

Basis of preparation – FY25 financed emissions reporting

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1.0 Financed emissions reporting approach

1.1 Alignment of reporting

Perpetual's financed emissions metrics have been prepared with reference to the following recommendations:

- International Sustainability Standards Board (ISSB) and International Financial Reporting Standards (IFRS) Foundation¹
- Australian Sustainability Reporting Standard (AASB S2)²
- GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (Scope 3 Standard) (World Resources Institute (WRI)/ World Business Council for Sustainable Development (WBCSD), 2011)³

The TCFD recommended disclosure of metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.⁴

Analysis is in line with the GHG Protocol's 'Operational Control' approach. Equity and fixed income (corporate bonds) investments are not included in Perpetual Group's Scope 1 and Scope 2 inventories. We account for proportional Scope 1 and Scope 2 emissions of equity investments that occur in the reporting year in Scope 3, category 15 (Investments) as per GHG Protocol guidance.⁵

We align our metric methodology and data quality assessments with the Partnership for Carbon Accounting Financials (PCAF) Standard.

We will report per the requirements outlined under AASB S2 as a Year 1 reporter in FY26.

1.2 Operating segments and principal activities

Perpetual has three client facing divisions:

- **Asset Management** is a global multi-boutique asset management business offering an extensive range of specialist and differentiated investment capabilities through six boutique and seven brands in key regions globally. These brands include Barrow Hanley, JO Hambro, Perpetual, Pental, Regnan⁶, Trillium and TSW.
- **Wealth Management** consists of Perpetual Private and three other distinct specialist businesses (Fordham, Priority Life and Jacaranda), offering a unique mix of wealth management, advice and trustee services to individuals, families, businesses, not-for-profit organisations and Indigenous communities throughout Australia.
- **Corporate Trust** is a leading provider of fiduciary and digital solutions to the banking and financial services industry in Australia and Singapore. Corporate Trust supports clients locally and overseas with a unique offering through five key service offerings: Debt Market Services; Managed Fund Services; Perpetual Asia, headquartered in Singapore; Perpetual Digital; and Laminar Capital.

Financed emissions reporting as disclosed within this Basis of Preparation only covers the asset management and wealth management divisions.

It should be noted that this information is for aggregated disclosure purposes only and does not influence investment decision making within the asset management and wealth management businesses in Perpetual Group.

¹ It is noted that TCFD has been superseded by ISSB and IFRS globally.

² Perpetual will be required to report under AASB S2 as a Year 1 reporter

³ GHG Protocol, [Corporate Value Chain \(Scope 3\) Accounting and Reporting Standard](#)

⁴ Perpetual Group has yet to define what is material for climate risk and opportunities within equity and fixed income (corporate bonds) investments.

⁵ Page 137, [Chapter15.pdf \(ghgprotocol.org\)](#)

⁶ Regnan branded funds are distributed under Pental and JO Hambro.

1.3 Boundary setting

Our reporting adheres to the GHG Protocol 'Operational Control' approach in line with our operational GHG emissions reporting approach. As per GHG Protocol guidance, equity and fixed income (corporate bonds) investments are not included in Perpetual Group's Scope 1 and Scope 2 inventories. We account for the Scope 1 and Scope 2 emissions of equity and fixed income (corporate bonds) investments that occur in the reporting year, proportionate to our investment, in our Scope 3, category 15 (Investments).⁷

TABLE 1: GHG PROTOCOL CONSOLIDATION APPROACHES

Approach	Description
Operational control	Under the operational control approach, a company accounts for 100% of the emissions from operations over which it or one of its subsidiaries has operational control.
Financial control	Under the financial control approach, a company accounts for 100% of the emissions from operations over which it, or one of its subsidiaries, has financial control (i.e., >50%).
Equity share	Under the equity share approach, a company accounts for GHG emissions from operations according to its share of equity in the operation.

We have determined a boundary that adheres to the 'managed investments and client services' activity within the GHG Protocol Corporate Value Chain Accounting and Reporting Standard where investments are managed by our businesses on behalf of clients (using clients' capital) or services provided by the reporting company to clients, including: Investment and asset management (equity or fixed income funds managed on behalf of clients, using clients' capital).⁸

This includes funds under management (FUM), where an investment asset is managed by our business directly on behalf of our clients, or where we instruct a third-party investment manager to manage assets on behalf of our clients.

It does not include funds under advice (FUA), where we advise clients but where we do not manage their funds or have discretion over their investment decisions. Further, it does not include funds under administration, where we act as trustee for other funds or financial services.

Asset class boundary

An asset class boundary setting assessment has been conducted based on GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (Scope 3 Standard) (World Resources Institute (WRI)/ World Business Council for Sustainable Development (WBCSD), 2011)⁹ for our Scope 3 emissions category 15 (Investments). This determined that based on the current level of consistency, transparency, completeness, accuracy, and relevance of available data, equity investments are currently the most appropriate to report at this time.

As such Perpetual Group's financed emissions disclosure include emissions relating to equity and fixed income (corporate bonds) holdings only. Equity and fixed income (corporate bonds) investments are the most complete, consistent and least estimated data set available from third-party environment, social and governance (ESG) data providers. These investments are a majority of Perpetual's total FUM.

We will continue to assess asset class suitability for inclusion in our Scope 3 emissions category 15 (Investments) inventory over time as data consistency and accuracy improves over time.

Please see Table 2 for further information on asset class boundary.

⁷ Page 137, [Chapter15.pdf \(ghgprotocol.org\)](#)

⁸ Page 54, table 5.10, [Corporate Value Chain Accounting Reporting Standard](#)

⁹ Page 23, [Corporate Value Chain \(Scope 3\) Accounting and Reporting Standard](#)

TABLE 2: ASSET CLASS BOUNDARY

Asset class	Consistency	Transparency	Completeness	Accuracy	Relevance ¹⁰	Included
Equities	Equity holdings include common stocks only	Consistent and robust ESG data provider methodologies used to assess equity common stocks	High level of coverage for equity holdings available from ESG data provider	Majority of data provided by ESG data provider is drawn from direct sources with lower levels of estimation	Estimated to be around 73% of AUM	Yes
Fixed Income	Fixed income securities includes multiple types of debt: corporate	Range of fixed income security types results in multiple methodologies	Reasonable level of coverage for corporate bonds available from ESG data provider	Complexity of mapping between debt securities and parent companies	Estimated to be around 6% of AUM	Yes
Fixed Income	Fixed income securities includes multiple types of debt: municipal and sovereign	Range of fixed income security types results in multiple methodologies	Lower level of coverage for municipal and sovereign debt	Complexity of mapping between debt securities and lack of data availability for some municipal and sovereign debt	Estimated to be around 2% of AUM	No
Multi-Asset	Multi-asset includes multiple types of investments: eg. equities, bonds, and non-look through investments ¹¹	Lack of visibility of some underlying holdings due to non-look through investments	Low level of coverage due to lack of look through investments	Lack of visibility of some underlying holdings due to non-look through investments	Estimated to be around 13% of AUM	No
Cash	No coverage and guidance to conduct assessment of this asset class	No coverage and guidance to conduct assessment of this asset class	No coverage and guidance to conduct assessment of this asset class	No coverage and guidance to conduct assessment of this asset class	Estimated to be around 3% of AUM	No

Emission scope boundary

Perpetual financed emissions reporting adheres to the GHG Protocol Operational Control Approach. The Scope 1 and 2 emissions related to equity and fixed income (corporate bonds) investments are included in the measurement of Perpetual Group's Scope 3 Category 15: Investments.

Scope 3 emissions related to our equity and fixed income (corporate bonds) investments have been excluded until further analysis has been conducted and there is greater accuracy and completeness in the underlying data. There is currently a high level of estimation used to calculate Scope 3 emissions related to our equity investments in third-party data due to a lack of reported data by underlying the underlying holdings. However, this is anticipated to improve as mandatory climate disclosure regimes are put in place in different jurisdictions globally.

1.4 Data Provider

Third-party ESG provider and platform

Perpetual Group utilises a third-party ESG data provider, ISS, to provide total carbon emissions (Scope 1 and 2) and weighted average carbon intensity (WACI) metrics and reporting via their platform, DataDesk, to inform our disclosure.

Data estimation and quality

¹⁰ AUM as at 30 June 2025

¹¹ Non-look through investments may be Exchange Traded Funds (ETFs), Managed Funds or Pooled Investment Schemes, where the constituent assets are not available for assessment.

As with all ESG data providers, there are varying levels of data estimation. Furthermore, the quality of the reported data can vary.

The PCAF Standard addresses this with a Data Quality Score (1 = highest quality, 5 = lowest quality). As part of the data preparation process undertaken by the Perpetual Group Sustainability team, monitoring is undertaken of the information source and the level of estimation used by the ESG data provider to calculate total carbon emissions (Scope 1 and 2) and WACI for our equity and fixed income (corporate bonds) investments. This is supported by additional analysis calculating the weighted average data score for the investments, as recommended by the PCAF Standard. The PCAF Data Quality Scores for Scope 1 and 2 and for Scope 3 are shown in Table 3.

Where actual emissions data are not available through company reporting, ISS use their proprietary estimation methodology to model emissions for that holding.

ESG data is often time lagged due to the time it takes to produce by the companies themselves and when it is introduced to the ISS dataset. Perpetual Group acknowledges that the data may reflect GHG emissions from prior years for a subset of holdings analysed. Even where data is taken directly from company reporting or submitted directly by companies to CDP, it can also include inaccuracies or inconsistencies in how each company collects or calculates their emissions.

TABLE 3: FINANCED EMISSIONS ESTIMATION OF PERPETUAL GROUP EQUITY AND FIXED INCOME (CORPORATE BOND) INVESTMENTS (PROVIDED BY ISS)

Information Source*	Scope 1 + 2	Scope 3
Data Quality Score † (Weighted)	1.6	3.1

* Estimation percentages analysis of Perpetual equity and fixed income (corporate bonds) investments by company, provided via ISS data June 2025, does not include 'Not Collected' data.

† Weighted PCAF scores, 1-5: with 1 being the highest rated verified data June 2025.

2.0 Financed emissions metrics and methodology

2.1 Metrics description

Disclosed metrics and methodology

The assessment of financed emissions is undertaken using reference to PCAF calculations on page 52 of Part A Financed Emissions Methodology document as shown in Table 4 below. ISS externally published methodology can be found here: [ISS Carbon Footprint Methodology](#)

For alignment to best practice in FY25, we expanded our financed emissions assessment to include Fixed Income (corporate bonds) and align with Partnership for Carbon Accounting Financials (PCAF). With this change, we have adjusted the methodology of assessment from market capitalisation to enterprise value in cash (EVIC). It enables comparability between asset classes.

TABLE 4: FINANCED EMISSIONS METRICS

Metric	Scope	Description	Formula
Total Carbon Emissions – Equity Investments	1 and 2	The total GHG emissions of a portfolio's investments	Σ (current value of investment / issuer's EVIC x issuer's GHG emissions)
Weighted Average Carbon Intensity – Equity Investments	1 and 2	Scope 1 and Scope 2 GHG emissions are allocated based on portfolio weights, that being the current value of investment relative to the current portfolio value. This is then normalised by \$M revenue.	Σ (current value of investment / current portfolio value x issuer's GHG emissions/ issuer's \$M revenue)