Magellan
Global
Equities

Distributed by
Magellan Investment Partners



Stewardship Report 2026

Magellan Global Opportunities

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Meet the team

Portfolio Managers



Alan Pullen

Portfolio Manager



Ryan Joyce, CFA

Deputy Portfolio Manager

ESG Team



Amy Krizanovic

Head of ESG



Tamara Shadbolt

ESG Analyst



Jacqueline Stokes

ESG Analyst

ESG Philosophy

Magellan Asset Management Limited trading as Magellan Investment Partners internally managed investment strategies seek to identify high quality investments and acquire such investments at a discount to our assessment of intrinsic value. As part of the assessment of a company's intrinsic value, we seek to consider issues that may materially affect the investment outcomes for a company. ESG issues affect the investment outcomes for a company and the team specifically considers these issues as part of its analysis of quality.

ESG issues are considered as part of our investment process. Gaining a robust understanding of these is a key part to assessing the outlook for future cash flow generation, the risks and opportunities facing investors. Our investment process seeks to identify high quality companies and consider material risks that could impact future cash flows.

Our ESG team is responsible for oversight of the implementation of stewardship execution. For further information on our policies:

- ESG policy
- Proxy voting policy
- Climate stewardship strategy.

Executive summary

Dear Investor,

We are pleased to provide an update on our proxy voting and engagement activities in relation to the Global Opportunities Strategy for the year to 30 June 2026. This year we have updated our Stewardship report to include our approach to market-wide & systemic risk and will set out our engagement process in a standalone policy document, as guided by the 2026 UK Stewardship Code.

We are committed to responsible investment. Our philosophy is to focus on the financial materiality of environmental, social and governance (ESG) factors over the long term. We believe that successful investing is about identifying quality companies and investing for the long term. The ESG team sits with the investment team, working alongside the analysts and portfolio managers who cover each company. This allows deep analysis and engagement concentrated on the ESG factors most material to future cash flows.

Over the year we held more than 113 meetings with companies in the Strategy, raising ESG matters over 200 times. Direct engagement with boards and management lets us test the credibility of company commitments and press for improvement.

We continued to engage on our governance expectations, tracking progress against our Voting Principles, and were pleased to see stronger shareholder rights and enhanced board independence. Where companies did not improve remuneration or board structure, or rotate their auditor, we voted against the relevant resolution under our escalation process. Across the year we voted on 359 resolutions, against the company's recommendation on 12%.

We continue to embed our Climate Stewardship Strategy, built on our net zero alignment assessment. This year we focused on social licence to operate from AI and data centres, considering energy and water demand. At a group level, we published the MFG Climate Report available on our website.

We continue to broaden our research on climate, human rights and nature through industry groups including Responsible Investment Association Australasia (RIAA) and the Investor Group on Climate Change (IGCC).

During the year our stewardship activities contributed to several tangible outcomes, alongside the voices of other stakeholders such as customers and other shareholders.

On board composition and accountability, we were pleased to see adidas formalise a commitment to increase female representation on its Supervisory Board to 37% at the next AGM, an area we had raised in our engagement.

On the energy and water demands of AI, we supported targeted shareholder proposals at Amazon and Alphabet where additional disclosure would help investors assess climate, energy and water risks, and were pleased to see Amazon acknowledge our request and point to further information. On responsible AI, we deepened our research through discussions with regulatory, litigation and child-safety experts, and voted in favour of proposals at Meta and Alphabet seeking reporting on AI data usage oversight and AI-generated misinformation.

Progress remains ongoing for companies that have removed diversity, equity and inclusion targets and weakened climate targets.

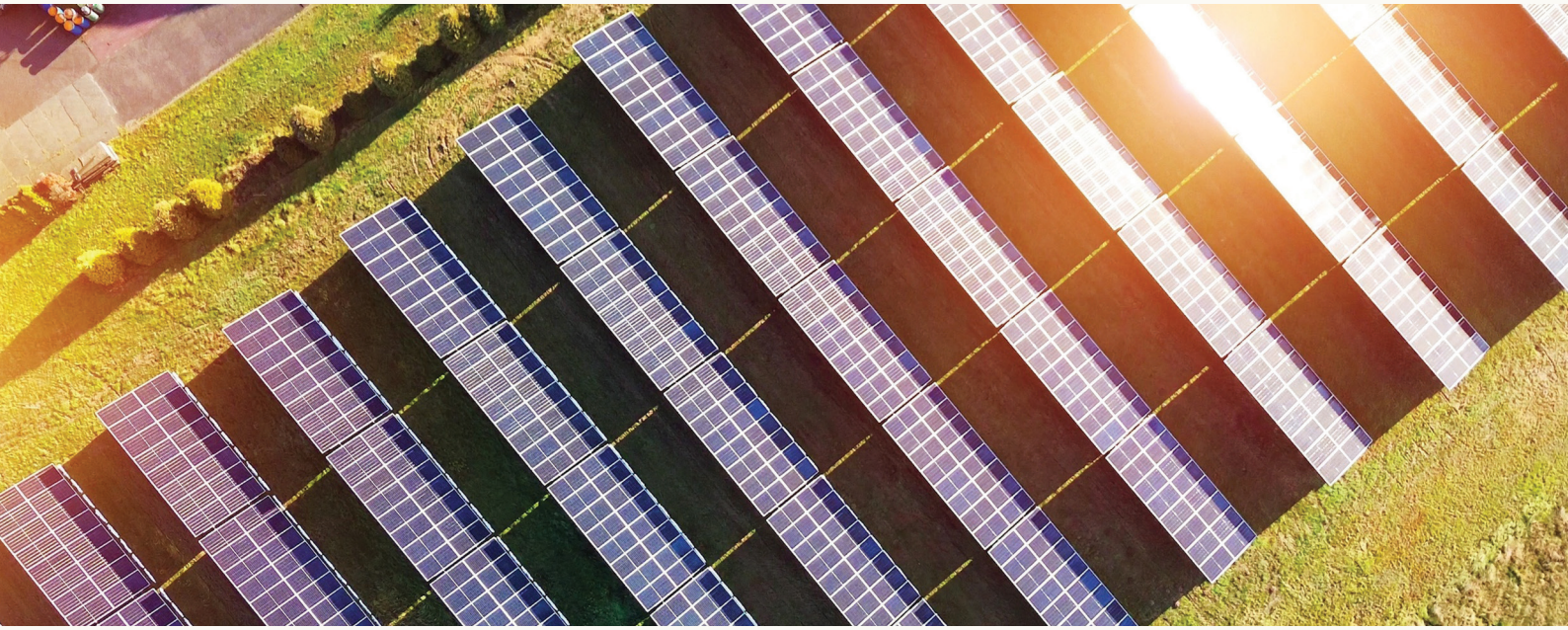
In the year ahead our engagement will stay focused on the issues most connected to long-term cash flows, including transition plan credibility and the capital allocation behind it, safety, cyber and AI governance, physical climate resilience and board composition. We welcome the opportunity to discuss any of these with you.

Kind regards,

The Magellan Global Equities and ESG team

Responsible Investment website
esg-team@magellanfinancialgroup.com

October 2026



Stewardship highlights for FY26



68%

Company meetings with at least one vote against the company[1]



45%

Shareholder proposals voted against the company



92%

Companies engaged[2]



>200

ESG topics discussed

Magellan's PRI Assessment Summary Scorecard

We continue to enhance our ESG integration, stewardship, and client communication, which has been recognised by the Principles for Responsible Investment (PRI) in our most recent 2025 assessment.

	Module Score and Star Score
Policy Governance and Strategy	**88** ★★★★½
Direct - Listed equity - Active fundamental	**93** ★★★★★
Confidence building measures	**89** ★★★★½

[1] Includes votes against company at AGM (excluding SGMs).
[2] Number of portfolio companies engaged as at 30 June 2026.

Industry recognition and initiatives

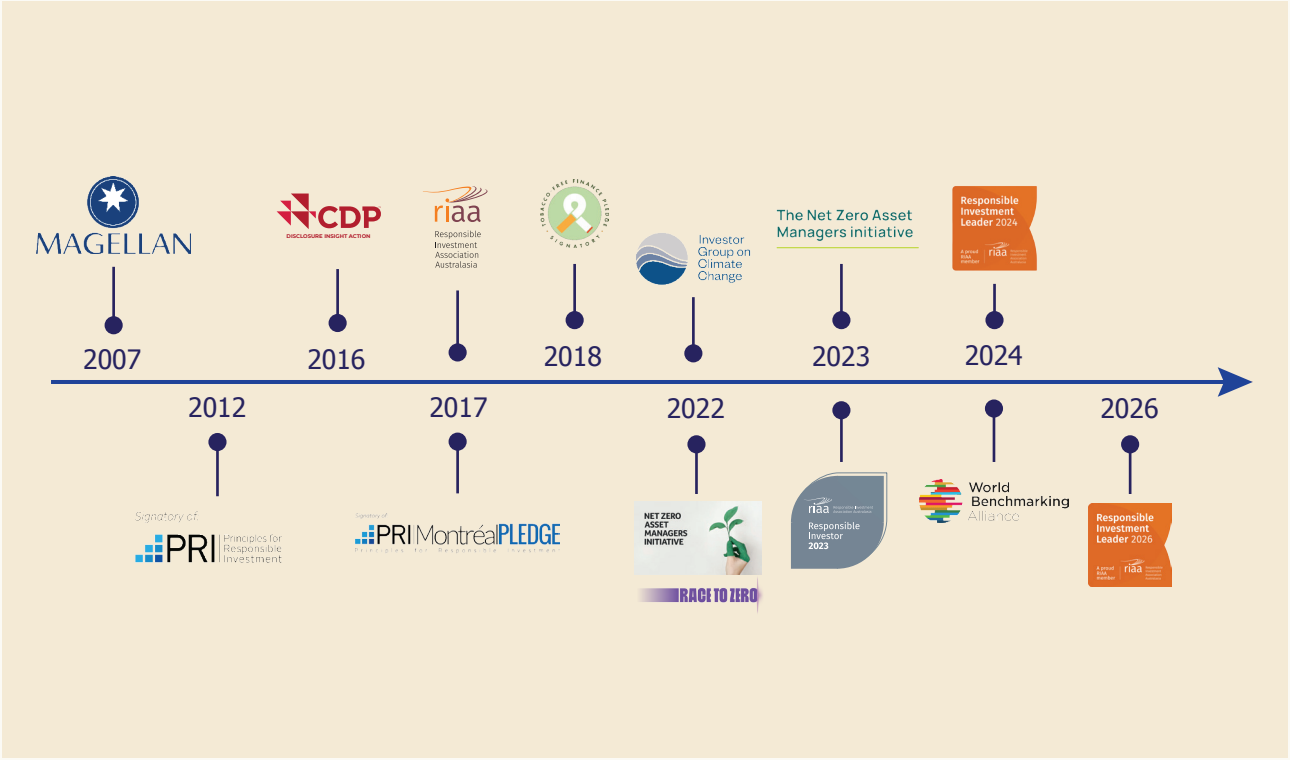
We are a signatory to a number of industry initiatives and associations that support our commitment to responsible investment, transparency to stakeholders and ability to elevate key company and industry issues such as human rights, climate change and nature.

In the last year, we:

- received RIAA recognition as a Responsible Leader for the second consecutive survey and participated in a panel discussion at the 2026 RIAA conference on the importance of active stewardship and integration within an asset manager.
- contributed to industry discussions on Responsible AI which contributed to a discussion paper with Oxford University.
- presented to the NZ Stewardship Code on integrating responsible AI risk assessment and stewardship into the investment process.
- played a lead role in hosting an industry roundtable on AI and Human rights with RIAA.
- remained an active member of the RIAA Human Rights Working Group, which informs and enhances the assessment of human rights, including modern slavery, across our internally managed funds.
- participated in RIAA's Nature Working Group, which continues to strengthen our assessment of nature related dependencies and impacts across high impact sectors and reinforces our priorities to further develop our nature and climate frameworks.
- participated in collaborative engagement through the World Benchmarking Alliance Collective Impact Coalition for Ethical AI.

By contributing to these industry initiatives, our company and industry research is enhanced, our clients benefit from broader stakeholder perspectives, and our voice is made louder by joining with others that have similar long-term objectives.

Best Practice: Leadership and Collaboration



Market-wide and systemic risks



Some risks can affect the operating environment across companies, industries and markets. As active fundamental investors, we seek to understand where market-wide and systemic risks are financially material to specific holdings, sectors and portfolio exposures, and how they may affect long-term cash flows, valuations or business resilience.

Our approach combines bottom-up company analysis with top-down thematic assessment. Proprietary frameworks support this process. We respond through engagement, participation in market-level policy and standard setting and industry initiatives, and through portfolio construction.

Key market-wide and systemic themes

The themes below are not exhaustive and reflect current areas of focus where we have identified potential market-wide and systemic risks.



Climate change

Physical and transition risks can affect asset values, operating costs, capital expenditure and long-term demand. It can also create opportunities in electrification, renewable generation and network investment.

Our response: Net Zero Alignment Assessment, physical climate risk analysis, company engagement and voting.



Human rights & modern slavery

Global supply chains can expose companies to human rights and modern slavery risks, with operational, legal and reputational consequences.

Our response: modern slavery assessment, company engagement and participation in the RIAA Human Rights Working Group.



Cyber security, data privacy & AI

Digitisation and AI adoption can improve productivity and create growth opportunities while increasing exposure to cyber-attacks, and new governance challenges. Critical infrastructure is particularly exposed, while growing AI adoption is also driving demand for data centres, digital infrastructure and raising broader social licence considerations.

Our response: assessment of governance, board capabilities, policies, incident management and resilience, supported by engagement where material.



Nature & biodiversity

Nature-related dependencies and impacts can affect companies through regulation, resource availability, operating costs and stakeholder expectations.

Our response: sector and company research, supported by participation in RIAA's Nature Working Group.

Our approach

1. Identify | **2. Assess** | **3. Respond** | **4. Monitor**

1. Identify

Investment analysts and the ESG team identify material risks and opportunities through company research, engagement, ESG data, regulatory developments and industry initiatives.

2. Assess

We incorporate the risks into our proprietary ESG assessment scores considering the materiality of a risk and the quality of its management. Within it sit specialist frameworks for the systemic risks most relevant to our portfolio:



Climate assessment

Net zero alignment assessment



Modern slavery assessment

Portfolio-wide modern slavery scoring



ESG scoring

Proprietary ESG scoring framework

3. Respond

Findings can inform:

- **System-level activity.** Participation in industry working groups, consultations and discussions with regulators, standard setters and market participants.
- **Company engagement.** Targeted objectives addressing material risks, with progress monitored against defined milestones.
- **Portfolio construction.** Investment decisions, including position sizing, or where risks become unacceptable, divestment.

4. Monitor

We regularly review ESG assessments and ESG-related quality factors as new company information, ESG data, industry research and regulatory developments emerge. Changes may result in updated ESG or quality assessments and indicative adjustments to portfolio weights. Where progress on a material issue is limited, our response may escalate from management to Board engagement, proxy voting, shareholder proposals or collaboration with other investors.

Example: climate transition risk in practice

Identification | **Respond** | **Outcome**

Certain material sectors are deemed high impact based on GHG emissions in their value chain. Transition of high impact material sectors are critical to achieving net zero. We identify high-impact sectors by reference to the companies identified by the Net Zero Investment Framework 2.0, Climate Action 100+ and the Transition Pathway Initiative (TPI). A higher level of due diligence is applied to the following high-impact sectors:

High impact material sectors Sectors linked to material GHG emissions across company value chains		
Agriculture, forestry and fishing	Airlines	Aluminum
Automobiles	Banking	Cement
Chemicals	Consumer goods & services	Coal and diversified mining
Electric utilities	Food producers	Industrials
Oil and gas (plus distribution)	Paper	Real estate
Shipping	Steel	Transportation

We use this classification to identify where engagement is most warranted.

Identification | **Respond** | **Outcome**

Where exposure is elevated, we act on three levels:

- **Companies:** we prioritise engagement with high impact sector companies on the credibility of their transition plans, interim targets and capital allocation.
- **Escalation:** where engagement does not progress, we may escalate through voting, including support for shareholder proposals seeking additional climate reporting.
- **Portfolio:** sectors assessed as at risk inform ESG scores and qualitative assessments of ESG risks and opportunities when considering the purchase, sale, and sizing of stock positions within the portfolio.

Identification | Respond | Outcome

This year we have enhanced the link between our net zero alignment assessment and ESG scoring, particularly for the high impact sectors such as electric utilities. Engagement moved several companies along our milestone scale toward stronger transition disclosure, and our policy submissions fed into evolving market standards on financed-emissions reporting. Many engagements remain ongoing, and we continue to track progress and escalate where credible plans do not emerge.

Contributing beyond individual companies

Some market-wide and systemic risks cannot be addressed through company engagement alone. We therefore participate in relevant industry initiatives and engage with market participants where collaboration can strengthen our understanding of risks, improve market practices or support better investment decision-making.

During the year, this included participation in the RIAA Human Rights and Nature Working Groups, IGCC climate-related working groups and workshops, the World Benchmarking Alliance, and other industry forums. These initiatives provide opportunities to share investor perspectives, develop approaches to emerging systemic risks and contribute to the evolution of market practice.



Net zero alignment assessment

Our net zero alignment assessment is applied across all internally managed funds, guided by the Net Zero Investment Framework (NZIF). The assessment categorises companies as: Achieving, Aligned, Aligning, Committed or Not Aligned, based on the presence of a net zero target, interim science-based targets, target progress, disclosure quality, strategy credibility and capex alignment. Analyst judgement is applied to the strategy and credibility dimensions.

Net Zero alignment assessment							
	Net zero target	Interim science-based target	Progress	Disclosure	Strategy*	Capex alignment*	Credibility
Achieving net zero	✓	✓	✓	✓	✓	✓	✓
Aligned to a net zero pathway	✓	✓	✓	✓	✓	✓	✓
Aligning to a net zero pathway *(*high impact sectors require additional factors)*	✓	✓		✓	✓		✓
Committed to aligning	✓						✓
Not aligned							
			Analyst assessment[3]				**Analyst assessment[3]**

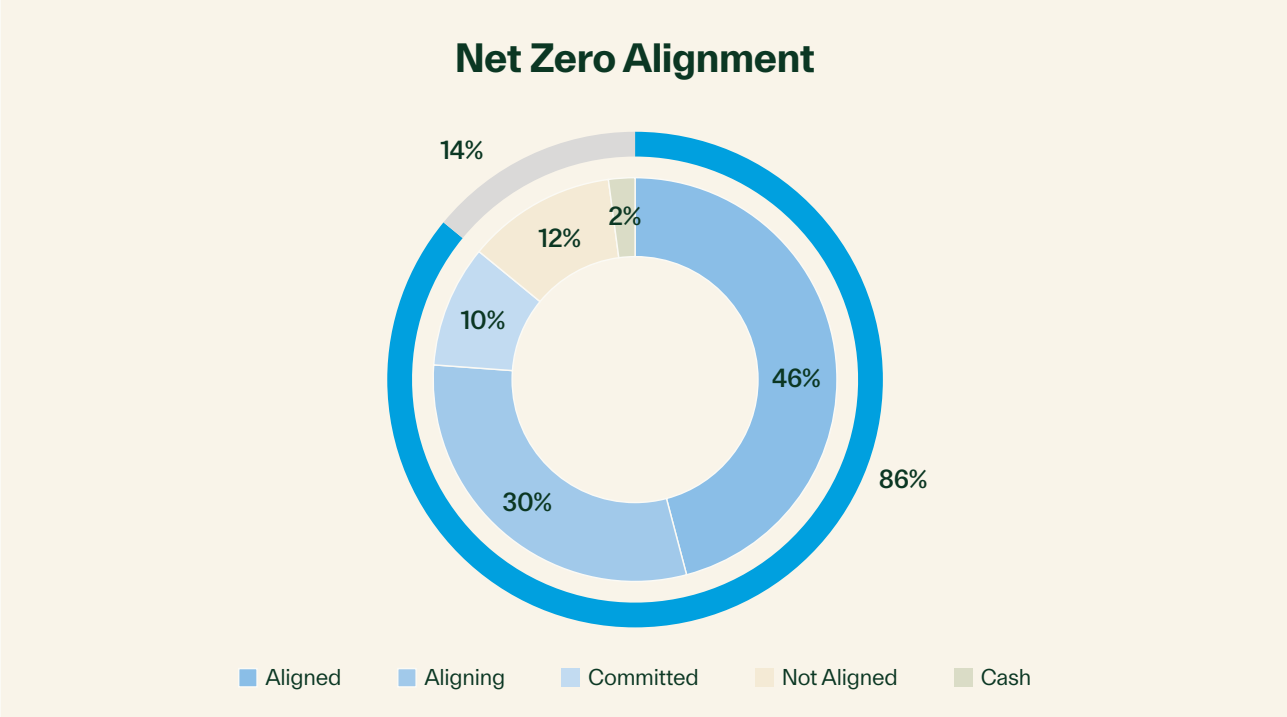
[3] The analysis incorporates insights and the investment team's proprietary view of a company's progress toward its stated climate targets, as well as the credibility of its initiatives and strategy to achieve those targets.

Update on climate risk management

This year we focused on social licence to operate from AI and data centres, considering energy and water demand as well as credibility of climate targets given energy demand. See our case study later in this document called Powering AI - Energy Demand and Social Licence.

Climate risk assessments

Over the past year, we continued to strengthen our work on climate risk, applying the net zero alignment assessment, guided by NZIF 2.0. As at 30 June 2026, approximately 86% ***of holdings by weight were assessed as either aligned, aligning, or committed to aligning under our Net Zero alignment assessment***.



As at 30 June 2026

Climate stewardship

Our long-term investment horizon support meaningful stewardship engagements on climate issues, enabling us to monitor and influence climate strategies over time. The finding of this year's analysis confirms the majority of our investee companies demonstrate robust decarbonization plans and favorable business positioning in an economy transitioning to net zero.

We will continue to use our climate risk assessment frameworks to prioritise engagement with companies to ensure their strategies remain credible, ambitious and consistent with protecting and creating long term shareholder value.

Further information is available in our 2026 Climate Report on our website.

Company engagement



Over the financial year, the investment team engaged with a range of stakeholders relevant to our investable universe. This included companies within the portfolio, potential new investments, companies within industries of interest, industry experts and regulators.

Engagement progress tracking

Objective set — **Acknowledged** — **Committed** — **Objective addressed**

The success of an engagement is measured by defined milestones. An ESG objective is set prior to engagements, and the progress against the defined objective is tracked against milestones, 'acknowledgment', 'committed', 'addressed'.

Across the entirety of our engagements, over 320 included ESG.

Across our investable universe[4]				
>470	17	127	89	989
Engagements	With the Board	With C-Suite	With industry stakeholders	ESG discussions

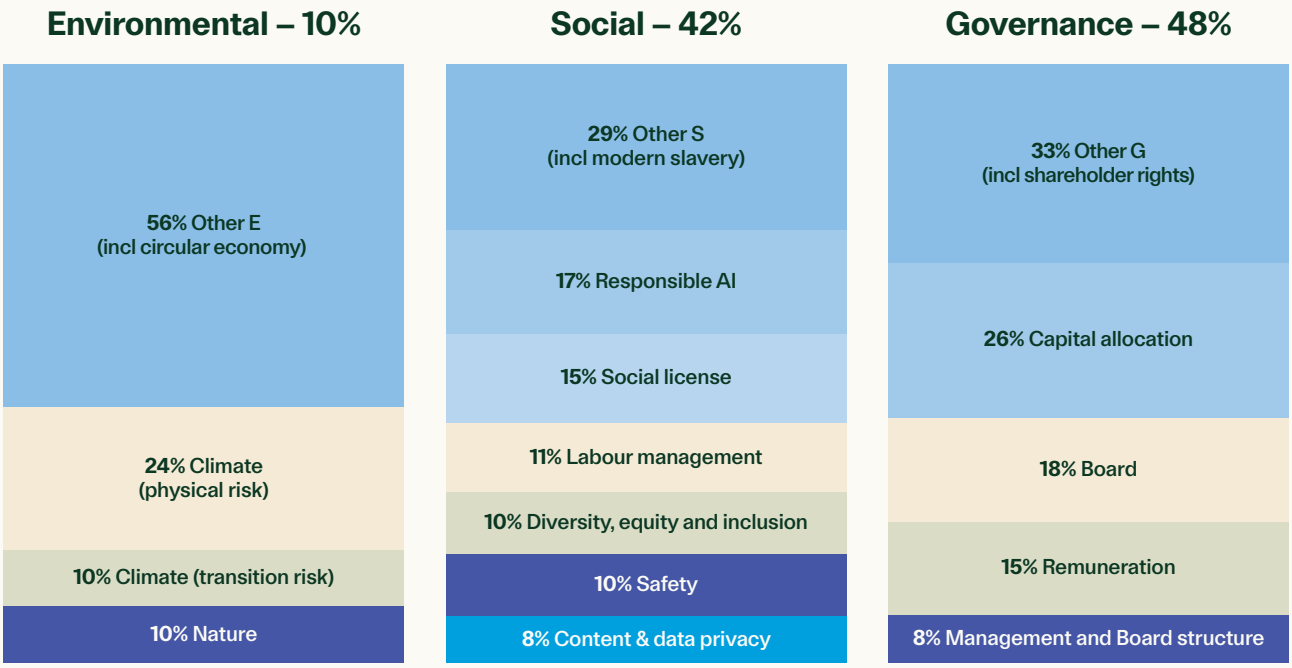
While the investment team engages with the broader investable universe, the key focus is on companies held in the Magellan Global Opportunities Strategy, with most portfolio companies involved in over 113 meetings in FY26. Most interactions were with the senior leadership team, including the CEO, CFO, other executives, corporate responsibility officers and other relevant senior team members. In some cases, where companies had not made progress on a particular ESG topic, we escalated the issue to the Board of Directors.

2026 Engagement by Theme and Focus Areas

Magellan Global Opportunities Strategy – Companies held in the portfolio in FY26				
113	3	29	62	205
Engagements	With the Board	With C-Suite	With senior management	ESG discussions

ESG Topics

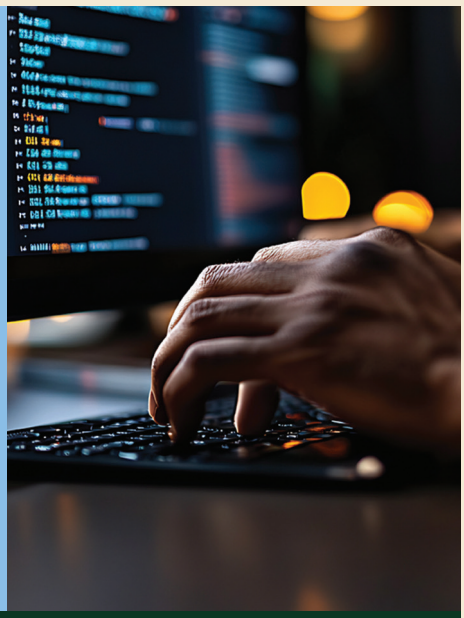
Our FY26 engagements focused on the following ESG topics:



[4] During FY26

Responsible AI

Artificial Intelligence (AI) presents transformative opportunities across the technology sector, but with elevated governance, privacy, and human rights risks. For companies with future growth driven by AI, AI governance will have a significant impact on long-term value preservation.



We consider:

- Board oversight and executive accountability for AI governance
- Safeguards for user privacy, misinformation, and at-risk groups
- Alignment of AI practices with shareholder interests, cash flow sustainability, and long-term risk mitigation

Case Study: Meta and Alphabet

Industry: Technology & Communications

Objective: Promote responsible governance of AI systems embedded across advertising, social platforms, cloud infrastructure and media distribution to manage reputational, regulatory, litigation and operational risk.

Responsible AI remains financially material to Meta and Alphabet given the integration of AI within core platforms that generate advertising revenue; advertising accounted for approximately 98% of Meta's global revenue in 2025 and approximately 73% of Alphabet's global revenue in 2025. Mismanagement of AI risks such as bias, privacy, data usage, misinformation, harmful content or child safety could impact cash flows through regulatory fines, litigation, reputational damage, or reduced advertiser and user trust.

In 2026, we broadened our assessment beyond company disclosure and proxy materials by engaging industry experts on regulatory and litigation risk. This included calls with a former FTC lawyer on Meta's US regulatory exposure, the organisation driving the change in Australia towards the under-16 social media restrictions as well as legal experts on child-safety litigation to better understand the process related to appeals, causation, damages and potential structural remedies.

We also collaborated with the World Benchmarking Alliance, joined industry discussions on Responsible AI with Oxford Martin and the NZ Stewardship Code, and played a lead role in a hybrid roundtable on AI and human rights with RIAA as part of the Digital and Human Rights Working Group. These discussions informed our ESG scoring and supported the analysts' assessment of whether further claims, regulation or litigation could become financially material.

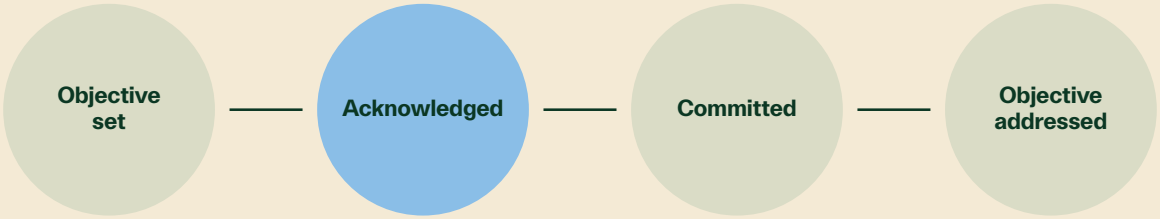
These actions were consistent with our principle:

2.2.2 Content and user safety

Magellan expects technology providers and companies implementing technology solutions, including Artificial Intelligence (AI) to take reasonable measures to protect the fundamental human rights of users, particularly at-risk groups such as minors.

At the 2026 AGMs, we used voting to reinforce our expectations. At Meta, we voted for shareholder proposals requesting reporting on AI data usage oversight and hate in online platforms, and a data protection impact assessment on generative AI chatbots. At Alphabet, we voted for proposals seeking reporting on AI-generated misinformation and AI data usage oversight.

Outcome: We voted for targeted shareholder proposals again in 2026, following similar votes in 2025, to reinforce the strategic importance of AI oversight and encourage stronger disclosure on user safety, data protection and AI risk management. We also adjusted ESG scoring and incorporated expert insights into the analysts' assessment of financial materiality.



Link to Investment Case: Responsible AI governance is a material concern due to growing regulation, child-safety claims, litigation and heightened public scrutiny. Firms that proactively invest in governance structures, transparency, safety protocols and responsible product design are better positioned to safeguard user trust, manage regulatory and litigation risks, and sustain long-term performance.



Circular Economy and Packaging Regulation



Case Study: Beiersdorf

Industry: Consumer Staples

Objective: Assess Beiersdorf's management of circular economy risks, including packaging regulation, recycled content, palm oil sourcing and product safety claims.

Circular economy risk is increasingly material for consumer-facing personal care companies. The EU Packaging and Packaging Waste Regulation (PPWR) introduces more prescriptive requirements for packaging recyclability, recycled content and design-for-recycling.

We met with Beiersdorf's Head of Sustainability to understand the company's readiness for incoming regulation and associated cost, margin and brand risks. The company provided comfort that it is well positioned for the PPWR, with advanced progress on recycled content and design-for-recycling. Recyclability assessments are undertaken with external experts and the regulatory team is monitoring the publication of detailed technical criteria.

The engagement also covered margin and formulation trade-offs. Recycled content adds cost and complexity, particularly for oily formulas that require barrier protection, and PE is harder to source than PET. The company does not expect to pass sustainability costs directly to consumers, describing sustainability as a baseline quality expectation rather than a price premium. Lightweighting has lowered material costs, although refill formats are unlikely to deliver significant further savings.

Outcome: The engagement provided comfort that Beiersdorf is prioritising improvements to packaging and is prepared for the incoming regulation. This supported our ESG scoring.

Link to Investment Case: Packaging sustainability is financially material due to regulatory exposure, cost and margin implications, brand trust and product safety expectations. Beiersdorf's progress on recycled content, design-for-recycling and sustainable sourcing supports confidence that circular economy risks are being managed in a way that protects long-term shareholder value.

Diversity, equity and inclusion

Diversity, equity and inclusion (DEI) can improve decision making and innovation, and broaden the labour pool.



We consider:

- Diversity at the Board, management and company level
- Pay equity
- Culture that supports all employees to speak up

Case Study: adidas

Industry: Apparel and footwear

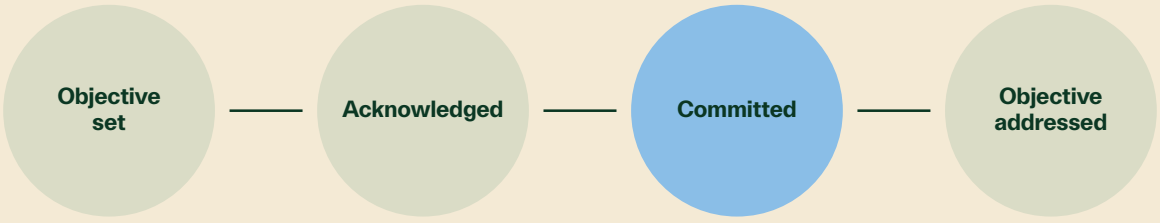
Objective: Encourage adidas to formalise a plan to improve Supervisory Board gender diversity in line with Magellan's Board diversity expectations.

Prior to inclusion in the strategy in 2025, we reviewed adidas' alignment with our Voting Principles and discussed the assessment with the analyst. We noted that Supervisory Board gender diversity was below our stated principles, with female representation at 25%, compared with our expectation under Magellan Voting Principle 3.1.7 Board Diversity for at least 40% female directors and at least 40% male directors, or a clear plan to achieve this.

We set an engagement objective to encourage adidas to formalise a plan to improve Board diversity. We followed up with the Global Head of Social & Environmental Affairs and Investor Relations, and subsequently wrote directly to the company outlining our expectations on Board diversity. In the written engagement, we acknowledged the company's alignment with many of our governance principles, while clearly highlighting Board diversity as an area where improvement was expected.

Following the engagement, adidas informed us directly and also publicly announced a new formal commitment to improve gender diversity at the Board-level. The Supervisory Board and its Nomination Committee committed to increase the number of women on the Supervisory Board to three members at the next Annual General Meeting, lifting female representation to 37%. We viewed this as a positive outcome and a clear plan towards alignment with our Voting Principles.

Outcome: adidas formalised a Board-level commitment to increase female representation on the Supervisory Board to 37% at the next AGM. This responded to our engagement objective and strengthened accountability for improving Board diversity.



Link to Investment Case: Diversity of thought can lead to innovation and better risk management. A 2019 McKinsey study[5] highlights that companies in the top quartile of gender diversity on executive teams were 25% more likely to experience above average profitability than peer companies in the 4th quartile.

[5] How diversity, equity, and inclusion (DE&I) matter | McKinsey

Consumer nutrition

Changing dietary preferences, regulation and the increasing use of GLP-1 medicines may alter demand across food categories. Companies need to improve the nutritional profile of their product range while maintaining taste, affordability and commercial returns.



We consider:

- Reformulation and reductions in salt, sugar and saturated fat
- Access to affordable, micronutrient-fortified products
- Transparent metrics showing product range change and innovation outcomes

Case Study: Nestlé

Industry: Packaged foods and beverages

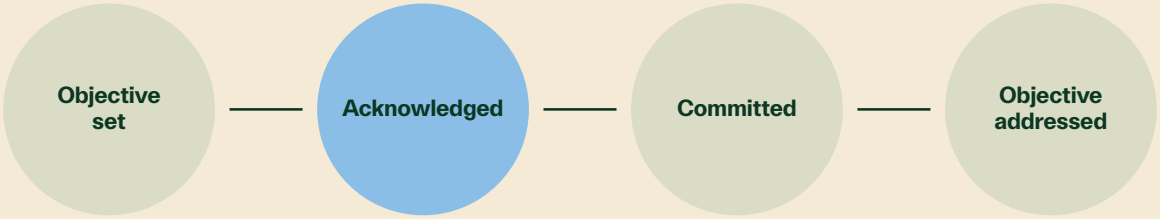
Objective: Assess whether Nestlé's product range and innovation strategy are adapting to healthier consumption trends, and whether its nutrition reporting provides evidence of progress.

Over the past three years, we have engaged with Nestlé on nutrition, including the health profile of its product range, reformulation, product innovation and disclosure. In May 2026, we met with Nestlé's Global Head of Climate & Sustainable Sourcing and representatives from Public Affairs and Investor Relations. Building on earlier discussions, we focused on how the company is adapting to healthier eating patterns and the increasing use of GLP-1 medicines, and which indicators investors can use to assess progress.

Over this period, Nestlé has strengthened its nutrition strategy and disclosure. In 2025, Nestlé strengthened oversight through a Nutrition, Health and Wellness Council reporting to the Executive Board and expanded its product range health metrics.

At our meeting, Nestlé described continued reformulation to reduce salt, sugar and saturated fat while adding beneficial nutrients. The company invests around CHF 1.5 billion annually in research and development, with a significant portion directed towards health and nutrition. It also views the increasing use of GLP-1 medicines as both a risk and an opportunity, and highlighted targeted products such as high-protein shakes and higher-protein frozen meals.

Outcome: Our engagement has provided greater clarity on how Nestlé is adapting its nutrition strategy. Over the three-year period, we have seen positive developments in the company's targets, product mix and reporting, including its ambition to grow sales of more nutritious products. While the direction of change is positive, continued progress will need to be demonstrated through consistent product range health metrics and commercially successful innovation. We will continue to monitor sales mix, reformulation and nutrient-reduction outcomes, research and development outputs and the performance of health-focused products.



Link to Investment Case: Nestlé's ability to respond to healthier consumption trends, changing regulation and the use of obesity medicines can support brand relevance and demand. Successful reformulation and innovation can protect volumes and pricing, while weak execution could increase regulatory risk and expose parts of the product range to changing consumer preferences.

Palm oil and responsible sourcing

Palm oil is a high-yield, technically important input used across consumer products and food supply chains. Its complex sourcing footprint can create exposure to deforestation, human rights, regulatory and supply risks.



Our engagements focused on:

- Dependence on palm oil and the viability of alternatives
- Traceability, certification and readiness for deforestation regulation
- Supplier oversight, deforestation action and credible measurement

Case Study: Beiersdorf, Nestlé and Yum! Brands

Industry: Consumer staples and restaurants

Objective: Assess how companies are managing palm oil-related deforestation, traceability, regulatory and supply resilience risks, and whether progress can be demonstrated through credible data and disclosure.

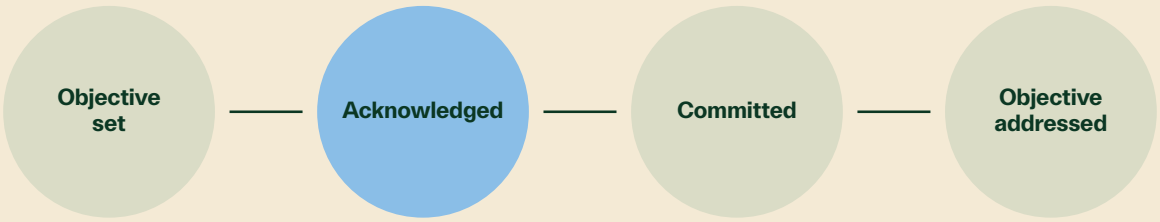
Use of palm oil is not just in chocolate, chips and cooking oil, it's also in a range of consumer products such as skin care. During 2026, we engaged with a broad range of industries on palm oil and broader agricultural supply-chain risks. We provide examples below for Beiersdorf, Nestlé and Yum! Brands.

Beiersdorf said palm and palm kernel derivatives are used in almost all its products, such as facial washes to create foam and sunscreens to mix oil and water ingredients smoothly, while substitution is not currently viable. Alternatives such as coconut oil could increase land-use pressure, while biotechnology-based substitutes are at least a decade from scale. The company has been a member of the Roundtable on Sustainable Palm Oil (RSPO) since 2011, supports WWF landscape projects and conducts annual plantation-level traceability analysis. Multi-tier processing, particularly for palm kernel oil, remains a traceability challenge. As a downstream company, it relies on importing suppliers to meet formal European Union Deforestation Regulation (EUDR) due diligence requirements and believes it is well positioned for implementation.

Nestlé: The company reported that approximately 90% of its cocoa and palm oil supply was certified and traceable and reiterated its 2030 targets for full traceability and responsible sourcing of key ingredients. While farm mapping, origin diversification and smallholder aggregation support resilience, gaps remain. We expect Nestlé to close the remaining traceability gap, demonstrate that sourcing is deforestation-free, strengthen supplier monitoring and remediation, and report more clearly on non-compliance and outcomes while maintaining smallholder participation.

Yum! Brands: The company described deforestation as one of the highest-impact actions available across its agricultural supply chain and highlighted pilots in Brazil and Ecuador, including a three-year palm oil initiative. However, reliable traceability remains difficult. This limits the extent to which action can be disclosed publicly without auditability or legal risks. Yum! Brands acknowledged that these constraints and identified stronger traceability as a priority.

Outcome: The engagements reinforced that responsible sourcing is the near-term approach given challenges with palm oil substitution. While the engagements provided feedback on the actions each company are taking, the risks around palm oil use remain, which have been factored into our ESG scoring and engagement objectives. We gained comfort that Beiersdorf has established sourcing and traceability processes, while Nestlé demonstrated clear 2030 targets, while Yum! Brands needs to strengthen measurement, disclosure and evidence that pilot activity is scaling. Residual risks are reflected in our ESG scoring and engagement objectives. We will continue to engage with the companies, monitor EUDR implementation, plantation-level traceability, progress against responsible sourcing targets, deforestation outcomes, smallholder inclusion and the quality of measurement and disclosure.



Link to Investment Case: Palm oil is a critical input for consumer staples and restaurant companies. Weak sourcing controls could increase regulatory, supply, cost and reputational risks. Traceable and deforestation-free supply chains can support continuity of supply, protect brand trust and contribute to more resilient long-term cash flow generation.



Ongoing engagement



We set engagement objectives on material ESG topics with clear milestones for the company.
The following examples outline topics where objectives have been set and engagement is ongoing.

Objective set — **Acknowledged** — **Committed** — **Objective addressed**

Environment



Climate

- Engagement to encourage commitment to long-term, net zero emission targets.
- Prioritisation of companies in high-impact material sectors to ensure alignment with net zero emissions by 2050 and progress towards interim targets. For example: Eversource.

Social

Diversity, Equity and Inclusion

- Encouraging companies to improve gender diversity at the Board-level in line with our new Voting Principle, 2.1.



Content and data privacy

- Ensuring the longevity of the moat and sustainability in the business that is dependent on trust in the platform.
- Increased focus this year regarding the risks with the growth in generative AI. These risks include misinformation, copyright, data privacy, security, labour, and human rights and environmental impacts. The focus is on Microsoft, Meta and Alphabet with consideration for the corporate users of this technology in terms of risks and opportunities.

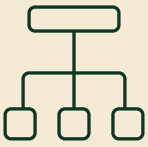
Role of franchisors

- Ensuring the management, education and oversight of employees, supply chain and social licence within the franchisees. We see the franchisors as having a role to play to provide sufficient training and support to franchisees to attract and retain employees.

Governance

Board structure

- Continuing to engage with companies to improve Board structure encouraging improved independence overall, an independent Chair or a lead independent director at a minimum.



Executive remuneration

Continuing to engage regarding:

- Remuneration structures to increase performance hurdles that appear insufficiently challenging and ensure alignment to sustainable growth.
- Structure of remuneration including the balance between performance-linked incentives vs time-based incentives and options.
- The inclusion of meaningful incentive targets related to emissions reduction or social initiatives where relevant.

Proxy voting outcomes



Annual General Meetings (AGMs) give our investee companies the opportunity to present their performance and give shareholders the opportunity to vote on ballots, which are comprised of both company proposals and shareholder proposals. This year we supported more shareholder proposals where the ask of the resolution was aligned with our engagement objectives.

Shareholder meetings (25)	
Proposals (359)	
Company Proposals (319) **Votes against company recommendation** (8% of ballots)	**Shareholder Proposals** (40) **Votes against company recommendation** (45% of ballots)
Voted against company (12% of ballots; 68% of meetings[6])	

[6] Excludes SGM

Proxy Voting Statistics in detail – FY26

The Global Opportunities Strategy voted on 359 proposals. We voted against the company's recommendations on 12% of all proposals and cast a vote against the company's recommendations on at least one proposal item at 68% of AGMs[7]. We continued implementing our proxy voting policy and withheld from voting one meeting where market restrictions (share blocking) could have impacted client objectives.

During the year, we voted against several management proposals on executive compensation where the structure was not aligned with our Voting Principles. For companies with ongoing engagement that failed to improve their remuneration structure, we voted against the incumbent members of the compensation committee, in line with our escalation process.

Category	Number of proposals	With the company	Against the company
Company Proposals	**319**	**92%**	**8%**
• Board Related	224	95%	5%
• Compensation	27	78%	22%
• Audit/Financials	40	78%	23%
• Capital Management	18	100%	0%
• Other	10	100%	0%
Shareholder Proposals	**40**	**55%**	**45%**
• Environmental	5	80%	20%
• Social	17	65%	35%
• Governance	18	39%	61%
Total Proposals	**359**	**88%**	**12%**



[7] Includes votes against company at AGM (excluding SGMs).

Governance and updated Voting Principles



We continued to engage with companies on our governance expectations, highlighting the standards outlined in our Voting Principles. Throughout the year, we monitored where improvements could be made and tracked company progress against these expectations. We were pleased to see improvements in several areas, including stronger shareholder rights and enhanced board independence. Where progress was not made, we escalated through voting.

For more information, please refer to our Voting Principles.

Lead independent director:

A principle we have long advocated for is our preference for a governance structure separating the roles of Chair and CEO.

We view it as best practice for the lead independent director to have a tenure of less than 10 years to maintain genuine independence. ***We voted against a board related resolution on this topic for 2 companies.***

We were pleased to see a rotation of the lead independent director at UnitedHealth replacing a long tenured director this year.

Audit firm rotation:

A well-governed company with effective audit oversight can make decisions in the best interests of all stakeholders. Audit committee independence, relevant financial expertise and regular external auditor rotation support transparent financial reporting, independent assurance and shareholder confidence.

We consider:

- Audit firm rotation (Principle 3.4.1)
- Independent sub-committee Chairs and audit committee independence (Principle 3.1.4)
- Financial expertise on the Audit Committee (Principle 3.4.1)

Our engagement and voting efforts intensified over the past 12 months, with votes against auditor ratification increasing compared to prior years.

We voted against nine companies for their vote on ratification of auditor, in many cases, following multiyear engagements on this topic.

Board accountability and risk oversight

Strong Board oversight is important where governance, succession, regulatory and reputational risks may affect shareholder value.



We consider:

- Board leadership structure
- The independence and effectiveness of the Lead Independent Director
- Committee oversight of material risks, succession planning and responsiveness to shareholder feedback

Case Study: UnitedHealth Group

Industry: Health care

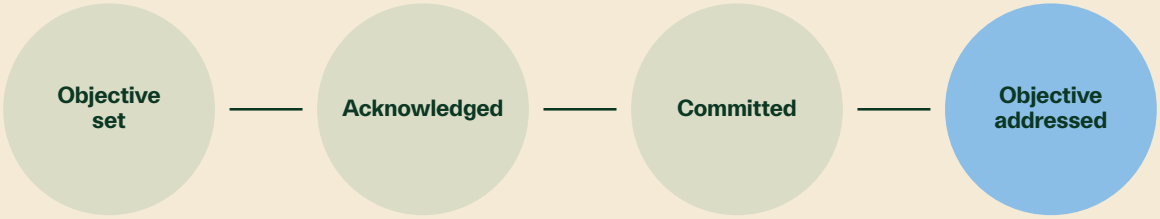
Objective: Encourage stronger Board accountability and risk oversight following governance and risk-management concerns.

At the 2025 AGM, Magellan voted against the Chair of the Nominations Committee, reflecting concerns with CEO succession planning, the combined Chair/CEO structure and the tenure of the Lead Independent Director. We also voted against the Chair of the Audit and Risk Committee due to concerns regarding Board oversight of risk management and transparency with shareholders.

In 2026, we supported all directors, recognising positive governance changes linked to our 2025 voting rationale. The company appointed a new Lead Independent Director, replacing the previous long-tenured Lead Independent Director. We viewed this as a positive step in strengthening independent Board leadership, although we continued to monitor the remaining combined Chair/CEO structure.

The Board also established a new Public Responsibility Committee in August 2025. The Committee is responsible for monitoring and overseeing financial, regulatory and reputational risks that may affect the company's operations and mission. It's remit includes ensuring key decisions are considered not only through financial performance, but also through their impact on the people served, public reputation and the company's mission.

Outcome: UnitedHealth strengthened Board oversight through the appointment of a new Lead Independent Director and the establishment of a Public Responsibility Committee focused on mission, stakeholder trust and financial, regulatory and reputational risks. These changes supported our decision to vote for all directors in 2026.



Link to Investment Case: UnitedHealth is a large, complex health care company where regulatory, operational and reputational risks are material to long-term value. Strong independent oversight, effective succession planning and clearer Board accountability support confidence in the company's ability to address risks and protect shareholder value.

Governance

A well-governed company with an independent board can make decisions in the best interests of all stakeholders. Board structures should support accountability, effective oversight and alignment with shareholders.



We consider:

- Director capacity and overboarding (Principle 3.1.5)
- Board independence and effective oversight
- Board refreshment and succession planning

Case Study: Yum! Brands

Industry: Restaurants

Objective: Encourage Yum! Brands to strengthen its director capacity policy, particularly for directors with active C-suite responsibilities and external listed board commitments.

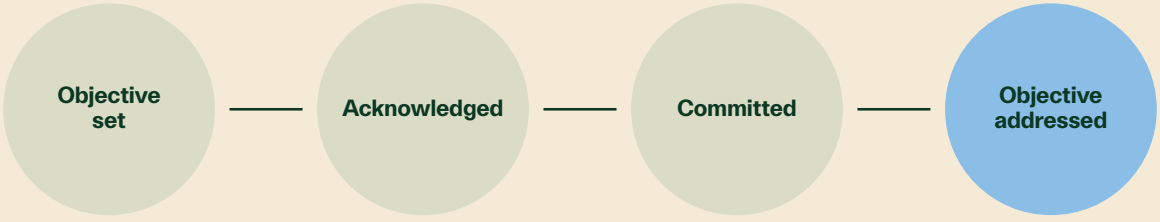
In 2025, Magellan reviewed Yum! Brands against our Voting Principles and engaged with the company on director capacity. We shared our Voting Principles and highlighted that two Board members also held active C-suite roles at the time. We encouraged Yum! Brands to update its governance policy to limit external public company directorships for directors with active executive responsibilities, consistent with Magellan Voting Principle 3.1.5.

In 2026, we noted a positive change to Yum! Brands' Corporate Governance Principles. The company introduced limits for directors who also serve as Chief Executive Officer of another public company, stating that such directors should not serve on more than two other public company boards in addition to their home company's board, including Yum! Brands' Board. This aligned with our expectation that directors should have sufficient time and capacity to fulfil their responsibilities, particularly where they hold active executive roles or chair responsibilities.

We again shared our voting decisions and Voting Principles with Yum! Brands following the 2026 AGM. The company responded and we viewed this as constructive acknowledgement of our governance expectations.

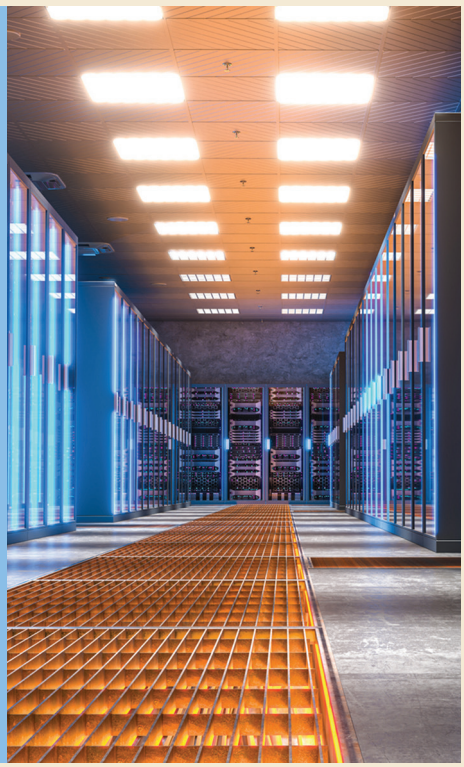
At the 2026 AGM, we supported all directors given alignment with our Tier 1 Voting Principles, noting the director capacity policy update as a positive governance development. We will continue to monitor the tenure of the Chair and long-tenured directors, as well as other governance matters, through future engagement and voting decisions.

Outcome: Yum! Brands updated its Corporate Governance Principles to add explicit limits on board service for directors who are active CEOs. This was a positive governance outcome following our engagement and strengthened the company's approach to director capacity and oversight.



Link to Investment Case: Directors with appropriate capacity are better positioned to provide effective oversight of management, succession planning and strategic execution. For a global franchise business, strong Board oversight helps protect brand value, manage operational and reputational risks and support long-term cash flow generation.

Powering AI: Energy Demand and Social Licence



Industry: Technology

The continued growth of AI and data centres is increasing demand for energy and water. While cloud service providers and AI platforms continue to scale capacity, many are also maintaining emissions reduction and renewable energy targets. As investors, we assess progress against these targets and the credibility of the underlying strategy, including how companies manage energy demand, renewable sourcing, water use and operational efficiency. Data centre expansion may also heighten social licence risks where it intersects with energy affordability, grid reliability and the credibility of decarbonisation commitments.

Energy is a clear enabler of growth ...

Amazon: *"AWS could be growing even faster. AWS added 3.9 gigawatts ("GW") of new power capacity in 2025, expects to double total power capacity by the end of 2027, and is monetizing that capacity as fast as it's installed."*[8]

Alphabet: *"Our ability to scale our technical infrastructure is increasingly constrained by the availability of power, water, and land."*[9]

Objective: Ensure data centre and AI growth can continue while credibly meeting climate targets and other sustainability considerations.

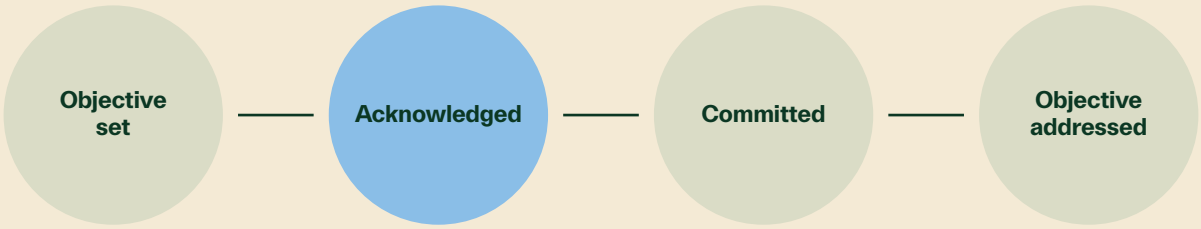
We assess each shareholder proposal for financial materiality and whether each proposal is additive to existing disclosures for investors. As outlined below, we have different voting decisions based on this framework.

[8] Amazon 2025 Annual Report, PDF p.5
[9] Alphabet 2025 Annual Report, p.10

2026 voting outcomes

Company / proposal	Magellan vote	Reason
Amazon		
Proposal 5: impact of data centres on climate commitments	**FOR**	AWS is a key driver of profitability and AI/cloud workloads are increasing data centre electricity demand. We supported greater transparency on energy use, renewable sourcing and climate target credibility.
Proposal 6: impact of climate commitments	**AGAINST**	The request focused on quantifying incremental cost relative to the lowest-cost reliable power available. We considered targeted disclosure on energy demand, renewable sourcing and target credibility more relevant.
Alphabet		
Proposal 5: enhanced disclosure on climate goals	**AGAINST**	Alphabet has improved disclosure and reported progress in data centre decarbonisation, clean energy contracting and carbon-free energy. Scope 3 emissions and total emissions trajectory remain areas to monitor.
Proposal 6: water usage and AI development	**FOR**	Alphabet water consumption increased from 6.4 billion gallons in 2023 to 8.1 billion gallons in 2024, with data centres representing most use. Additional reporting would help assess operating, permitting, community and reputational risks.

Outcome: We supported targeted shareholder proposals at Amazon and Alphabet where disclosure was additive to assessing climate, energy or water risks linked to AI growth. Amazon acknowledged our request for increased disclosure and highlighted additional information[10]. We voted against proposals where existing disclosure or the framing of the request meant the proposal was not sufficiently decision-useful. Analysis from our climate risk assessment helped inform voting outcomes and ongoing engagement priorities.



Link to Investment Case: AI and data centre growth is creating new investment opportunities and supporting growth aspirations. Credible management of energy demand, emissions, renewable procurement and water use is increasingly material to long-term cash flows, regulatory relationships, customer trust and the ability to deliver growth without undermining climate commitments.

[10] Amazon data centers: How much water and electricity do they really use?

Governance

A well-governed company with an independent Board can make decisions in the best interests of all stakeholders. Compensation should align with shareholder experience and support delivery of the strategy.



We look for:

- Chair and CEO separation; Chair and Board independence
- Shareholder alignment
- Remuneration structure and performance-linked incentives

Case Study: Eversource

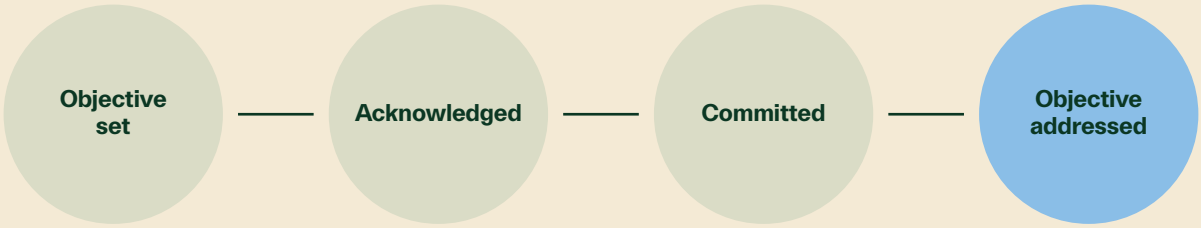
Industry: Electric and Gas Utilities

Objective: Improve executive remuneration and strengthen the independence of Board sub-committee leadership.

Over three years, Magellan engaged repeatedly with Eversource and shared its updated Voting Principles. In 2024, we welcomed the appointment of a Lead Independent Trustee with less than 10 years' tenure, consistent with Principles 3.1.1 and 3.1.2 where the Chair and CEO roles remain combined. However, we continued to seek stronger incentive hurdles and rotation of the long-tenured Governance Committee Chair. We followed up with a formal letter to the Compensation Committee Chair.

In 2025, as progress remained insufficient, we escalated by voting against executive compensation and the Governance Committee Chair. At the 2026 AGM, Eversource had rotated committee leadership to independent trustee David H. Long and strengthened remuneration through a more formulaic short-term incentive scorecard with threshold, target and maximum levels, plus a cap limiting performance-share payouts to 100% of target when absolute TSR is negative.

Outcome: These changes addressed our remuneration and committee-independence objectives. We changed our votes to support executive compensation and all trustees in 2026, while continuing to support the shareholder proposal for Chair/CEO separation. We will monitor Board refreshment, incentive stretch and time-based equity.

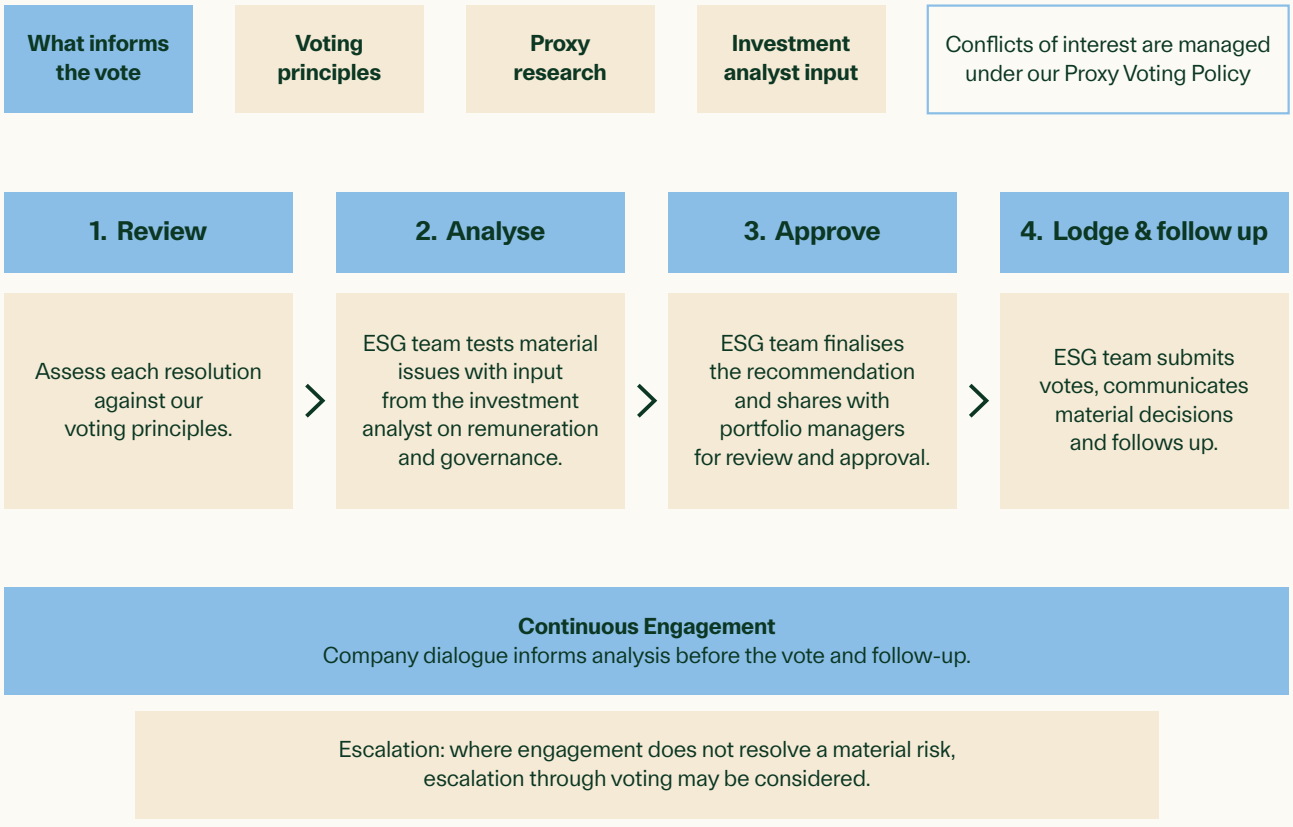


Link to Investment Case: Independent Boards with separation of Chair and CEO support separation of powers, improved risk management and representation of minority shareholder interests. Balanced compensation, with an emphasis on risk mitigation and management incentivisation, can support company strategy and the creation of long-term shareholder value.

Proxy voting process

Engagement with portfolio companies is undertaken throughout the voting process to better understand shareholder proposals put forward and management perspectives on how they are managing the risks and opportunities being considered within the proposals. Ongoing engagement is important as change can take time. This includes communicating votes that differ from the company recommendation and following up on issues raised throughout the year.

Company engagement and our proprietary Voting Principles inform how we assess proposals, determine votes and follow up on material issues.



Magellan

Global Equities

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Contact the Magellan ESG team
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