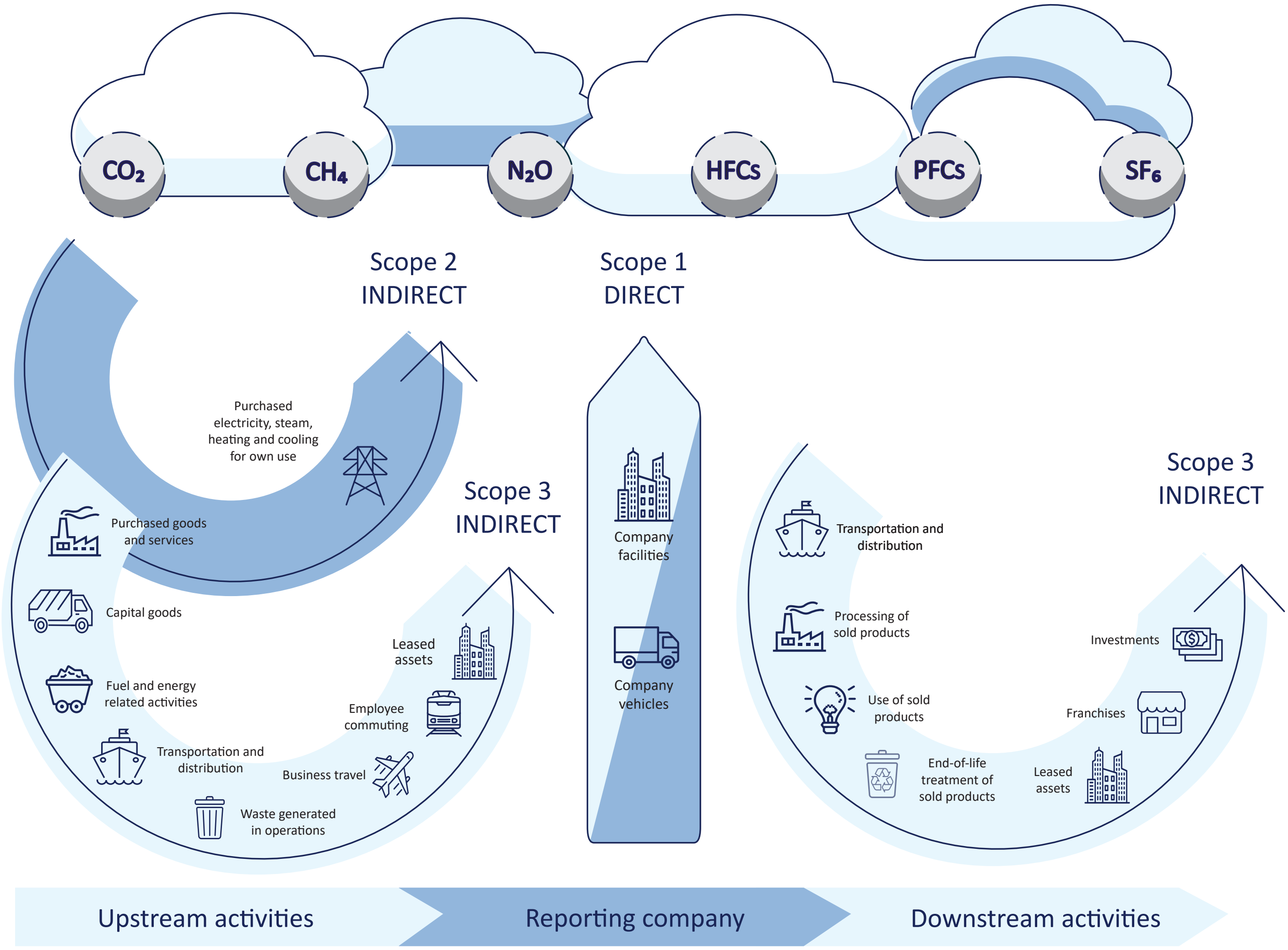
MAGELLAN ASSET MANAGEMENT



MAGELLAN EXPLAINS: Scope 1, 2 & 3 carbon emissions

The majority of Greenhouse Gas (GHG) emissions released into the atmosphere can be attributed to human activities. These emissions usually come from power generation, industrial processes and cars. GHG emissions can be classified into three categories: scope 1, scope 2, and scope 3 emissions.

Scope 1, 2 and 3 carbon emissions were defined by The Greenhouse Gas Protocol and forms part of its Corporate Accounting Reporting Standard. It provides a global framework for companies, organisations, and industries to measure and manage their GHG emissions with the goal to individually and collectively reduced emissions over time.

SCOPE 1 – DIRECT FROM A COMPANY

This scope includes all direct emissions that come from sources owned or controlled by a company. These can include emissions resulting from vehicles, heating buildings, or gas leaking from air conditioning or refrigeration units.

For example: Emissions by the gas burners in a Chipotle restaurant kitchen.

SCOPE 2 - INDIRECTLY FROM ELECTRICITY PURCHASED BY A COMPANY

This scope includes all emissions that result from electricty that is purchased and used by a company. These can include emissions resulting from generating electricity that is used in a building and which the company pays for.

For example: Emissions from the electricity used to power the air-conditioning and lighting system at a Chipotle restaurant.

SCOPE 3 - INDIRECTLY FROM A COMPANY SUPPLY CHAIN AND PRODUCTS

This scope includes all emissions that result from a companies activities or the assets that they own, not directly from the company itself. These can include emissions resulting from the waste disposal of sold products or from purchased goods and services.

For example: Emissions from the methane from cows supplying beef that a Chipotle restaurant buys via its suppliers.

Having a comprehensive understanding of all scope emissions can provide a credible understanding of a company's entire environmental impacts. This allows companies to address and make informed decisions on ways to minimise their carbon footprint, monitor their sustainability practices and contribute towards climate change mitigation efforts.

At Magellan, our investment team diligently engages with companies on Environmental, Social and Governance (ESG) risks and opportunities, with the aim of strengthening our conviction in portfolio risk management and improving investment outcomes.

For more information, please visit **www.magellangroup.com.au** to see our full range of Managed Funds.

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