



MUMIRO

Climate Policy

Updated: February 2026



Climate Policy

POLICY STATEMENT

Munro acknowledges that scientific evidence for human influenced climate change is unequivocal and the scale of recent changes across the climate system is unprecedented.

Limiting global warming to well below 2 degrees requires reductions in greenhouse gases and reaching net zero greenhouse gas emissions by 2050.

We have set the following five goals with respect to climate change. Each goal is set out in more detail, in its respective section below:

Integration:

As an investor, consistent with acting in the best interests of our clients, we understand and integrate climate change risks and opportunities into our investment decision making.

The integration of climate change risks means considering whether certain companies will be negatively impacted as a result of climate change and/or efforts to mitigate climate change.

The integration of climate change opportunities means considering investment opportunities which Munro believes benefit from climate change and/or efforts to reduce greenhouse gas emissions.

Munro has identified four sub-themes or sub-Areas of Interest related to investment in climate change opportunities or 'climate change solutions':

- Clean Energy - Companies benefiting from the demand for carbon-free and renewable energy including energy generation covering wind, solar, nuclear, renewable diesel and electrical grid equipment;
- Clean Transport - Companies supporting the growth of electric vehicles, battery technology, and other low-carbon transportation methods;
- Energy Efficiency - Companies offering energy-efficient solutions such as insulation, electrical switches, lighting, metering and other related technologies; and
- Circular Economy - Companies positioned to benefit from advancements in recycling, alternative packaging, waste and wastewater management, agricultural technologies, and other resource-conserving services.

Stewardship:

We will use stewardship to promote better company disclosure, decarbonisation targets (which are targets set by a company for reducing their generation of carbon emissions), climate resilience (which refers to a company's ability to withstand both the environmental and economic effects of climate change) and capturing climate change opportunities (described above) at the companies in which we invest.

Operations:

We will measure and reduce our own operational emissions and aim to remain a carbon neutral business as certified by the Australian Government's Climate Active, by reducing and offsetting our business operating carbon emissions. This does not extend to companies in our investment portfolio.

Evidence of this is available on the Climate Active website <https://www.climateactive.org.au/buy-climate-active/certified-members/munro>.

Reporting:

We will be transparent with our investors and in public forums, on our efforts around climate change.

Review and accountability:

We will have clear accountabilities for implementing this policy and ensure it remains current. Munro measures its progress against each of these goals by considering a variety of methods and factors, as set out below. This progress is regularly reported to our investors and the public through our annual Responsible Investment Report which can be found on our [website](#).

CLIMATE CHANGE GOALS

1. Integration

Investing in climate solutions

Climate change has been a longstanding investment theme for Munro Partners. Companies that are enablers of the decarbonisation of the planet have been among the top Area of Interest exposures for our long/short and long only strategies, and via the dedicated Climate Change Leaders strategy which invests exclusively in this Area of Interest. All of the Munro Areas of Interest are listed and explained on our website, www.munropartners.com.

Assessing climate change risk

As part of each company's ESG assessment, we assess the company's exposure to, and management of, climate change risk where we deem it material.

This includes greenhouse gas emissions, energy management and resilience to the physical impacts of climate change.

These are part of the Sustainability Accounting Standards Board (SASB) framework, which is incorporated by Munro in our ESG assessment and directly influences valuations.

Details of how we integrate ESG into the investment process is explained in our ESG Policy, available [here](#).

Exclusions

We use exclusions or negative screens sparingly, especially for climate change-related reasons, because selling shares to other investors would have little impact on real-world emissions. As investors, we think we can have a more meaningful impact through using our influence to encourage these companies to transition (as outlined in 'Stewardship' below).

Nonetheless, for the Munro Climate Change Leaders strategy, we have implemented a narrow set of exclusions, as outlined in our ESG Policy.

Portfolio analysis

At a portfolio level, we regularly monitor our funds' weighted average carbon intensity. Weighted average carbon intensity is a portfolio's scope 1 and 2 emissions per million USD total revenue.

This analysis is used to monitor our portfolios' carbon risk, and for meeting external data requests, but is not a factor in our investment decision-making process.

Specifically, while we anticipate our strategies' carbon intensity will reduce meaningfully over time, we do not currently consider it appropriate to set formal portfolio carbon intensity reduction targets. Carbon intensity is typically measured by direct (scope 1) and indirect (scope 2) emissions, which ignores supply chain emissions (scope 3) and avoided emissions from the use of products. For relatively concentrated portfolios, this can result in unintended outcomes.¹

We continue to review the appropriateness of portfolio targets related to climate change.

2. Stewardship

Climate change is a systemic issue, which means that it impacts economies as a whole and therefore all companies.² Simply excluding companies which contribute to climate change is insufficient both in terms of reducing climate change risk within investment portfolios and supporting decarbonisation. Accordingly, we seek to use stewardship and engagement as key tools in our approach to climate change. Our engagement goals are company-specific and informed by our assessment of the materiality of climate-related risks and opportunities. These opportunities may include, but are not limited to:

- **Governance:** The existence of appropriate governance frameworks to oversee and manage climate-related risks and opportunities specific to that company;
- **Emissions reduction:** The setting of emissions reduction targets that are aligned with the goals of the Paris Agreement and/or externally verified by independent, reputable providers;
- **Physical climate risk:** Understanding and building resilience to physical climate change risks relevant to the company's operations and supply chains;
- **Climate-related opportunities:** Identifying and managing exposures to opportunities arising from the transition to a lower-carbon economy; and
- **Disclosure:** Transparent and decision-useful disclosures on climate-related risks and opportunities, including through recognised frameworks such as the Task Force on Climate-related Disclosures (TCFD).

¹For example, companies which have high emissions in their upstream supply chain but low scope 1 and 2 emissions are not contentious using carbon intensity alone. Conversely, companies with high scope 1 and 2 emissions but whose products allow their customers to avoid emissions are contentious using carbon intensity alone.

²For example, as background, Geoff Summerhayes, executive member of the Australian Prudential Regulatory Authority (APRA), in 2017 said "The key point I want to make today, and that APRA wants to be explicit about, is that this is no longer the case. Some climate risks are distinctly 'financial' in nature. Many of these risks are foreseeable, material and actionable now. Climate risks also have potential system-wide implications that APRA and other regulators here and abroad are paying much closer attention to."

We will also exercise our voting rights in alignment with these goals. This may manifest as supporting shareholder proposals or opposing director re-elections when company performance is inadequate.

We will disclose our progress in our Responsible Investment Report, [available here](#).

The role of investor advocacy is also important because climate change is a systemic issue. We are members of the Investor Group on Climate Change ('IGCC'), and we support their advocacy work around the risks and opportunities of climate change by our membership and participation in IGCC working groups.

We provide regular updates on stewardship progress with companies, including activities and outcomes like voting and engagement activities, via our Responsible Investment Report.

3. Operations

Separate to our investment activities, Munro will undergo an external carbon footprint audit annually with the aim of maintaining a carbon neutral business certification from the Australian Government as 'Climate Active'.

Munro was first certified as Climate Active for financial year 2022. This certification requires us to implement an emissions reduction plan that is actioned and measured. We will continually look to implement changes to reduce our carbon intensity and our reliance on various forms of carbon offsets.

More information about how Munro is reducing its carbon intensity as a business, and Munro's goal to be certified by the Australian Government as Climate Active, is set out in Munro's Climate Active Public Disclosure Statement, [available here](#).

REPORTING

Munro is committed to aligning reporting with best practice guidelines (like TFCF and the Australian Sustainability Reporting Standards as required), as part of our annual Responsible Investment Report.

We regularly monitor reporting requirements and adjust accordingly. Our progress in integrating climate change risks and opportunities is communicated via:

- our annual Responsible Investment Report; and
- regular presentations on our strategy for integration of climate risks and opportunities (see 'Integration' above).

REVIEW

We recognise that our approach to Climate-related issues, best practice and investor expectations will continue to evolve.

As such, we commit to reviewing and, where necessary, updating this Policy annually.

The following notable changes were made to the Policy as part of the 2026 review:

- Integration: Updated the definitions of Munro's Climate sub-themes / sub-areas of interest to align with changes made to Munro's definitions.
- Portfolio Analysis: Removed fossil fuel exposure and carbon risk metrics, which the investment team deemed as providing limited insight, and maintained the use of the weighted average carbon intensity (WACI) as it is transparent and a commonly used measure of climate transition risk.
- Stewardship: Removed the target to engage with companies representing at least 50% of each strategy's portfolio WACI, to align with the 2025 Responsible Investment Report. The focus is now on Munro's priority engagements, including climate change.

The Munro Investment Holdings Limited Board of Directors reviewed and approved this policy on 25 February 2026.

CONTACTING US

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