.8%	99.7%

Carbon data coverage for our portfolios is lower than benchmark coverage due to holdings in smaller companies where emissions disclosure is less comprehensive. This is a known limitation of mid-cap and small-cap ESG analysis. We expect coverage to improve as mandatory climate reporting requirements expand across the Australian market under AASB sustainability disclosure standards effective from January 2025.

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

Climate Risk Assessment

Climate-related risks fall into two categories: physical risks arising from the direct impacts of climate change, and transition risks arising from the shift toward a lower-carbon economy. Our portfolios have limited exposure to both categories, though specific holdings warrant discussion.

Physical Risks

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

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

Rio Tinto - Rio Tinto's mining and processing assets are exposed to both acute and chronic physical climate risks, including extreme weather events and water scarcity. The company accounts for the majority of our Growth Companies strategy's total carbon emissions, making it the most material holding from a climate perspective. We are comfortable holding Rio Tinto because a high-quality miner with leading governance is best placed to manage these risks. The company has incorporated climate considerations into how it designs, operates and closes assets, and continues to progress its decarbonisation pathway. In 2025, adjusted gross Scope 1 and 2 emissions were 31.5 Mt CO_2e, a reduction of 14% from the 2018 baseline. After retiring high-integrity carbon credits, net emissions were 17% below baseline levels. Rio Tinto's targets remain to reduce emissions by 50% by 2030 and achieve net zero by 2050, aligned to 1.5°C pathways. On water stewardship, the company continues to invest in responsible management of this shared resource, recognising its significance for operations and the communities and ecosystems that depend on it.

James Hardie - James Hardie's manufacturing operations could be affected by severe weather and natural disasters. However, the company's localised production model provides resilience: it operates 19 manufacturing facilities across North America, Europe and Asia Pacific, with 81% of raw materials sourced within 150 miles of its plants to minimise supply chain vulnerability. In FY25, the company reduced Scope 1 and 2 emissions by 14% from its CY21 baseline, progressing toward a 42% absolute reduction target by 2030 and net zero by 2050. Sustainability goals have been integrated into the Hardie Manufacturing Operating System (HMOS) and cascaded to regional presidents as annual targets, embedding accountability across the organisation. James Hardie's Engineered for Climate products are noncombustible, flood-zone rated and pest resistant, directly addressing the increasing frequency of climate-driven events. The company is also a corporate sponsor of Habitat for Humanity International's Habitat Strong initiative, providing 29 grants in FY25 to build affordable, climate-resilient homes across the United States.

TSMC - TSMC's semiconductor fabrication facilities are concentrated in Taiwan, exposing the company to physical climate risks including water scarcity and extreme weather events. Water availability is critical for semiconductor manufacturing, and Taiwan has experienced periodic drought conditions. TSMC has responded by incorporating a long-term goal to become water positive by 2040, introducing reclaimed water into its most advanced 5nm and 3nm processes, and achieving a reclaimed water replacement rate of 17%. The company is also building reclaimed water infrastructure at its Arizona facilities to strengthen resilience in dry climates. In 2024, TSMC deployed 1,177 electricity-saving measures across its operations and consumed approximately 3,610 GWh of renewable energy. TSMC has set 2025 as the baseline year for achieving absolute Scope 1 to 3 emission reduction targets under the SBTi Corporate Net Zero Standards by 2035, and has achieved and maintained net zero Scope 1 and 2 emissions at all overseas operational sites. Its geographic diversification into the United States, Japan and Germany provides additional operational resilience.

Climate & Carbon

Transition Risks

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

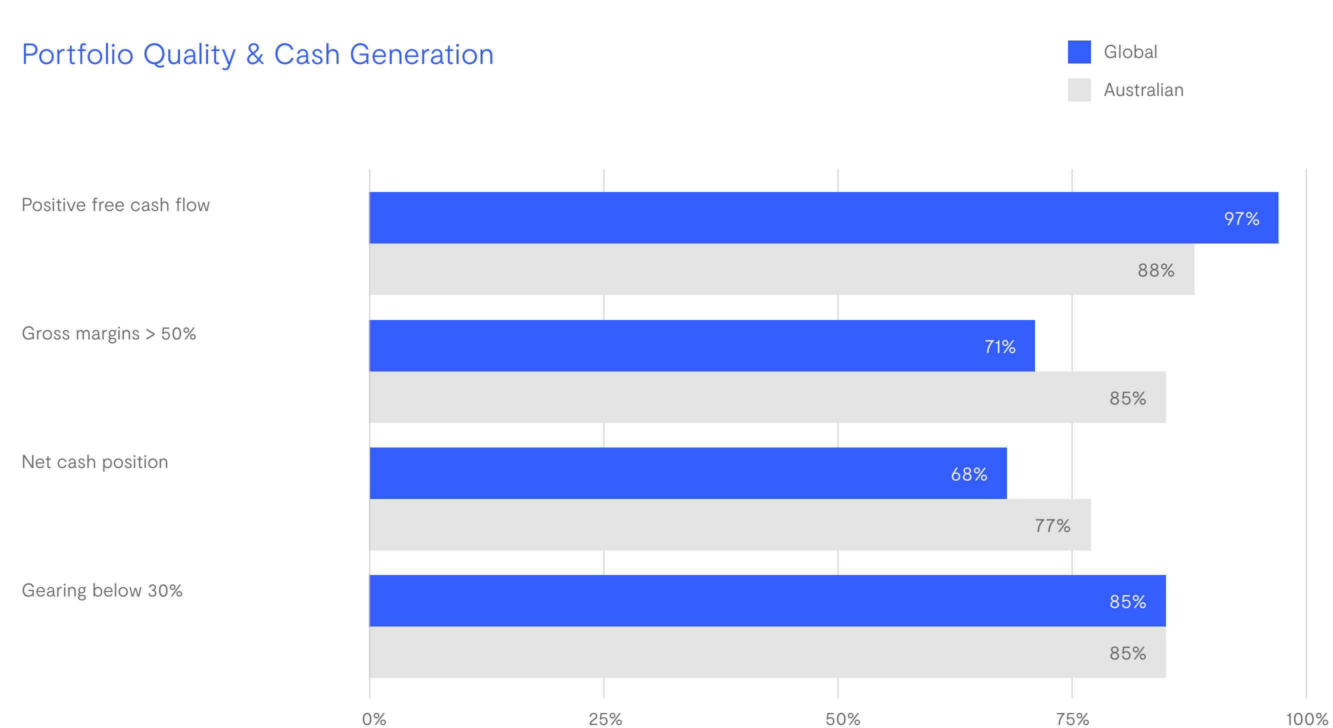
Our sector exclusions on thermal coal and petroleum, combined with our quality-focused process, mean our portfolios have limited exposure to the most carbon-intensive industries. However, transition risks remain relevant for certain holdings:

CSL - As a global biotechnology company with energy-intensive plasma collection and manufacturing operations, CSL faces transition risks from evolving climate regulations and rising energy costs. The company has responded with SBTi-approved near-term targets to reduce absolute Scope 1 and 2 emissions by 42% by FY2030 from a FY2021 base year. In FY2025, combined Scope 1 and 2 emissions fell to 286 kilotonnes CO_2e from 348 kilotonnes in FY2024, with Scope 2 emissions declining approximately 29% following CSL's Australian sites' transition to renewable electricity under a Power Purchase Agreement with AGL from January 2025. On supply chain decarbonisation, CSL has actively engaged with 71.3% of suppliers by emissions to set SBTi-aligned targets, and 54.2% have self-reported having such targets in place. Sustainability performance carries a 5% weighting in CSL's Short Term Incentive program, linking executive remuneration to progress against the 2030 strategy. In FY2025, CSL also introduced biodiversity as a new strategic focus area with commitments to address significant impacts at manufacturing sites and source 100% of paper and fibreboard packaging from certified sustainable forestry by FY2030.

Sartorius - Sartorius faces transition risks primarily through evolving European regulatory requirements and customer expectations for sustainable solutions in biopharmaceutical manufacturing. As one of the first companies to report under the EU Corporate Sustainability Reporting Directive (CSRD) using European Sustainability Reporting Standards (ESRS), Sartorius is subject to a demanding disclosure regime that will increasingly influence capital allocation decisions. In 2025, the company established new SBTi-validated science-based targets: a 42% absolute reduction in combined Scope 1 and 2 emissions by 2030 from a 2022 base year, and a 51.6% intensity reduction in Scope 3 emissions per unit of value added over the same period. At 57,158 tonnes CO_2e, Scope 1 and 2 emissions rose approximately 4% in 2025 due to increased production and capacity expansions, placing the company above its strategic decarbonisation pathway. Sartorius has acknowledged this gap and is developing a detailed action plan to achieve its climate targets, including quantified and time-bound measures. The company's long-term variable remuneration includes CO_2 reduction as a component with a four-year assessment period, providing a direct link between decarbonisation progress and executive compensation.

Portfolio ESG Themes

Portfolio Quality & Cash Generation



The quality characteristics we seek in portfolio companies remained firmly intact throughout 2025, providing resilience through a year of varied operating conditions. Cash generation continues to define our holdings, with 97% of Global and 88% of Australian companies delivering positive free cash flow. This self-funding capability insulates our portfolios from capital market volatility and supports continued investment in growth initiatives.

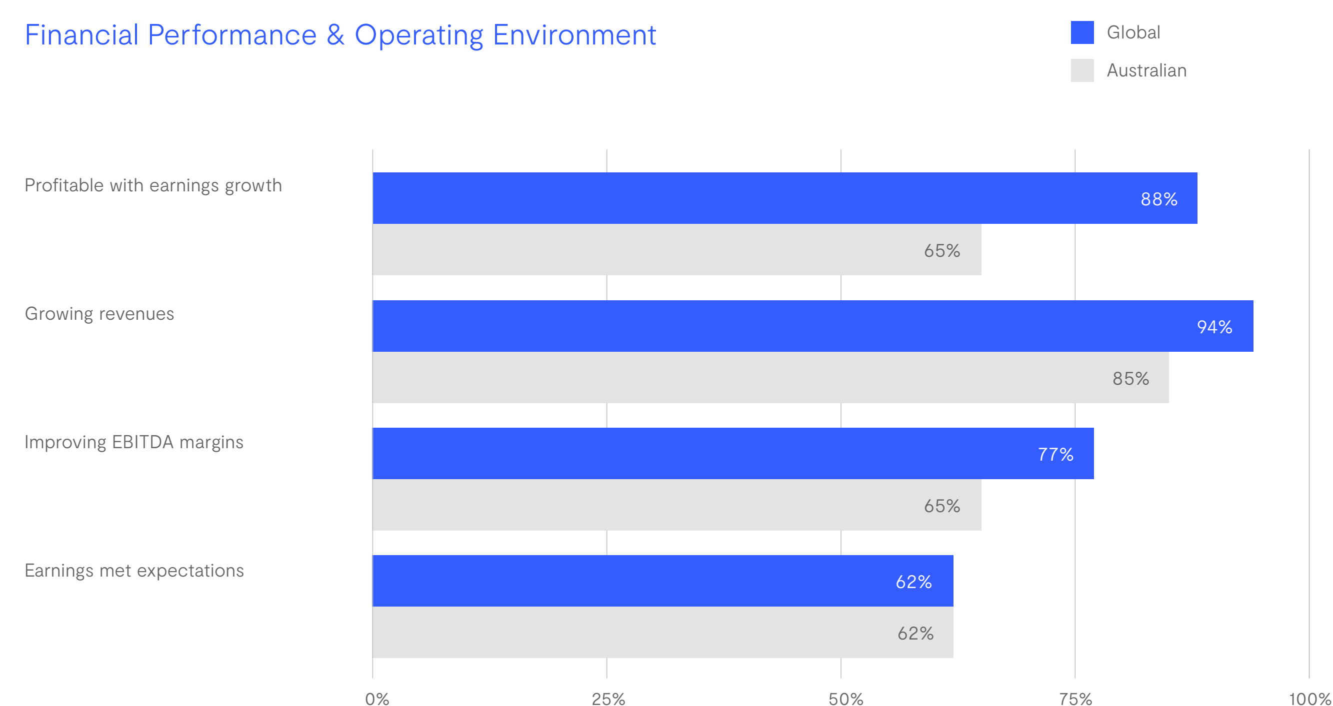
Margin quality remains a distinguishing feature across both strategies. The Australian portfolio maintains its concentration in high-margin business models, with 85% of companies achieving gross margins above 50%, compared to 71% in the Global portfolio. These margin profiles provide substantial buffer against input cost pressures and support reinvestment in innovation and market expansion.

Balance sheet strength is consistent across both portfolios, with 85% of companies in each strategy maintaining gearing ratios below 30%. More than two-thirds of holdings in both portfolios operate with net cash positions, providing financial flexibility and optionality during periods of market uncertainty.

These quality fundamentals form the foundation of our investment approach. Regardless of shorter-term earnings variability, companies with strong cash generation, healthy margins, and conservative balance sheets are well-positioned to navigate economic cycles and compound value over time.

Portfolio ESG Themes

Financial Performance & Operating Environment



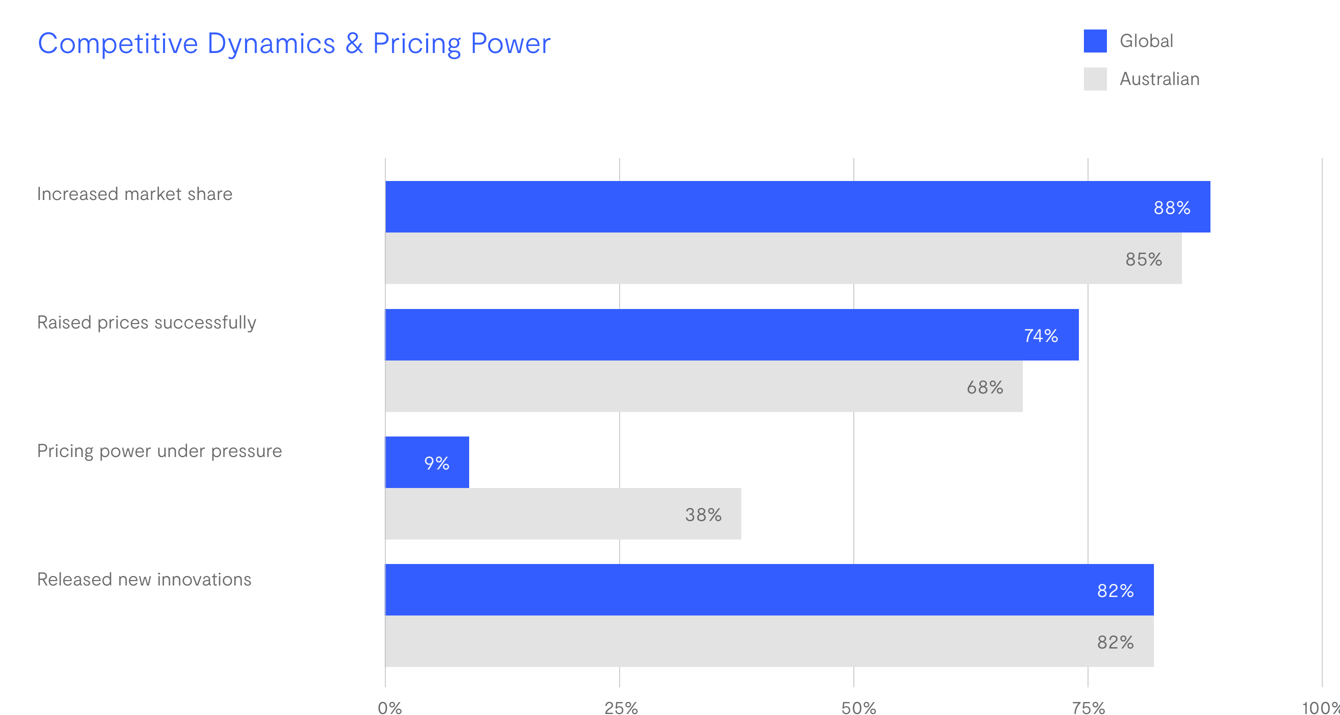
Financial performance diverged meaningfully between our portfolios in 2025. The Global portfolio maintained its strong trajectory, with 88% of companies growing earnings and 94% expanding revenues. This consistency reflects the portfolio's exposure to structural growth themes in technology, payments, and digital infrastructure that continued to compound regardless of broader economic conditions.

The Australian portfolio faced a more challenging operating environment. Profitability with earnings growth was achieved by 65% of companies, down from 82% in the prior year. This reflects both investment by companies in their growth strategy, and some experiencing margin compression across several consumer-facing and domestic cyclical holdings as Australian households responded to persistent cost-of-living pressures. Nevertheless, 85% of Australian companies continued to grow revenues, demonstrating underlying demand resilience even where earnings conversion proved more difficult.

EBITDA margin improvement tells a similar story. More than three-quarters of Global companies expanded margins, benefiting from operational leverage and disciplined cost management. In the Australian portfolio, 65% achieved margin improvement, with the balance experiencing compression from labour costs, rent escalations, and competitive pricing dynamics in domestic markets.

Earnings expectations proved equally challenging across both portfolios, with 62% of all companies meeting or exceeding expectations. This alignment suggests that earnings pressure was largely anticipated, while a small subset of companies faced idiosyncratic disappointments, which appear generally related to greater investment in their business or pressures on labour.

Competitive Dynamics & Pricing Power



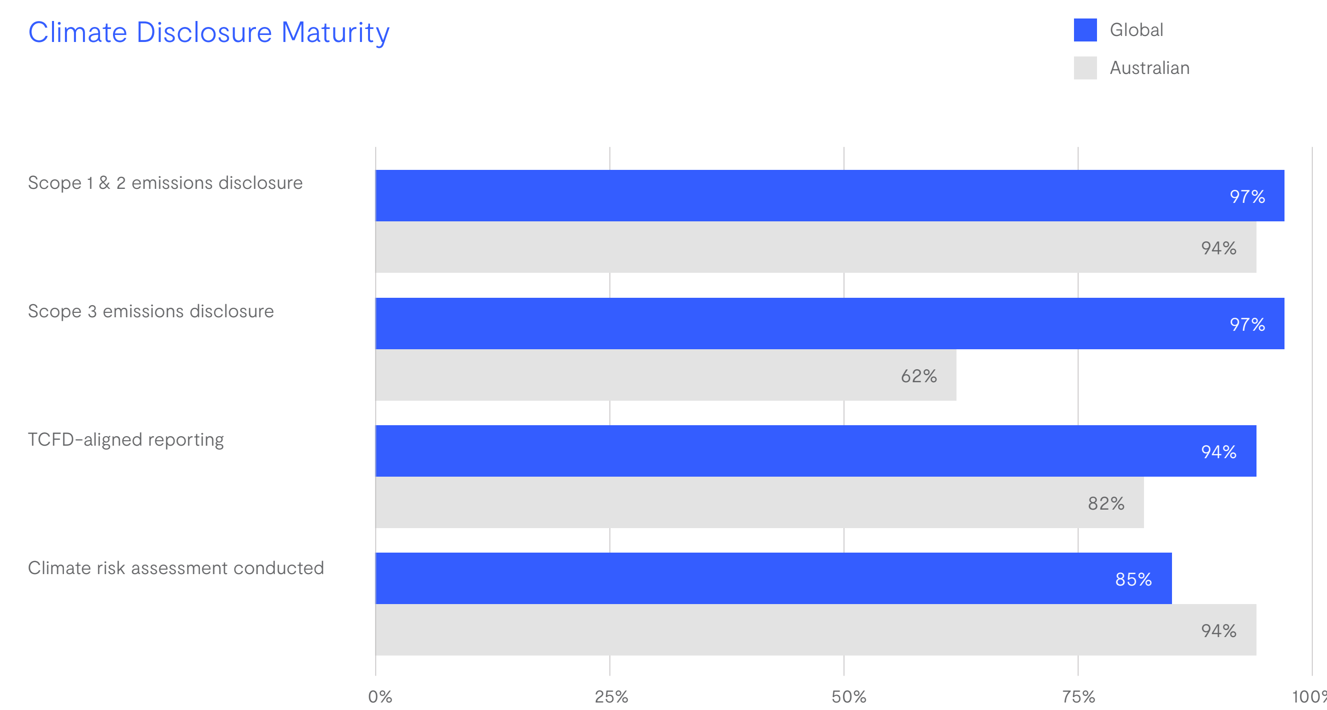
Competitive positioning remained robust across both portfolios, with 88% of Global and 85% of Australian companies gaining market share during the year. This continued share expansion reflects the compounding advantages that accrue to well-managed businesses with differentiated offerings and strong customer relationships.

Pricing dynamics diverged significantly between strategies. The Global portfolio demonstrated improved pricing flexibility, with only 9% of companies approaching the limits of their pricing power, down from 17% in the prior year. This improvement reflects easing input cost inflation and the pricing authority that comes with market-leading positions in less contested global markets.

The Australian portfolio faced more constrained pricing conditions. While 68% of companies successfully raised prices, 38% reported reaching the limits of their pricing power with existing products. This pressure, concentrated in consumer-facing segments, contributed to the margin compression observed in the financial performance analysis. In response, Australian portfolio companies have intensified focus on innovation and value-add services to support future pricing flexibility.

Innovation activity remained strong and consistent, with 82% of companies in both portfolios releasing new products or services. This sustained investment in product development, even during a year of earnings pressure for some holdings, demonstrates management commitment to long-term competitive positioning over short-term margin optimisation.

Portfolio ESG Themes

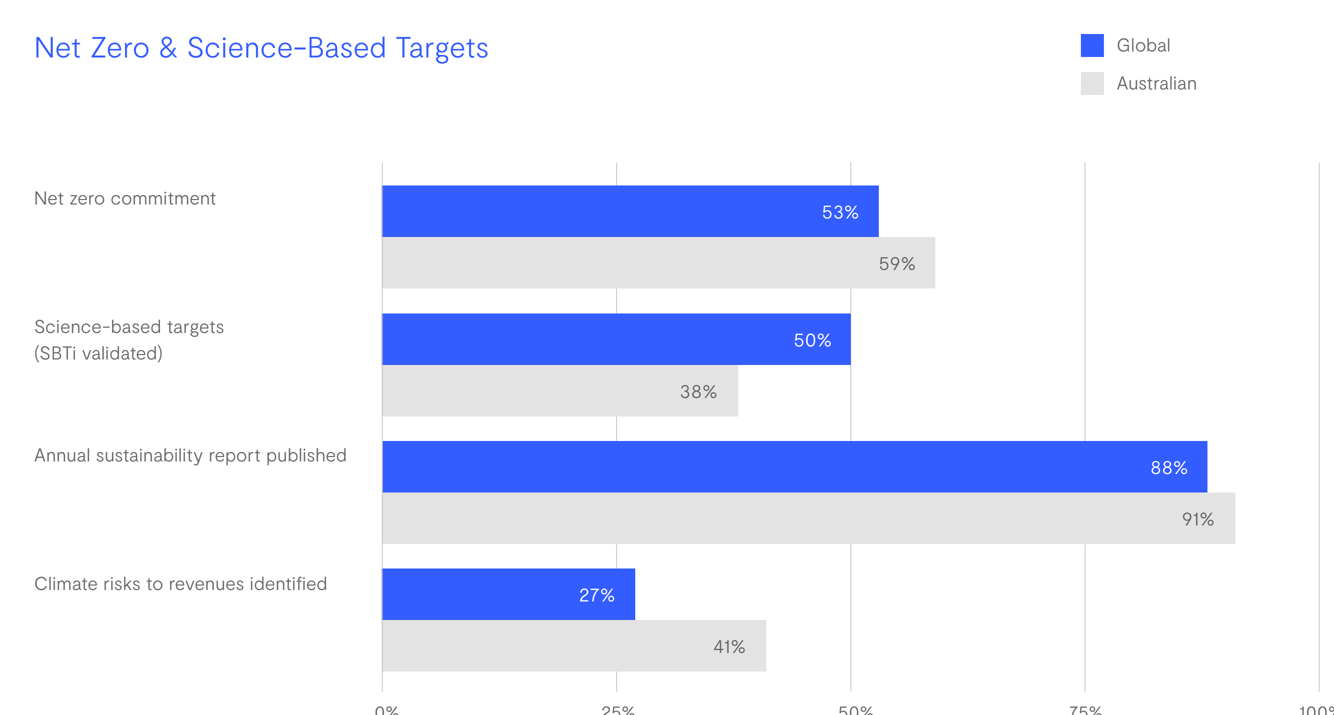


Climate disclosure continued to mature across both portfolios in 2025, with notable progress in alignment with emerging regulatory frameworks. The Global portfolio now approaches universal coverage on emissions disclosure, with 97% of companies reporting both operational emissions (Scope 1 and 2) and material value chain emissions (Scope 3). This near-complete disclosure reflects the established climate reporting requirements in European, North American, and Asian markets where our global holdings operate.

The Australian portfolio made significant progress on TCFD-aligned reporting, increasing from 67% to 82% year-on-year. This acceleration reflects preparation for the Australian Sustainability Reporting Standards (ASRS), with 65% of our Australian holdings falling into Group 1 reporting requirements from July 2025. Companies are investing in systems, processes, and assurance capabilities ahead of mandatory disclosure timelines.

Scope 3 disclosure in the Australian portfolio remains an area for continued development at 62%. The complexity of value chain emissions measurement, particularly for smaller companies with diverse supplier bases, presents ongoing challenges. We are engaging actively with holdings on Scope 3 methodology and expect disclosure rates to increase as ASRS requirements phase in and industry guidance matures.

Notably, Australian companies lead on climate risk assessment, with 94% having conducted formal assessments compared to 85% globally. This proactive approach to identifying physical and transition risks positions our Australian holdings well for the scenario analysis requirements embedded in ASRS and supports informed strategic planning.



Climate target-setting reached significant milestones in 2025. Net zero commitments are now the majority position in both portfolios, with 53% of Global and 59% of Australian companies having established long-term decarbonisation targets. This represents steady progress from prior years and reflects growing recognition that credible transition planning is both a stakeholder expectation and a source of strategic clarity.

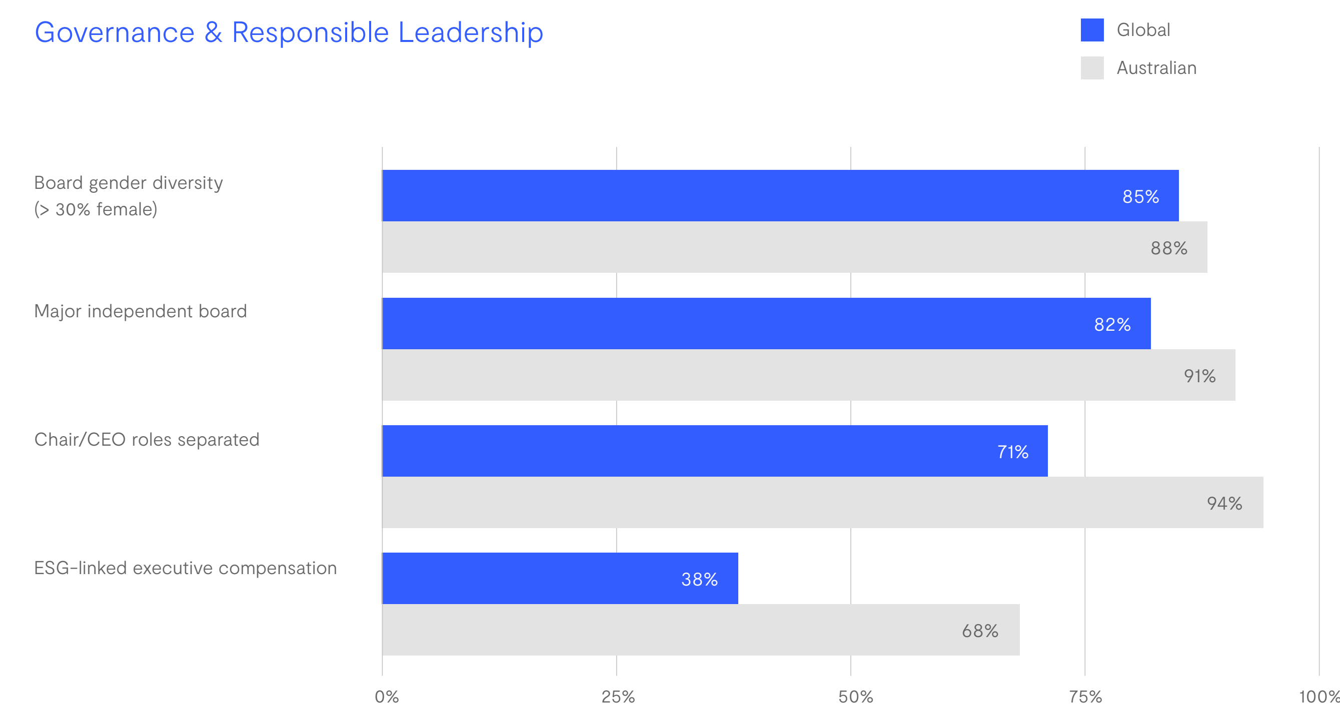
The Global portfolio achieved a notable milestone, with 50% of companies now holding Science Based Targets initiative (SBTi) validated targets, up from 42% in the prior year. SBTi validation provides independent assurance that emissions reduction targets are aligned with climate science and Paris Agreement objectives. We view this as a meaningful differentiator between aspirational commitments and credible decarbonisation pathways.

SBTi adoption in the Australian portfolio remains at 38%, reflecting the smaller average company size and more recent engagement with formal target validation processes. We continue to engage with Australian holdings on the value of SBTi validation, particularly as institutional investors and lenders increasingly incorporate validated targets into their assessment frameworks.

Transparency through sustainability reporting is well-established across both portfolios, with approximately 90% of companies publishing annual sustainability reports or maintaining dedicated ESG disclosure platforms. Australian companies demonstrate heightened awareness of climate-related revenue risks, with 41% having identified material exposures compared to 27% globally.

Portfolio ESG Themes

Governance & Responsible Leadership



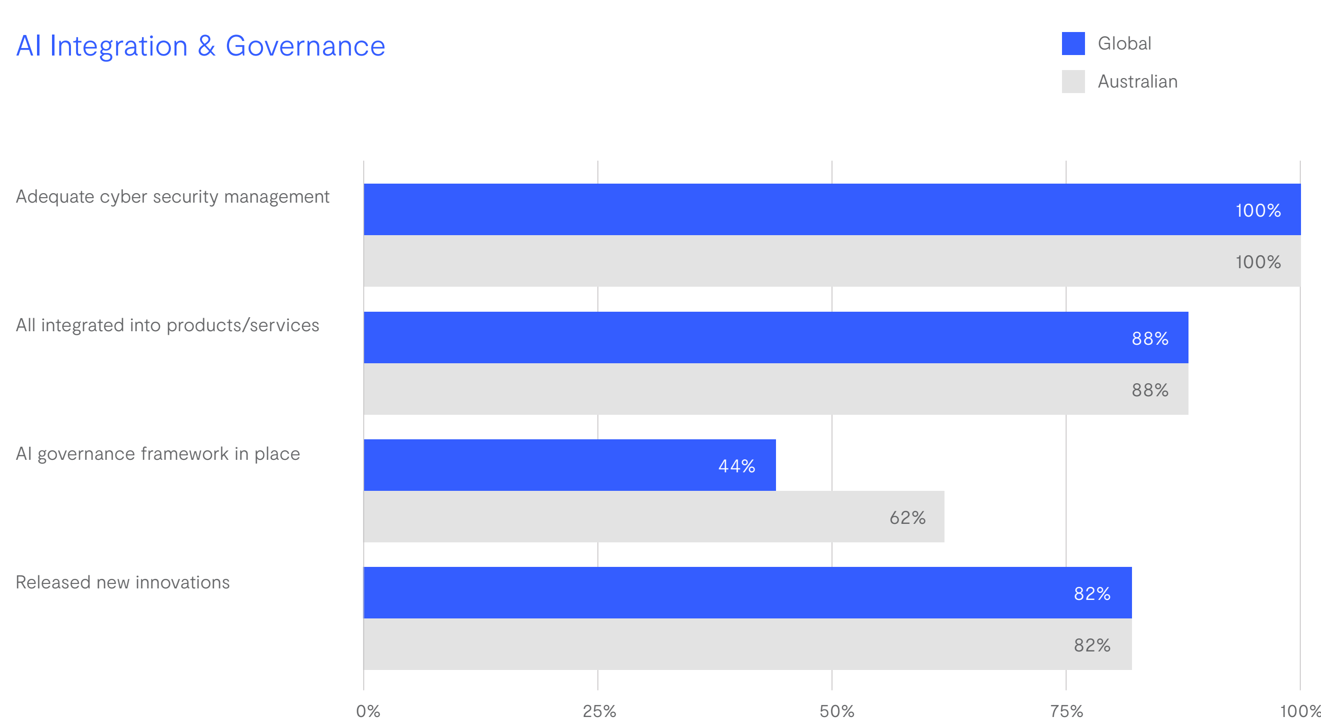
Governance fundamentals remain a distinguishing feature of our portfolio companies, with both strategies demonstrating strong alignment with contemporary best practice standards. Board gender diversity continues to meet or exceed the 30% threshold across approximately 85-88% of holdings, reflecting sustained progress on board composition and the deepening pool of qualified female directors in key markets.

The Australian portfolio maintains notably stronger structural governance practices. Over 90% of Australian holdings have majority-independent boards and separate the Chair and CEO roles, compared to 82% and 71% respectively in the Global portfolio. This differential reflects the influence of the ASX Corporate Governance Council's principles, which have established clear expectations for Australian listed companies over more than two decades.

The most pronounced divergence appears in ESG-linked executive compensation, where 68% of Australian companies incorporate sustainability metrics into remuneration frameworks compared to 38% globally. Australian regulators, proxy advisors, and institutional investors have been particularly active in promoting this practice, and we expect global convergence as international standards evolve and shareholder expectations mature.

We view strong governance as foundational to sustainable value creation. Companies with robust board oversight, appropriate checks and balances, and aligned incentive structures tend to demonstrate superior risk management, stakeholder relations, and long-term strategic decision-making. These characteristics underpin the quality orientation of our investment approach.

AI Integration & Governance



Technology capability and responsible innovation continue to be central to competitive positioning across our portfolios. Cyber security management remains universal, with 100% of companies in both strategies demonstrating adequate controls and board-level oversight. This baseline reflects the elevated threat environment and the reputational and operational consequences of security failures.

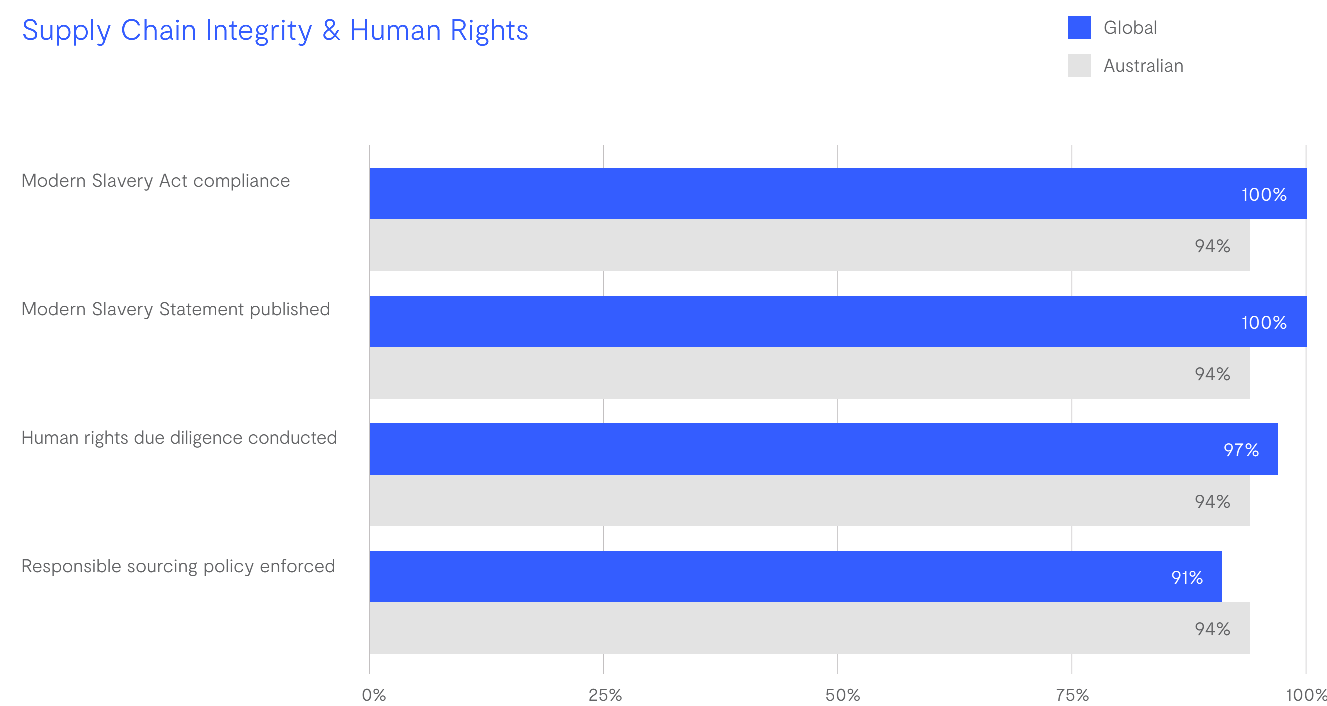
Artificial intelligence integration has reached widespread adoption, with 88% of companies in both portfolios now deploying AI in their products, services, or operations. Applications span customer service automation, predictive analytics, personalisation engines, operational optimisation, and increasingly, generative AI capabilities embedded in core product offerings. We expect AI integration to approach universality as remaining holdouts identify viable use cases and implementation costs continue to decline.

AI governance frameworks represent a maturing area of corporate oversight. The Australian portfolio leads with 62% of companies having established formal AI ethics policies or governance frameworks, up from 55% in the prior year. Global adoption stands at 44%, up from 39%. This differential reflects proactive engagement by Australian regulators and industry bodies on responsible AI principles, as well as the earlier emergence of AI-specific governance guidance in the Australian market.

As AI deployment scales and regulatory expectations crystallise globally, we anticipate governance frameworks will become standard practice. We engage with portfolio companies on the importance of establishing clear principles for AI development, deployment, and monitoring, particularly as generative AI capabilities create novel risk categories around accuracy, bias, and intellectual property.

Portfolio ESG Themes

Supply Chain Integrity & Human Rights



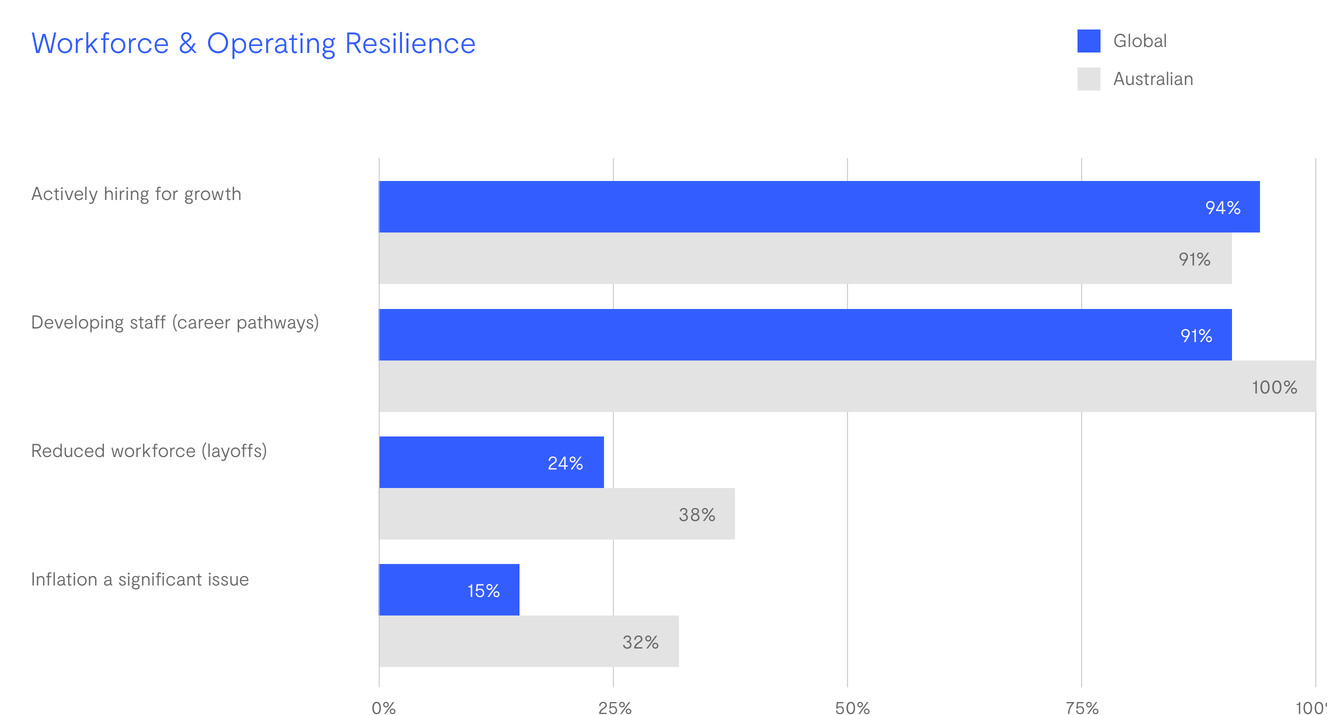
Supply chain integrity and human rights management remain areas of consistent strength across both portfolios. Modern Slavery Act compliance is effectively universal in the Global portfolio at 100%, with 94% of Australian companies meeting their statutory obligations and publishing statements within required timeframes. The small gap in Australian compliance reflects recent portfolio additions still establishing their reporting cadence.

Human rights due diligence extends beyond minimum compliance, with approximately 95% of companies in both strategies conducting active due diligence across their operations and supply chains. This includes supplier assessments, risk mapping, and remediation processes that address labour standards, health and safety, and ethical business conduct throughout value chains.

Responsible sourcing policies are well-established, with over 90% of companies in both portfolios having implemented and enforced supplier codes of conduct. These frameworks provide the foundation for ongoing supplier engagement and monitoring, establishing clear expectations and accountability mechanisms across often complex global supply networks.

Supplier disruptions remained minimal during the year, with only 3% of companies in either portfolio experiencing material supplier issues or disputes. This operational stability reflects both the normalisation of supply chains following pandemic-era disruptions and the effectiveness of supplier relationship management practices across our holdings.

Workforce & Operating Resilience



Workforce dynamics and macroeconomic pressures tell a story of divergent operating environments in 2025. Hiring activity remained strong across both portfolios, with 94% of Global and 91% of Australian companies actively recruiting for growth. This sustained investment in talent reflects confidence in long-term growth trajectories despite near-term earnings variability in some segments.

Investment in employee development reached universal adoption in the Australian portfolio, with 100% of companies offering structured career development programs. The Global portfolio maintained strong coverage at 91%. This commitment to talent development supports retention in competitive labour markets and builds organisational capability essential for sustained growth.

Workforce reshaping activity diverged between portfolios. The Global portfolio reduced layoff activity to 24%, down from 31% in the prior year, reflecting stabilisation following post-pandemic workforce adjustments. The Australian portfolio saw higher restructuring activity at 38%, up from 33%, as companies responded to margin pressures through targeted efficiency initiatives. Importantly, the majority of companies conducting workforce reductions were simultaneously hiring in growth areas, indicating strategic reallocation rather than broad retrenchment.

Inflationary pressures continued to ease, particularly for Global companies where only 15% identified inflation as a significant issue, down from 22% in the prior year. Australian companies faced more persistent cost pressures at 32%, reflecting the domestic inflation environment and wage growth dynamics. However, the strong margin profiles and pricing capabilities across our holdings have enabled most companies to manage through this environment while protecting profitability.

Independent Analysis

Our Commitment

ECP commissioned Foresight Analytics to conduct an independent ESG assessment of our portfolios. This analysis provides an external perspective on the ESG characteristics of our holdings, complementing our internal Red Flag Register framework.

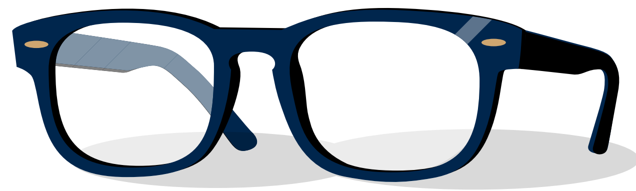
While we do not use external ESG ratings as a primary input to our investment decisions, this independent assessment provides valuable context for our engagement activities and offers transparency to clients on portfolio ESG characteristics.

Note: The following analysis is based on independent ESG assessments conducted by Foresight Analytics as at 31 December 2025, using data sourced from Refinitiv.

United Nations Global Compact Compliance

The United Nations Global Compact is a non-binding pact encouraging businesses to adopt sustainable and socially responsible policies across ten principles covering human rights, labour, environment, and anti-corruption.

"All ECP portfolios maintain 100% compliance with UN Global Compact principles, with no companies on the Global Compact Compliance Violation Watchlist."



Our Portfolio ESG Profiles

External ESG scores are influenced by company size, disclosure maturity and index composition. Larger-capitalisation companies that dominate benchmark indices typically score higher due to more developed reporting frameworks and dedicated ESG teams, rather than necessarily superior underlying business practices. This context is important when interpreting the portfolio scores below.

Metric	Growth Companies	Emerging Growth	Global Growth
Overall ESG Score	45.7	37.2	51.6
Benchmark ESG	68.3	59.8	70.6
Environmental Pillar	34.5	24.2	46.5
Social Pillar	48.8	39.1	53.2
Governance Pillar	48.0	42.0	52.0
UN Global Compact Compliant	100%	100%	100%
Controversial Business Involvement	Nil	Nil	Nil

Benchmark: S&P/ASX Mid Cap 50 (Emerging Growth), S&P/ASX 300 (Growth Companies), MSCI World (Global Growth)

The Social pillar represents the strongest contributor across both Australian portfolios, while the Global Growth portfolio demonstrates more balanced pillar scores with Social (53.2) and Governance (52.0) closely aligned. This shift from the prior year, where Governance was the leading pillar across all three strategies, reflects improved social disclosure and workforce practices across our holdings as companies respond to evolving regulatory and stakeholder expectations.

Our Global Growth portfolio demonstrates the strongest overall ESG profile at 51.6, supported by high-quality technology and software holdings including Taiwan Semiconductor (AAA) and Microsoft (AAA). The Growth Companies portfolio improved to 45.7, reflecting the contribution of AA-rated holdings including Rio Tinto, Macquarie Group and CSL.

The differential between portfolio and benchmark ESG scores remains primarily a function of company size and ESG disclosure maturity rather than underlying business quality. Larger-capitalisation companies that dominate benchmark indices typically have more developed sustainability reporting frameworks and dedicated ESG teams, which translates into higher scores from external rating agencies. Our portfolios, particularly in the Emerging Growth strategy, are tilted towards high-quality smaller and mid-cap businesses where formal ESG disclosure practices continue to develop, even as the underlying businesses maintain strong governance and responsible operating practices.

Importantly, all three portfolios maintain nil exposure to controversial business activities and 100% compliance with UN Global Compact principles, two outcomes that reflect the quality and integrity of the businesses we invest in, regardless of where they sit on external ESG scoring scales.

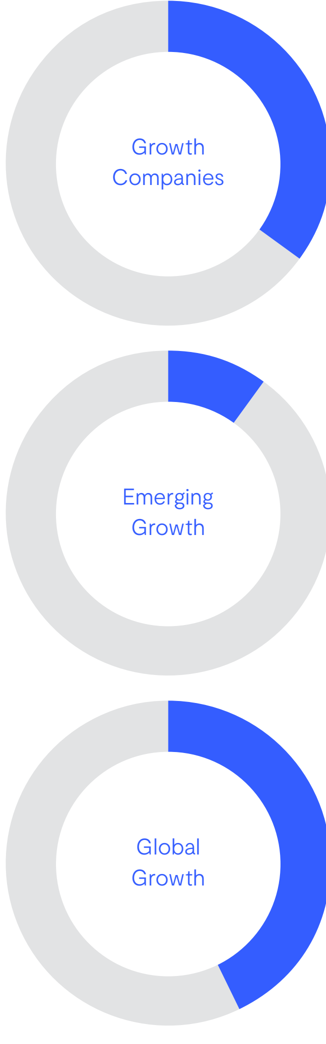
Independent Analysis

ESG Rating Distribution

The distribution of ESG ratings across our portfolios demonstrates a balanced approach to ESG risk management:

Rating	Growth Companies	Emerging Growth	Global Growth
AAA	0.0%	0.0%	3.4%
AA	7.4%	0.0%	16.5%
A	27.1%	10.3%	22.9%
BBB	21.7%	25.3%	23.6%
BB	27.5%	44.7%	23.5%
CC	7.3%	9.2%	4.6%

Our Global Growth portfolio leads with approximately 43% of holdings rated A or above, while the Growth Companies portfolio achieves approximately 35% in these higher-rated categories. Our Emerging Growth portfolio has 10% of holdings rated A or above, reflecting the disclosure constraints that typically apply to smaller-capitalisation companies. The concentration in BB-rated holdings across the Emerging Growth strategy (44.7%) reflects the early-stage disclosure maturity of many portfolio companies rather than poor underlying practices, and we expect improvement as these businesses mature their reporting frameworks in response to mandatory climate disclosure requirements.



Rated A or above

Portfolio Leaders

	Company	Sector	Rating	Weight
Growth Companies	Rio Tinto	Materials	AA	1.7%
	Macquarie Group	Financial Services	AA	1.8%
	CSL	Pharmaceuticals & Biotech	AA	3.9%
	Nanosonics	Health Care Equipment & Services	A	2.6%
	Cochlear	Health Care Equipment & Services	A	4.3%
Emerging Growth	Nanosonics	Health Care Equipment & Services	A	4.9%
	Nuix	Software & Services	A	2.1%
	IDP Education	Consumer Services	A	3.2%
	Netwealth Group	Financial Services	BBB	3.6%
	Hub24	Financial Services	BBB	6.2%
Global Growth	Taiwan Semiconductor	Semiconductors	AAA	1.7%
	Microsoft	Software & Services	AAA	1.7%
	Alphabet	Media & Entertainment	AA	4.8%
	Sartorius	Pharmaceuticals & Biotech	AA	3.8%
	ServiceNow	Software & Services	AA	3.6%

Pharmaceuticals and Biotechnology, Health Care Equipment & Services, and Financial Services represent key drivers of ESG leadership in our Australian portfolios. The Global Growth portfolio's leaders are concentrated in Software & Services, Semiconductors and Media, reflecting the technology orientation of the strategy.

A notable change from the prior year is the inclusion of Sartorius among Global Growth leaders, replacing ASM International. Sartorius's AA rating reflects its early adoption of EU Corporate Sustainability Reporting Directive requirements and newly validated SBTi targets. In the Growth Companies portfolio, Cochlear replaces Fisher & Paykel Healthcare among the leaders, reflecting its strong health care equipment and services disclosure profile.

Independent Analysis

Sustainable Development Goals

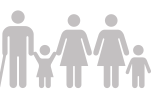
Our portfolio companies contribute to the United Nations Sustainable Development Goals across a broad range of objectives. According to Foresight Analytics' independent assessment using Screen17 and Refinitiv data, the Growth Companies and Global Growth portfolios demonstrate contributions towards all 17 SDGs, while the Emerging Growth portfolio contributes to 15 of the 17 SDGs.

The Global Growth portfolio demonstrates the strongest SDG alignment, with 59% of holdings contributing to Climate Action, 53% to Gender Equality and 47% to Decent Work and Economic Growth. The Growth Companies portfolio shows a similar pattern, led by Climate Action (49%), Gender Equality (46%) and Decent Work and Economic Growth (43%). The Emerging Growth portfolio's highest contributions are to Gender Equality (42%), Climate Action (34%) and Decent Work and Economic Growth (33%), with no contributions recorded for Industry, Innovation and Infrastructure (SDG 9) or Sustainable Cities and Communities (SDG 11), reflecting the smaller scale and domestic orientation of these holdings.

The concentration of contributions in Climate Action, Gender Equality and Decent Work reflects the characteristics of our investment process. Our focus on quality growth companies with strong governance, responsible employment practices and increasing climate disclosure translates directly into portfolio-level alignment with these sustainable development objectives. The Global Growth portfolio's broader SDG coverage, including meaningful contributions to Affordable and Clean Energy (39%), Responsible Consumption and Production (40%) and Industry, Innovation and Infrastructure (40%), reflects the larger scale and more mature sustainability reporting frameworks of its international holdings.

SDG/Goal	Growth Companies	Emerging Growth	Global Growth
01. No Poverty	8%	14%	25%
02. Zero Hunger	4%	6%	2%
03. Good Health & Well-Being	16%	8%	31%
04. Quality Education	21%	14%	41%
05. Gender Equality	46%	42%	53%
06. Clean Water & Sanitation	4%	3%	15%
07. Affordable & Clean Energy	8%	8%	39%
08. Decent Work & Economic Growth	43%	33%	47%
09. Industry, Innovation & Infrastructure	13%	0%	40%
10. Reduced Inequalities	37%	31%	31%
11. Sustainable Cities & Communities	2%	0%	18%
12. Responsible Consumption & Production	29%	26%	40%
13. Climate Action	49%	34%	59%
14. Life Below Water	2%	3%	13%
15. Life on Land	8%	9%	20%
16. Peace, Justice & Strong Institutions	17%	10%	13%
17. Partnerships for the Goals	11%	7%	26%

Source: Foresight Analytics. Data Source: Screen17, Refinitiv.
As at 31 December 2025.



01. No Poverty
End poverty in all its forms, everywhere.

02. Zero Hunger
End hunger, achieve food security and improved nutrition, and promote sustainable agriculture.

03. Good Health & Well-being
Ensure healthy lives and promote well-being for all, at all ages.

04. Quality Education
Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.

05. Gender Equality
Achieve gender equality and empower all women and girls.

06. Clean Water & Sanitation
Ensure availability and sustainable management of water and sanitation for all.

07. Affordable Clean Energy
Ensure access to affordable, reliable, sustainable, and modern energy for all.

08. Decent Work & Economic Growth
Promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all.

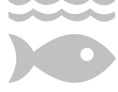
09. Industry, Innovation & Infrastructure
Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation.

10. Reduced Inequalities
Reduce inequality within and among countries.

11. Sustainable Cities & Communities
Make cities and human settlements inclusive, safe, resilient, and sustainable.

12. Responsible Consumption & Production
Ensure sustainable consumption and production patterns.

13. Climate Action
Take urgent action to combat climate change and its impacts.



14. Life Below Water
Conserve and sustainably use the oceans, seas, and marine resources for sustainable development.

15. Life On Land
Protect, restore, and promote sustainable use of terrestrial ecosystems, manage forests, combat desertification and biodiversity loss, and halt and reverse land degradation.

16. Peace, Justice & Strong Institutions
Promote peaceful and inclusive societies for sustainable development, provide access to justice for all, and build effective, accountable, and inclusive institutions.

17. Partnerships
Strengthen the means of implementation and revitalize the global partnership for sustainable development.

Responsible Investment

Our Commitment

ECP has been a signatory to the United Nations-backed Principles for Responsible Investment (PRI) since 2017. The six principles provide a framework for incorporating environmental, social and governance factors into investment decision-making and ownership practices. We report annually against these principles and use them as a reference point for continuous improvement in our responsible investment approach.

In 2022 and 2023, we were recognised as a Responsible Investment Leader by the Responsible Investment Association Australasia (RIAA). This designation recognises investment managers that demonstrate a comprehensive commitment to responsible investing, including explicit consideration of ESG factors in investment decisions, robust stewardship practices, and transparency in reporting on activities and outcomes.

Our Australian investment products hold RIAA certification, affirming they meet Australian and New Zealand standards for responsible investing and are true-to-label in their approach.

We hold a Lonsec Five Bees sustainability rating, recognising the depth of ESG integration across our investment process.

PRI Signatory
Since 2017

RIAA Responsible Investment Leader
2022, 2023

RIAA Product Certification
All domestic funds certified

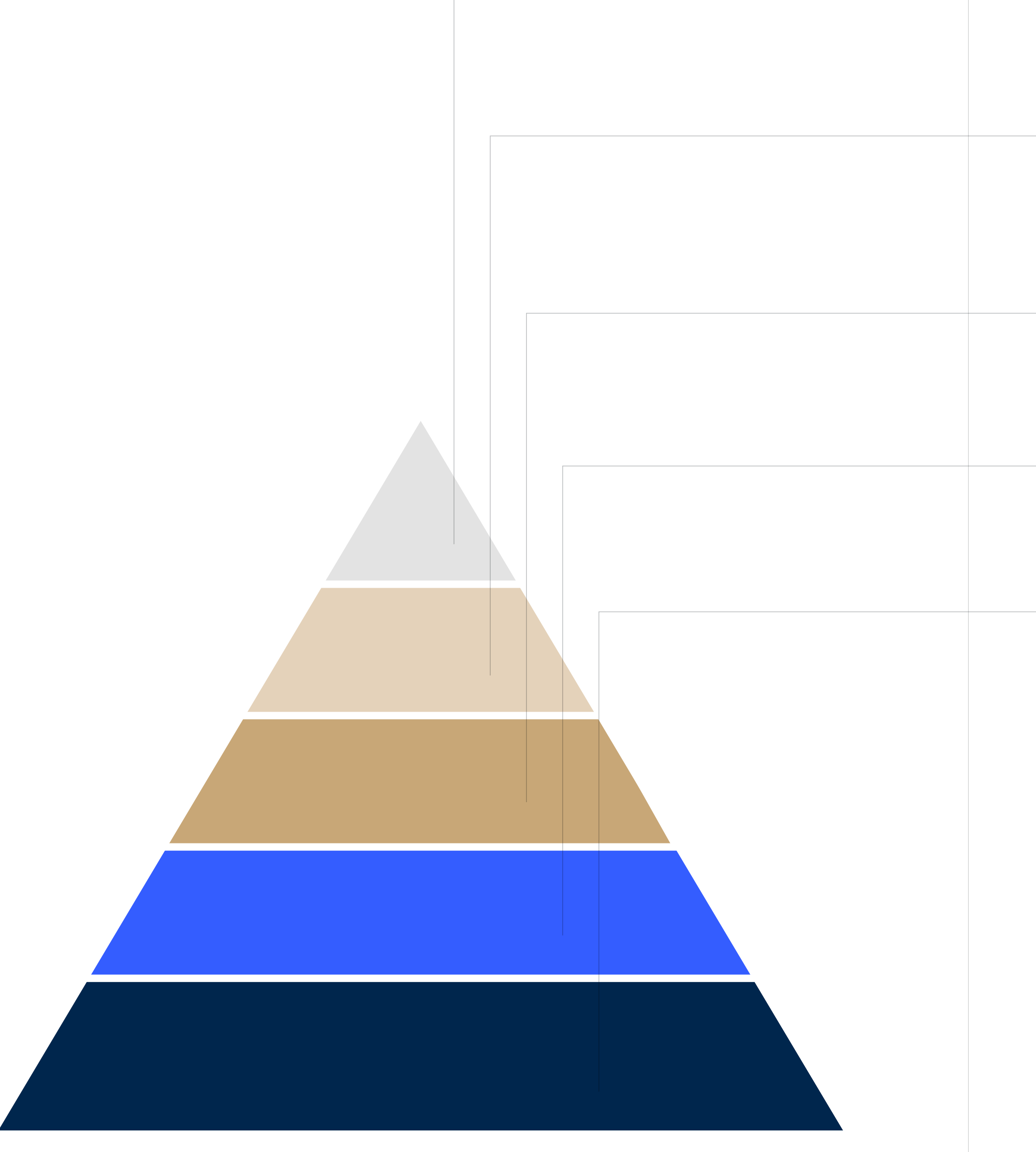
Lonsec Sustainability Rating
Five Bees

These credentials reflect the outcomes of our investment process rather than a separate overlay. We do not manage portfolios to achieve ESG ratings or sustainability labels. The recognition follows naturally from applying our Pillars of a Quality Franchise framework, which places material weight on sustainability, governance and management quality alongside traditional financial metrics.

RI & ESG Integration

ECP is committed to responsible investment. We believe that environmental, social and governance factors have a material impact on the long-term outcomes of investment portfolios and the assets in which we invest.

The consideration of ESG factors is fully integrated into our decision-making process through asset selection and portfolio management. As the diagram below illustrates, our exclusionary screens and fundamental analysis sit within a broader framework anchored by our investment philosophy and objectives.



"ECP is committed to responsible investment. We do this to ensure we meet our investment objectives for our clients."

Investment Objective

Our investment objective is to generate returns 2-4% p.a. above the benchmark over a rolling five year period.

Fundamental Analysis

We invest in Quality Franchises. Our definition of quality requires a low level of macro-environmental issues, good ESG practices, and Dynamic Capabilities.

Exclusionary Screens

We exclude areas from our universe so that we can avoid risks to the predictability of future business performance.

Investment Universe

We consider all companies as investable, and through our investment process we whittle down this universe based on our definition of quality.

Investment Philosophy

Our investment philosophy is based on the belief "the economics of a business drives long-term investment returns."

Identifying and understanding the key drivers of risk and return is a crucial skill for any long-term active investor. Traditionally these drivers were defined purely in economic terms: revenue, margins, volatility of returns. As markets have evolved, it has become evident that environmental, social and governance considerations are central to understanding the contextual, systematic and idiosyncratic factors in investment analysis.

Importantly, the issues captured by the term ESG are not static. They change over time as certain risks become more prominent or as community expectations shift. Distinguishing between transient business challenges and deep-rooted issues that could affect a company over the long term is crucial. In a world characterised by volatility and rapid change, including technological disruption, pandemic risk and geopolitical conflict, this skill is more vital than ever.

ESG analysis does have limitations. Standard environmental assessments such as carbon footprint evaluations might overlook vulnerabilities to climate events or supply chain disruptions. Social evaluations might miss broader workforce issues exposed during crises or significant industry transitions. We therefore look beyond standard ESG metrics to assess the full picture of business resilience.

RI & ESG Integration

What We Look For

As responsible investors, we seek to understand ESG and sustainability holistically to assess long-term investment potential. Our approach can be summarised as follows:

We invest in companies that have -	We do this so that we have -
✓ A low exposure to negative macro-environmental factors that impact business operations.	→ Confidence in the predictability of future business performance.
✓ A low exposure to ESG risks that cannot be managed or mitigated by the company.	→ Certainty that the business is acting appropriately for all stakeholders.
✓ Demonstrated Dynamic Capabilities that sustainably renew its competitive advantage through time.	→ Evidence that the business is resilient and that its competitive advantage will drive business expansion.
✓ Trustworthy management that is capable, competent, and experienced to deliver their strategy.	→ Conviction that the management team will execute their business strategy as defined.

Fiduciary Perspective

As a fund manager, ECP has a fiduciary duty to our clients to ensure that we adequately consider and assess any company-related risks. Since ESG is fundamental to our investment thesis, these issues are subject to intense scrutiny in our assessment of any investment opportunity.

A company we assess as being investment-grade - a Quality Franchise - inherently requires a full assessment of ESG factors to ensure a sustainable business model that can generate predictable earnings growth over time. Accounting for ESG risks and opportunities leads to more informed investment decisions and a better understanding of long-term potential.

Exclusions

To maximise long-term outcomes for our clients, we apply negative screens to avoid the deterioration of business performance, whether due to organisational, social or environmental factors.

Our exclusionary principles:

- To avoid risks that may present significant harm to our society and our environment.
- To avoid risks that may limit the industry growth outlook of our investments.
- To avoid ESG-related risks that may impact the predictability of investment performance.

We have a 0% threshold allowance for companies' revenues in the below sectors. The following list does not extend to parts of the supply chain which use these products or services, nor does it include resellers, such as supermarkets, that may distribute or retail others' products.

Environmental

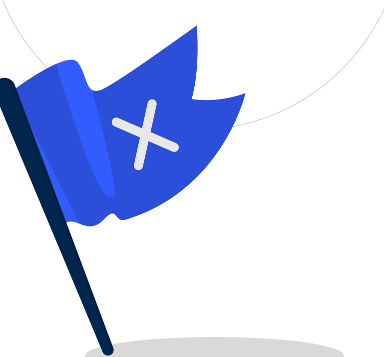
X Thermal coal
X Petroleum
X Logging
X Palm oil
X Pesticides

Social

X Gambling
X Adult entertainment
X Weapons
X Tobacco

Governance

X System poor governance
X Human rights violations



The Evolving Landscape

2025 was the year sustainability regulation in Australia moved from planning to practice. The mandatory climate reporting regime went live, greenwashing penalties continued to climb, and the government's approach to AI governance took an unexpected turn. For investors, the collective effect is a disclosure environment that is materially richer than twelve months ago, but also one that demands greater precision in how ESG claims are made and substantiated.

Climate Disclosure Becomes Law

The Australian Sustainability Reporting Standards took effect on 1 January 2025, requiring Group 1 entities to prepare climate-related financial disclosures under AASB S2 as part of their annual reports. This is not a voluntary framework. Climate statements are now subject to director liability, phased assurance requirements and lodgement with ASIC alongside financial reports.

ASIC published Regulatory Guide 280 in March to support implementation, and the AUASB finalised assurance standards specifying the pathway from limited to reasonable assurance over coming years. In December, Treasury extended modified liability protections for certain protected statements, including Scope 3 emissions, scenario analysis and transition plans, providing some comfort to preparers navigating first-year disclosures. The AASB also issued targeted amendments aligning AASB S2 with ISSB clarifications on financed emissions and alternative measurement approaches.

For our portfolio, the implications are direct. With 65% of Australian holdings in Group 1, the majority of our domestic companies are now preparing climate statements that will be audited, assured and publicly available. The quality of climate data available for investment analysis has improved meaningfully as a result, and we expect this to accelerate further as Group 2 entities begin reporting from July 2026.

Greenwashing: Three Strikes and Counting

Regulators made clear that enforcement of misleading ESG claims is not a passing phase. In March, the Federal Court ordered Active Super to pay $10.5 million for misrepresenting the ESG credentials of its investment screens, ASIC's third successful greenwashing court action following the Vanguard and Mercer penalties in 2024. Combined, these three cases have resulted in over $34 million in penalties.

The ACCC expanded its own enforcement activity, pursuing proceedings against Clorox for misleading recyclability claims and signalling ongoing investigations across energy, food, fashion and waste management. In November, ASIC issued further infringement notices against superannuation funds for overstating climate commitments in advertising. Both regulators confirmed greenwashing as a 2025 enforcement priority and show no sign of easing their focus.

The Australian Association of National Advertisers also introduced its Environmental Claims Code from March, establishing industry-wide standards for green marketing claims. For asset managers, the message is unambiguous: every ESG claim must be defensible, evidence-based and true-to-label.

AI Governance: A Pragmatic Pivot

The anticipated mandatory AI guardrails did not materialise. After proposing ten mandatory guardrails for high-risk AI in September 2024, the government changed course during CY2025. Following industry feedback and the Productivity Commission's assessment that prescriptive AI-specific legislation could chill innovation, the government opted to rely on existing technology-neutral legal frameworks rather than introduce new AI-specific regulation.

In October, the National AI Centre published Guidance for AI Adoption, replacing the Voluntary AI Safety Standard issued just twelve months earlier. The new guidance consolidates ten guardrails into six essential practices and is pitched at both AI developers and deployers. An AI Safety Institute, funded at $29.9 million, is expected to become operational in early 2026 to assess advanced AI risks, coordinate regulatory insights and recommend targeted reforms where gaps in existing law are identified.

Meanwhile, the government updated its Policy for the Responsible Use of AI in Government in December, with new mandatory requirements for Commonwealth agencies phasing in from mid-2026. New South Wales became the first Australian state to specifically regulate AI-related safety risks in workplaces.

For investors, this means AI governance assessment remains a moving target. The absence of prescriptive regulation does not reduce the materiality of AI-related risks. Privacy, consumer protection, workplace safety and anti-discrimination laws all apply to AI deployment, and we continue to assess how portfolio companies are governing their AI adoption under these existing frameworks.

Diverging Global Priorities

A notable development in 2025 was the widening gap between jurisdictions on ESG priorities. While Australia and Europe continued to embed sustainability into regulatory frameworks, US federal policy shifted toward deregulation and political opposition to ESG intensified. This divergence creates complexity for global portfolio managers but does not change our assessment of materiality. Climate risk, governance quality and social licence remain financially relevant regardless of which political administration holds office in any given jurisdiction. Our focus remains on the factors that drive long-term business performance and risk-adjusted returns for our clients.

Our Materiality Risk Assessment

We prioritise sustainability-related issues that are most material to the financial and operational performance of both our investments and our own operations. Recognising that our material issues generally remain consistent, we perform a detailed materiality assessment every three years. The most recent assessment was endorsed by our Board and identifies six priority areas: data and cyber security, environmental considerations, stakeholder relations, supply chain management, governance, and dynamic capabilities.

These six areas form the basis of our Red Flag Register, a proprietary tool we use to systematically assess ESG risk across every holding. For each company, we evaluate 18 specific criteria across the six material topics. Each criterion is binary: either met or not met. The resulting score directly influences how we value and size each position.

From Assessment to Valuation

Sustainability risk is not a qualitative overlay at ECP. It is embedded in our valuation models.

Once a company clears our 90% Quality Franchise Score threshold, it receives a Red Flag Register assessment. This sustainability score becomes one of five factors that determine the company's discount rate, alongside stage of lifecycle, company size, cash generation history, and earnings cyclicality. Based on the combined assessment, each holding is assigned to a discount rate bucket, with premiums or discounts applied relative to the market cost of equity.

Companies with elevated Red Flag counts are assigned to higher discount rate buckets. This reduces their calculated intrinsic value and constrains position size. A company cannot earn a large portfolio weight simply by appearing cheap on financial metrics. It must also demonstrate acceptable practices across our six material topics.

The mechanism is deliberate: sustainability considerations carry direct, quantifiable consequences for capital allocation.

Ongoing Monitoring and Engagement

The Red Flag Register is not static. We reassess holdings continuously as new information emerges, whether from company disclosures, regulatory developments, media reports, or our own engagement activities.

Improvement is rewarded. A company that addresses flagged issues can see its sustainability score improve, reducing its discount rate and unlocking eligibility for larger position sizes. Deterioration triggers the opposite response: a higher required return and tighter position limits.

For holdings with elevated Red Flag counts, we pursue active engagement with management to address identified gaps. Where engagement fails to yield progress over a reasonable timeframe, we will reduce or exit positions regardless of the financial case. Our fiduciary duty to clients includes protecting them from ESG-related value destruction, not just capturing upside.

What We Assess

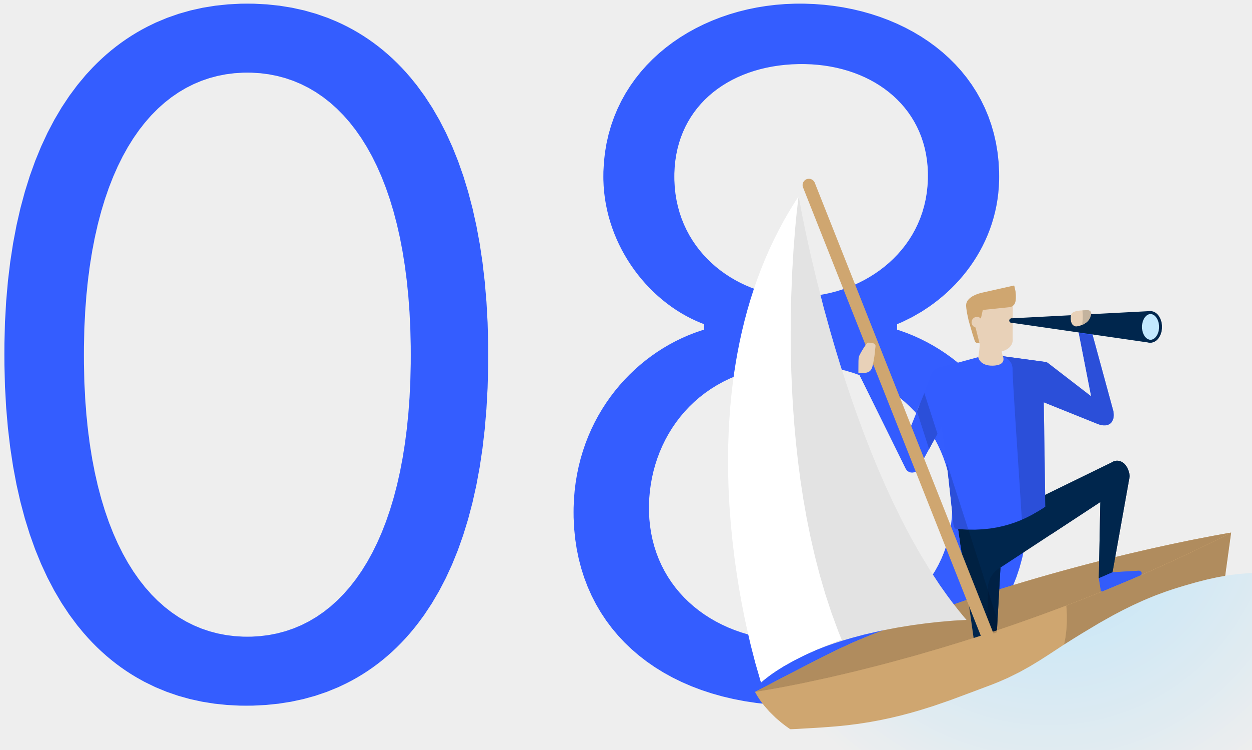
Our Red Flag Register evaluates 18 specific criteria across six material topics. Each criterion is binary - either met or not met - providing a clear and consistent framework for assessing sustainability risk across all holdings.

> "Sustainability risk is not a qualitative overlay at ECP. It is embedded in our valuation models."

Our Materiality Risk Assessment

	Key Risk	Why It Matters for Long-term Shareholders	What We Assess
Data, IP & Cyber Security Ensuring the integrity and security of data, intellectual property, and cyber infrastructure.	Exposure to cyber-attacks, data breaches, intellectual property theft and regulatory penalties	Cybersecurity failures can cause significant financial losses, reputational damage and operational disruptions. For technology and data-dependent businesses, IP protection is fundamental to competitive advantage.	Adherence to Essential Eight or NIST cyber frameworks with third-party testing; Executive accountability for data protection with remuneration linkage; Freedom from material breaches of data or IP security
Environmental Considerations Targeting the reduction of GHG emissions, aligning with sustainability initiatives, and minimising the impact on the environment, including biodiversity loss.	Physical and transitional climate risks, regulatory penalties, reputational damage from environmental negligence	Companies exposed to environmental risks face potential asset impairment, stranded assets, increased operating costs and loss of social licence. Regulatory requirements are tightening globally.	Avoidance of high-impact sectors or implementation of energy and waste management strategies; GHG reduction targets with documented Scope 1 & 2 emissions; Compliance with ASRS, SASB, ESRS or publication of TCFD report
Stakeholder Relations Actively focusing on both internal and external stakeholders to enhance human resource management and stakeholder interaction, driving sustainable growth.	Talent retention challenges, reduced productivity, reputational damage, stakeholder disputes	Companies that fail to maintain positive stakeholder relationships face higher turnover, lower productivity and potential boycotts or activism. Human capital is often the primary driver of value in quality franchises.	Active diversity and inclusion policies with career development programs; Clean workplace safety record with no material OHS incidents; No challenges from shareholders, communities, franchisees or whistleblowers
Supply Chain Management Internal and external supply chains adhere to ethical practices, emphasising the prevention of modern slavery, and minimising supply chain risks by maintaining a keen focus on supplier conduct standards.	Legal and reputational risks from human rights violations, supply chain disruptions, supplier disputes	Supply chain failures can halt operations, attract regulatory scrutiny and cause lasting reputational damage. Modern slavery exposure is an increasing focus of legislation and investor attention.	Established and enforced responsible sourcing policy across all suppliers; Modern Slavery Act compliance with annual reporting; No reported issues or disagreements with suppliers
Governance Strong governance structures, regulatory compliance, and integration of ESG principles across operations.	Governance failures, non-compliance penalties, poor ESG oversight, legal liability	Weak governance is often a leading indicator of broader management problems. Companies with governance failures face regulatory penalties, litigation and erosion of investor confidence.	Executive KPIs linked to ESG or specific sustainability measures; Board and senior leadership with >30% women; No involvement in significant lawsuits or regulatory penalties in past 12 months
Dynamic Capabilities A culture of innovation and adaptability by swiftly adapting operations and strategies in response to market changes and technological advancements to sustain competitiveness.	Inability to adapt to market changes, technological disruption, declining competitiveness	Companies that fail to sense and respond to changing conditions face obsolescence. Dynamic capabilities - the ability to adapt, innovate and transform - sustain competitive advantage through disruption.	No material exposure to PESTLE-related issues affecting operational predictability; Active R&D program with reinvestment for future growth; No signs of failure to adapt or manage environmental change

Stewardship & Engagement



Our Approach to Active Ownership

Active ownership is our opportunity to improve sustainable corporate practices and is a key mechanism for delivering long-term value creation for our investors. We believe the only way to grow wealth that is resilient and sustainable is to invest money in a careful, considered and committed way. This conviction underpins our approach to stewardship.

At ECP, stewardship has two dimensions: research-led engagement and active ownership.

Research-Led Engagement

Our stewardship begins before we invest. Through the research process, we engage with management teams to understand how they think about sustainability, governance and competitive positioning. This dialogue informs our assessment of management trustworthiness - a core component of our Pillars of a Quality Franchise framework.

Our Management Pillar assesses governance factors including board structure, size, diversity, skills and independence, executive remuneration, shareholder rights, stakeholder interaction, disclosure practices, business ethics, and internal controls. We seek management teams that are capable, competent and aligned with long-term shareholder interests.

This research-led engagement continues throughout the holding period. We maintain regular dialogue with portfolio companies, meeting with senior management and board members to discuss strategy execution, emerging risks and sustainability practices. These conversations are tailored to each company's circumstances rather than following a standardised checklist - we focus on the factors most relevant to our investment thesis over a five-year horizon.

Active Ownership

As shareholders, we exercise our ownership rights to promote:

- Transparency - Companies should provide clear, comprehensive disclosure of material risks and opportunities, including ESG factors
- Accountability - Boards and management should be accountable to shareholders for performance and conduct
- Independence - Boards should maintain sufficient independence to provide effective oversight of management
- Long-term value - Capital allocation and strategy should prioritise sustainable value creation over short-term outcomes

We express these principles through two primary channels: direct engagement and proxy voting.

Direct Engagement

We engage with all portfolio companies throughout the year, with the frequency and intensity of engagement calibrated to the materiality of issues and the size of our position. Larger holdings receive proportionally more attention given their impact on portfolio outcomes.

Our engagement is informed by our Red Flag Register. Where we identify elevated sustainability risk, we engage directly with management to understand the issues and advocate for improvement. We track engagement outcomes and escalate where progress is insufficient - including through voting, position reduction or exit.

Engagement topics are shaped by the prevailing environment. In CY2025, our discussions focused heavily on:

- Dynamic Capabilities - How companies are responding to technological disruption, particularly AI adoption and its implications for business models
- Climate Transition - Progress on emissions reduction, alignment with regulatory requirements and physical risk management
- Cybersecurity and Data Protection - Governance frameworks, incident response capabilities and executive accountability
- Human Capital - Talent retention, workplace culture and stakeholder relations

Proxy Voting

Voting is a visible and concrete expression of our views. Where private engagement has not yielded satisfactory outcomes, or where resolutions raise concerns about governance, remuneration or sustainability practices, we vote against management recommendations.

We vote on all resolutions for holdings where we have voting rights. Our voting decisions are guided by our principles of transparency, accountability, independence and long-term value. A record of our voting activity is available on our website.

Engagement Summary

Throughout CY2025, our investment team engaged with every company held across our Australian and Global portfolios. We conducted 504 portfolio engagements across 66 companies, complemented by 610 sustainability-focused engagement activities encompassing PESTLE analysis, ESG assessment and Dynamic Capability evaluation. Each interaction involved direct dialogue with senior management or, where appropriate, the board, focused on the sustainability and long-term quality of business operations.

Our engagement approach is deliberately tailored rather than formulaic. We do not apply a standardised questionnaire across the portfolio. Instead, each engagement is shaped by the factors, issues and events most material to our investment thesis for that company over a five-year investment horizon. The specific areas we explore are influenced by the prevailing operating and regulatory environment.

In CY2025, our engagement was particularly concentrated across three thematic areas:

Artificial intelligence and energy infrastructure. As AI adoption accelerated across our portfolio companies, our engagement moved beyond competitive positioning to focus on the capital intensity and energy consumption implications of AI infrastructure buildout. For our global technology holdings,including Microsoft, Amazon, Alphabet and ServiceNow, we explored how rising data centre demand is reshaping capital allocation, power procurement strategies and carbon commitments. For our Australian portfolio, we assessed how companies across sectors are deploying AI to enhance operational efficiency and customer experience.

Mandatory climate reporting. With Australia's mandatory climate-related financial disclosure requirements now in effect for large reporters, monitoring companies' preparedness for AASB S2 compliance, their Scope 1, 2 and 3 data, and the credibility of stated transition plans is reviewed. Many portfolio companies have materially improved their climate reporting frameworks during the year.

Geopolitical risk and supply chain resilience. Against a backdrop of escalating trade tensions, tariff uncertainty and shifting global supply chains, we increased our engagement on geographic concentration risk, sourcing diversification and the resilience of business models to regulatory fragmentation. This was particularly relevant for holdings with cross-border operations including James Hardie, IDP Education and our global semiconductor and technology positions.

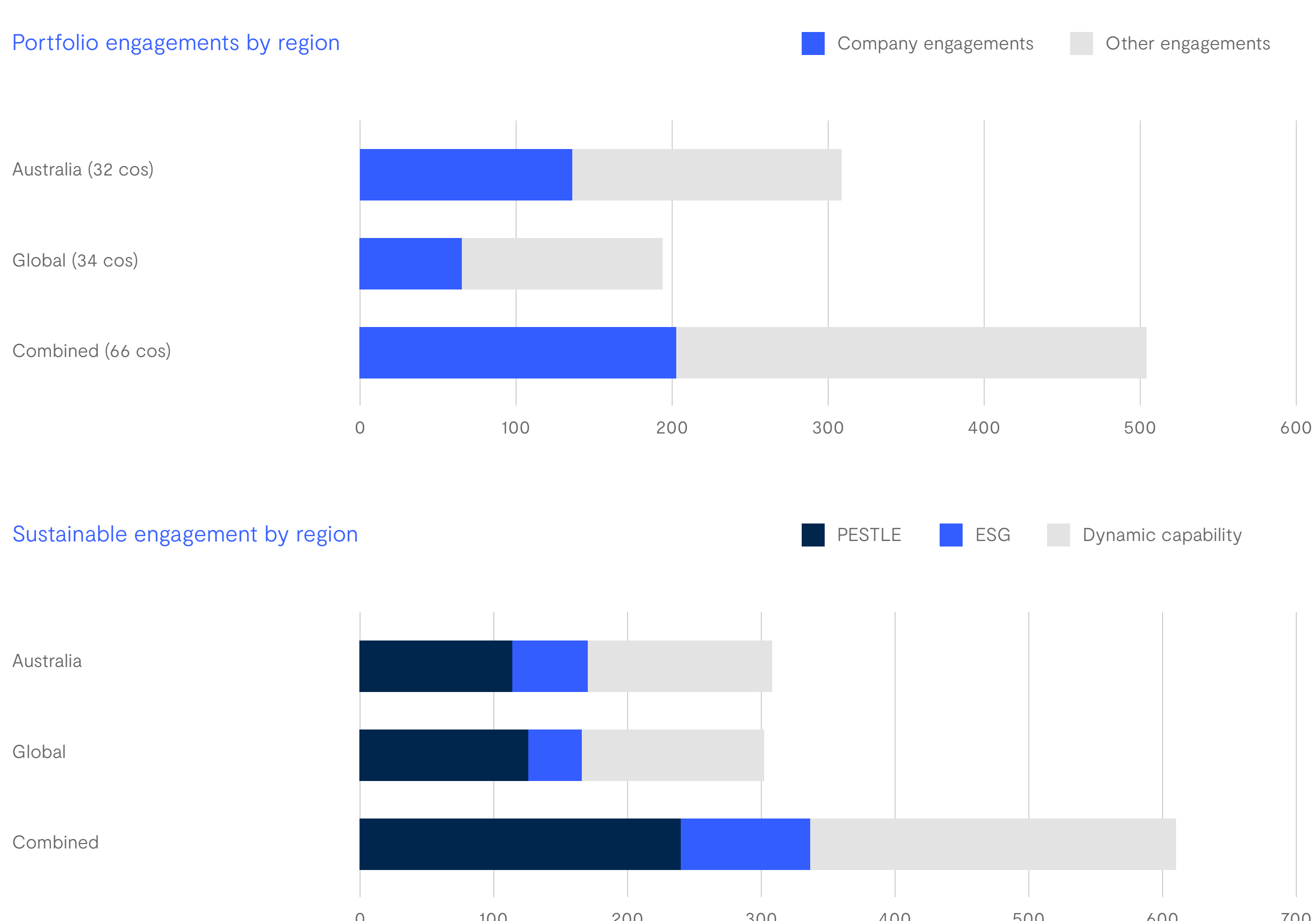
CY25 Engagement Activity

66
Total companies

504
Portfolio engagements

610
Sustainability engagements

8
Avg per company



Our Australian portfolio received an average of 10 engagements per company, reflecting the depth of our domestic research relationships and the advantages of proximity. Our Global portfolio averaged 6 engagements per company across a 34-company international portfolio spanning North America, Europe and Asia-Pacific. The Global portfolio was actively repositioned during CY2025, with seven new positions established, including Ferrari, AppLovin, Copart, Roper Technologies, Equifax, Deckers Outdoor and Hemnet, reflecting our ongoing effort to identify quality growth businesses with sustainable competitive advantages across global markets.

Company engagements (comprising direct management meetings, site visits, one-on-one calls and boardroom interactions) accounted for 203 of the 504 total engagements. The remaining 301 engagements included broker-hosted conferences, industry events, expert network sessions and sell-side analyst meetings that provided valuable context for our sustainability assessment framework.

Sustainability engagement was slightly more intensive than portfolio engagement in aggregate, with 610 sustainability-focused activities across the three pillars of our framework. PESTLE analysis, evaluating the political, economic, social, technological, legal and environmental forces shaping each company's operating environment, accounted for 240 engagements. Dynamic Capability assessment, evaluating management's ability to sense, seize and transform in response to changing environments, contributed 273 engagements. ESG-specific assessment contributed a further 97 engagements.

Segment Reporting

We segment our engagement activity by company market capitalisation to monitor coverage consistency across the portfolio. Companies are classified as mega cap (above A$50 billion for Australian holdings / above US$100 billion for Global holdings), large cap, mid cap or small cap (below A$2 billion / US$2 billion).

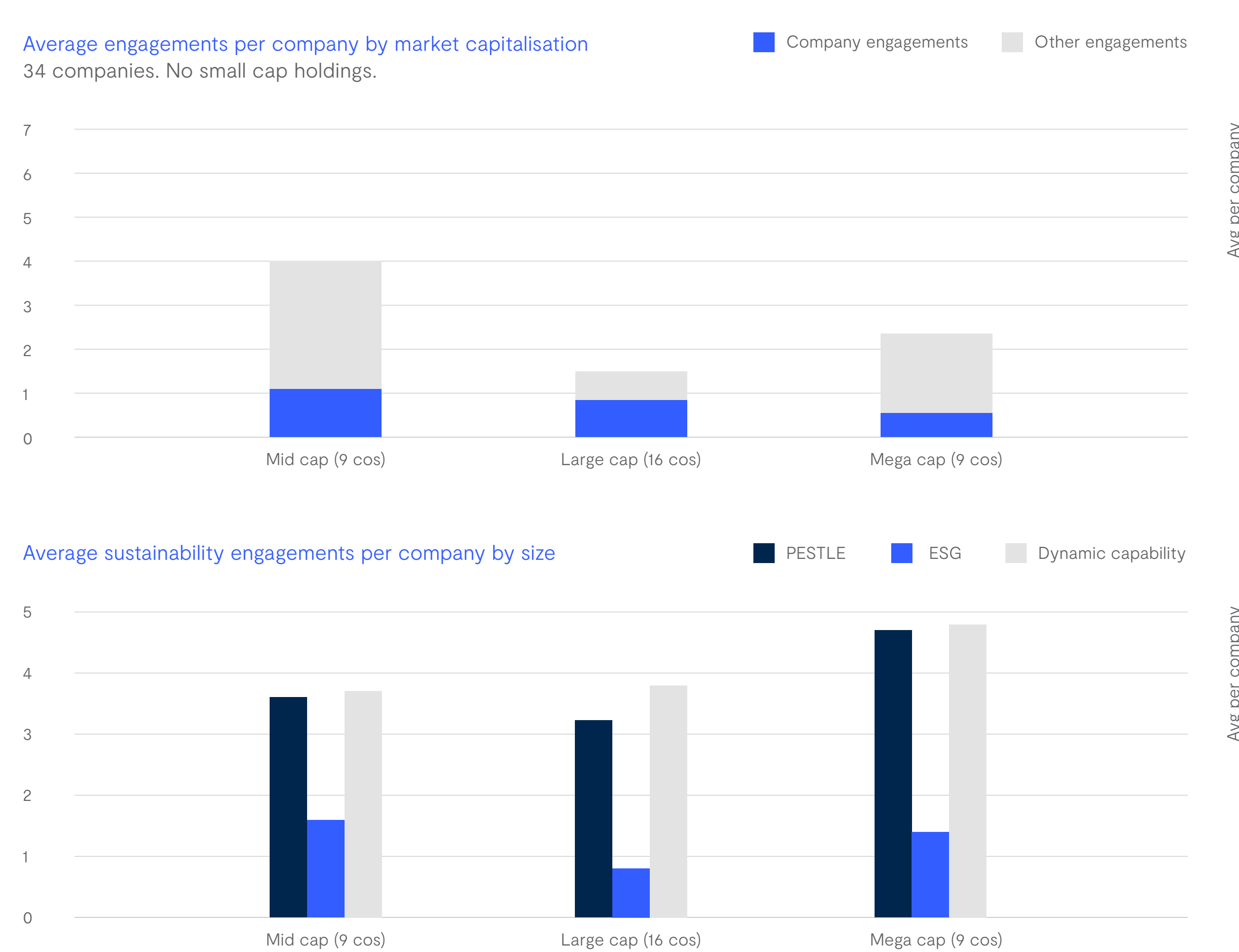
Engagement Summary

Australian Portfolio

Across the Australian portfolio, total engagement activity increases with market capitalisation where mega cap companies averaged 13.5 engagements per company compared with 6.1 for small caps, driven primarily by the volume of broker conferences, industry events and sell-side coverage available for larger companies. However, the composition of engagement shifts meaningfully toward direct company interaction at smaller capitalisations. Mid cap companies received the highest average direct company engagements at 5.0 per company, compared with 2.8 for mega caps, reflecting the greater opportunity for differentiated insight with management teams of mid-sized businesses.

The sustainability engagement pattern is particularly instructive. Mid cap holdings received the highest average sustainability engagement intensity at 11.8 per company, led by PESTLE assessment (4.8 per company) and Dynamic Capability evaluation (4.9 per company). Small caps followed closely at 10.1 per company. This reflects our conviction that sustainability engagement has the greatest marginal impact with developing businesses where governance frameworks, disclosure practices and external risk management are still maturing. Companies such as IDP Education, Guzman y Gomez and Lovisa received among the highest engagement counts in the portfolio given the breadth of sustainability issues relevant to their global operations.

Global Portfolio



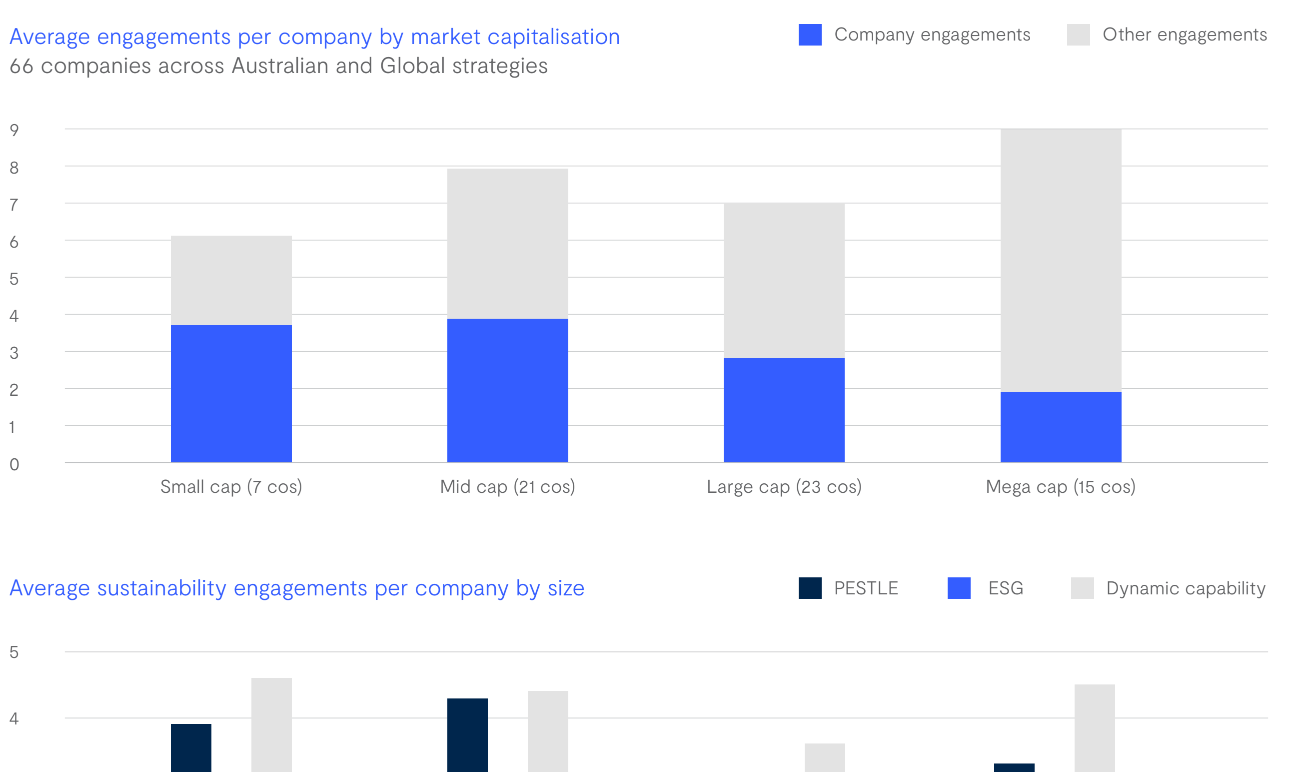
A notable feature of the CY2025 Global engagement data is the high sustainability intensity at the mega cap level, averaging 10.9 sustainability engagements per company. This reflects the depth of sustainability issues embedded in our largest global holdings. Companies such as Microsoft, Amazon and Taiwan Semiconductor each received 8 or more sustainability engagements given the materiality of their AI infrastructure buildout, energy commitments and supply chain governance. Copart, a new position, also received intensive engagement (14 sustainability engagements) as we built our assessment of a business with complex environmental and regulatory considerations.

Mid cap holdings, including IDP Education, Wise, Diploma and Hemnet, received an average of 6.7 total engagements and 8.8 sustainability engagements per company. Direct company engagement was highest for mid caps at 2.4 per company, reflecting the greater accessibility of management teams at this scale and our active ownership approach.

Engagement Summary

Combined Portfolio Perspective

Average engagements per company by market capitalisation
66 companies across Australian and Global strategies



Average sustainability engagements per company by size

Across the combined 66-company portfolio, average total engagement per company ranged from 6.1 to 8.9 across size categories, demonstrating that our engagement programme scales effectively regardless of company size. The composition of that engagement continues to vary in a deliberate and instructive way.

Direct company engagements increase as market capitalisation decreases: mid and small caps averaged 3.9 and 3.7 direct company engagements per company respectively, compared with 1.9 for mega caps. This pattern reflects our active ownership philosophy: smaller and mid-sized businesses offer greater opportunity for constructive dialogue with management, and our engagement can have a more direct influence on governance and sustainability practices.

Sustainability engagement intensity was highest for mid and small cap holdings, averaging 10.5 and 10.1 sustainability engagements per company respectively. However, a notable development in CY2025 was the increase in mega cap sustainability intensity to 9.3 per company, up from 6.4 in CY2024, reflecting the growing depth of sustainability issues at the largest companies, particularly around AI infrastructure, energy transition and data governance. This convergence across size buckets underscores that sustainability assessment is material at every level of our portfolio, not just for developing businesses.

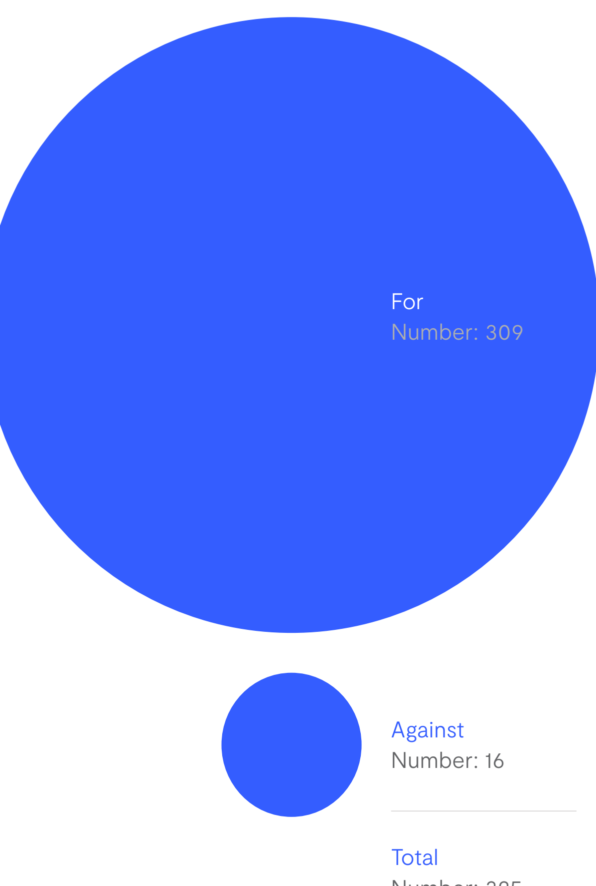
PESTLE assessment, our framework for evaluating external forces shaping long-term business sustainability, was most intensive for mid cap holdings at 4.3 per company, driven by the complexity of operating environments for businesses scaling across multiple geographies. Dynamic Capability assessment was remarkably consistent across all size categories at 3.6 to 4.6 per company, reinforcing that management quality evaluation is equally important regardless of company scale.

Voting Summary

Australian Companies

Proxy voting is a visible and concrete expression of our views as shareholders. We vote on all resolutions for Australian holdings where we have voting rights, with our decisions guided by our principles of transparency, accountability, independence and long-term value.

We voted on a total of 325 resolutions applicable to positions across the various portfolios ECP managed during the FY25 period, including 16 against the resolution. A record of our voting activity is available to view on our website.



Case Studies

Hemnet Group (STO: HEM)

Hemnet is Sweden's dominant residential property portal, commanding approximately 90% of the Swedish property advertising market. Our investment thesis centres on the same structural advantages we value in REA Group and Rightmove: the network effects inherent in leading property classifieds platforms cement competitive positions that enable sustained pricing power. Hemnet's near-universal reach among Swedish home buyers provides the foundation for continued growth in Average Revenue Per Listing as the platform captures an increasing share of the value chain between sellers, agents and buyers.

Hemnet was a new inclusion in the Global portfolio during CY2025. Under our sustainability framework, the company has one red flag and receives a HIGH sustainability score, reflecting the capital-light nature of the platform model, strong governance practices and limited environmental footprint.

Our primary sustainability concern centres on Hemnet's relationship with real estate agents, who represent its core supplier base. This dynamic is inherent to the property portal model globally: agents depend on the platform's buyer audience to market properties effectively, while simultaneously resisting the pricing power that audience concentration affords. Hemnet's dominant share of potential home buyer traffic has historically insulated the business from periodic agent dissatisfaction with pricing. We do not expect the economic logic to shift (agents cannot afford to forego access to Sweden's primary property audience) but a sustained and coordinated withdrawal from the platform would break the network effect that underpins our thesis. We will continue to monitor the health of this relationship as a core stewardship priority.

As a newly initiated position, our engagement in CY2025 focused on establishing a baseline understanding of Hemnet's governance maturity, competitive positioning and sustainability practices. In CY2026, we will deepen our engagement with management on agent relationship management, pricing strategy and the company's approach to data privacy and platform governance.

Corporate Travel Management (ASX: CTD)

Corporate Travel Management is a leading corporate travel provider operating principally across Australia, North America, Europe and Asia. The company has built its competitive position through a combination of high-quality service delivery and proprietary booking technology, which together enable CTD to win and retain clients in the fragmented SME segment of the global corporate travel market. Despite being one of the larger players globally, CTD commands a small share of total addressable spend, and this market fragmentation is central to our long-term growth thesis.

Under our sustainability framework, CTD has historically scored well with minimal red flags. However, CY2025 brought a material governance event that fundamentally altered our sustainability assessment.

Following the appointment of incoming auditors, a material breach of internal controls and procedures was identified within CTD's UK business. This triggered a detailed and lengthy review of contracts, resulting in the company's shares being suspended from trading for approximately five months at the time of writing. Material discrepancies in revenue recognition have been identified, and adjustments to historical revenue will be required with corresponding implications for reported profitability and cash flows. The full extent of the financial impact is not yet known.

We engage with the CEO, CFO and Chairman on a regular basis and had previously expressed concerns about turnover in key finance personnel and the quality of market communication. Until this event, we had been satisfied with the focus and progress being made. We had also been active in speaking with industry experts, competitors and other stakeholders to assess the commercial viability of CTD's service and technology-led strategy, which we continue to believe is sound.

Since the identification of the control breach, our engagement with management and the board has intensified significantly. Our focus has shifted to understanding the scope and severity of the accounting discrepancies, the adequacy of remediation measures, and the governance failures that allowed the breach to occur. We are awaiting the final reports from KPMG and the resumption of trading before further investment decisions can be made.

This case study illustrates a core principle of our sustainability framework: the sustainability and correct functioning of a company's financial reporting infrastructure is itself a material ESG consideration. Governance failures in financial controls can be as consequential as environmental or social risks, and our Red Flag Register is designed to capture and escalate precisely these types of operational governance breakdowns.

Copart (NASDAQ: CPRT)

Copart is the leading franchise in the salvage vehicle auction market, underpinned by a physical infrastructure footprint accumulated over decades that creates unit economics which are virtually impossible to replicate. Copart's large international buyer base (those seeking vehicles to drive rather than salvage for parts) enables the platform to achieve average selling prices approximately three times higher than its nearest competitor, driving record gross returns for insurance company consignors. The business is owner-operated with a long-tenured management team that demonstrates an ownership mentality and a proven track record of disciplined capital allocation.

Copart was a new inclusion in the Global portfolio during CY2025. Under our sustainability framework, the company has two red flags and receives a HIGH overall score. Both flags sit within the governance category: Copart currently has no executive KPIs linked to specific sustainability measures, and the board has significantly less than 30% female representation. Outside of these governance gaps, the company demonstrates sound reporting across all other sustainability categories.

We engaged with the management team through group meetings following quarterly results. Our engagement focused on understanding the cyclical dynamics affecting Copart's insurance volumes. Through these discussions, we developed confidence that the decline in US salvage unit volumes is attributable to a combination of market share shifts among insurance carriers and soft claims counts resulting from consumers paring back automotive insurance coverage, cyclical factors rather than structural impairment. The evidence suggests volumes are at or near a cyclical trough driven by insurer policy decisions rather than deterioration in Copart's competitive position.

Looking ahead, we see the operating environment improving as automotive insurance pricing rationalises and claims volumes recover. Over the medium to longer term, we see significant earnings growth potential as Copart leverages its physical and digital infrastructure to expand its non-insurance businesses (CDS and Blue Car) where unit economics are superior to the traditional insurance salvage business and the total addressable market is multiples larger.

In CY2026, our engagement will focus on board composition and the introduction of sustainability-linked executive incentives, alongside continued monitoring of volume trends and the non-insurance growth opportunity.

Case Studies

CSL (ASX: CSL)

CSL is a global leader in biotechnology, specialising in immunoglobulin therapies and rare disease treatments. Our investment thesis is anchored in the structural growth of rare disease diagnosis rates, combined with rising returns on capital from efficiency programmes and less capital-intensive expansion of plasma collection capacity.

CY2025 proved a challenging year. CSL navigated regulatory headwinds including the introduction of US tariffs and "Most Favoured Nation" drug pricing proposals, alongside softer demand for influenza vaccines within the Seqirus division. Internally, the company is restructuring to address organisational complexity and absorb recent R&D setbacks, including the failure of CSL112 in its Phase III cardiovascular trial. In response, we increased the sustainability risk applied within our valuation framework, resulting in a lower target weighting for the stock.

Throughout the period, we actively engaged with CSL's Chairman, advisors and management team. Our engagement focused on financial reporting standards, governance structures and management's strategies for mitigating regulatory and operational risks. We are pleased to report that this engagement, alongside advocacy from other active shareholders, contributed to a change in how acquired intangible amortisation is reported, fostering a more transparent communication of underlying business performance.

We also expressed our opposition to the proposed divestiture of the Seqirus influenza vaccine business as a standalone ASX listing. While we are sympathetic to management's desire to allocate resources efficiently and sharpen the market's focus on the core plasma franchise, we do not believe a separate listing would capture appropriate value for this asset given Seqirus's earnings cyclicality and limited standalone trading comparables.

In CY2026, our engagement will focus on the progress of organisational restructuring, the pipeline following the CSL112 setback, and the resolution of the Seqirus strategic review.

WiseTech Global (ASX: WTC)

WiseTech Global (ASX: WTC) is the leading provider of logistics execution software globally, with deep customer integration and high switching costs that underpin recurring revenue growth. Our long-term investment thesis is anchored in the strength of the CargoWise platform and the structural digitisation of global trade logistics.

During CY2025, WiseTech experienced an extended period of governance uncertainty following media and regulatory attention focused on founder and long-standing CEO Richard White. While multiple claims were investigated and many were not substantiated, the situation created elevated uncertainty around senior leadership stability, potential management distraction and the risk of executive turnover in a founder-led business.

In response, we increased the sustainability risk applied to WiseTech in our valuation framework, raising the discount rate and reducing the stock's target weighting. This allowed us to lower risk exposure while governance, leadership continuity and succession clarity remained uncertain.

Throughout the period, we actively engaged with the company. We met with investor relations to understand governance processes and succession planning, and we closely monitored management retention beyond the publicly reported board changes. Importantly, we also engaged with WiseTech's customers, who consistently indicated that the governance issues had no impact on their use of the CargoWise platform or their intention to continue using it. This customer feedback was a critical input to our assessment: it confirmed that the platform's value proposition and switching costs remained intact regardless of leadership headlines.

As the year progressed, governance processes stabilised, investigations concluded and operational performance remained intact. Senior management turnover proved limited, customer behaviour was unchanged, and the company continued to execute on its product and growth strategy. With improved clarity around leadership and succession, we gradually increased our exposure as confidence in WiseTech's ability to deliver was reinforced by operational evidence.

This experience reflects our broader approach to managing ESG risk: adjusting exposure through valuation discipline and position sizing when risks are elevated, engaging directly with companies and their stakeholders to assess the true impact, and rebuilding positions as clarity improves and risks are resolved. Governance risk in founder-led businesses requires particular vigilance, and the WiseTech case demonstrates how our framework translates qualitative governance concerns into quantitative portfolio actions.

Our Community

09

Our Team

Partner Appointment

This year we were pleased to announce the promotion of Justin Warton to Partner, a milestone that reflects both Justin's individual contribution and the culture of meritocracy and long-term commitment that defines our firm.

Justin joined ECP in 2021, having spent seven years at First Sentier Investors across a number of investment roles, including as a member of the Emerging Companies team in Sydney and the Global Infrastructure team in London. Since joining ECP, Justin has been a key driver of our global investment capability, overseeing the ECP Global Growth Fund alongside Annabelle Miller through its formative years to its five-year track record anniversary. His ability to identify high-quality franchises in the smaller, off-benchmark and more under-covered parts of global markets has been central to the fund's differentiated performance.

Justin's promotion to Partner recognises the depth of his contribution to both our investment outcomes and the broader culture of the firm. As Chairman and CIO Dr Manny Pohl noted at the time of the announcement, Justin has been an integral member of the team since he joined and has made a significant contribution to ECP's long-term success.

At ECP Asset Management, we believe our people are the cornerstone of our success. As a founder-led business, we foster a workplace where alignment of attitudes and values creates a cohesive environment, and where exceptional contribution is recognised with genuine ownership in the firm. Justin's journey from Principal to Partner reflects the opportunities for growth we strive to create for our people and the importance we place on retaining and rewarding the individuals who shape our investment culture.

We extend our gratitude to all our employees for their dedication and for embodying the values that define who we are.

Our Team

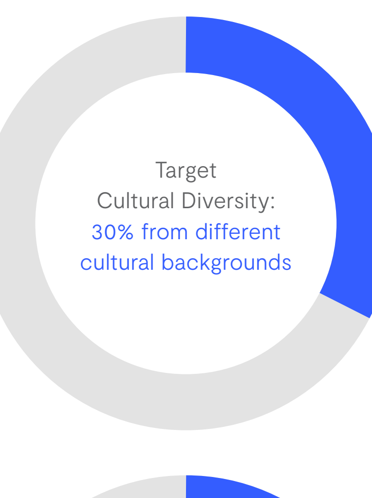
Inclusion & Diversity

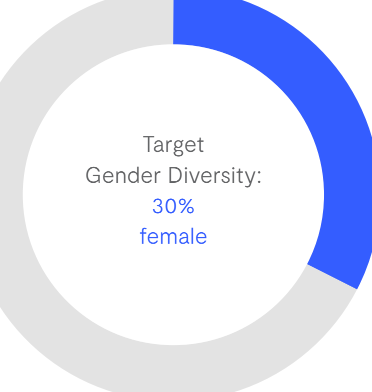
ECP recognises and respects the value of diversity. As an organisation, we aim to create an environment where the diversity of our people in experiences, perspectives and backgrounds are valued and utilised. We recognise that each employee brings their unique capabilities, experiences and characteristics to their work.

We strive to create and foster a supportive and understanding environment in which all individuals realise their maximum potential within the Company, regardless of their differences. We are committed to hiring the best people to do the best job possible irrespective of age, gender, cultural background etc.

At the 2020 financial year-end, the board ratified our Inclusion and Diversity Policy. ECP believes that it is a necessary step for any business to ensure an inclusive work environment that fiercely protects people's right to bring their whole self to work. Creating a collaborative and innovative environment for all our employees means having a diversity of thought and the ability to incorporate different points of view, driving maximum engagement.

ECP is continuously evolving and working towards greater diversity and inclusion. The objective of our policy will be to ensure that our working environment ensures appropriate gender representation, and celebrates cultural backgrounds and social diversity. The ECP Board has adopted the following diversity targets.





Metric:
% of total workforce

Gender

Over the year, ECP introduced several initiatives aimed at ensuring our female employees are provided equal opportunity within our working environment.

These include:

- A market-leading gender-neutral commencement salary, which guarantees no unconscious gender bias when offering a salary to prospective employees and avoids the embedding of a gender pay gap.
- Under this policy, staff will have access to a period of fully paid parental leave for up to six (6) months if they are the primary carer or up to one (1) month if they are the secondary carer.
- An apprenticeship program, regardless of gender, allows all employees the same access to achieving partnership status within the firm based on a defined tenure program that provides equal equity-sharing opportunities amongst the investment team.

Cultural Diversity

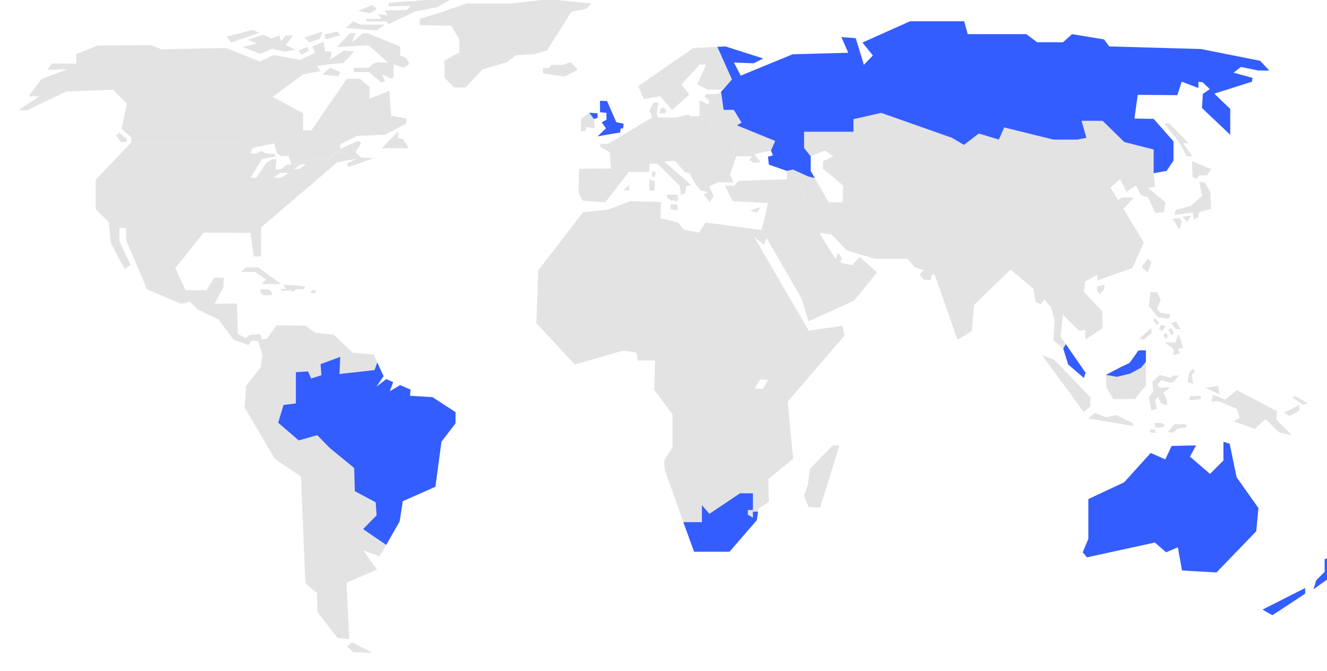
ECP recognises that diversity of thought is key to providing optimal outcomes for our clients.

Achieving above-average investment returns requires that we are open to all points of view, and to achieve that requires our firm to be representative of the global, connected world we live in.

Increasingly, businesses and investment companies have a global operating footprint. To fully understand and appreciate investment opportunities requires all our staff and resources to cover a broad range of opinions and ideas that fully capture the potential over the long term.

Where our staff are from:

- South Africa
- Australia
- Brazil
- New Zealand
- Russia
- UK
- Malaysia



Our Team

Investments & Distribution

Dr Manny Pohl
BSc(Eng), DBA, FAICD, FFin

Jared Pohl
MBA

Andrew Dale
CA

Amy Teh
CFA

Annabelle Miller
BCOM

Damon Callaghan
CFA

Jason Pohl
BCOM, LLB, MBA, GAICD

Justin Warton

Sam Byrnes
CFA

Lachlan Hodgkinson
BBUS

Ryan Rajkumar

Back-Office & Support

Scott Barrett

Gabrielle Short

Keiko Iwano

Richard Obree
MBA, BBusSc(Hons)

Julia Czaus

Larissa Tedesco

Lan Do

Jenny Maulders

Our Philanthropy

We believe that success in business comes with a responsibility to contribute beyond our own walls. Through ECP Asset Management and the Pohl Foundation, we direct resources toward causes that align with our values: conservation, the arts, education, and creating pathways for the next generation of finance professionals.

Our approach to philanthropy mirrors our approach to investing. We seek long-term partnerships where our contributions can compound into lasting impact, whether that means restoring a masterpiece that will be viewed for generations, protecting native species through world-leading research, or helping a young woman take her first step into a finance career.

Here we share some highlights from the past year, including our ongoing support for Taronga Conservation Society Australia, the Art Gallery of New South Wales, and programs aimed at improving gender diversity in our industry. We also celebrate the events that bring our team, clients and partners together in support of these causes.

The Five Senses, Carlo Cignani

Art Gallery of NSW

Our long-standing collaboration with the Art Gallery of New South Wales continues to safeguard Australia's artistic heritage while giving visitors access to works that would otherwise remain in storage or decline. Funding provided through The Pohl Foundation enabled the Gallery's conservation team to complete six major treatments the last few years: Louis Douzette's *Moonlight* 1879, Willem Key's *Portrait of a Protestant Minister of Religion* 1563, Hugh Ramsay's *A Lady in Blue* 1902, Carlo Cignani's *The Five Senses* c. 1670s, Hugh Ramsay's *The Foil* 1901 and Julian Ashton's *The Prospector* 1889 .

Each project combined scientific imaging, meticulous surface cleaning, consolidation of unstable paint, varnish removal, infilling of losses and, where required, frame regilding and structural support. *Moonlight* regained its dramatic night-sky luminosity after ten stages of treatment, while *A Lady in Blue* shed a darkened varnish and distracting craquelure to reveal Ramsay's refined flesh tones and chiaroscuro. The Cignani canvas, freshly stabilised and reframed, now anchors the baroque wing; the Key panel, once warped and over-painted, has returned to the Grand Courts with its original colour harmony intact.

Beyond display value, the work facilitates scholarship. High-resolution X-ray fluorescence maps produced during treatment of the Key and Ramsay paintings are feeding an ongoing study of Netherlandish pigments and Australian expatriate palettes, to be shared through upcoming conservation papers. Earlier restorations have also travelled: *The Foil* was a centrepiece of the National Gallery of Australia's Ramsay retrospective, and *The Prospector* led the National Library's *A Nation Imagined* exhibition before returning to Sydney.

Technical papers, process photography and before/after imagery generated by these projects circulate among international conservation networks, amplifying the impact of every dollar we contribute. Looking ahead, funding is already committed for 2024-25 treatments of Key's *Portrait of a Protestant Minister of Religion* — including panel stabilisation, over-paint reduction and reframing—and Snyders' large-scale *The Boar Hunt* c. 1650, a complex undertaking that will double as a training platform for emerging conservators.

Our support therefore delivers a compound return: irreplaceable works are preserved, curatorial research advances, visitors encounter restored masterpieces, and the next generation of conservators gains hands-on experience. It is a clear demonstration of how targeted philanthropy can convert financial capital into enduring cultural value.

The Ambrose

More than 150 clients, colleagues and friends joined us at The Lakes Golf Club for the Annual Ambrose, hosted by The Pohl Foundation with ECP Asset Management as presenting partner. Now in its sixth year, the event has become one of the most anticipated days on the ECP calendar. Team colours were louder than ever, the competition at nearest-the-pin and longest-drive was fiercely contested, and the charity auction drew spirited bidding throughout the afternoon. By day's end, $57,102 had been raised, bringing the event's cumulative contribution to over $268,000 since its inception.

All proceeds go directly to Taronga Conservation Society Australia. This year's funds continue to support Taronga's Platypus Conservation Centre, a purpose-built facility that cares for animals displaced by drought, bushfire and flood, conducts veterinary research on disease and genetics, and is working to establish the world's first successful platypus breeding-for-release programme. Beyond the centre, Taronga runs habitat restoration projects, community education initiatives and eDNA river monitoring across catchments from northern New South Wales to the Victorian Alps.

Surpassing the quarter-million-dollar milestone reflects the sustained generosity of the ECP community, and we are proud that every dollar raised has gone directly toward protecting some of Australia's most vulnerable wildlife. Thank you to every player, sponsor and volunteer who made the day possible. Planning for the 2026 Ambrose is already well under way, and we look forward to raising the total once again.

Our Philanthropy

ECP Industry Immersion Program

ECP Asset Management has partnered with the University of Sydney Business School to deliver a program designed to increase the number of female graduates choosing financial services as a career path. Now in its third year, the ECP Industry Immersion Program runs twice per year and provides students undertaking business and financial courses with a practical overview of the investment and funds management industry. One program per year is only for female students, allowing them to directly learn from and connect with female professionals across the industry, broadening students' understanding of the roles available as they embark on their own career paths.

In 2025, the program continued to evolve in both depth and reach. The female cohort welcomed its next generation of participants to the ECP offices for an intensive five-week programme featuring presentations from ECP's own investment team, including Partner Sam Byrnes and Principal Annabelle Miller, alongside external industry leaders spanning equity research, superannuation, wealth advisory and recruitment. Students undertook field visits to retail outlets as part of a deep-dive on the consumer sector, giving them the chance to put theory into practice. As in prior years, the program culminated in a networking evening at the ECP offices, bringing together over sixty industry professionals and friends of the firm to engage directly with students and help bridge the gap between academic study and career entry.

The program addresses a persistent pipeline gap in finance. Although women account for over half of finance majors at university level, representation drops significantly as careers progress, and the vast majority of Australian finance and insurance firms remain male-dominated in senior roles. By combining hands-on projects and structured networking, the program converts academic interest into career momentum.

The results continue to be encouraging. Competition for places remains strong, and the majority of program alumni have secured internships or permanent roles across the industry. Support from industry partners ensures each cohort gains exposure to the full spectrum of finance roles and meets professionals who have navigated the same path.

As the program enters its fourth year in 2026, we are exploring opportunities to expand its reach and deepen industry partnerships. The ECP Industry Immersion Program remains one of the initiatives we are most proud of - a tangible expression of our belief that building a more diverse and capable investment industry starts with creating the right opportunities at the right time.

ECP Friendly Feast

Each year we host our Friendly Feast, an evening bringing together the analysts, brokers and research partners who support our investment process throughout the year. Their expertise, market insight and commitment to quality research directly contribute to our ability to serve clients and deliver strong outcomes.

The event is our opportunity to step away from the daily flow of calls and meetings and simply say thank you. Good partnerships are built on trust and mutual respect, and this gathering acknowledges how much these relationships enrich both our results and the experience of working in this industry. We look forward to continuing these partnerships and celebrating many future successes together.

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